

Annual Report

2020

Welcome to Elixirr's 2020 Annual Report & Accounts

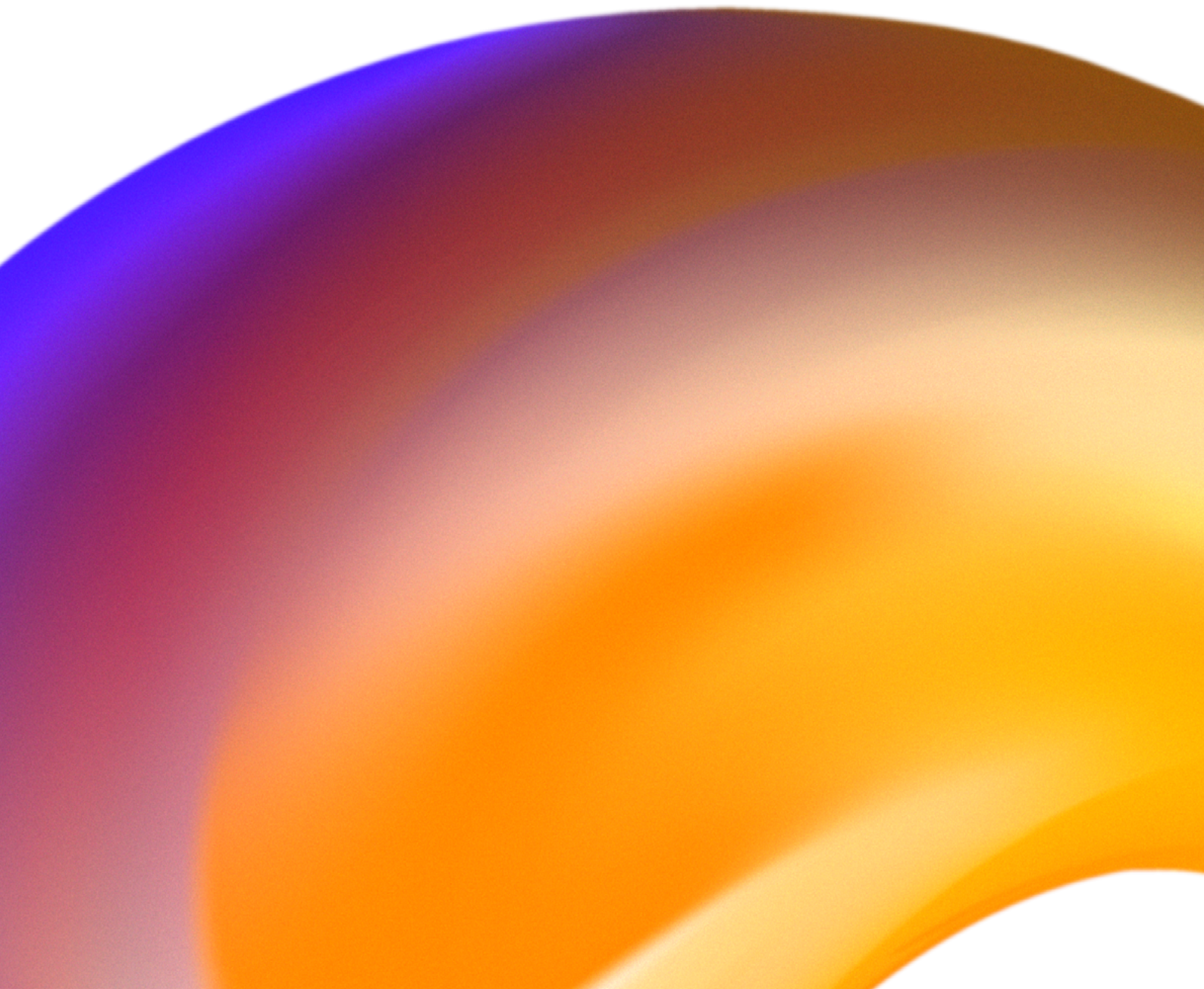
Elixirr International plc¹, headquartered in the UK and quoted on the AIM market of the London Stock Exchange, is an established, global award-winning challenger consultancy. We are pleased to report our annual results for the year ended 31st December 2020.

For more information, please see our website [here](#).

¹ Elixirr International plc: "Elixirr", the "Company", the "Group".

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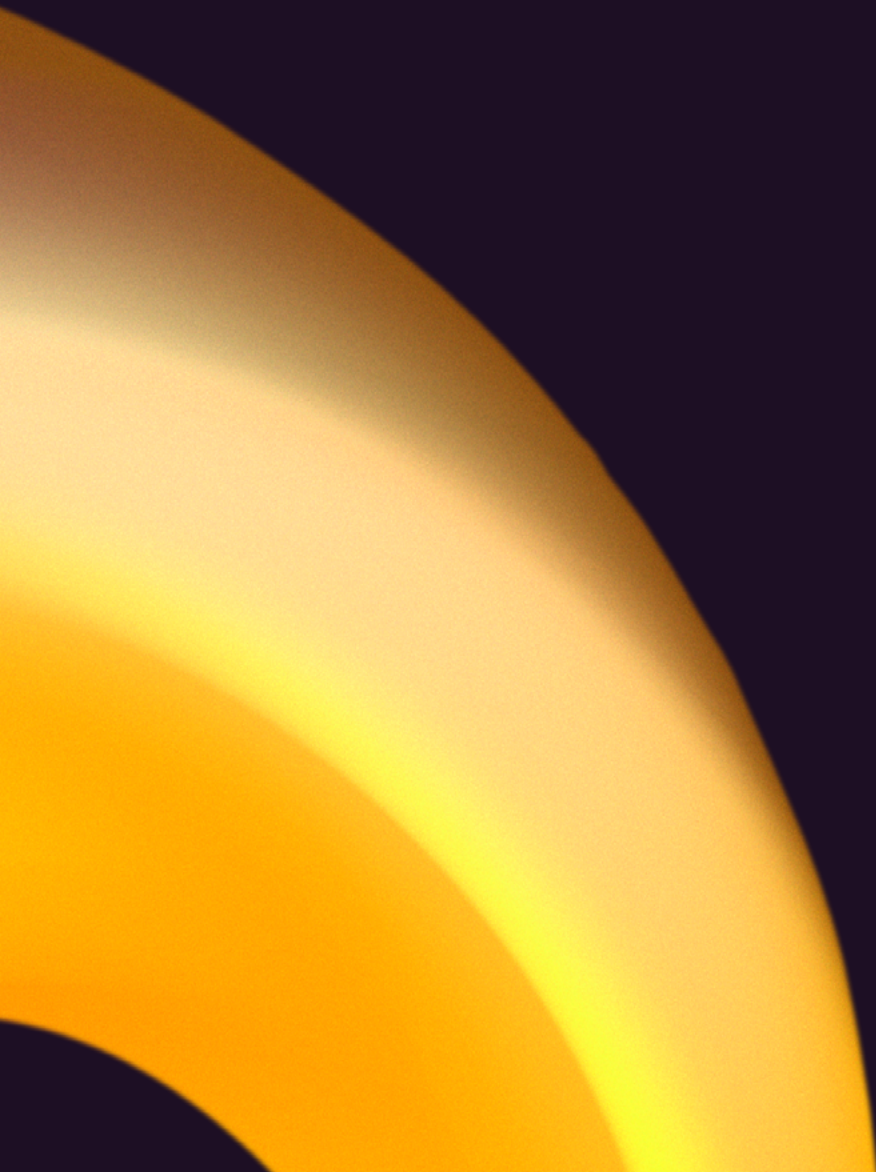
The Challenger Consultancy



Elixirr is an established global award-winning management consultancy.

We are never satisfied with the status quo.
We set new benchmarks. We set our clients apart...
and we are driven by a purpose:

To be the best consulting firm in the world.



Manifesto



We are the company we keep.

The disruptors. The risk takers. The bold ones. Those unafraid to go against the grain. Fearless leaders, who break away from the pack. Building businesses that impact the world.

These are the people we work with.

They come to us for our straight talking. For our authenticity. For our ability to help them see beyond the horizon. For the future. Starting now.

They come to us because of how we do things. We continuously raise the bar. We challenge convention. We get emotionally involved. We act like it's our business. We make shit happen.

They come to us because of who we are. Our teams are laser focused. We're restless. Creative. Uncompromising. High performers without the ego. We are owners of our business. So, we understand what true ownership feels like.

Our culture is built on entrepreneurialism and everything that comes with that. Our work is always bespoke. We don't copy and paste. We test and learn. We deliver at pace. We take on our clients' toughest business challenges. We help them incubate and scale new businesses. We work closely with emerging technologies and venture investors. We leverage our network to find solutions. We love what we do.

Our people make our firm. They're creative storytellers, brave contrarians, probing observers. And they're all building and running our business, together.

We are never satisfied with the status quo. We set new benchmarks. New industry standards. We set our clients apart. We'd love to do that with you.

We are driven by a purpose: To be the best consulting firm in the world.

We are Elixirr, The Challenger Consultancy.

[WATCH THE FILM](#)



This year we have delivered a 24% growth in revenue and a significant growth in profit against the backdrop of one of the most uncertain and challenging business environments many of us have experienced in our careers. Whilst I am incredibly proud of my Partners and the entire team for their resilience and this significant achievement in and of itself, our team also completed our IPO (5 times oversubscribed), hired two outstanding board members, hired three US Partners, promoted a new Partner internally and made our second acquisition – #msh!

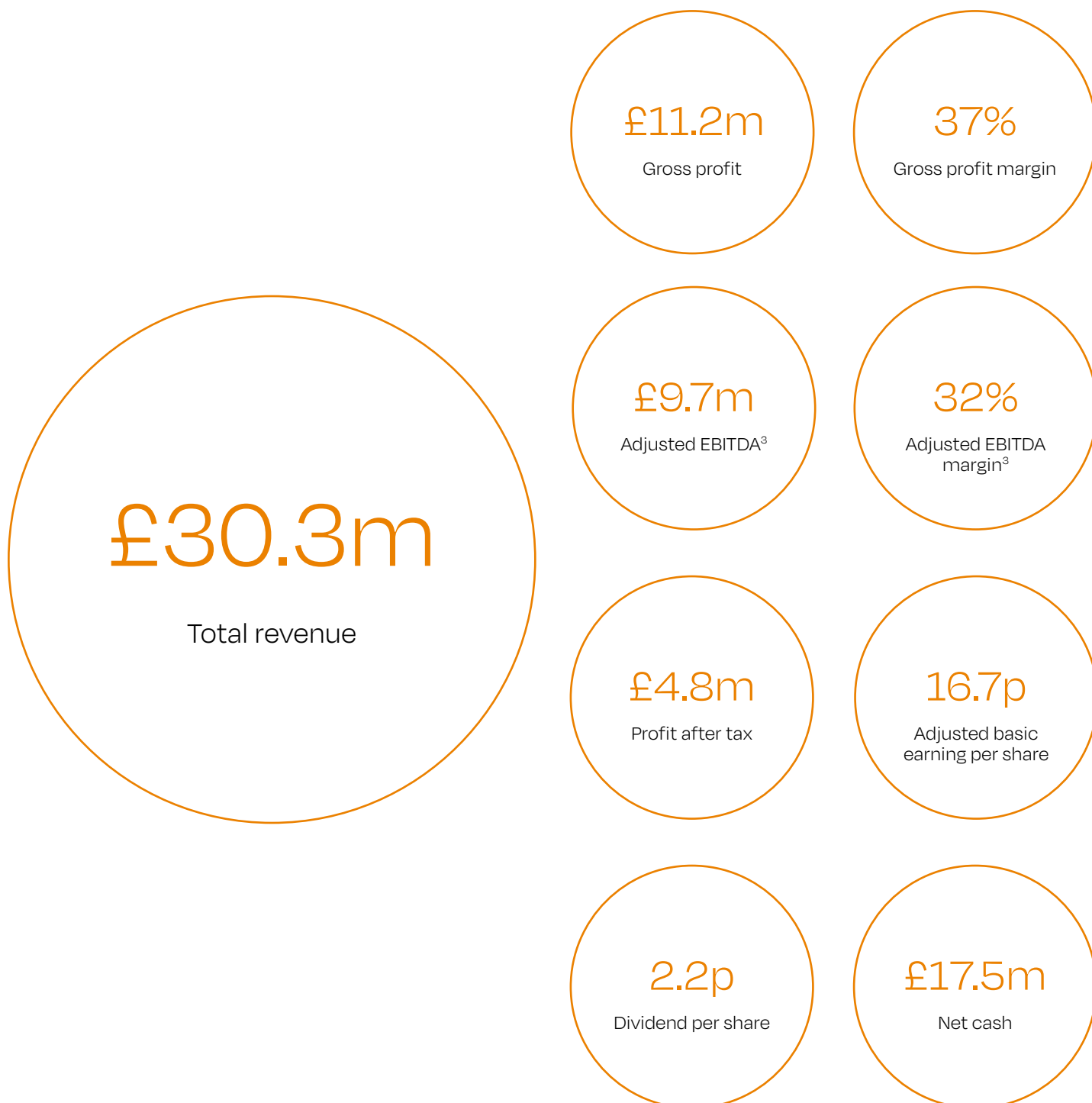
Stephen Newton

Founder and Chief Executive Officer



[SEE OUR RESULTS](#)

Financial Highlights²



² All rounding and percentage change calculations are based on the Group and Company Financial Statements, unless otherwise specified.

³ The Group uses alternative performance measures to provide stakeholders with further metrics to aid understanding of the underlying trading performance of the Group. Refer to note 6 of the Group and Company Financial Statements of this report.

Non-Executive Chairman's Report

Gavin Patterson
Non-Executive Chairman



The Strategic Report comprises the Non-Executive Chairman's Report, the CEO's Report, the Section 172 Statement, the Financial Review and Our Key Performance Indicators ('KPIs'). The Strategic Report was approved by the Board of Directors for issuance on 9th April 2021.

OVERVIEW

In my first statement to you as Chairman of the Board, I am pleased to introduce Elixirr's first annual report following the Group's successful admission to the AIM market of the London Stock Exchange. Despite the challenging environment which 2020 presented, the business performed exceptionally well, and its first set of full year financial results are ahead of the market expectations set at the time of the Group's IPO in July 2020.

The Group delivered strong revenues over the year of £30.3 million, a 24% increase from £24.5 million in the 12 months ended 31st December 2019 (including its predecessor business),

with three record months of revenue achieved during FY20. Adjusted EBITDA of £9.7 million represents a 32% EBITDA margin. This performance is due to our focus on excellent client service with our entrepreneurial Partner team strengthening and growing key accounts.

During the year Elixirr continued to support its clients to address their key challenges, with the Group's services in high demand, particularly in the areas of digital transformation and innovation. COVID-19 brought some challenges, but the Group reacted quickly to the pandemic, putting necessary measures in place during the initial uncertainty, and adjusting quickly to a

new way of working to ensure seamless continuation of service to our clients. On behalf of the Board, I would like to thank the whole team for their dedication and resilience throughout this period.

In FY20 the business performed exceptionally well and its first set of full year financial results are ahead of the market expectations set at the Company's IPO.

STRATEGY

The Board was pleased to see that the business continued to deliver on all facets of its four pillar growth strategy during FY20. Organic growth in revenue and profit was delivered by improved performance at the individual Partner level, augmented by new additions into the Partner team from both existing talent within the Group and external hires.

Inorganic growth is an exciting opportunity for the Group, given our unique House of Brands platform providing an opportunity for businesses to join us and access new clients and new markets, with significant cross-selling opportunities between our various brands. A particular highlight in FY20 was the acquisition of a full service digital marketing firm, Coast Digital, adding to the breadth and depth of the Group's expertise in this area. Combined with our existing digital business, Den Creative, we can now offer clients an end-to-end digital service – an area of critical importance to our clients, particularly in the current climate.

The Group's placing of shares during the IPO was oversubscribed and raised gross proceeds of £20m for the Group. This fundraising has provided the Group with a strong balance sheet to grow the business further through strategic

acquisition opportunities. The IPO also achieved its other objectives of raising the profile of the Elixirr brand and providing liquidity for our equity to make it more valuable to incentivise our Partner team, our employees and the shareholders of new brands that we may acquire, and attract new investors. We implemented an EMI Share Option Scheme ("EMI Scheme") to incentivise our employees and Partner team, aligning their interests with those of our shareholders.

GOVERNANCE

An important part of the Group's AIM listing has been fulfilling the Group's transition from a private to public company. Since the Company's IPO on 9th July 2020, Elixirr has complied with the QCA Corporate Governance Code and in the current uncertain economic environment, management of risk remains a key focus for the Board. The Elixirr Board and its Committees meet regularly to oversee the Group's corporate activities.

The Notice of Annual General Meeting will be made available on our website [here](#).

With a strong foundation in place, the Board looks to the future with great optimism. We will continue to help businesses navigate their biggest

challenges, support our growing team and the communities in which we operate. The performance of the business to date, combined with the support of our high-quality shareholder base, positions the Company well for continued strong growth and success.

Gavin Patterson

Non-Executive Chairman
9th April 2021

CEO's Report



Stephen Newton
Founder & CEO

OVERVIEW

I am delighted to present to you Elixirr's first set of Annual Results. Elixirr is a high returns business, serving globally recognised clients with a proposition that challenges the traditional consulting market. We are a 'firm of entrepreneurs', focusing on building long-term, trusted relationships with clients by consistently delivering bespoke, innovative, impactful solutions. We work across the value chain, from strategy to execution including digital design and product development, leveraging our established global innovation network of start-ups and relationships with venture capital firms. This year the Group has reached some incredible milestones and achieved stellar results – testament to our dedicated team, and the continued support of our fantastic clients.

July 2020 marked the biggest achievement for Elixirr to date, with the firm listing on the AIM market of the London Stock Exchange. As one of the few companies to IPO during 2020, and the first to IPO onto the AIM market since lockdown was put into place, it was certainly a highlight for me during the year, and since founding Elixirr in 2009. The listing was a significant undertaking, and its success was made possible by our dedicated internal team and external advisers who managed the process expertly to meet our timetable without any distraction from managing the business. Not only has the IPO helped to accelerate our expansion into new clients and markets, but crucially it has reinforced the ownership mentality and entrepreneurial culture that has existed since the business was founded – giving team members the ability to be an owner through owning shares and/or

earning share options through their own performance. This has strengthened the resolve of the team to continually raise the bar for clients, key to our firm's success.

Since Elixirr was formed, we have endeavoured to tackle our clients' toughest business challenges, and 2020 undoubtedly posed the biggest disruption many businesses had experienced to date. I am incredibly proud of my team's versatility and seamless adjustment to working in this new environment, and they have continued to provide an exceptional service to our clients. From helping businesses put rapid measures in place to enable remote working, to speeding up the digitalisation of products and services – from building a new digital bank to redefining the way customers are serviced through digital channels to rapidly accelerating consumer goods

Our Capabilities

We are experts in “discovering what’s possible” and “making change happen” for our clients, and regularly work with clients to take new businesses to market. Our House of Brands further enables this, with complementary businesses enhancing and expanding our core capabilities.



and retailers' ecommerce capabilities – we have done some fantastic work to ensure businesses can endure the challenges they have faced and thrive in the quickly changing landscape.

In March 2020 we put decisive measures in place in response to the pandemic, to increase the resilience of the Group given initial uncertainty about the impact of the pandemic on the business and the wider economy. We wanted to be proactive in responding to any market shock, rather than reactive, and therefore placed a small proportion of our team on furlough, and all team members including the directors accepted salary reductions over the months of April and May. In fact, the business performed very strongly through the pandemic and we have since voluntarily repaid the furlough grants to HMRC and reimbursed the pay reductions to team members. I am

pleased to be able to report that the Company does not expect any material adverse impact from the pandemic over the long term.

In 2020 we also aimed to increase our brand presence and there have been notable increases in our online following, resulting in increased client leads that have led to direct project wins. The Group achieved multiple shortlistings and accolades over the course of 2020, winning three awards – “Best Web Design”, “Best Web Development” and “Best Usability” at ‘The Drum Recommends Digital’ and a Drum B2B marketing award for “Digital Transformation Initiative of the Year”, having designed and built a digital onboarding solution for our client Apex Group. Recently Elixirr was selected for the 2021 IAOP® Global Outsourcing 100 list for providing excellence in outsourcing advisory services,

reinforcing Elixirr's role as a trusted advisor in this area.

Following on from our landmark year in 2020, we considered that 2021 was the right time to refresh our visual identity. We have distilled and evolved Elixirr's brand strategy through strategically led design, producing an identity that has our values at its core. Our brand platform has always been, and remains, ‘The Challenger Consultancy’. Building on this foundational idea, we have produced a holistic identity which epitomises our approach in solving our clients' toughest business challenges. Our bold new aesthetic and brand architecture is designed to evolve and progress in parallel with the Group's significant growth ambitions.

OUR HOUSE OF BRANDS



AN
ELIXIRR
COMPANY



AN
ELIXIRR
COMPANY



AN
ELIXIRR
COMPANY

PERFORMANCE

The Group delivered a record revenue result over the year of £30.3 million, a 24% increase from the 12 months ended 31st December 2019 (including our predecessor entity Elixirr Partners LLP through which the business traded prior to 1st July 2019). In 2020, we delivered three record months of revenue, specifically in June, July and September 2020 respectively. I am particularly pleased to report that we have continued to achieve exceptional growth in the US market with a 49% increase in revenues compared with the 12 months ended 31st December 2019 (including our predecessor entity Elixirr Partners LLP).

Our gross profit margin of 37% was three percentage points higher than in 2019 due to controlled staffing and higher rates of utilisation, plus lower travel and business development expenditure as a result of the restrictions in place.

Our Adjusted EBITDA of £9.7 million in the year ended 31st December 2020⁴ represented 32% of revenue, demonstrating Elixirr's positioning as a high value high returns business.

GROWTH

A key part of our business strategy is our four pillar growth model, and we made great progress in each aspect of these over the course of 2020:

1. Stretching our existing Partners
2. Promoting Partners from within
3. Hiring new Partners
4. Acquiring new businesses

My Partner team have performed exceptionally well in FY20 – with revenue and Adjusted EBITDA per client-facing Partner having increased in 2020 despite the difficult market environment. We have always incentivised our Partner team to grow sales, deepen existing client relationships and develop opportunities with new clients, through bonus and equity incentives.

The IPO enabled the restructuring of the Company to provide increased equity participation to fully embed the entrepreneurial culture in the Partner team and ensure 100% alignment with shareholders' interests.

Our clients are at the core of what we do, and we aim to form long-term partnerships with them from initial engagements, based on the quality of our service and delivery. We deepened our client relationships throughout 2020, including signing a new volume deal with a large regional bank to be their digital and overall bank transformation partner until 2022. We have worked with multiple new clients during lockdown, demonstrating how successfully our team were able to embrace remote working and build new, remote relationships to deliver a seamless service to our clients, both existing and new.

⁴ Adjusted EBITDA of the Group in the period ended 31st December 2019 was £3.7m. This result represented a six month period as the business traded through a predecessor entity, Elixirr Partners LLP, prior to 1st July 2019.

Our Four Pillar Growth Strategy



Stretch existing Partners

We have always incentivised our Partner team to grow sales, deepen existing client relationships and develop opportunities with new clients and the IPO further enabled this, with 100% alignment with shareholders' interests.



Promote Partners from within

We have embraced 'growing our own timber' since the day we were founded, with many of Elixirr's longstanding client-facing Partners having worked in junior grades before making Partner. 2020 saw the promotion of two Elixirr Principals to Partner grade.



Hire new Partners

Hiring external Partners with existing networks and industry expertise continues to be a key part of our organic growth strategy and we made great progress in 2020 and into 2021, welcoming four new Partners to our growing team.



Acquire new businesses

A key part of our inorganic growth strategy is expanding our House of Brands. Coast Digital joined in October 2020, and recently we were delighted to welcome The Retearn Group.

As part of our organic growth strategy, we seek to grow the talent within our Group, with six of Elixirr's longstanding client facing Partners having worked in junior grades before making Partner. One of our experienced Principals was promoted to the Partner team in 2020, and we continue to focus on developing the grade, with targets tailored to prepare them for operating at Partner level. A further Principal was promoted to Partner effective January 2021.

In 2020 we implemented an EMI Share Option Scheme that appropriately incentivises the Principal grade with options that vest for performance and on achieving promotion to Partner.

External hires with existing networks and industry expertise remained a key focus in 2020 and continues to be into 2021. The appointment of two new non-executive directors in July 2020 saw us deepen the strength of the Board, and we hired a new Partner during 2020 who brought invaluable experience in the financial services sector.

We recently welcomed three new Partners in the US, bringing a wealth of consulting and industry expertise to the team, and the US remains a key focus for both our organic and inorganic growth pillars. We have embedded relationships with our US clients and expanded two UK-based accounts into US projects and revenue, whilst also increasing our US-based team over the course of the year.

A key part of the Group's inorganic growth is building on our in-house expertise and expanding the variety of services we can offer to clients. In 2017 we acquired Den Creative Limited, a digital and creative business. This started our House of Brands strategy, giving boutique businesses and their passionate founders a unique platform for growth without giving up the clients, brand and culture they have spent so much time cultivating. The capital raised in our July 2020 IPO has given us the funds to acquire further complementary businesses to enhance one or more of Elixirr's capabilities, industries or geographical coverage.

In October 2020 the Group acquired Coast Digital Limited, a high-quality digital marketing firm. This acquisition has extended the Group's existing digital capabilities and complements our design and digital Den Creative business. We now have a full-service digital offering for clients, including technical, design and marketing. In addition, we can combine these services with our core consulting service and provide an integrated service to clients to enable them to realise the true potential of their digital aspirations.

In April 2021, simultaneously with the publication of our results, we are pleased to also announce the acquisition of The Retearn Group Limited, a procurement and transformation consultancy that enables clients to be as lean, efficient and profitable as possible. Their services enable clients to self-fund their transformation and growth aspirations (which are key areas our core consulting business works with our clients on) through savings elsewhere in the business.



Their services will become increasingly vital as businesses face financial pressures in the aftermath of the pandemic, and they are a fantastic addition to our House of Brands and to the offerings we can provide to our clients.

Our clients' needs will always be the crucial factor in future acquisitions, as we continue to seek new expertise in growing markets. With support from a dedicated internal acquisition team, we have made strong progress in identifying opportunities and bringing targets through stages of our pipeline, shortlisting over 100 firms from a database of 30,000 between July and December 2020. These firms are at different stages in our pipeline and will continue to be a priority focus of our strategy in 2021, and into the future.

OUTLOOK AND FUTURE DEVELOPMENTS

Trading in Q1 2021 has been strong with revenue increasing by more than 60% (including the impact of the acquisition of Coast Digital Limited) compared with Q1 2020. We have a

strong pipeline of projects for Q2 and, although we have more limited visibility over the second half of 2021 due to the project-based nature of our work, the directors' current expectation is that 2021 revenue (including the impact of the acquisition of The Retearn Group Limited) will be in the range of £44-47 million with an Adjusted EBITDA margin of approximately 29%.

We formed Elixirr in the financial crisis, and 2020 proved our resilience during another testing period. With a fantastic team, and a reformed structure facilitated by our IPO, we are well placed to continue our positive trajectory, working towards my ultimate goal as Founder – to build the best consulting firm in the world.

Stephen Newton

Founder & CEO

9th April 2021

OUR VALUES

○ Collaborative

We share the same purpose – to serve our clients impartially, with no hidden agenda, and to make them more successful by aligning our goals. We believe in the power of real partnerships. We work closely with our clients – we're easy to engage with and are a natural extension of their team. We work in close partnership with each other and are fully immersed in our innovation ecosystem. We take the time to understand each other's expertise, learn from it and call on it when there's value to be had for our client's business, or our own.

○ Entrepreneurial

We support entrepreneurial businesses and that's how we run our own. We have a relentless desire to deliver better and better solutions for our clients and our business through continuous innovation. We are a culture of thinkers and makers, empowered by the freedom to get things done. Building businesses is what we do best.

○ Creating a legacy

We are creating a different type of consultancy – the firm that we want. We help our clients change the game in their industries and we are changing the game in our own. Everything that we do leads to the highest quality services and greater successes for our clients, our firm and our people. We believe that our newest recruit will one day lead the firm.

○ Beyond expectations

We deliver beyond our clients' expectations every time – adding real value is what matters to us. We are only as good as our last piece of work. We are not complacent and our next piece of work will be even better. We are not restricted by the conventional view of what a consulting firm should be – we welcome new ways to grow our business.

Section 172 Statement

For the year ended 31st December 2020

As required by Section 172 of the Companies Act, a director of a company must act in the way he or she considers, in good faith, would likely promote the success of the company for the benefit of the shareholders. In doing so, the director must have regard, amongst other matters, to the following issues:

- likely consequences of any decisions in the long term;
- interests of the company's employees;
- need to foster the company's business relationships with suppliers/customers and others;
- impact of the company's operations on the community and environment;
- the company's reputation for high standards of business conduct; and
- need to act fairly between members of the company.

The Directors remain committed to engaging with the Group's stakeholders and considering their interests when making key strategic decisions. The Board considers its key stakeholders to be its shareholders, its employees, its clients, its suppliers and the communities in which the Group operates.

CULTURE

The culture of Elixirr is promoted through our core values: 'Entrepreneurial', 'Collaboration', 'Creating a Legacy' and 'Beyond Expectations'. Our values and leadership behaviours are a vital part of our culture to ensure that through good governance, our conduct and decision making we do the right thing for the business and our stakeholders. The Board aims to achieve a balance between short-term success and longer-term prosperity.

SHAREHOLDERS

All Directors and Partners hold equity interests in the Company to ensure strong alignment of interests with shareholders. For the same reason, we have a share option scheme for employees. The primary mechanism for engaging with our shareholders is through the Company's Annual General Meeting ("AGM") and also through the publication of the Group's financial results for the half year and full year. At the AGM we encourage our shareholders to ask questions and engage in a dialogue with the directors.

CLIENTS

Understanding our clients and their different challenges is key to the success of Elixirr. The Group's agility enables us to move with the market and provide tailored innovative solutions which meet the specific needs of our clients, covering a broad range of strategy, design, operational, creative and marketing capabilities. Elixirr focuses on building long term, trusted relationships with clients and providing a service that is both bespoke, and of exceptional quality.

EMPLOYEES

A key to the Group's continual success has been the quality of its teams across the globe. Elixirr aims to attract, retain and develop the very best talent, to ensure the quality bar of the Company is continually raised. The Directors, alongside our Management team, work hard to provide a collaborative and empowering working environment – we invest in our employees from the outset working with them to achieve their ambitions and to grow within the firm. Each one of our employees is directly coached by one of the Partner team to ensure that they have a voice that is heard to help them develop as a professional, and we have partner-led forums at every grade to share ideas and allow each individual to contribute to growing the firm.

COMMUNITY

Creating a real and sustainable impact is what matters to us. We support the Elixirr Foundation which seeks to enrich the quality of life of the communities we operate in by giving our time, money and services. We strive to empower, providing our consulting services to the charity and not-for-profit sector, offering business support and strategic advice to charities and organisations where our services and advice have the greatest impact.

SUPPLIERS

We have long-standing relationships with suppliers and treat all suppliers fairly. We ensure that our contractual commitments to suppliers are met within a timely manner.

“ The Elixirr team supported us on a strategic piece of work that will be instrumental to our growth ambitions. They delivered above and beyond my expectations, and it was such a pleasure working with them. We worked with both the consulting and creative teams, and as always, we were highly impressed by the quality and calibre of the work that came out! We look forward to continuing to partner with them. ”

Kelly Kowel

Chief Platform Officer, Farfetch

Financial Review⁵

	Year ended 31 December 2020	Period ended 31 December 2019
Revenue	£30.32m	£13.13m
Gross profit	£11.19m	£4.48m
Gross profit margin	36.9%	34.1%
Adjusted EBITDA	£9.72m	£3.70m
Adjusted EBITDA margin	32.1%	28.1%
Profit before tax	£5.82m	£1.73m
Profit before tax margin	19.2%	13.2%
Adjusted basic earnings per share	16.72p	6.32p
Basic earnings per share	11.73p	3.18p

GROUP RESULTS

The Board is pleased to report that the Group has performed exceptionally well this financial year and has continued to grow revenue despite the turbulent market conditions. The Group has seen organic growth in new and existing client accounts as we continue to build long-term, trusted relationships with our clients. The Group also successfully acquired Coast Digital Limited and grew margins whilst maintaining healthy cash generation, ending the year in a strong financial position. In the year ended 31st December 2020 the Group delivered revenue of £30.32m and adjusted EBITDA of £9.72m at a 32.1% margin.

REVENUE

Revenue increased to £30.32m in 2020 compared to £13.13m for the Group in the six-month period ending 31st December 2019. A more relevant comparison is the 24% increase in revenue from £24.5m in 2019 for the Group plus its predecessor entity, Elixirr Partners LLP.

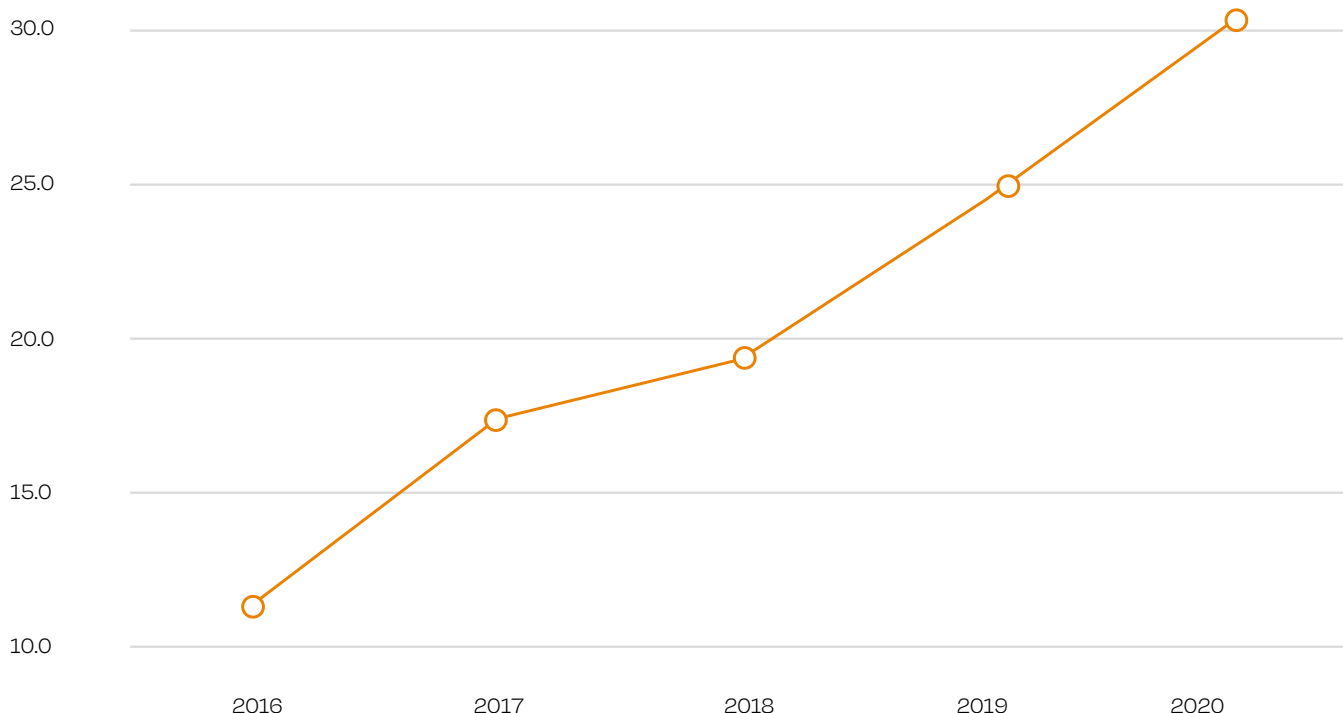
The double-digit growth in revenues is testament to the Group's relentless focus on continuing to build long-term, trusted relationships with our clients by consistently delivering innovative, impactful solutions to solve our clients' key business challenges. The relevance of digital transformation and the solutions that we provide have become of critical importance to many businesses due to the impact of COVID-19.

COVID-19 has had minimal impact on trading with employees able to work remotely to continue to provide exceptional service to our clients. The ability to react quickly is embedded in the Elixirr culture and we have continued to support our clients with remote working and digital delivery, which ensured continued strong trading through the COVID-19 period.

Revenue growth was achieved in all geographic regions in which the Group operates, and we have continued to achieve exceptional growth in the US market with a 49% increase in revenues compared with the 12 months ended 31st December 2019 (including Elixirr Partners LLP). We are also pleased to report that revenue per client-facing Partner grew during the year, despite the difficult market environment, reflecting the high quality of our Partner team.

⁵ The Group commenced trading on 1st July 2019. Prior to that date, the business was operated through a predecessor entity, Elixirr Partners LLP. Consequently, annual comparatives are not available for the Group.

REVENUE £m (CALENDAR YEAR BASIS)



GROUP PROFITABILITY

The Group realised a gross profit margin of 36.9%, up 2.8 percentage points when compared with the 34.1% in the six months ended 31st December 2019. This improved profitability is the result of a combination of improved utilisation of consultants with tight control over service pricing and our cost base. In particular, the lockdown environment resulted in lower spend on travel and business development.

Adjusted EBITDA of £9.72m was delivered at an improved margin of 32.1% when compared with the 28.1% in the six months ended 31st December 2019. The increased EBITDA margin is because of the improved gross profit margin discussed above.

Profit before tax (after exceptional items) of £5.82m was also delivered at

an improved margin of 19.2% compared with 13.2% for the six-month period ended 31st December 2019. Further detail of exceptional items is set out in note 5 of the Group and Company Financial Statements of this report.

NET FINANCE EXPENSE

Net finance expense of £0.66m includes preference dividends of £0.39m paid up to 9th June 2020 on the 10% non-redeemable cumulative preference shares which were extinguished as part of the Group restructure transactions explained further in note 23 of the Group and Company Financial Statements. As at 31st December 2020 the Group has no interest rate risk exposure as following the IPO, on 15th July 2020, the Group's bank loan was repaid in full from the proceeds of the Placing.

TAXATION

The Group's tax charge for the year was £1.0m, reflecting a lower effective tax rate compared with the six-month period ended 31st December 2019. This was largely due to utilisation of foreign losses from prior periods and allowable trademark amortisation deductions. The Group's cash tax payment in the year was £1.2m and includes section 455 tax payments which are recoverable in future periods. For further detail on taxation see notes 9 and 10 of the Group and Company Financial Statements. Adjusted profit after tax, used in calculating adjusted earnings per share, is shown after adjustments for the applicable tax on adjusting items as set out in note 6.

SHARE PRICE



Accurate as of Tuesday 6th April 2021. You can see the graph in real time at [here](#).

EARNINGS PER SHARE

Basic earnings per share was 11.73p and, after adjusting for the after-tax impact of adjusting items the adjusted basic earnings per share was 16.72p. Adjusting items and their tax impacts are set out in note 6.

CASH FLOW

The Group's net cash position increased to £17.5m compared with £3.0m at 31st December 2019. The Group enjoyed strong cash generation with net cashflow generated from operations of £12.2m in the year ended 31st December 2020, including some working capital timing benefit. The Group continues to see conversion of adjusted EBITDA less tax to operating cash at close to 100%.

Net cash utilised from investing activities reflects £2.3m cash consideration for the acquisition of Coast Digital plus additional cash consideration of £0.6m for surplus cash on acquisition (with a further £0.6m payable in 2021), net of cash of £1.4m acquired on acquisition.

Net cash generated from financing activities of £3.9m represents funds raised in the successful IPO in July 2020 (£18.6m), net of funds used to make loans to Partners (£9.8m, principally to enable them to acquire shares to the Company to align their interests with other shareholders), repayment of bank debt (£1.6m) and purchases of shares by the Employee Benefit Trust (£1.2m).

The Group is debt-free as at 31st December 2020 (other than its office lease capitalised under IFRS 16), having paid down its bank debt and loans from shareholders in July 2020.

STATEMENT OF FINANCIAL POSITION

Net assets as at 31st December 2020 totalled £70.7m (31st December 2019: £44.6m). The increase in net assets is as a result of the capital raised on IPO (£18.6m), retained profit for the year (£4.8m increase in retained earnings), conversion of preference shares to ordinary shares (£6.5m increase in merger relief reserve), partially offset by a capital reduction and share buy backs of £3.9m and Employee Benefit Trust share purchases of £1.2m.

DIVIDENDS

No interim or final ordinary dividends were paid in relation to the year ended 31st December 2019 and no interim ordinary dividend has been paid in relation to the year ended 31st December 2020. The Directors are proposing a final ordinary dividend in respect of the financial year ended 31st December 2020 of 2.2p per share.

Our Key Performance Indicators ('KPIs')

The Directors are of the opinion that the Group's KPIs are revenue, gross profit, adjusted EBITDA, profit after tax and adjusted basic earnings per share. These KPIs are linked to the Group's growth strategy and used to monitor the performance of the business. Further information on the KPIs is available in these Financial Statements and summarised on the financial highlights section earlier in this report. Elixirr was incorporated on 12th December 2018 but was dormant from this date until 1st July 2019 when it acquired the business and assets of Elixirr Partners LLP. As such, there are no meaningful full year comparative KPIs presented other than for revenue growth which is discussed in the CEO report on pages 12 to 16. The Board monitors progress against plan on a regular basis.

Principal Risks and Uncertainties

IDENTIFICATION OF PRINCIPAL RISKS AND UNCERTAINTIES

The Board has the primary responsibility for identifying the major risks facing the Group and developing appropriate policies to manage those risks. The Board has assessed the Group's emerging and principal risks and how they are being managed or mitigated. The risk assessment has been completed in the context of the overall strategic objectives of the Group and the table below outlines the principal risks and uncertainties that have been identified. These are not the only risks that may affect the Group, however they are the principal risks that the Board considers would potentially have the most significant impact if they were to occur. In addition, a more comprehensive list of risks was set out in Elixirr's IPO Admission document. There may possibly be further risks that materialise over time that the Group has not yet identified or deemed to have a potentially material adverse impact on the Group.

Potential Risk	Description/Impact	Mitigating Factors
Demand for services in markets and sectors in which the Group operates	The Group operates in several geographies and industry sectors and demand for its services can be affected by global, regional, industry specific or national macro-economic conditions. The Group operates in a competitive environment, where other consulting firms seek to provide similar services. Changes in demand for the Group's services can significantly impact revenues and profits.	• The entrepreneurial culture and focus on helping clients build businesses, new products and customer experiences are key differentiators of the Group's service offering. • Elixirr is considered 'The Challenger Consultancy', offering an alternative to the traditional consulting models. • The Group operates a flexible model and can deploy staff to areas of higher demand to optimise utilisation.
Reputation, key client relationships and contractual terms	The success of the Group's business depends on the preservation of good client relationships and its reputation for providing high-quality consulting services. Failure of the Group to develop and retain client relationships could result in a reduction in revenues. Potential unforeseen contractual liabilities and loss of client relationships may arise from client engagements that are not completed satisfactorily.	• The Group has relentless focus on customer service and exceeding client expectations. This combined with our bespoke solutions frequently embed Elixirr within our clients over the long term. • The Board believes that the Group offers a range of services, approach and quality of people which is not replicated collectively by our competitors. • Potential contractual liabilities from client engagements are managed through quality assurance over services and review of contractual terms by experienced legal professionals.
Recruitment and retention of talented employees	The Group's performance is dependent on the recruitment and retention of key personnel to develop and maintain relationships with clients and to deliver high quality services.	• The Group has remuneration policies and structures that reward good performance. • For senior employees, an element of total remuneration is variable and linked to financial and other performance measures. Senior employees hold equity in the firm with terms that incentivise them not to leave their employment.

Potential Risk	Description/Impact	Mitigating Factors
Recruitment and retention of talented employees (continued)		- On 8th May 2020 a Share Option Plan was implemented to align employees' goals with those of the Group. This alignment, by way of share participation, of employees' goals with those of the Group aids retention and attraction of talent. - Elixirr has an attractive entrepreneurial culture that places people at the heart of the business.
Utilisation and profitability	Employee utilisation rates drive Group profitability and may be adversely impacted by an unexpected decline in client projects or misalignment on the timing of headcount growth.	- Utilisation targets are set annually and monitored monthly at employee grade level. - Project profitability is tracked against agreed target margins.
M&A and integration	The Group could acquire the wrong business or fail to integrate an acquisition successfully, leading to adverse impact on performance.	- A dedicated internal acquisition team is responsible for identifying opportunities and bringing targets through stages of the pipeline. - Detailed due diligence and risk assessment is performed on all potential acquisitions which includes ensuring strategic and cultural fit and validating the business case. - A proportion of consideration on acquisitions is deferred as earn out. This incentivises the management of the acquired business and mitigates the financial impact of poor performance post-acquisition. - The performance of acquired companies post acquisition are regularly reviewed to monitor performance and ensure alignment with the wider Group, including the achievement of cross sell synergies.
COVID-19	COVID-19 has negatively impacted economic conditions globally.	- COVID-19 has had minimal impact on the Group with employees able to work remotely to continue to provide services to clients. - The ability to react quickly is embedded in the Elixirr culture. Elixirr has supported its clients with remote working and digital delivery, which has supported continued strong trading through the COVID-19 period.

The Group's and Company's exposure to financial risks (credit risk, liquidity risk, interest rate risk and foreign currency risk) is set out in note 27 to the financial statements.

MAIN CONTROL PROCEDURES

Management establishes control policies and procedures in response to each of the key financial and operating risks identified. Control procedures are in place to ensure the integrity of the Group's Financial Statements and are designed to meet the Group's requirements. Control procedures are documented and reviewed by management and the Board on an ongoing basis to ensure control weaknesses are mitigated.

The Group operates a comprehensive annual planning and budgeting system. The annual plans and budgets are approved by the Board. Management reviews the management accounts on a monthly basis where performance against budget is monitored and any significant deviations are identified and appropriate action is taken.

Graham Busby

Founder and Chief Financial Officer

9th April 2021

Corporate Governance Report

BOARD OF DIRECTORS



Gavin Patterson

Independent Non-Executive Chairman
Chair of the Remuneration Committee

Gavin joined Elixirr as Non-Executive Chairman in November 2019 following his role as Chief Executive at BT Group plc from 2013-2019. Gavin is currently President and Chief Revenue Officer of Salesforce and prior to BT, worked at Virgin Media and Procter & Gamble. He brings extensive experience from media, advertising, consumer goods, telecoms and technology. Gavin chairs the charity Business in the Community.



Stephen Newton

Chief Executive Officer

Stephen is CEO and Co-Founder of Elixirr and has over 25 years' experience in transformational change and strategy. Prior to founding Elixirr, Stephen was a Managing Partner at Accenture and was previously a Financial Services Partner at IBM. Stephen is a chartered accountant having qualified at KPMG. Over his career, Stephen has advised boards of some of the world's leading companies across multiple industries. In 2019 he was listed as a Global Leader in Consulting, recognised for 'Excellence in Influence' by Consulting magazine.



Graham Busby

Chief Financial Officer
Member of the Audit & Risk Committee

Graham is CFO and Co-Founder of Elixirr, having previously worked for Accenture. Graham was previously Marketing and Sales Director for Elixirr before moving to his current role as CFO in 2019. Prior to Elixirr, Graham worked in both Accenture's strategy team and their outsourcing sales team, shaping and selling multi-functional sourcing deals worth over \$500m to clients across different industries and regions.

CORPORATE GOVERNANCE

The Board of the Company is committed to high standards of corporate governance, which it considers are critical to business integrity and to maintaining investors' trust in the Company. For the year ended 31st December 2020, and up to the date of this report, the Company has applied the main principles of the Quoted Companies Alliance (QCA) Code and complied with its detailed provisions throughout the period under review.

Full details of our approach to governance are set out below and, as a Board, we continue to be committed to good standards in governance practices and will continue to review the governance structures in place, to ensure that the current practices are appropriate for our current shareholder base and that, where necessary, changes are made. The key governance principles and practices are described in the statement below, together with the Audit and Risk and Remuneration Committees' reports on pages 34 to 37 and the Directors' Report on pages 40 to 45.



Ian Ferguson

General Counsel

Ian is General Counsel and Co-Founder of Elixirr and has over 35 years' experience advising on commercial transactions across numerous sectors and geographies. Ian has previously been a Partner at Olswang Asia and Pillsbury Winthrop Shaw Pittman, and a senior Partner with Allen & Overy where he was Global Head of the communications media technology group and co-head of the international outsourcing practice.



Charlotte Stranner

Independent Non-Executive Director
Chair of the Audit & Risk Committee
Member of the Remuneration Committee

Charlotte was appointed as an Independent Non-Executive Director in July 2020, having been a consultant to the company since April 2020. Charlotte has been a partner at previously AIM-quoted MXC Capital, a technology, media and telecoms investor and adviser. During her time at MXC Capital she was Interim CFO at AIM listed IDE Group. Prior to MXC Capital, Charlotte was a Corporate Finance Director at finnCap Ltd. She is a chartered accountant having qualified at Moore Stephens.



Simon Retter

Independent Non-Executive Director
Member of the Remuneration Committee
Member of the Audit & Risk Committee

Simon joined Elixirr in December 2019 as a corporate finance consultant and was appointed to the Board in July 2020. He has over 10 years' experience working with public companies, particularly AIM listed companies. Simon started his career at Deloitte where he qualified as a chartered accountant. Since then, Simon has acted as Finance Director for a number of small cap companies, assisting in several listings on AIM. Simon has had a range of CFO and Non-Executive Director roles including at Hard Rock Café and Horizonte Minerals.

COMPOSITION AND INDEPENDENCE OF THE BOARD

The Board is comprised of three Executive Directors and three Non-Executive Directors, including the Independent Non-Executive Chairman. The Board is of the opinion that its composition continues to represent an appropriate balance between executive and non-executive directors, given the Group's size and operations.

Gavin Patterson is considered independent due to his limited involvement in the day-to-day running of the business and his extensive experience as an executive and non-executive in other organisations. Simon Retter and Charlotte Stranner are considered independent, having joined the Company in 2020 with diverse experience in independent advisory roles.

Collectively the Board Members have skills and expertise covering a range of areas including general management, finance, sales, marketing, innovation and M&A. Members have relevant consulting and industry experience. We intend to carry out periodic reviews of the composition of the Board to ensure that its skillset and experience are appropriate for the effective leadership and long-term success of the business as it develops.

APPOINTMENTS TO THE BOARD AND RE-ELECTION

The Board takes decisions regarding the appointment of new Directors following the recommendations of its Remuneration Committee. The task of searching for appropriate candidates and assessing potential candidates' skills and suitability for the role has been delegated to the Remuneration Committee. The Company's Articles of Association require that Directors hold office only until the first annual general meeting of the Company following such appointment and in accordance with best practice in corporate governance, all the Directors will offer themselves for re-election.

DIVISION OF RESPONSIBILITIES

The Board is responsible for the overall management of the Group including the formulation and approval of the Group's long-term objectives and strategy, the approval of budgets, the oversight of Group operations, the maintenance of sound internal control and risk management systems and the implementation of Group strategy, policies and plans. While the Board may delegate specific responsibilities, there are a

formal schedule of matters specifically reserved for decision by the Board. Such reserved matters include, amongst other things, approval of major corporate transactions, transactions with related parties and approval of the annual and interim accounts.

The Board meet regularly to review performance. The roles of Chairman and Chief Executive Officer are separate and clearly defined, in line with the recommendations of the QCA Corporate Governance Code. Responsibility for overseeing the Board is the responsibility of the Chairman and the Chief Executive Officer is responsible for overseeing the implementation of the Company's strategy and its operational performance.

EXECUTIVE DIRECTORS

The Executive Directors are encouraged to use their independent judgement and strong knowledge of the Group in the discharging of their duties. They are responsible for the day-to-day management of the business, including its trading, financial and operational performance and the Group's legal undertakings. Issues and progress made are reported to the Board by the Chief Executive Officer.

Executive Directors are full-time employees of the Company and have entered into service agreements with the Company. Directors' contracts are available for inspection at the Company's Head Office.

NON-EXECUTIVE DIRECTORS

The Board considers the Non-Executive Directors to be sufficiently competent and to function effectively as a unit and in their respective Committees. They provide objectivity and substantial input to the activities of the Board, from their various areas of expertise.

HOW THE BOARD OPERATES

The Board retains control of certain key decisions through the Schedule of Matters reserved for the Board. The Board is responsible for:

- Overall management of the business and monitoring performance against objectives;
- Developing the Company's strategy and risk management;
- Major investment and divestment decisions;
- Setting business values, standards and culture;
- Membership and chairmanship of Board and Board Committees;

- Relationships with shareholders and other stakeholders;
- The Company's compliance with relevant legislations and regulations; and
- Appointment and reappointment of the Company's auditors.

The Board held three formal meetings in connection with the IPO and three formal meetings between the IPO and the end of the year. In addition, other matters reserved for the Board were dealt with through ad hoc Board meetings.

THE MAIN ACTIVITIES OF THE BOARD DURING THE YEAR

Key Board activities during the year included:

- Listing Elixirr International plc on the AIM market of the London Stock Exchange;
- Restructuring shareholdings in advance of the IPO;
- Setting up a share option scheme and an employee benefit trust;
- The acquisition of digital marketing firm Coast Digital Limited;
- Reviewing performance of the business and progress on the elements of the Group's four pillar growth strategy.

THE BOARD COMMITTEES

The Board delegates authority to two Committees: the Audit and Risk Committee and the Remuneration Committee, to assist in meeting its business objectives. The Committees meet independently of Board meetings.

Each Committee has Terms of Reference setting out their responsibilities, which were reviewed and approved by the Board during the year. The Terms of Reference of each Committee can be found on the Company's corporate website [here](#).

The Audit and Risk Committee comprises two Independent Non-Executive Directors and one Executive Director of the Company. In addition, the Finance Director and General Counsel attend meetings of the Committee. The external auditors are invited to attend the Audit and Risk Committee at relevant times of the year and also have direct access to the Chair of the Audit and Risk Committee. Since the IPO, the Committee met once during 2020 and once in 2021.

The members of the Remuneration Committee are the three Non-Executive Directors, including the Chairman. Other individuals such as the Chief Executive Officer, may

be invited to attend for all or part of any meeting, as and when appropriate and necessary. The Company Secretary acts as the secretary of the Committee. The Committee is responsible for establishing and reporting to the Board, procedures for determining policy on executive remuneration and also the performance-related elements of remuneration, which align the interest of the directors with those of shareholders. Its remit also includes matters of nomination and succession planning for directors and senior key executives, with the final approval for appointments resting with the Board. Since the IPO, the Committee met twice during 2020 and once in 2021.

EXTERNAL ADVISORS

The Board makes use of the expertise of external advisors where necessary, to enhance knowledge or gain access to particular skills or capabilities. Areas where external advisors are used include and are not limited to: legal advice, corporate finance advice, tax advice and recruitment.

DIRECTORS' INDUCTION, DEVELOPMENT, INFORMATION AND SUPPORT

The Board considers all Directors to be effective and committed to their roles. All Directors receive regular and timely information on the Group's operational and financial performance. Ahead of the Board and Committee meetings, papers are circulated to all Directors to ensure that they are fully informed and can participate fully in discussions. Directors keep their skillset up to date through a combination of attendance at industry events, individual professional development and experience gained from other Board roles.

The Board is also regularly briefed on AIM Rules by its Nominated Advisors, finnCap. A briefing was given to the Board by finnCap in July 2020. This briefing is designed to enable Directors to keep abreast of corporate governance developments. Directors are also able to take independent professional advice in the furtherance of their duties, if necessary, at the Company's expense. Directors also have direct access to the advice and services of the Company Secretary. The Company Secretary supports the Chairman in ensuring that the Board receives the information and support it needs to carry out its roles.

CONFLICTS OF INTEREST

Outside interests and commitments of Directors, and changes to these commitments are reported to and agreed by the Board. To the date of this report there are no actual or potential conflicts of interest between any Director's duties to the Company and any private interests and/or other duties they may have.

PERFORMANCE EVALUATION

The Chairman considers the operation of the Board and performance of the Directors on an ongoing basis as part of his duties and will bring any areas of improvement he considers are needed to the attention of the Board. The effectiveness of the Board, its Committees and Directors will be reviewed on an annual basis.

ACCOUNTABILITY

Although the Board delegates authority to its Committees and also the day-to-day management of the business to the Executive Directors, it is accountable for the overall leadership, strategy and control of the business in order to achieve its strategic aims in accordance with good corporate governance principles.

RISK MANAGEMENT AND INTERNAL CONTROL

Mitigating the risks that a Company faces as it seeks to create long-term value for its shareholders is the positive by-product of applying good corporate governance. At Elixirr, all employees are responsible for identifying and monitoring risks across their areas. However, the Board sets the overall risk strategy for the business and is ultimately accountable.

FINANCIAL AND BUSINESS REPORTING

In our interim, final and any other ad hoc reports and other information provided by the Company, the Board seeks to present a fair, balanced and understandable assessment of the Group's position and prospects. The Board receives a number of reports to enable it to monitor and clearly understand the Group's financial position. The Board considers that this Annual Report and Financial Statements, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy.

SHAREHOLDERS

The Board values the views of our shareholders and recognises their interest in our strategy and performance. We endeavour to update shareholders on the Board's expectations for the outlook of the business as and when this changes. As much as possible, we try to provide information that is relevant to our shareholders on our corporate website; in our Annual Report and Accounts; and through regulatory news announcements throughout the year. We also believe in knowing and understanding our shareholders. We welcome questions from our shareholders at our Annual General Meetings (AGMs).

Audit and Risk Committee Report

As Chair of the Audit and Risk Committee ("the Committee"), I am pleased to present our Audit and Risk Committee Report for the year ended 31st December 2020.

MEMBERSHIP

The Audit and Risk Committee comprises three members, Graham Busby, Simon Retter and myself, Charlotte Stranner. Simon Retter and I are Independent Non-Executive Directors of the Company. Graham Busby is Executive Director and Chief Financial Officer. As Chair of the Committee with a background as a chartered accountant I have significant, recent and relevant financial experience. The Committee's biographies are set out on pages 28 and 29.

MEETINGS AND ATTENDANCE

The Committee met once during the year ended 31st December 2020 and once prior to the date of this report during 2021. All members of the Committee at the time of each meeting were present. Nick Willott, Finance Director and Company Secretary, and Ian Ferguson, Executive Director and General Counsel, also attended all meetings by invitation. The external auditor also attended the meeting during 2021 at which the annual audit for 2020 and this Annual Report and Financial Statements were reviewed.

DUTIES

The full list of the Committee's responsibilities is set out in its Terms of Reference, which is available on the Company's website, and is summarised below as follows:

- External audit (including the independence of the external auditor);
- Financial reporting;
- Internal control and risk management;
- Reporting on activities of the Committee.

The Terms of Reference for the Committee are reviewed annually and approved by the Board.

The main items of business considered by the Committee during the year (and at its meeting in 2021 in relation to the 2020 audit and Annual Report and Financial Statements) included:

- Consideration and approval of the 2019 financial statements of the Group and Company, the external audit report and management representation letter;
- Review and approval of the 2020 interim financial statements;
- A review of the year-end 2020 audit plan, consideration of the scope of the audit, the risks identified by the external auditor and the external auditor's fees;
- The accounting associated with the corporate restructure prior to the IPO and the IPO itself;
- Consideration and approval of the 2020 financial statements of the Group and Company, the external audit report and management representation letter.

EXTERNAL AUDITOR

The Committee has the primary responsibility for recommending the appointment of the external auditor and reviewing the findings of the auditor's work. The external auditor has direct access to me and other members of the Committee, without executive management being present if they wish.

The Company's external auditor is Crowe U.K. LLP, who were appointed with effect from the period ended 31st December 2019. Having reviewed the auditor's independence and performance to date, the Committee recommended to the Board that they be reappointed for the Company's 2020 audit. Crowe U.K. LLP have expressed their willingness to continue in office and a resolution to re-appoint them as auditor will be proposed at the next annual general meeting.

POLICIES FOR NON-AUDIT SERVICES

In addition to the audit services they provide, Crowe U.K. LLP has also been engaged to carry out non-audit services, acting as Reporting Accountant for our listing on the London Stock Exchange in July 2020, and in October 2020 providing financial and tax due diligence on the acquisition of Coast Digital. These services are provided by a separate team to the audit team, and the Committee is satisfied that these services do not represent a risk to the independence of the external auditor.

AUDIT PROCESS

The external auditor prepares an audit plan setting out how the auditor will audit the full-year financial statements. The audit plan is reviewed, agreed in advance and overseen by the Committee. The plan includes the proposed scope of the work, the approach to be taken with the audit and also describes the auditor's assessment of the principal risks facing the business. Prior to approval of the financial statements, the external auditor presents its findings to the Committee, highlighting areas of significant financial judgement for discussion.

INTERNAL AUDIT

The Audit and Risk Committee has considered the need for an internal audit function during the year and is of the view that, given the size and nature of the Company's operations and finance team, there is no current requirement to establish a separate internal audit function.

RISK MANAGEMENT AND INTERNAL CONTROLS

The principal risks facing the Group are summarised on page 24 to 27 of this Report. The internal controls of the Group are set out in the Financial Reporting Procedures Manual which was reviewed and reported on by the Reporting Accountants in connection with the IPO. The Committee will carry out an annual risk assessment and review of internal controls, commencing in 2021.

Charlotte Stranner

Chair of the Audit and Risk Committee

9th April 2021

Remuneration Committee Report

As Chair of the Remuneration Committee ("the Committee"), I am pleased to present our report for the year ended 31st December 2020 which sets out details of the composition and activities of the Committee. Details of the remuneration paid to Directors during the year is set out in the Directors' Report.

MEMBERSHIP

The Committee currently comprises three independent Non-Executive Directors, Charlotte Stranner, Simon Retter and myself, Gavin Patterson, whose biographies are set out on pages 28 and 29.

MEETINGS AND ATTENDANCE

The Committee meets at least twice a year and at such other times during the year as is necessary to discharge its duties. During the year, the Committee met twice. Other individuals such as the Chief Executive Officer, Stephen Newton, may be invited to attend for all or part of meetings as appropriate and necessary. Nick Willott, Company Secretary, acts as the Secretary of the Committee.

DUTIES

The Committee considers remuneration policy for the Executive Directors and succession plans for future Board roles. The main duties of the Committee are set out in its Terms of Reference, which are available on the Company's website. They include the following key responsibilities:

- Setting remuneration levels and remuneration policy for all Executive Directors;
- Approving the design of, and determine targets for, any performance-related pay schemes for the Executive Directors;
- Reviewing the design of share incentive plans for the Executive Directors.

PRINCIPAL ACTIVITIES DURING THE YEAR

The Committee considered:

- An increase in the Executive Directors' salaries with effect from 1st July 2020;
- The Executive Directors' performance in the year ended 31st December 2020 and associated cash bonuses;
- Proposed share option grants to two of the Executive Directors in 2021 as a result of exceptional performance in the year ended 31st December 2020.

DIVERSITY

It is the Board's view that recruitment, promotion and any other selection exercises are conducted on the basis of merit against objective criteria that avoid discrimination on any criteria. The Board recognises the benefits of diversity, including gender diversity, on the Board, although it believes that all appointments should be made on merit, while ensuring there is an appropriate balance of skills and experience within the Board. The Board currently consists of 17% (one) female and 83% (five) male Board members. The Board's age demographic ranges from 38 to 61. The business consists of 58% male employees and 42% female employees.

REMUNERATION POLICY

The objective of the remuneration policy is to promote the long-term success of the Company, giving due regard to the views of shareholders and stakeholders. In formulating remuneration policy for the Executive Directors, the Committee:

- Considers Directors' experience and the nature and complexity of their work in order to pay a competitive salary that attracts and retains Directors of the highest quality;
- Considers pay and employment conditions within the Company relative to comparable businesses in similar industries and that are performing at a similar level to the Group;
- Considers Directors' personal performance, and links individual remuneration packages to the Group's long-term performance and continued success of the business through the award of annual bonuses and share-based incentive schemes.

EXECUTIVE DIRECTORS

Base salary

Executive Directors' base salaries are reviewed annually by the Committee, taking into account the responsibilities, skills and experience of each individual, pay and employment conditions within the Company and the salary levels within comparable businesses. During the year, salaries were reviewed with effect from 1st July 2020.

Annual bonus

Executive Directors receive discretionary performance-related annual cash bonuses. In addition, share options may be granted for exceptional performance.

Other benefits

Policies concerning benefits are reviewed annually. Currently taxable benefits comprise private health cover, and life and income protection insurance. A defined contribution pension scheme is also available and statutory minimum contributions are made for directors unless they opt out of the scheme.

Service agreements

Details of the Executive Directors' service agreements are set out below.

Director	Date of contract	Unexpired term	Notice period by the company	Notice period by the director
Stephen Newton	01 July 2020	Rolling contract	6 months	6 months
Graham Busby	01 July 2020	Rolling contract	3 months	3 months
Ian Ferguson	01 July 2020	Rolling contract	3 months	3 months

NON-EXECUTIVE DIRECTORS

The remuneration payable to Non-Executive Directors (other than the Non-Executive Chairman) is decided by the Chairman and Executive Directors. The remuneration payable to the Non-Executive Chairman is decided by the other Board members. Fees are designed to ensure the Company attracts and retains high calibre individuals. They are reviewed on an annual basis and account is taken of the level of fees paid by other companies of a similar size and complexity. Non-Executive Directors do not participate in any annual bonus, share options or pension arrangements. The Company repays the reasonable expenses that Non-Executive Directors incur in carrying out their duties as Directors.

Terms of appointment

Each of the Non-Executive Directors signed a letter of appointment on 3rd July 2020 which can be terminated by either party giving to the other prior written notice of three months.

Gavin Patterson

Chair of the Remuneration Committee

9th April 2021

Directors and Corporate Information

DIRECTORS

Gavin Patterson

Independent Non-Executive Chairman

Stephen Newton

Chief Executive Officer

Graham Busby

Chief Financial Officer

Ian Ferguson

General Counsel

Charlotte Stranner

Independent Non-Executive Director

Simon Retter

Independent Non-Executive Director

The details of all Directors who served in the year ended 31st December 2020 can be found on page 44.

CORPORATE

Company Secretary

Nicholas Willott

Company Registered Number

Registered in England Number: 11723404

Registered Office

12 Helmet Row London EC1V 3QJ

Head Office

Elixirr, 100 Cheapside London EC2V 6DT

Legal Advisers to the Company

Osborne Clarke LLP, One London Wall, London EC2Y 5EB

Penningtons Manches Cooper LLP, 31 Chertsey Street, Guildford, Surrey GU1 4HD

Auditors

Crowe U.K. LLP, Riverside House, 40-46 High Street, Maidstone, Kent, ME14 1JH

Nominated Adviser and Broker

finnCap, 1 Bartholomew Close, London, UK EC1A 7BL

Registrars

Neville Registrars Limited, Neville House, Steelpark Road, Halesowen B62 8HD

Directors' Report

The Directors present their Annual Report together with the audited consolidated and Company Financial Statements for the year ended 31st December 2020.

The Group's business review along with future developments and the principal risks and uncertainties facing the Group are outlined in the Strategic Report which comprises the Non-Executive Chairman's Report, the CEO's Report, the Director's Section 172 Statement and the Financial Review and Our Key Performance Indicators ('KPIs').

PRINCIPAL ACTIVITIES

Elixirr International plc is a public limited company which is listed on AIM, the market of that name operated by the London Stock Exchange. The Company is a holding company, limited by shares, registered (and domiciled) in England registered number 11723404. The Company has five operating subsidiaries in the United Kingdom: Elixirr Consulting Limited, Elixirr Consulting Services Limited, Elixirr Creative Limited, Den Creative Limited and Coast Digital Limited. It also has an operating subsidiary in the United States (Elixirr LLC) and foreign branches in South Africa and Australia.

The Group is principally engaged in the provision of consulting services, delivering innovative and bespoke solutions to a globally recognised client base, including creative and marketing services.

SUBSTANTIAL SHAREHOLDINGS

The Company has been notified that at close of business on 31st March 2021 the following parties were interested in 3% or more of the Company's ordinary share capital.

SHAREHOLDERS	Shares held	% held
Stephen Alexander Newton	14,124,216	30.9%
Slater Investments Limited	4,343,135	9.5%
Ian James Anthony Ferguson	2,660,321	5.8%
Rathbone Nominees Ltd	2,428,060	5.3%
Chelverton Asset Management Limited	2,250,000	4.9%
Gresham House Asset Management	1,867,206	4.1%
Andrew Roger Curtis	1,542,518	3.4%
Graham Edward Busby	1,522,194	3.3%
Mark Vincent Goodyear	1,448,518	3.2%

RESULTS

The results for the year ended 31st December 2020 are set out in the Group Statement of Comprehensive Income. Revenue for the year was £30.3 million, a 24% increase from £24.5 million in the 12 months ended 31st December 2019 (including its predecessor business). The financial position of the Group and Company is set out in the Group and Company Statements of Financial Position. Future developments are set out in the CEO's Report.

DIRECTORS' INDEMNITIES

The Company maintained liability insurance for its Directors and officers during the financial year and up to the date of approval of the Annual Report and Accounts. The Company has also provided an indemnity for its Directors and the Company Secretary, which is a qualifying third-party indemnity provision for the purposes of the Companies Act 2006.

GOING CONCERN

At the date of these financial statements, Group revenue and profit have increased on the prior year comparable period, and the Group is well capitalised following its Admission to AIM which raised net proceeds of approximately £18.6m for the Group.

The Directors have prepared cash flow forecasts for the Group for a review period of 12 months from the date of approval of these financial statements. These forecasts reflect an assessment of current and future market conditions and their impact on the Group's future cash flow performance.

Having considered these forecasts, the Directors remain confident in the long-term future prospects for the Company and the Group, and their ability to continue as going concerns for the foreseeable future. They therefore adopt the going concern basis in preparing the financial statements of the Group and Company.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable law and regulation. Company law requires the Directors to prepare Financial Statements for each financial year. Under that law the Directors have prepared the Group and Company Financial Statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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 Group and Company and of the profit or loss of the Group and Company for that period.

In preparing the Financial Statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently;
- State whether applicable IFRSs as adopted by the European Union have been followed subject to any material departures disclosed and explained in the Financial Statements;
- Make judgements and accounting estimates that are reasonable and prudent; and
- Prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

The Directors are also responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the Financial Statements comply with the Companies Act 2006. The Directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of Financial Statements may differ from legislation in other jurisdictions.

DIRECTORS' CONFIRMATIONS

The Directors consider that the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group and Company's position and performance, business model and strategy.

In the case of each Director in office at the date the Directors' Report is approved:

- So far as the Director is aware, there is no relevant audit information of which the Group and Company's auditors are unaware; and
- They have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Group and Company's auditors are aware of that information.

FINANCIAL INSTRUMENTS

The Group's financial instruments comprise cash, and various items, such as trade receivables, trade payables, etc. that arise directly from its operations. The Group does not enter into derivatives transactions or otherwise speculatively trade in financial instruments.

FINANCIAL RISK MANAGEMENT

The financial risk is managed by the Group and more information on this can be found within note 27 to the Financial Statements.

PERSONNEL POLICIES

Elixirr is committed to eliminating discrimination and encouraging diversity amongst our workforce. The purpose of personnel policies is to provide equality and fairness for all in our employment and not to discriminate on grounds of sexual orientation, marital or civil partner status, gender reassignment, race, religion or belief, colour, nationality, ethnic or national origin, disability or age, pregnancy or maternity (together the Protected Characteristics) or trade union membership or the fact that they are a part-time worker or a fixed-term employee. We oppose all forms of unlawful and unfair discrimination. All employees have personal responsibility for the practical application of our Equal Opportunities Policy. All employees, whether part time, full

time or temporary, are treated fairly and with respect. We are committed to ensuring that our employees and applicants for employment shall not be disadvantaged by any policies or conditions of service which cannot be justified as necessary for operational purposes. We will appoint, train, develop, reward and promote on the basis of merit and ability.

Our commitments are:

- Every employee is entitled to a working environment that promotes dignity and respect to all. No form of intimidation, bullying or harassment is tolerated;
- Equality in the workplace is good management practice and makes sound business sense;
- To regularly review all our employment practices and procedures to ensure fairness;
- Breaches of our equality policy are regarded as misconduct and may lead to disciplinary proceedings;
- These policies will be monitored and reviewed on a regular basis.

The Group places importance on the contributions made by all employees to the progress of the Group and aims to keep them informed via regular formal and informal meetings.

ARTICLES OF ASSOCIATION

The rules governing the appointment and replacement of Directors are set out in the Company's Articles of Association. The Articles of Association may be amended by a special resolution of the Company's shareholders.

SHARE CAPITAL

The share capital of the Company comprises ordinary shares of 0.005p each. Each share carries the right to one vote at general meetings of the Company. The issued share capital of the Company, together with movements in the Company's issued share capital is shown in note 23 to the Financial Statements.

Ordinary shareholders are entitled to receive notice and to attend and speak at general meetings. Each shareholder present in person or by proxy (or by duly authorised corporate representatives) has, on a show of hands, one vote. On a poll, each shareholder present in person or by proxy has one vote

for each share held. Other than the general provisions of the Articles (and prevailing legislation) there are no specific restrictions of the size of a holding or on the transfer of the ordinary shares. The Directors are not aware of any agreements between holders of the Company's shares that may result in the restriction of the transfer of securities or on voting rights. No shareholder holds securities carrying any special rights or control over the Company's share capital.

CHANGE OF CONTROL – SIGNIFICANT AGREEMENTS

There are a number of agreements that may take effect, alter or terminate on a change of control of the Company. None of these are considered to be significant in their likely impact on the business as a whole.

POLITICAL DONATIONS

The Company has made no political donations during the year.

INDEPENDENT AUDITORS

A resolution to reappoint the auditors, Crowe U.K. LLP, will be proposed at the forthcoming Annual General Meeting.

DIVIDEND

A resolution to approve a final dividend of 2.2p per Ordinary share will be proposed at the forthcoming Annual General Meeting.

ANNUAL GENERAL MEETING

A notice of the Annual General Meeting will be sent out to shareholders separately to this Annual Report and Accounts.

DIRECTORS' REMUNERATION

The following table summarises the Directors' remuneration for the year ended 31st December 2020 and the period ended 31st December 2019, in line with the Companies Act 2006 requirement:

Year ended 31 December 2020					
Name	Salary £'000s	Bonus £'000s	Benefits £'000s	Pension £'000s	Total £'000s
Gavin Patterson	30	-	-	-	30
Stephen Newton	275	717	7	1	1,000
Graham Busby (appointed 1 July 2020)	125	132	3	1	260
Ian Ferguson	225	334	7	-	567
Charlotte Stranner (appointed 9 July 2020)	20	-	-	-	20
Simon Retter (appointed 9 July 2020)	20	-	-	-	20
Andrew Curtis (resigned 3 July 2020)	18	-	-	-	18
Mark Goodyear (resigned 3 July 2020)	18	-	1	-	19
Total	731	1,183	18	2	1,934

Period ended 31 December 2019					
Name	Salary £'000s	Bonus £'000s	Benefits £'000s	Pension £'000s	Total £'000s
Gavin Patterson	13	-	-	-	13
Stephen Newton	125	126	1	0	252
Ian Ferguson	72	72	2	-	146
Andrew Curtis (resigned 3 July 2020)	20	-	-	-	20
Mark Goodyear (resigned 3 July 2020)	20	-	1	-	21
Total	250	198	4	0	452

Taxable benefits comprise private health cover, and life and income protection insurance. A defined contribution pension scheme is also available and statutory minimum contributions are made for Directors unless they opt out of the scheme.

There were no payments to former Directors made during the year.

DIRECTORS' INTERESTS

Interests of the Directors in the shares of the Company and share option awards outstanding as at 31st December 2020 were as follows:

Name	Number of Ordinary shares held	Number of unvested share options held	Number of share options awarded in 2020	Share price of 2020 grant (p)
Gavin Patterson	801,400	-	-	-
Stephen Newton	14,128,216	-	-	-
Graham Busby (appointed 1 July 2020)	1,522,194	94,000	94,000	43.37
Ian Ferguson	2,660,321	15,600	15,600	43.37
Charlotte Stranner (appointed 9 July 2020)	496,200	-	-	-
Simon Retter (appointed 9 July 2020)	496,200	-	-	-
Total	20,104,531	109,600	109,600	-

No share awards made to Directors have vested or were exercised during the current or prior years. All the interests detailed above are beneficial. Apart from the interests disclosed above no Directors were interested at any time in the year in the share capital of any other Group Company.

On behalf of the Board



Stephen Newton

Chief Executive Officer

100 Cheapside, London, EC2V 6DT

9th April 2021

Independent Auditors' Report to the Members of Elixirr International plc

OPINION

We have audited the financial statements of Elixirr International plc (the "Parent Company") and its subsidiaries (the "Group") for the year ended 31st December 2020 which comprise:

- the Group statement of comprehensive income for the year ended 31st December 2020;
- the Group and parent company statements of financial position as at 31st December 2020;
- the Group and parent company cash flow statements for the year then ended;
- the Group and parent company statements of changes in equity for the year then ended; and
- the 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 International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31st December 2020 and of the Group's profit for the period then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, 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 directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the entity's ability to continue to adopt the going concern basis of accounting included the following:

- We obtained and reviewed management's trading budget for the year ended December 2021 and cash flow forecast to December 2022. In addition to the review of arithmetical accuracy, we also discussed the key assumptions with management and ensured they are reasonable with our understanding of the business and sector. The trading budget and cash flow forecast show the group as being profitable and cash generative throughout the forecast period.
- We reviewed the Board minutes and discussed with management any matters not documented in the minutes. The review indicated trading results were not negatively impacted by the coronavirus pandemic or Brexit.
- We enquired with management whether there are any significant subsequent events that may impact on our going concern.

In addition to the above, we noted that the group has significant net assets and cash reserves at 31st December 2020.

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 entity'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.

OVERVIEW OF OUR AUDIT APPROACH

Materiality

In planning and performing our audit we applied the concept of materiality. An item is considered material if it could reasonably be expected to change the economic decisions of a user of the financial statements. We used the concept of materiality to both focus our testing and to evaluate the impact of misstatements identified.

Based on our professional judgement, we determined overall materiality for the Group financial statements as a whole to be £475,000, based on profit before tax.

The parent company materiality was set at £400,000 based on net assets, restricted so as not to exceed group materiality.

We use a different level of materiality ('performance materiality') to determine the extent of our testing for the audit of the financial statements. Performance materiality is set based on the audit materiality as adjusted for the judgements made as to the entity risk and our evaluation of the specific risk of each audit area having regard to the internal control environment.

Where considered appropriate performance materiality may be reduced to a lower level, such as, for related party transactions and Directors' remuneration.

We agreed with the Audit Committee to report to it all identified errors in excess of £12,500. Errors below that threshold would also be reported to it if, in our opinion as auditor, disclosure was required on qualitative grounds.

OVERVIEW OF THE SCOPE OF OUR AUDIT

The audit procedures have been carried out solely by Crowe U.K. LLP. We performed an audit of the complete financial information of Elixirr International plc and its UK subsidiaries. The US trading subsidiary, Elixirr LLC, was audited using a component materiality for the purposes of the consolidation only. No separate audit opinion will be issued on this entity.

KEY AUDIT MATTERS

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

This is not a complete list of all risks identified by our audit.

Key audit matter	How the scope of our audit addressed the key audit matter
Carrying value of goodwill and intangibles The group holds goodwill at a carrying value of £46.1m, trademarks of £4.3m and customer relationships of £0.7m. The parent company also holds significant investments in group companies of £55.2m. Recovery of these assets is dependent upon future cash flows which are required to be discounted. There is a risk that forecasts for these future cash flows are not met or that the cash flows have not been discounted at an appropriate rate. If the cash flows do not meet expectations the assets may become impaired.	We reviewed and tested management's impairment review of investments, goodwill and intangible assets. The reviews relied on forecasts of future cash flows based on board approved forecasts. We challenged management on the assumptions made, including the forecast growth rate, profitability and terminal growth rates applied. We also challenged management on the discount rate applied to these forecasts.
Acquisition accounting During the year, the group acquired the entire share capital of Coast Digital Limited. There was a risk that the acquisition had not been accounted for in accordance with IFRS 3 "Business Combinations" and / or adequate disclosures had not been made.	We obtained a copy of the share purchase agreement and ensured that the acquisition has been correctly accounted for in the financial statements. We challenged management on the identification and measurement of intangible assets based on our knowledge of the business and the industry. We utilised our own valuation specialists to check that the valuation of the customer relationships intangible asset was correctly calculated in accordance with IFRS 3 and acceptable valuation practice. We ensured that contingent consideration had been correctly calculated by challenging management's forecast and ensuring that the earn-out target would be met. We ensured that the disclosures required by IFRS 3 had been made completely and accurately.

Our audit procedures in relation to these matters were designed in the context of our audit opinion as a whole. They were not designed to enable us to express an opinion on these matters individually and we express no such opinion.

OTHER INFORMATION

The Directors are responsible for the other information contained within the annual report. 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.

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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion based on the work undertaken in the course of our 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 Directors' report and strategic report have been prepared in accordance with applicable legal requirements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the Directors' report.

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

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

RESPONSIBILITIES OF THE DIRECTORS FOR THE FINANCIAL STATEMENTS

As explained more fully in the Directors' responsibilities statement set out on page 42 the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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.

We obtained an understanding of the legal and regulatory frameworks within which the company operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006 and taxation legislation.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be the override of controls by management. Our audit procedures to respond to these risks included:

- enquiry of management about the Group's policies, procedures and related controls regarding compliance with laws and regulations and if there are any known instances of non-compliance;
- examining supporting documents for all material balances, transactions and disclosures;
- review of the board meeting minutes;
- enquiry of management and review and inspection of relevant correspondence;
- evaluation of the selection and application of accounting policies related to subjective measurements and complex transactions;
- analytical procedures to identify any unusual or unexpected relationships;
- testing the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements; and
- review of accounting estimates for biases.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

These inherent limitations are particularly significant in the case of misstatement resulting from fraud as this may involve sophisticated schemes designed to avoid detection, including deliberate failure to record transactions, collusion or the provision of intentional misrepresentations.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website [here](#). This description forms part of our auditor's report.

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 so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Mark Sisson (Senior Statutory Auditor)

for and on behalf of

Crowe U.K. LLP

Riverside House
40-46 High Street
Maidstone
Kent ME14 1JH
9th April 2021

Group and Company Financial Statements

GROUP STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31st December 2020

		Year ended 31 December 2020	Period ended 31 December 2019
	Note	£	£
Revenue	4	30,317,956	13,131,544
Cost of sales		(19,128,402)	(8,648,144)
Gross profit		11,189,554	4,483,400
Administrative expenses		(3,982,110)	(2,232,267)
Operating profit before exceptional items	5	7,207,444	2,251,133
Depreciation		730,098	335,049
Amortisation of intangible assets		1,740,548	1,109,581
Share-based payments		46,906	-
Adjusted EBITDA	6	9,724,996	3,695,763
Exceptional items	5	(729,573)	(265,042)
Operating profit	5	6,477,871	1,986,091
Finance income		20,121	740
Finance costs		(679,736)	(327,931)
Net finance expense	7	(659,615)	(327,191)
Profit on disposal of subsidiary	8	-	68,432
Profit before taxation	5	5,818,256	1,727,332
Taxation	9	(1,023,826)	(544,937)
Profit for the period		4,794,430	1,182,395
Other comprehensive income			
Items that may be subsequently reclassified to profit and loss:			
Currency translation on foreign currency net investments		(25,594)	(46,330)
Other comprehensive income, net of tax		(25,594)	(46,330)
Total comprehensive income		4,768,836	1,136,065
Basic earnings per ordinary share (p)	12	11.73	3.18
Diluted earnings per ordinary share (p)	12	10.75	3.18

All results relate to continuing operations.

The notes on pages 58 to 96 form part of these accounts.

GROUP AND COMPANY STATEMENTS OF FINANCIAL POSITION

As at 31st December 2020

		Group		Company	
		31 December 2020	31 December 2019	31 December 2020	31 December 2019
	Note	£	£	£	£
Assets					
Non-current assets					
Intangible assets	14	51,187,719	49,324,429	-	-
Property, plant and equipment	16	5,545,581	6,205,926	-	-
Investments	17	-	-	55,155,737	50,000,000
Other receivables	18	595,652	416,318	-	-
Loans to shareholders	18	7,783,743	-	6,672,229	-
Deferred tax asset	10	160,734	-	160,734	-
Total non-current assets		65,273,429	55,946,673	61,988,700	50,000,000
Current assets					
Trade and other receivables	18	4,219,719	5,912,135	2,999,774	137,377
Cash and cash equivalents	19	17,503,287	3,001,420	10,677,953	-
Total current assets		21,723,006	8,913,555	13,677,727	137,377
Total assets		86,996,435	64,860,228	75,666,427	50,137,377
Liabilities					
Current liabilities					
Trade and other payables	20	8,106,644	4,714,717	403,162	133,886
Loans and borrowings	21	448,296	1,372,629	-	-
Corporation tax		1,156,783	790,276	61,244	-
Other creditors	22	611,725	-	611,725	-
Total current liabilities		10,323,448	6,877,622	1,076,131	133,886
Net current assets		11,399,558	2,035,933	12,601,596	3,491
Non-current liabilities					
Loans and borrowings	21	4,837,445	12,660,741	-	6,500,000
Deferred tax liability	10	547,104	538,089	-	-
Other non-current liabilities	22	600,801	147,730	406,071	-
Total non-current liabilities		5,985,350	13,346,560	406,071	6,500,000
Total liabilities		16,308,798	20,224,182	1,482,202	6,633,886
Net assets		70,687,637	44,636,046	74,184,225	43,503,491

GROUP AND COMPANY STATEMENTS OF FINANCIAL POSITION (CONTINUED)

		Group		Company	
		31 December 2020	31 December 2019	31 December 2020	31 December 2019
Note	£	£	£	£	£
Equity					
Share capital	23	52,283	3,331	52,283	3,331
Share premium	23	19,728,902	-	19,728,902	-
Capital redemption reserve		1,614	19	1,614	19
EBT share reserve	24	(1,248,444)	-	(1,248,444)	-
Merger relief reserve	23	46,869,966	43,496,650	46,869,966	43,496,650
Foreign currency translation reserve		(71,924)	(46,330)	-	-
Retained earnings		5,355,240	1,182,376	8,779,904	3,491
Total shareholders' equity		70,687,637	44,636,046	74,184,225	43,503,491

As permitted by section 408 of the Companies Act 2006, a separate statement of comprehensive income of the parent company has not been presented. The company's profit for the year was £9,397,979 (2019: £3,510).

The notes on pages 58 to 96 form part of these accounts.

The Financial Statements on pages 52 to 96 were approved by the Board of Directors on 9th April 2021 and were signed on its behalf by:



Stephen Newton

Director

GROUP STATEMENT OF CHANGES IN EQUITY

For the year ended 31st December 2020

Group	Share capital £	Share premium £	Capital redemption reserve £	EBT share reserve £	Merger relief reserve £	Foreign currency translation reserve £	Retained earnings £	Total £
As at 31 December 2018 and 01 January 2019	1	-	-	-	-	-	-	1
Comprehensive income								
Profit for the period	-	-	-	-	-	-	1,182,395	1,182,395
Other comprehensive income	-	-	-	-	-	(46,330)	-	(46,330)
Transactions with owners								
Contributions of equity, net of transaction costs	3,349	-	-	-	43,496,650	-	-	43,499,999
Share buy-backs	(19)	-	19	-	-	-	(19)	(19)
As at 31 December 2019 and 01 January 2020	3,331	-	19	-	43,496,650	(46,330)	1,182,376	44,636,046
Comprehensive income								
Profit for the period	-	-	-	-	-	-	4,794,430	4,794,430
Other comprehensive income	-	-	-	-	-	(25,594)	-	(25,594)
Transactions with owners								
Share issues	231	22,611	-	-	-	-	-	22,842
Contributions of equity, net of transaction costs	461	18,583,313	-	-	-	-	-	18,583,774
Share issue as consideration for a business combination	22	1,122,978	-	-	-	-	-	1,123,000
Preference shares reclassified from loans and borrowings	50,001	-	-	-	-	-	-	50,001
Share buy-backs at par and cancelled	(1,763)	-	1,595	-	(3,126,684)	-	(820,294)	(3,947,146)
Acquisition of Ordinary shares	-	-	-	(1,198,188)	-	-	-	(1,198,188)
Acquisition of Redeemable Preference shares	-	-	-	(50,256)	-	-	-	(50,256)
Redesignation/conversion of shares	-	-	-	-	6,500,000	-	-	6,500,000
Share-based payments	-	-	-	-	-	-	46,906	46,906
Deferred tax recognised in equity	-	-	-	-	-	-	151,822	151,822
As at 31 December 2020	52,283	19,728,902	1,614	(1,248,444)	46,869,966	(71,924)	5,355,240	70,687,637

The notes on pages 58 to 96 form part of these accounts. Please refer to note 30 for explanations of reserve accounts.

COMPANY STATEMENT OF CHANGES IN EQUITY

For the year ended 31st December 2020

Company	Share capital £	Share premium £	Capital redemption reserve £	EBT share reserve £	Merger relief reserve £	Retained earnings £	Total £
As at 31 December 2018 and 01 January 2019	1	-	-	-	-	-	1
Comprehensive income							
Profit for the period	-	-	-	-	-	3,510	3,510
Other comprehensive income	-	-	-	-	-	-	-
Transactions with owners							
Contributions of equity, net of transaction costs	3,349	-	-	-	43,496,650	-	43,499,999
Share buy-backs	(19)	-	19	-	-	(19)	(19)
As at 31 December 2019 and 01 January 2020	3,331	-	19	-	43,496,650	3,491	43,503,491
Comprehensive income							
Profit for the period	-	-	-	-	-	9,397,979	9,397,979
Other comprehensive income	-	-	-	-	-	-	-
Transactions with owners							
Share issues	231	22,611	-	-	-	-	22,842
Contributions of equity, net of transaction costs	461	18,583,313	-	-	-	-	18,583,774
Share issue as consideration for a business combination	22	1,122,978	-	-	-	-	1,123,000
Preference shares reclassified from loans and borrowings	50,001	-	-	-	-	-	50,001
Share buy-backs at par and cancelled	(1,763)	-	1,595	-	(3,126,684)	(820,294)	(3,947,146)
Acquisition of Ordinary shares	-	-	-	(1,198,188)	-	-	(1,198,188)
Acquisition of Redeemable Preference shares	-	-	-	(50,256)	-	-	(50,256)
Redesignation/conversion of shares	-	-	-	-	6,500,000	-	6,500,000
Share-based payments	-	-	-	-	-	46,906	46,906
Deferred tax recognised in equity	-	-	-	-	-	151,822	151,822
As at 31 December 2020	52,283	19,728,902	1,614	(1,248,444)	46,869,966	8,779,904	74,184,225

The notes on pages 58 to 96 form part of these accounts. Please refer to note 30 for explanations of reserve accounts.

GROUP AND COMPANY CASH FLOW STATEMENTS

For the year ended 31st December 2020

		Group		Company	
		Year ended 31 December 2020	Period ended 31 December 2019	Year ended 31 December 2020	Period ended 31 December 2019
	Note	£	£	£	£
Cash flows from operating activities:					
Cash generated from operations	26	13,308,770	1,417,656	7,126,856	19
Taxation paid		(1,156,233)	(73,508)	-	-
Net cash generated from operating activities		12,152,537	1,344,148	7,126,856	19
Cash flows from investing activities:					
Purchase of property, plant and equipment		(32,534)	(4,975)	-	-
Payment for acquisition of subsidiary, net of cash acquired		(1,448,566)	588,149	(2,710,014)	-
Interest received		16,976	740	7,940	-
Net cash (utilised)/generated from investing activities		(1,464,124)	583,914	(2,702,074)	-
Cash flows from financing activities:					
Issue of Ordinary share capital		18,606,616	-	18,606,616	-
Issue of Redeemable Preference shares		50,000	-	50,000	-
Non-redeemable Preference share dividend		(518,483)	-	(518,483)	-
Capital reduction and share buy-backs		(625,537)	-	(3,944,868)	(19)
EBT Ordinary share purchases		(1,198,188)	-	(1,198,188)	-
Redeemable Preference shares repurchased		(50,256)	-	(50,256)	-
Net loans to shareholders		(9,838,994)	-	(6,672,229)	-
Proceeds from borrowings		-	2,000,000	-	-
Repayment of borrowings		(1,625,000)	(375,000)	-	-
Lease liability payments		(622,629)	(282,286)	-	-
Interest paid		(292,630)	(194,054)	(19,421)	-
Net cash generated from financing activities		3,884,899	1,148,660	6,253,171	(19)
Net increase in cash and cash equivalents					
		14,573,312	3,076,722	10,677,953	-
Cash and cash equivalents at beginning of the period		3,001,420		-	-
Effects of exchange rate changes on cash and cash equivalents		(71,445)	(75,302)	-	-
Cash and cash equivalents at end of the period		17,503,287	3,001,420	10,677,953	-

The notes on pages 58 to 96 form part of these accounts.

NOTES TO THE FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

1.1. General information

Elixirr International plc (the "Company") and its subsidiaries' (together the "Group") principal activities are the provision of consultancy services.

The Company is a limited company incorporated in England and Wales and domiciled in the UK. The address of the registered office is 12 Helmet Row, London, EC1V 3QJ and the company number is 11723404.

The Company was incorporated on 12th December 2018 but was dormant from this date until 1st July 2019. An acquisition occurred in July 2019 resulting in the Company no longer being dormant. As such, the comparative financial statements present the trading period from 1st July to 31st December 2019.

1.2. Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards and interpretations issued by the International Financial Reporting Standards Interpretations Committee ("IFRIC") as adopted by the European Union ("IFRS").

The presentational currency of these financial statements and the functional currency of the Group is pounds sterling.

1.3. Basis of consolidation

These financial statements consolidate the financial statements of the Company and its subsidiary undertakings as at 31st December 2020.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. The acquisition method of accounting has been adopted.

The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

1.4. Measurement convention

The consolidated financial information has been prepared under the historical cost convention. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

The preparation of the consolidated financial information in compliance with IFRS requires the use of certain critical accounting estimates and management judgements in applying the accounting policies. The significant estimates and judgements that have been made and their effect is disclosed in note 2.1.

1.5. Going concern

The Directors have, at the time of approving the financial statements, a reasonable expectation that the Company and the Group have adequate resources to continue in operation for the foreseeable future. The Group's forecasts and projections, taking into account reasonable possible changes in trading performance, show that the Group has sufficient financial resources, together with assets that are expected to generate cash flow in the normal course of business. Accordingly, the Directors have adopted the going concern basis in preparing these consolidated financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial statements of the Group and Company, which have been applied consistently to the period presented, are set out below.

2.1. Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make estimates and judgements that affect the reported amounts of assets, liabilities, costs and revenue in the financial statements. Actual results could differ from these estimates. The judgements, estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant.

Key sources of estimation uncertainty that could cause an adjustment to be required to the carrying amount of assets or liabilities within the next accounting period are:

- Revenue is recognised in line with time worked on a project unless the engagement is conditional or contingent. Management review accrued revenue to determine whether there is any likelihood of any amendments or provisions required based on project progress and relationship with the client.
- Full provision is made for loss making projects in the period in which the loss is first foreseen, and for the cost of conditional or contingent engagements prior to the event occurring. Estimation is required of costs to complete and the provision necessary.
- The Group's policy on recognising an impairment of the trade receivables balance is based on a review of individual receivable balances, their ageing and management's assessment of realisation. This review and assessment is conducted on a continuing basis and any material change in management's assessment of trade receivable impairment is reflected in the carrying value of the asset.
- Provisions for dilapidations are accrued based on estimation of the cost expected to crystallise on vacating leased premises.
- Amortisation period of trademarks is an estimate based on the expected useful life and is assessed annually for any changes based on current circumstances.

2.2. Revenue recognition

Revenue is measured as the fair value of consideration received or receivable for satisfying performance obligations contained in contracts with clients, excluding discounts and Value Added Tax. Variable consideration is included in revenue only to the extent that it is highly probable that a significant reversal will not be required when the uncertainties determining the level of variable consideration are resolved. This occurs as follows for the Group's various contract types:

- Time-and-materials contracts are recognised over time as services are provided at the fee rate agreed with the client where there is an enforceable right to payment for performance completed to date.
- Fixed-fee contracts are recognised over time based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided where there is an enforceable right to payment for performance completed to date. This is determined based on the actual inputs of time and expenses relative to total expected inputs.
- Performance-fee contracts are recognised when the right to consideration arises on having met the relevant performance-related elements.
- Contingent-fee contracts, over and above any agreed minimum fee, are recognised at the point in time that the contingent event occurs and the Group has become entitled to the revenue.

Where contracts include multiple performance obligations, the transaction price is allocated to each performance obligation based on its stand-alone selling price. Where these are not directly observable, they are estimated based on expected cost plus margin. Adjustments are made to allocate discounts proportionately relative to the stand-alone selling price of each performance obligation.

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increase or decrease in estimated revenues or costs are reflected in the statement of comprehensive income in the period in which the circumstances that give rise to the revision became known.

For time-and-materials and fixed-fee contracts, fees are normally billed on a monthly basis. For performance-fee and contingent-fee contracts, fees are normally billed and paid when entitlement to the revenue has been established. If the revenue recognised by the Group exceeds the amounts billed, a contract asset is recognised. If the amounts billed exceed the revenue recognised, a contract liability is recognised. Contract assets are reclassified as receivables when billed and the consideration has become unconditional because only the passage of time is required before payment is due.

The Group's standard payment terms require settlement of invoices within 30 days of receipt.

The Group does not adjust the transaction price for the time value of money as it does not expect to have any contracts where the period between the transfer of the promised services to the client and the payment by the client exceeds one year.

2.3. Business combinations, goodwill and consideration

Business combinations

The Group applies the acquisition method of accounting to account for business combinations in accordance with IFRS 3, 'Business Combinations'.

The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the consideration transferred over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. All transaction related costs are expensed in the period they are incurred as operating expenses. If the consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in the income statement.

The Group acquired the trade and some of the assets of Elixirr Partners LLP, an entity under common control, on 1st July 2019.

Transactions with entities under common control are not within the scope of IFRS 3 "Business Combinations". In these circumstances IAS 8 requires the Directors to develop a policy that is relevant to the decision-making needs of the users and that is reliable as there is no specific applicable standard or interpretation.

Having considered the nature of the transaction, noting that some assets were not transferred with the business and the anticipation of a future corporate transaction, the Directors chose to apply IFRS 3 as this was considered to be the most appropriate method to reflect the acquisition.

The fair value of the purchase consideration was £50,000,000 and the nature of the consideration was shares issued. The difference between the fair value of the purchase consideration and the fair value of the identifiable assets acquired and liabilities assumed was recognised as goodwill. The goodwill is attributable to the company's workforce and working methodologies and it is not deductible for tax purposes.

On 28th October 2020 the Group acquired 100% of the share capital and voting interests of Coast Digital Limited, a digital marketing business. The difference between the fair value of the purchase consideration of £4,999,521 and the fair value of the identifiable assets acquired and liabilities assumed of £2,143,683 was recognised as goodwill of £2,855,838. The goodwill is attributable to the company's workforce and working methodologies and it is not deductible for tax purposes. Please refer to note 15 for further details.

Goodwill

Goodwill is initially measured at cost and any previous interest held over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in the income statement.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired.

The Group performs impairment reviews at the reporting period end to identify any goodwill or intangible assets that have a carrying value that is in excess of its recoverable amount. Determining the recoverability of goodwill and the intangible assets requires judgement in both the methodology applied and the key variables within that methodology. Where it is determined that an asset is impaired, the carrying value of the asset will be reduced to its recoverable amount with the difference recorded as an impairment charge in the income statement.

In accordance with IAS 36, the Group has tested goodwill for impairment at the reporting date. No goodwill impairment was deemed necessary as at 31st December 2020. For further details on the impairment review please refer to note 14.

Contingent and non-contingent deferred consideration on acquisition

Contingent and non-contingent deferred consideration may arise on acquisitions. Non-contingent deferred consideration may arise when settlement of all or part of the cost of the business combination falls due after the acquisition date. Contingent deferred consideration may arise when the consideration is dependent on future performance of the acquired company.

Deferred consideration associated with business combinations settled in cash is assessed in line with the agreed contractual terms. Consideration payable is recognised as capital investment cost when the deferred or contingent consideration is not employment-linked. Alternatively, consideration is recognised as remuneration expense over the deferral or contingent performance period, where the consideration is also contingent upon future employment. Where the consideration is settled in shares, the consideration is classified as equity, it is not re-measured, and settlement is accounted for within equity. Otherwise, subsequent changes to fair value of the deferred consideration are recognised in the statement of comprehensive income.

2.4. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profits as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's and Company's liability for current tax is calculated using tax rates that have been enacted or substantially enacted by the reporting end date.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible

temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary differences arise from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

2.5. Foreign currency translation

Functional and presentational currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in 'sterling', which is the Group's and Company's functional currency and presentation currency.

On consolidation, the results of overseas operations are translated into sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the 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 year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

2.6. Intangible assets

Intangible assets are measured at cost less accumulated amortisation and any accumulated impairment losses. Intangible assets acquired in a business combination are initially measured at their fair value (which is regarded as their cost). Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and any accumulated impairment losses.

Intangible assets acquired in a business combination are identified and recognised separately from goodwill where they satisfy the definition of an intangible asset under IAS 38. Such assets are only recognised if either:

- They are capable of being separated or divided from the company and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable asset or liability, regardless of whether the company intends to do so; or
- They arise from contractual or other legal rights, regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

The cost of such intangible assets is the fair value at the acquisition date. All intangible assets acquired through business combinations are amortised over their estimated useful lives. The significant intangibles recognised by the Group, their useful economic lives and the methods used to determine the cost of the intangibles acquired in business combinations are as follows:

Intangible asset	Useful economic life	Valuation method
Trademark	33.33% reducing balance method	Relief from Royalty method
Customer relationships	10% reducing balance method	Multi-Period Excess Earnings method

2.7. Tangible assets

Tangible fixed assets are stated at cost net of accumulated depreciation and accumulated impairment losses.

Costs comprise purchase costs together with any incidental costs of acquisition.

Depreciation is provided to write down the cost less the estimated residual value of all tangible fixed assets by equal instalments over their estimated useful economic lives on a straight-line basis. The following rates are applied:

Tangible fixed asset	Useful economic life
Leasehold improvements	Over the life of the lease
Computer equipment	3 years
Fixtures and fittings	3 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, if there is an indication of a significant change since the last reporting date. Low value equipment including computers is expensed as incurred.

2.8. Impairments of tangible and intangible assets

At each reporting end date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount is the higher of fair value less costs to sell and value in use. 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 for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit and loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit and loss.

2.9. Employee benefits

Post-retirement benefits

The Group pays into defined contribution pension schemes on behalf of employees that are operated by third parties. The assets of the schemes are held separately from those of the Group in independently administered funds.

The amount charged to the income statement represents the contributions payable to the scheme in respect of the accounting period.

Share-based payments

The cost of share-based employee compensation arrangements, whereby employees receive remuneration in the form of share options, is recognised as an employee benefit expense in the statement of profit and loss.

The total expense to be apportioned over the vesting period of the benefit is determined by reference to the fair value (excluding the effect of non-market based vesting conditions) at the grant date. Fair value is measured by use of Black Scholes option valuation model.

At the end of each reporting period the assumptions underlying the number of awards expected to vest are adjusted for the effects of non-market based vesting conditions to reflect conditions prevailing at that date. The impact of any revisions to the original estimates is recognised in the statement of profit or loss, with a corresponding adjustment to equity.

Please refer to note 25 for further details.

2.10. Earnings per share

The Group presents basic and diluted earnings per share on an IFRS basis. In calculating the weighted average number of shares outstanding during the period, any share restructuring is adjusted to allow comparability with other periods.

The calculation of diluted earnings per share assumes conversion of all potentially dilutive ordinary shares, which arise from share options outstanding.

2.11. Financial instruments

The Group classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement. Financial instruments are recognised on trade date when the Group becomes a party to the contractual provisions of the instrument. Financial instruments are recognised initially at fair value plus, in the case of a financial instrument not a fair value through profit and loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument. Financial instruments are de-recognised on the trade date when the Group is no longer a party to the contractual provisions of the instrument.

Non-derivative financial instruments comprise trade and other receivables, cash and cash equivalents, loans and borrowings and trade and other payables.

Trade and other receivables and trade and other payables

Trade and other receivables are recognised initially at transaction price less attributable transaction costs. Trade and other payables are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any expected credit losses in the case of trade receivables. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument.

Unbilled revenue

Unbilled revenue is recognised at the fair value of consultancy services provided at the reporting date reflecting the stage of completion (determined by costs incurred to date as a percentage of the total anticipated costs) of each assignment. This is included in contract assets.

Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose only on the cash flow statement.

Preference shares

Preference shares, which are non-redeemable with non-discretionary dividends, have both equity and liability elements.

The liability element is calculated as the present value of the future contractual cash flows, discounted at a market rate of interest, estimated at 10%. This amount is recorded as a liability on an amortised cost basis until extinguished or converted. The equity element is calculated as the residual value (i.e. the difference between the proceeds from the issue of the shares less the liability component) and is recognised and included in shareholders' equity.

The dividends on the preference shares are recognised in the profit or loss as finance costs.

Contingent consideration

Contingent deferred consideration may arise on acquisitions where the consideration is dependent on the future performance of the acquired company. In circumstances where the acquiree will receive contingent consideration in a variable number of shares and is not employment-linked, the Group has recognised a financial liability at the fair value of the contingent consideration. Subsequent changes to the fair value of the contingent consideration are recognised in the statement of comprehensive income.

At the balance sheet date the contingent consideration liability represents the fair value of the remaining contingent consideration valued at acquisition. The contingent consideration liability for acquisitions under IFRS 3 contains estimation uncertainty as they relate to future expected performance of the acquired business. In estimating the fair value of the contingent consideration, management have assessed the potential future cash flows of the acquired business and the likelihood of an earn-out payment being made.

2.12. Provisions

A provision is recognised in the statement of financial position when the Group has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

2.13. Right-of-use assets: Leases

The Group leases two properties in the UK from which it operates.

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- Leases of low value assets; and
- Leases with a duration of twelve months or less.

Lease liabilities are measured at the present value of contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the Group's incremental borrowing rate on commencement of the lease is used. This has been estimated at 5.0 per cent. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

Right-of-use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

- Lease payments made at or before commencement of the lease;
- Initial direct costs incurred; and
- The amount of any provision recognised where the Group is contractually required to dismantle, remove or restore the leased asset (typically leasehold dilapidations).

Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term.

When the Group revises its estimate of the term of any lease (because, for example, it re-assesses the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments to be made over the revised term, which are discounted at the same discount rate that applied on lease commencement. An equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term.

2.14. Financing income and expenses

Financing expenses comprise interest payable, finance charges on shares classified as liabilities, finance leases recognised in the income statement using the effective interest method and the unwinding of the discount on provisions.

Financing income includes interest receivable on funds invested.

Interest income and interest payable are recognised in the statement of comprehensive income as they accrue, using the effective interest method.

2.15. Standards issued but not yet effective

At the date of authorisation of these financial statements, there is expected to be no material impact to the Group or Company's financial statements from IFRSs, IFRICs or other standards or interpretations that have been issued but which are not yet effective.

At the date of authorisation of these financial statements, the Group has not applied the following new and revised IFRSs that have been issued but are not yet effective and had not yet been adopted by the UK Endorsement Board:

- Amendments to IFRS 3 (effective date 1st January 2020);
- Amendments to IAS 1 and IAS 8 (effective date 1st January 2020);
- Revised Conceptual Framework for Financial Reporting (effective date 1st January 2020).

The new standards, listed above, are not expected to have a material impact on the Group or Company in the current or future reporting periods and on foreseeable future transactions.

3. ALTERNATIVE PERFORMANCE MEASURES

In order to provide better clarity to the underlying performance of the Group, Elixirr uses adjusted EBITDA and adjusted earnings per share as alternative performance measures. These measures are not defined under IFRS. These non-GAAP measures are not intended to be a substitute for, or superior to, any IFRS measures of performance, but have been included as the Directors consider adjusted EBITDA and adjusted earnings per share to be a key measures used within the business for assessing the underlying performance of the Group's ongoing business across periods. Adjusted EBITDA excludes from operating profit, non-cash depreciation and amortisation charges and non-recurring exceptional costs. Adjusted EPS excludes from profit after tax, amortisation charges and non-recurring exceptional items and their related tax impacts. Please refer to note 6 for reconciliations to Alternative Performance Measures ("APMs").

4. SEGMENT REPORTING

	Year ended 31 December 2020	Period ended 31 December 2019
Group	£	£
Revenue from contracts with customers arises from:		
United Kingdom	10,077,323	4,327,582
USA	6,305,346	2,428,082
Rest of World	13,935,287	6,375,880
	30,317,956	13,131,544

IFRS 8 requires that operating segments be identified on the basis of internal reporting and decision-making. The Group is operated as one global business by its executive team, with key decisions being taken by the same leaders irrespective of the geography where work for clients is carried out. Management therefore consider that the Group has one operating segment. As such, no additional disclosure has been recorded under IFRS 8.

The Company is a holding Company operating in the UK with its assets and liabilities given in the Company Statement of Financial Position. Other Company information is provided in the other notes to the accounts.

5. PROFIT BEFORE TAXATION

The following items have been included in arriving at profit before taxation:

	Year ended 31 December 2020	Period ended 31 December 2019
Group	£	£
Depreciation of property, plant and equipment:		
- Owned assets	146,777	52,591
- Leased assets	583,321	282,458
Amortisation of intangible assets	1,740,548	1,109,581
Share-based payments	46,906	-
Foreign exchange (gains)/losses	43,756	24,698
Exceptional items	729,573	265,042

The exceptional items totalling £729,573 in 2020 include non-recurring costs associated with the pre-initial public offering (IPO) capital restructuring, IPO on the AIM market (refer to note 23) and EMI share option scheme (refer to note 25). The exceptional items totalling £265,042 in 2019 include costs associated with the acquisition that occurred in July 2019 and a strategic review of the options for the Group.

During the year the Group obtained the following services from the Company's auditors as detailed below:

Group	Year ended 31 December 2020 £	Period ended 31 December 2019 £
Services provided by the Company's auditors:		
Audit fees - parent Company and consolidated accounts	20,000	26,000
Audit fees - subsidiary companies	57,500	31,000
Other services:		
Due diligence	20,770	-
IPO fees	144,000	-

6. RECONCILIATIONS TO ALTERNATIVE PERFORMANCE MEASURES ("APMS")

In order to provide better clarity to the underlying performance of the Group, Elixirr uses adjusted EBITDA and adjusted earnings per share as alternative performance measures. These measures are not defined under IFRS. These non-GAAP measures are not intended to be a substitute for, or superior to, any IFRS measures of performance, but have been included as the Directors consider adjusted EBITDA and adjusted earnings per share to be key measures used within the business for assessing the underlying performance of the Group's ongoing business across periods. Adjusted EBITDA excludes from operating profit, non-cash depreciation and amortisation charges and non-recurring exceptional costs. Adjusted EPS excludes from profit after tax, amortisation charges and non-recurring exceptional items and their related tax impacts.

The table below sets out the reconciliation of the Group's adjusted EBITDA and adjusted profit before tax from profit before tax.

Group	Year ended 31 December 2020 £	Period ended 31 December 2019 £
Profit before tax	5,818,256	1,727,332
Adjusting items:		
Exceptional items (note 5)	729,573	265,042
Amortisation of intangible assets	1,740,548	1,109,581
Share-based payments	46,906	-
Adjusted profit before tax	8,335,283	3,101,955
Depreciation	730,098	335,049
Profit on disposal of subsidiary	-	(68,432)
Net finance expense (note 7)	659,615	327,191
Adjusted EBITDA	9,724,996	3,695,763

The table below sets out the reconciliation of the Group's adjusted profit after tax to adjusted profit before tax.

	Year ended 31 December 2020	Period ended 31 December 2019
Group	£	£
Adjusted profit before tax	8,335,283	3,101,955
Tax charge	(1,023,826)	(544,937)
Tax impact of adjusting items	(477,568)	(204,985)
Adjusted profit after tax	6,833,889	2,352,033

Adjusted profit after tax is used in calculating adjusted basic and adjusted diluted EPS. Adjusted profit after tax is stated before adjusting items and their associated tax effects.

Adjusted EPS is calculated by dividing the adjusted profit after tax for the period attributable to Ordinary shareholders by the weighted average number of ordinary shares outstanding during the period. Adjusted diluted EPS is calculated by dividing adjusted profit after tax by the weighted average number of shares adjusted for the impact of potential ordinary shares.

Potential Ordinary shares are treated as dilutive when their conversion to Ordinary shares would decrease EPS. Please refer to note 12 for further detail.

	Year ended 31 December 2020	Period ended 31 December 2019
Group	p	p
Adjusted EPS	16.72	6.32
Adjusted diluted EPS	15.32	6.32

7. NET FINANCE EXPENSE

	Year ended 31 December 2020	Period ended 31 December 2019
Group	£	£
Finance income:		
On short term deposits and investments	20,121	740
	20,121	740
Finance costs:		
On bank loans and overdrafts at amortised cost	(30,759)	(56,264)
Preference share dividend	(387,106)	(131,377)
On lease liability	(261,871)	(140,290)
	(679,736)	(327,931)
Net finance expense	(659,615)	(327,191)

8. PROFIT ON DISPOSAL OF SUBSIDIARY

	Year ended 31 December 2020	Period ended 31 December 2019
Group	£	£
Profit on disposal of subsidiary	-	68,432

On 31st July 2019, Medius Consulting Limited, a direct subsidiary company, was sold back to the previous majority shareholder.

9. TAXATION ON PROFIT ON ORDINARY ACTIVITIES

Analysis of tax charge:

	Year ended 31 December 2020	Period ended 31 December 2019
Group	£	£
Current tax		
In respect of the current year	1,248,026	577,734
Adjustments in respect of prior periods	(75,016)	60,351
Total current tax	1,173,010	638,085
Deferred tax		
In respect of the current year	(149,184)	(93,148)
Total deferred tax	(149,184)	(93,148)
Income tax expense	1,023,826	544,937

Numerical reconciliation of income tax expense:

The tax assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 19%.

	Year ended 31 December 2020	Period ended 31 December 2019
Group	£	£
Profit before taxation	5,818,256	1,727,332
Profit on ordinary activities multiplied by rate of Corporation tax in UK of 19% (2019:19%)	1,105,469	328,193
Effects of:		
Exceptional items not deductible	138,619	50,358
Expenses not deductible	97,641	50,054
Difference in overseas tax rates	-	45,022
Closing deferred tax rate lower/(higher) than main current tax rate	-	10,959
Adjustments in respect of prior periods	(75,016)	60,351
Deferred tax release re trademarks	(137,952)	-
Utilisation of foreign losses from prior periods	(104,935)	-
Total taxation	1,023,826	544,937

10. DEFERRED TAX

Net deferred tax liability/(asset)

The balances comprise temporary differences attributable to:

	Group		Company	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
	£	£	£	£
Deferred tax liability				
Property, plant and equipment	64,320	57,153	-	-
Intangible assets	482,784	480,936	-	-
	547,104	538,089	-	-
Deferred tax asset				
Share-based payments	(160,734)	-	(160,734)	-
	(160,734)	-	(160,734)	-
Net deferred tax liability/(asset)	386,370	538,089	(160,734)	-

The deferred tax liability on intangible assets relates to trademarks and customer relationships and those on property, plant and equipment relate to accelerated capital allowances.

The deferred tax asset recognised represents the future tax effect of share-based payment charges in respect of options that are yet to vest. Deductions in excess of the cumulative share-based payment charge recognised in the statement of comprehensive income are recognised in equity.

Movements in deferred tax:

	Property, plant and equipment	Intangible assets	Share-based payments	Other	Total
	£	£	£	£	£
On incorporation	-	-	-	-	-
Acquisition of business	65,137	569,500	-	(3,400)	631,237
Charged/(credited) to profit and loss	(7,984)	(88,564)	-	3,400	(93,148)
At 31 December 2019	57,153	480,936	-	-	538,089
Acquisition of business	7,167	142,120	-	-	149,287
Charged/(credited) to equity	-	-	(151,822)	-	(151,822)
Charged/(credited) to profit and loss	-	(140,272)	(8,912)	-	(149,184)
At 31 December 2020	64,320	482,784	(160,734)	-	386,370

11. ORDINARY DIVIDENDS

No interim or final ordinary dividends were paid in relation to the year ended 31st December 2019 and no interim ordinary dividend has been paid in relation to the year ended 31st December 2020. The Directors are proposing a final ordinary dividend in respect of the financial year ended 31st December 2020. Please refer to post balance sheet events note 29 for final ordinary dividend proposed.

12. EARNINGS PER SHARE

The Group presents non-adjusted and adjusted basic and diluted earnings per share (EPS) for its Ordinary shares. Basic EPS is calculated by dividing the profit for the period attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period.

Diluted EPS takes into consideration the Company's dilutive contingently issuable shares. The weighted average number of ordinary shares used in the diluted EPS calculation is inclusive of the number of share options that are expected to vest subject to performance criteria, as appropriate, being met.

The profits and weighted average number of shares used in the calculations are set out below:

	Year ended 31 December 2020	Period ended 31 December 2019
Basic and Diluted EPS		
Profit attributable to the ordinary equity holders of the Group used in calculating basic and diluted EPS (£)	4,794,430	1,182,395
Basic earnings per Ordinary share (p)	11.73	3.18
Diluted earnings per Ordinary share (p)	10.75	3.18
Adjusted Basic and Diluted EPS		
Profit attributable to the ordinary equity holders of the Group used in calculating adjusted basic and diluted EPS (note 6) (£)	6,833,889	2,352,033
Adjusted basic earnings per Ordinary share (p)	16.72	6.32
Adjusted diluted earnings per Ordinary share (p)	15.32	6.32
Weighted average number of shares		
Weighted average number of Ordinary shares used as the denominator in calculating non-adjusted and adjusted basic EPS	40,871,621	37,221,200
Number of dilutive shares	3,746,287	-
Weighted average number of Ordinary shares used as the denominator in calculating non-adjusted and adjusted diluted EPS	44,617,908	37,221,200

13. EMPLOYEES AND DIRECTORS

The monthly average number of persons employed by the Group during the year, analysed by category, was as follows:

Group	Year ended 31 December 2020	Period ended 31 December 2019
	Number	Number
Directors, management and partners	18	20
Provision of services	92	89
Administration	12	10
	122	119

The average number of persons employed and staff costs includes both executive and non-executive directors.

The aggregate payroll costs of these persons were as follows:

Group	Year ended 31 December 2020	Period ended 31 December 2019
	£	£
Wages and salaries	12,867,326	5,493,975
Social security costs	1,723,690	688,445
Pension costs	251,467	133,170
Share-based payment charge	46,906	-
	14,889,389	6,315,590

Defined contribution pension schemes are operated by third parties on behalf of the employees of the Group. The assets of the schemes are held separately from those of the Group in independently administered funds. The pension charge represents contributions payable by the Group to the funds and amount to £251,467 (2019: £133,170) for the period ended 31st December 2020. Contributions amounting to £36,162 (2019: £34,550) were payable to the fund as at 31st December 2020 and are included in creditors.

Key management personnel include the directors and senior managers across the Group who together have authority and responsibility for planning, directing and controlling the activities of the Group. The total compensation (including employers' national insurance) paid in respect of key management personnel for services provided to the Group is as follows:

	Group		Company	
	Year ended 31 December 2020	Period ended 31 December 2019	Year ended 31 December 2020	Period ended 31 December 2019
	£	£	£	£
Aggregate emoluments including short term employee benefits	4,050,222	1,091,475	27,750	1,667
	4,050,222	1,091,475	27,750	1,667

There was no share-based payment charge in respect of key management personnel.

Details of the Directors' remuneration, including salary, bonus, share option awards, pension and other benefits are included in the tables within the Directors' Report.

14. GOODWILL AND INTANGIBLE FIXED ASSETS

Group	Goodwill £	Trademarks £	Customer relationships £	Total £
Cost				
On incorporation	-	-	-	-
Acquisition of business	43,299,010	7,135,000	-	50,434,010
At 31 December 2019	43,299,010	7,135,000	-	50,434,010
Acquisition of business (note 15)	2,855,838	-	748,000	3,603,838
At 31 December 2020	46,154,848	7,135,000	748,000	54,037,848
Amortisation				
On incorporation	-	-	-	-
Charge for the period	-	(1,109,581)	-	(1,109,581)
At 31 December 2019	-	(1,109,581)	-	(1,109,581)
Charge for the year	-	(1,728,336)	(12,212)	(1,740,548)
At 31 December 2020	-	(2,837,917)	(12,212)	(2,850,129)
Net book value				
At 31 December 2019	43,299,010	6,025,419	-	49,324,429
At 31 December 2020	46,154,848	4,297,083	735,788	51,187,719

The Company has no intangible assets.

Goodwill

Goodwill arising on the acquisition of a business in 2019 relates to the acquisition of Elixirr Consulting Limited on 15th July 2019.

Goodwill on acquisition of a business in the current year represents the goodwill on acquisition of Coast Digital Limited and was calculated as the fair value of initial consideration paid less the fair value of the net identifiable assets at the date of the acquisition (see note 15).

Goodwill impairment review

The breakdown of goodwill by acquisition is listed below:

	31 December 2020 £	31 December 2019 £
Elixirr Consulting Limited	43,299,010	43,299,010
Coast Digital Limited	2,855,838	-
	46,154,848	43,299,010

Following initial recognition, goodwill is subject to impairment reviews, at least annually, and measured at fair value less accumulated impairment losses. Any impairment is recognised immediately in the consolidated statement of comprehensive income and is not subsequently reversed.

Key assumptions used in value in use calculation

The key assumptions for the value in use calculation are those regarding:

- number of years of cash flows used and budgeted EBITDA growth rate;
- discount rate; and
- terminal growth rate.

The carrying values of goodwill for Elixirr Consulting Limited and Coast Digital Limited are reflected in the above table and are calculated as the fair value of the consideration payable for the acquisition less the net assets on acquisition. No impairment is indicated for either Elixirr Consulting Limited or Coast Digital Limited using the value in use calculation.

Number of years of cash flows used and budgeted growth rate

The recoverable amount of the cash generating unit ("CGU") is based on a value in use calculation using specific cash flow projections over a five-year period and a terminal growth rate thereafter.

The budget for the following financial year forms the basis for the cash flow projections for a CGU. The cashflow projections for the four years subsequent to the budget year reflect the Directors' expectations based on market knowledge, numbers of new engagements and the pipeline of opportunities.

Discount rate

The Group's post-tax weighted average cost of capital has been used to calculate a discount rate of 10% for the Group and 17% for Coast Digital Limited. This reflects current market assessments of the time value of money for the period under review and the risks specific to the Group and company acquired.

Terminal growth rate

An appropriate terminal growth rate is selected, based on the Directors' expectations of growth beyond the five-year period. The terminal growth rate used is 2%.

Sensitivity to changes in assumptions

With regard to the value in use assumptions, the Directors believe that reasonably possible changes in any of the above key assumptions would not cause the carrying value of the unit to exceed its recoverable amount. In forming this view, the Directors have considered the following:

	Elixirr Consulting Limited		Coast Digital Limited	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
	£	£	£	£
On current cash flow projections, the discount rate would need to exceed the % alongside for there to be any impairment; and	26.0%	24.0%	25.1%	-
Even in the case of no increase in future cash flows above those projected for the following year, the discount rate would have to exceed the % alongside for there to be any impairment.	15.6%	12.0%	22.0%	-

Customer relationships

Current year additions represent the fair value of customer relationships from the acquisition of Coast Digital Limited. Refer to note 15 for further details.

The fair value has been determined by applying the Multi-Period Excess Earnings method to the cash flows expected to be earned from customer relationships. The key management assumptions are in relation to forecast revenues, margins and discount factors. The fair value represents the present value of the earnings the customer relationships generate.

A useful economic life of 10 years has been deemed appropriate based on the average realisation rate of cumulative cash flows. The projected cash flows have been discounted over this period. The amortisation charge since acquisition is recognised within administrative expenses.

15. BUSINESS COMBINATIONS

On 28th October 2020 the Group acquired 100% of the share capital and voting interests of Coast Digital Limited ("Coast Digital"), a digital marketing business.

The acquisition extends the existing digital capabilities of the Group, so that the Group can offer a full-service digital capability to its clients. The acquisition also complements Elixirr's creative and technical business, Den Creative Limited.

The Group acquired Coast Digital Limited for a total consideration of £5.0 million, consisting of:

- An initial cash consideration of £2.2 million;
- The issue of 444,752 Ordinary shares of 0.005 pence each in the capital of the Company ("Ordinary shares") at a price of 252.5 pence per Ordinary share (being the closing mid-market price of an Ordinary share on 27th October 2020), equating to approximately £1.1 million;
- Potential earn-out payments in new Ordinary shares totalling a maximum of £0.4 million which are contingent on Coast Digital achieving EBITDA targets in 2021 and 2022;
- Additional cash consideration of £1.2 million based on the working capital and surplus cash of Coast Digital at acquisition.

Of the £5.0 million consideration, £2.9 million was paid during the year and £1.1 million was satisfied through the issue of Ordinary shares (see note 23). The remaining £1.0 million is recorded within liabilities, of which £0.6 million is recorded within current liabilities and £0.4 million in non-current liabilities (refer to note 22).

The earn-out consideration of £0.4 million has been estimated by management based on anticipated future EBITDA and the impact of discounting is considered to be immaterial.

The Ordinary shares issued pursuant to the acquisition will be subject to the same restrictions as certain other shareholders of the Company, as described in the Company's IPO Admission Document. These restrictions consist of a lock-in arrangement until 8th July 2021 and certain limitations to the sale of shares until 8th July 2024.

Included within exceptional items is an amount of £156,216 for stamp duty, legal and advisory fees in relation to the acquisition.

Coast Digital contributed £983,997 to the Group's revenue and £166,264 to the Group's profit before tax for the period from the date of acquisition to the 31st December 2020. If the acquisition of Coast Digital had been completed on 1st January 2020, Group revenues for the year would have been £34.1 million and Group profit before tax would have been £6.4 million.

In calculating the goodwill arising, the fair value of the net assets of Coast Digital have been assessed, and there were no fair value adjustments deemed necessary, other than for the recognition of customer relationship intangibles and the related deferred tax liability. Customer relationships were assessed to be separately identifiable assets, recognised at fair value and are included within intangible assets below. Refer to note 14 for further details.

The table below sets out the amounts recognised as of the acquisition date for each major class of assets acquired and liabilities assumed, the consideration and goodwill on the acquisition of Coast Digital:

	Fair value £
Assets	
Non-current assets	
Intangible assets	748,000
Property, plant and equipment	31,771
Total non-current assets	779,771
Current assets	
Trade and other receivables	1,139,797
Cash and cash equivalents	1,410,159
Total current assets	2,549,956
Total assets	3,329,727
Liabilities	
Current liabilities	
Trade and other payables	(811,691)
Corporation tax	(178,066)
Loans and borrowings	-
Total current liabilities	(989,757)
Non-current liabilities	
Loans and borrowings	-
Deferred tax liability	(149,287)
Other non-current liabilities	(47,000)
Total non-current liabilities	(196,287)
Total liabilities	(1,186,044)
Fair value of net assets acquired	2,143,683
Goodwill (note 14)	2,855,838
Fair value of purchase consideration	4,999,521
Cash and cash equivalents in subsidiaries acquired	1,410,159

16. PROPERTY, PLANT AND EQUIPMENT

Group	Right of use asset £	Furniture and Fittings £	Leasehold Improvements £	Computer Equipment £	Total £
Cost					
On incorporation	-	-	-	-	-
Acquisition of business	5,918,591	65,112	499,084	53,213	6,536,000
Additions				4,975	4,975
At 31 December 2019	5,918,591	65,112	499,084	58,188	6,540,975
Acquisition of business (note 15)	-	6,540	-	25,231	31,771
Disposals	-	-	(5,449)	(1,668)	(7,117)
Additions	-	-	11,471	26,511	37,982
At 31 December 2020	5,918,591	71,652	505,106	108,262	6,603,611
Depreciation					
On incorporation	-	-	-	-	-
Charge for the period	(263,049)	(24,967)	(28,612)	(18,421)	(335,049)
At 31 December 2019	(263,049)	(24,967)	(28,612)	(18,421)	(335,049)
Disposals	-	-	5,449	1,668	7,117
Charge for the year	(526,118)	(37,527)	(125,057)	(41,396)	(730,098)
At 31 December 2020	(789,167)	(62,494)	(148,220)	(58,149)	(1,058,030)
Net book value					
At 31 December 2019	5,655,542	40,145	470,472	39,767	6,205,926
At 31 December 2020	5,129,424	9,158	356,885	50,113	5,545,581

The Company has no property, plant and equipment.

The lease liability in respect of the right-of-use asset was £5,285,741 (2019: £5,711,949).

17. INVESTMENTS

Group companies

Company	£
Cost/carrying value	
On incorporation	-
Acquisition of business	50,000,000
At 31 December 2019	50,000,000
Acquisition of business (note 15)	5,155,737
At 31 December 2020	55,155,737

The Group has no investments.

The undertakings in which the Company's interest at the year-end is 20 percent or more are as follows:

Subsidiary undertakings	Country of incorporation	Principal activity	Registered office	At 31 December 2020	At 31 December 2019
Elixirr Consulting Limited	England and Wales	Consultancy	12 Helmet Row, London, EC1V 3QJ	100%	100%
Elix-IRR Consulting Services Limited (indirect)	England and Wales	Services to the Group	12 Helmet Row, London, EC1V 3QJ	100%	100%
Elix-IRR Consulting Services (South Africa) Limited (indirect)	England and Wales	Services to the Group	12 Helmet Row, London, EC1V 3QJ	100%	100%
Elixirr LLC (indirect)	United States	Consultancy	2711 Centerville Road, Suite 400, Wilmington, Delaware 19808	100%	100%
Elixirr Consulting AI Limited (indirect) *	England and Wales	Dormant activities	12 Helmet Row, London, EC1V 3QJ	100%	100%
Elixirr Creative Limited (indirect)	England and Wales	Information technology consultancy	12 Helmet Row, London, EC1V 3QJ	100%	100%
Den Creative Limited (indirect)	England and Wales	Information technology consultancy	12 Helmet Row, London, EC1V 3QJ	100%	100%
Elixirr Services Limited (indirect)	England and Wales	Dormant activities	12 Helmet Row, London, EC1V 3QJ	100%	100%
Coast Digital Limited	England and Wales	Information technology consultancy	12 Helmet Row, London, EC1V 3QJ	100%	-

* Elixirr Consulting AI Limited was struck off the Companies House register on 19th January 2021 and dissolved on 26th January 2021.

18. RECEIVABLES

	Group		Company	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
	£	£	£	£
Non-current assets				
Loans to shareholders	7,783,743	-	6,672,229	-
Other receivables	595,652	416,318	-	-
	8,379,395	416,318	6,672,229	-
Current assets				
Trade receivables	3,789,810	4,337,968	-	-
Less: allowance for doubtful debts	(19,980)	-	-	-
Trade receivables - net	3,769,830	4,337,968	-	-
Prepayments and deposits	373,419	227,188	21,511	-
Contract assets	38,956	72,743	-	-
Amounts owed by group companies	-	-	2,975,118	137,377
Other receivables	37,514	1,274,236	3,145	-
	4,219,719	5,912,135	2,999,774	137,377

As at 31st December 2020, the Company was due £2,975,118 from other Group companies including £10,000 from Elix-irr Consulting Services (South Africa) Limited and £2,965,118 from Elixirr Consulting Limited for a Preference share dividend, management charges and an Ordinary share dividend, net of costs incurred by Elixirr Consulting Limited on behalf of the Company for the period.

Loans to shareholders represent amounts owed to the Company and Elixirr Consulting Limited by shareholders who are senior employees of the Group. The loans to shareholders are interest-free and expected to be repaid beyond one year.

Non-current other receivables include property deposits and section 455 tax receivable.

Trade receivables are non-interest bearing and receivable under normal commercial terms. Management considers that the carrying value of trade and other receivables approximates to their fair value. The carrying value of non-current other receivables and loans to shareholders is considered to be a reasonable approximation of their fair value but has not been discounted to present value.

The impairment loss included in administrative expenses in the statement of comprehensive income for the period in respect of bad and doubtful trade receivables was £20,416 (2019: £14,471).

The expected credit loss on trade and other receivables was not material at the current or prior year ends. For analysis of the maximum exposure to credit risk at 31st December 2020, please refer to note 27.

The ageing of trade receivables of the Group as at 31st December 2020:

	Gross carrying amount	Loss allowance	Net carrying amount
Group	£	£	£
< 31 days	2,201,013	-	2,201,013
31-60 days	1,318,221	-	1,318,221
61-90 days	224,675	-	224,675
91-120 days	25,921	-	25,921
121+ days	19,980	(19,980)	-
At 31 December 2020	3,789,810	(19,980)	3,769,830

The ageing of trade receivables of the Group as at 31st December 2019:

	Gross carrying amount	Loss allowance	Net carrying amount
Group	£	£	£
< 31 days	4,013,559	-	4,013,559
31-60 days	264,031	-	264,031
61-90 days	60,378	-	60,378
91-120 days	-	-	-
121+ days	-	-	-
At 31 December 2019	4,337,968	-	4,337,968

19. CASH AND CASH EQUIVALENTS

	Group		Company	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
	£	£	£	£
Cash at bank and in hand	17,503,287	3,001,420	10,677,953	-
	17,503,287	3,001,420	10,677,953	-

Cash at bank includes £6,005,550 on 95-day notice deposit and £4,002,055 on 50% instant and 50% 32-day notice deposit which earned interest at 0.45% and 0.25% respectively during the year ended 31st December 2020.

The other cash at bank earns interest at floating rates based on daily bank deposit rates.

20. TRADE AND OTHER PAYABLES

	Group		Company	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
	£	£	£	£
Trade payables	525,502	638,667	57,793	-
Other taxes and social security costs	1,576,994	553,000	5,533	823
Preference share dividend payable	-	131,377	-	131,377
Accruals	4,963,132	2,547,891	33,344	-
Contract liabilities	935,041	659,544	-	-
Other payables	105,975	184,238	-	19
Amounts owed to group companies	-	-	306,492	1,667
	8,106,644	4,714,717	403,162	133,886

As at 31st December 2020, the Company owed £306,492 to other Group companies including £1,564 owed to Elixirr LLC and £304,928 to Coast Digital Limited for a portion of the cash consideration on acquisition paid by Coast Digital to selling shareholders.

The fair value of trade and other payables approximates to book value at the period end. Trade payables are non-interest bearing and are normally settled monthly.

Trade payables comprise amounts outstanding for trade purchases and ongoing costs.

Contract liabilities arise from the Group's revenue generating activities relating to payments received in advance of performance delivered under a contract. These contract liabilities typically arise on short-term timing differences between performance obligations in some milestone or fixed fee contracts and their respective contracted payment schedules.

21. LOANS AND BORROWINGS

	Group		Company	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
	£	£	£	£
Current liabilities				
Bank loan	-	750,000	-	-
Right of use lease liability	448,296	622,629	-	-
	448,296	1,372,629	-	-
Non-current liabilities				
Bank loan	-	875,000	-	-
Right of use lease liability	4,837,445	5,285,741	-	-
Non-redeemable Preference shares treated as liability	-	6,500,000	-	6,500,000
	4,837,445	12,660,741	-	6,500,000

The movement in the right of use lease liability was as follows:

	Right of use lease liability
Group	£
On incorporation	-
Acquisition of business	6,190,657
Interest payable	140,290
Repayment of lease liabilities	(422,577)
At 31 December 2019	5,908,370
Interest payable	261,871
Repayment of lease liabilities	(884,500)
At 31 December 2020	5,285,741

As disclosed in the summary of significant accounting policies, the discount rate used in determining the present value of the lease liability was 5%.

Maturity analysis of contracted undiscounted cashflows of the right of use lease liability are as follows:

	31 December 2020
	£
Lease liability less than one year	693,864
Lease liability greater than one year and less than five years	2,775,456
Lease liability greater than five years	3,122,388
Total liability	6,591,708
Finance charges included above	(1,305,967)
	5,285,741

Preference shares

On 9th June 2020 the £6.5m liability element of the 10% Non-redeemable Cumulative Preference shares was transferred to equity as a result of the redesignation to Class B Ordinary shares and Deferred shares (refer to note 23).

The Preference share dividend was paid up to date of redesignation on 9th June 2020.

Bank loan

Following the IPO, on 15th July 2020, the Group's bank loan was repaid in full from the proceeds of the Placing.

22. OTHER CREDITORS AND OTHER NON-CURRENT LIABILITIES

	Group		Company	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
	£	£	£	£
Other creditors				
Deferred consideration	611,725	-	611,725	-
	611,725	-	611,725	-
Other non-current liabilities				
Dilapidations	194,730	147,730	-	-
Contingent consideration	406,071	-	-	-
	600,801	147,730	-	-

Other creditors include deferred consideration which represents surplus cash payable to the former shareholders of Coast Digital Limited (note 15).

Other non-current liabilities include earn-out payments arising from the acquisition of Coast Digital Limited (note 15). These payments are contingent on performance and fall due beyond 12 months from the reporting date.

23. SHARE CAPITAL, SHARE PREMIUM AND MERGER RELIEF RESERVE

As at 31 December 2020				
	Issued shares	Par value	Merger relief reserve	Share premium
Group and Company	Number	£	£	£
£0.00005 Ordinary shares	45,642,542	2,282	46,869,965	19,728,902
£1 Redeemable Preference shares	50,001	50,001	-	-
	45,692,543	52,283	46,869,965	19,728,902

As at 31 December 2019				
	Issued shares	Par value	Merger relief reserve	Share premium
Group and Company	Number	£	£	£
£1 Class A Ordinary shares	1,000	1,000	14,913,900	-
£1 Class B Ordinary shares	1,331	1,331	20,153,920	-
10% Non-redeemable Cumulative Preference share	1,000	1,000	8,428,830	-
	3,331	3,331	43,496,650	-

Initial Public Offering and Listing

The Admission Document for the Company's initial public offering (IPO) and admission to AIM market was published on 6th July 2020. The Company placed 9,216,590 new Ordinary shares and selling shareholders placed 2,304,148 existing shares at 217 pence per share. The Company received net proceeds of approximately £18.6m (after deduction of estimated commissions, fees and expenses payable by the Company).

The Company's Ordinary shares were admitted to trading on the AIM market of the London Stock Exchange on 9th July 2020, under the ticker "ELIX" and the ISIN GB00BLPHTX84.

Immediately following Admission, the Company's issued share capital (including the additional Ordinary shares issued pursuant to the Placing) were as follows:

- £2,260, comprising 45,197,790 Ordinary shares of £0.00005 each (all of which is fully paid or credited as fully paid);
- £50,001, comprising 50,001 Redeemable Preference shares of £1.00 each.

Ordinary shares

On a show of hands every holder of Ordinary shares present at a meeting, in person or by proxy, is entitled to one vote, and on a poll each share is entitled to one vote. The shares entitle the holder to participate in dividends, and to share in the proceeds of winding up the company in proportion to the number of and amounts paid on the shares held. These rights are subject to the prior entitlements of the Redeemable Preference shareholders.

Movements in Ordinary shares:

	Issued shares	Par value	Merger relief reserve	Share premium
Group and Company	Number	£	£	£
On incorporation	-	-	-	-
At 31 December 2019	-	-	-	-
Redesignation/conversion	35,981,200	1,799	46,869,965	22,611
IPO share issue, net of transaction costs	9,216,590	461	-	18,583,313
Share issue as consideration for a business combination (note 15)	444,752	22	-	1,122,978
At 31 December 2020	45,642,542	2,282	46,869,965	19,728,902

Redeemable Preference Shares

On 22nd June 2020 50,001 Redeemable Preference shares with a nominal value of £1.00 each were issued to a Director, Stephen Newton. There are no voting rights attached to the Redeemable Preference shares. The Redeemable Preference shares were initially classified as a financial liability at date of issue. The shares were reclassified from loans and borrowings to share capital when the Company bought back the shares from the Director during the year and are now held in the EBT. The Redeemable Preference shares are entitled to dividends at a rate of 1% per annum of paid up nominal value. The shares have preferential right, before any other class of share, to a return of capital on winding-up or reduction of capital or otherwise of the Company. The Redeemable Preference shares are redeemable 100 years from the date of issue or at any time prior at the option of the Company.

Movements in Redeemable Preference shares:

	Issued shares	Par value	Merger relief reserve	Share premium
Group and Company	Number	£	£	£
On incorporation	-	-	-	-
At 31 December 2019	-	-	-	-
Reclassified from loans and borrowings	50,001	50,001	-	-
At 31 December 2020	50,001	50,001	-	-

Class A Ordinary shares

The Class A Ordinary shares do not entitle the holder to participate in dividends nor share in the proceeds of winding up the company. On a show of hands every holder of Class A Ordinary shares present at a meeting, in person or by proxy, is entitled to one vote, and on a poll each share is entitled to one vote.

On 22nd June 2020 there was a subdivision of 1,000 £1 Class A Ordinary shares to 100,000 Class A Ordinary shares with nominal value of £0.01 each. On 22nd June 2020 there was a redesignation of the £0.01 Class A Ordinary shares to 27,745 Class B Ordinary shares and 72,255 Deferred shares.

Movements in Class A Ordinary shares:

	Issued shares	Par value	Merger relief reserve	Share premium
Group and Company	Number	£	£	£
On incorporation	1	1	-	-
Share issue/exchange	999	999	14,913,900	-
At 31 December 2019	1,000	1,000	14,913,900	-
Subdivision	99,000	-	-	-
Redesignation/conversion	(100,000)	(1,000)	(14,913,900)	-
At 31 December 2020	-	-	-	-

Class B Ordinary shares

The shares do not entitle the holder to receive notice of, attend or vote at general meetings. The shares entitle the holder to participate in dividends, and to share in the proceeds of winding up the company in proportion to the number of and amounts paid on the shares held. These rights are subject to the prior entitlements of Ordinary shareholders, Non-redeemable Preference shareholders and Redeemable Preference shareholders.

During the period there was a £818,016 buyback of 9 £1.00 Class B Ordinary shares and 5,300 £0.01 Class B Ordinary shares. On 31st January 2020 a subdivision of Class B Ordinary shares took place. The nominal value of these shares changed from £1.00 to £0.01. On 22nd June 2020 there was a further subdivision of each Class B Ordinary share to Class B Ordinary shares with nominal value of £0.00005 each. On 22nd June 2020 there was a redesignation of each Class B share to Ordinary shares on the basis of one Class B Ordinary share to one Ordinary share.

Movements in Class B Ordinary shares:

	Issued shares	Par value	Merger relief reserve	Share premium
Group and Company	Number	£	£	£
On incorporation	-	-	-	-
Share issue/exchange	1,350	1,350	20,153,920	-
Share buy-back at par and cancelled	(19)	(19)	-	-
At 31 December 2019	1,331	1,331	20,153,920	-
Share buy-back at par and cancelled	(9)	(9)	-	-
Subdivision	130,878	-	-	-
Share buy-back at par and cancelled	(5,300)	(53)	-	-
Redesignation/conversion	(46,375)	(464)	-	-
Subdivision	16,024,475	-	-	-
Redesignation to Ordinary shares	(16,105,000)	(805)	(20,153,920)	-
At 31 December 2020	-	-	-	-

Class B Founder Ordinary shares

The shares do not entitle the holder to receive notice of, attend or vote at general meetings. The shares entitle the holder to participate in dividends, and to share in the proceeds of winding up the company in proportion to the number of and amounts paid on the shares held. These rights are subject to the prior entitlements of Ordinary shareholders, Non-redeemable Preference shareholders and Redeemable Preference shareholders.

On 9th June 2020 there was a redesignation of 3,119 £0.01 Class B Founder Ordinary shares to Class B Ordinary shares on the basis of one Class B Founder share to one Class B Ordinary share. On 22nd June 2020 there was a subdivision of each Class B Founder shares to Class B Founder shares with nominal value of £0.00005 each. On 22nd June 2020 there was a redesignation of each Class B Founder share to Ordinary shares on the basis of one Class B Founder share to one Ordinary share.

Movements in Class B Founder Ordinary shares:

	Issued shares	Par value	Merger relief reserve	Share premium
Group and Company	Number	£	£	£
On incorporation	-	-	-	-
At 31 December 2019	-	-	-	-
Redesignation/conversion	99,381	994	-	-
Subdivision	19,776,819	-	-	-
Redesignation to Ordinary shares	(19,876,200)	(994)	-	-
At 31 December 2020	-	-	-	-

Class C Ordinary shares

The shares do not entitle the holder to receive notice of, attend or vote at general meetings. The shares entitle the holder to participate in dividends, and to share in the proceeds of winding up the company in proportion to the number of and amounts paid on the shares held. These rights are subject to the prior entitlements of Class B Ordinary shares, Class B Founder shares, Ordinary shareholders, Non-redeemable Preference shareholders and Redeemable Preference shareholders.

On 11th February 2020, a share issue took place whereby 20,309 Class C Ordinary shares were issued at a price of £0.99 per share. During the period there was a £2,309 buyback of 2,332 Class C Ordinary shares. On 6 May 2020 there was an allotment of 2,763 £0.01 Class C Ordinary shares at a price of £0.99 per share. On 16th June 2020 there was a redesignation of 20,740 £0.01 Class C Ordinary shares into 235 Class B Ordinary shares and 20,505 Deferred shares.

Movements in Class C Ordinary shares:

	Issued shares	Par value	Merger relief reserve	Share premium
Group and Company	Number	£	£	£
On incorporation	-	-	-	-
At 31 December 2019	-	-	-	-
Share issue	20,309	203	-	19,903
Share buy-back and cancelled	(2,332)	(23)	-	-
Share issue/allotment	2,763	27	-	2,708
Redesignation/conversion	(20,740)	(207)	-	(22,611)
At 31 December 2020	-	-	-	-

Deferred shares

The shares do not entitle the holder to receive notice of, attend or vote at general meetings. The shares do not entitle the holder to participate in dividends and to share in the proceeds of winding up the company in proportion to the number of and nominal amounts paid on the shares held after the sum of £1m per share has been distributed to the holders of Class B Ordinary shares.

On 22nd June 2020 there was a buy-back of 150,934 Deferred shares for an aggregated consideration of £1.00.

Movements in Deferred shares:

	Issued shares	Par value	Merger relief reserve	Share premium
Group and Company	Number	£	£	£
On incorporation	-	-	-	-
At 31 December 2019	-	-	-	-
Redesignation/conversion	150,934	1,509	-	-
Share buy-back and cancelled	(150,934)	(1,509)	-	-
At 31 December 2020	-	-	-	-

Non-redeemable Preference shares

The shares are entitled to dividends at the rate of 10% of Group profit after tax per annum. If insufficient profits are available in a particular financial year, the dividends accumulate and are payable when sufficient profits are available. The shares do not participate in the winding up of the company and have no voting rights attached to them. The opening balance of the 10% Non-redeemable Cumulative Preference shares represents the fair value of the equity element of the Preference shares at date of issue of £8,429,830.

On 1st June 2020 there was a reduction in the share premium account by £3,126,684.48 through the cancellation of 168 Preference shares with a nominal value of £1.00 each. On 9th June 2020 there was a subdivision of each Preference share with a nominal value of £1.00 each to Preference shares with nominal value of £0.01 each. On 9th June 2020 the Non-redeemable Preference shares were redesignated to 25,026 £0.01 Class B Ordinary shares and 58,174 £0.01 Deferred shares.

Movements in Non-redeemable Preference shares:

	Issued shares	Par value	Merger relief reserve	Share premium
Group and Company	Number	£	£	£
On incorporation	-	-	-	-
Share issue/exchange	1,000	1,000	8,428,830	-
At 31 December 2019	1,000	1,000	8,428,830	-
Share buy-back and cancelled	(168)	(168)	(3,126,684)	-
Subdivision	82,368	-	-	-
Redesignation/conversion	(83,200)	(832)	(5,302,146)	-
At 31 December 2020	-	-	-	-

24. EBT SHARE RESERVE

The Employee Benefit Trust ('EBT') is accounted for under IFRS 10 and is consolidated on the basis that the parent has control, thus the assets and liabilities of the EBT are included on the Company and Group statement of financial position and shares held by the EBT in the Company are presented as a deduction from equity. The EBT share reserve comprises of Ordinary and Redeemable Preference shares bought and held in the Group's EBT.

The below table sets out the number of EBT shares held and their weighted average cost:

As at 31 December 2020			
	Shares held in EBT	Weighted average cost	Total cost
Group and Company	Number	£	£
Ordinary shares	704,667	1.70	1,198,188
Redeemable Preference shares	50,001	1.01	50,256
	754,668		1,248,444

25. SHARE-BASED PAYMENTS

Share Option Plans

On 8 May 2020 a Share Option Plan was implemented. A total of 28,725 options over £0.01 Class B Ordinary shares were granted to the employees and senior management of the Group which vest over periods up to 6 years with performance criteria attached. As a result of the redesignation of £0.01 Class B Ordinary shares to £0.00005 Ordinary shares (please refer to note 23) this represents 5,745,000 options over Ordinary shares at an exercise price of £0.43.

774,000 options were granted on 3rd November 2020 to new and promoted employees at an exercise price of £2.50.

Details of share option awards made are as follows:

	Number of share options	Weighted average exercise price
Outstanding at the beginning of the year	-	-
Granted during the year	6,519,000	0.68
Exercised during the year	-	-
Forfeited during the year	(682,800)	0.43
Expired during the year	-	-
Outstanding at the year end	5,836,200	0.71
Exercisable at the year end	-	-

No share options were exercisable in the year.

The options outstanding at 31st December 2020 had a weighted average remaining contractual life of 4 years and a weighted average exercise price of £0.71 per share.

The options were fair valued at the grant date using the Black Scholes option valuation model.

At the grant date, the exercise price of the options were aligned to the market price, hence the share-based payment charge calculated under IFRS 2 was immaterial for the year ended 31st December 2020.

The inputs into the model were as follows:

	Year ended 31 December 2020
Weighted average share price at grant date	0.68
Weighted average exercise price	0.68
Volatility	15%
Weighted average vesting period	5
Risk free rate	0.05%
Expected dividend yield	1.50%

On 28th October 2020, in conjunction with the acquisition of Coast Digital (refer to note 15), share options were issued to certain management of Coast Digital. These options are employment-linked with vesting contingent on Coast Digital achieving EBITDA targets in 2021, 2022 and 2023.

The number of option shares to be issued will be variable and determined with reference to the share price at the date of vesting. The options have a fair value of £1.1 million and were issued with an exercise price of £0.00005 per share. The fair value of the options was determined using the share price at the date of grant of £2.50. The options outstanding at 31st December 2020 had a weighted average remaining contractual life of 3.5 years and a weighted average exercise price of £0.00005 per share.

26. CASH FLOW INFORMATION

Cash generated from operations:

	Group		Company	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
	£	£	£	£
Profit before taxation	5,818,256	1,727,332	9,450,311	4,333
Adjustments for:				
Depreciation and amortisation	2,470,646	1,444,630	-	-
Net finance expense	659,615	327,931	8,336	-
Share-based payments	46,906	-	46,906	-
Decrease/(increase) in trade and other receivables	1,557,977	(4,732,493)	(2,474,234)	(140,868)
Increase/(decrease) in trade and other payables	2,711,614	2,625,558	95,725	136,554
Foreign exchange	43,756	24,698	(188)	-
	13,308,770	1,417,656	7,126,856	19

Reconciliation of liabilities from financing activities:

	Borrowings	Non-redeemable Preference shares	Leases	Total
Group	£	£	£	£
On incorporation	-	-	-	-
Acquisition of business	-	-	6,190,657	6,190,657
Cash flows	1,594,811	-	(446,151)	1,148,660
Other changes	30,189	6,631,377	163,864	6,825,430
Balance 31 December 2019	1,625,000	6,631,377	5,908,370	14,164,747
Cash flows	(1,655,759)	(518,483)	(884,500)	(3,058,742)
Other changes	30,759	(6,112,894)	261,871	(5,820,264)
Balance 31 December 2020	-	-	5,285,741	5,285,741

	Borrowings	Non-redeemable Preference shares	Total
Company	£	£	£
On incorporation	-	-	-
Cash flows	-	-	-
Other changes	-	6,631,377	6,631,377
Balance 31 December 2019	-	6,631,377	6,631,377
Cash flows	(19,421)	(518,483)	(537,904)
Other changes	19,421	(6,112,894)	(6,093,473)
Balance 31 December 2020	-	-	-

Other changes include non-cash movements, including accrued interest expense and Non-redeemable Preference shares treated as a financial liability.

27. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

Carrying amount of financial instruments

The Group's and Company's financial instruments may be analysed as follows:

	Group		Company	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
	£	£	£	£
Financial assets				
Financial assets that are debt instruments measured at amortised cost	29,725,838	9,102,686	20,325,300	137,377
Financial liabilities				
Financial liabilities measured at amortised cost	11,815,392	18,195,087	397,629	6,633,886
Financial liabilities at fair value through profit and loss	406,071	-	406,071	-

Financial assets measured at amortised cost comprise cash, trade receivables and other receivables.

Financial liabilities measured at amortised cost comprise loans and borrowings, trade payables and other payables.

Financial liabilities at fair value through profit and loss comprise contingent consideration on acquisition of Coast Digital Limited.

The Group is exposed to a variety of financial risks through its use of financial instruments which result from its operating activities. All the Group's financial instruments are classified as loans and receivables.

The Group does not actively engage in the trading of financial assets for speculative purposes. The most significant financial risks to which the Group is exposed are described below:

Credit risk

Generally, the Group's and Company's maximum exposure to credit risk is limited to the carrying amount of the financial assets recognised at the reporting date, as summarised below:

	Group		Company	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
	£	£	£	£
Trade receivables	3,769,830	4,337,968	-	-
Contract assets	38,956	72,743	-	-
Other receivables	8,413,765	1,690,555	9,647,347	137,377
Cash and cash equivalents	17,503,287	3,001,420	10,677,953	-
	29,725,838	9,102,686	20,325,300	137,377

Credit risk is the risk of financial risk to the Group if a counter party to a financial instrument fails to meet its contractual obligation. The nature of the Group's debtor balances, the time taken for payment by clients and the associated credit risk are dependent on the type of engagement.

The Group's trade and other receivables are actively monitored. The ageing profile of trade receivables is monitored regularly by management. Any debtors over 30 days are reviewed by the management team every week and explanations sought for any balances that have not been recovered.

Unbilled revenue is recognised by the Group only when all conditions for revenue recognition have been met in line with the Group's accounting policy.

Other receivables include amounts owed by senior employees for the acquisition of shares in the Company. The EBT holds legal title to these shares which will not be released to the beneficial owner prior to the repayment of the loan.

The Directors are of the opinion that there is no material credit risk at group level.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting its obligations associated with its financial liabilities. The Group seeks to manage financial risks to ensure sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on their contractual maturities. The amounts disclosed in the tables are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, because the impact of discounting is not significant.

Contractual maturities of financial liabilities of the Group as at 31st December 2020:

	Less than 6 months	6-12 months	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total contractual cashflows	Carrying amount of liabilities
Trade payables	525,502	-	-	-	-	525,502	525,502
Loan borrowings	-	-	-	-	-	-	-
Lease liabilities	346,932	346,932	1,387,728	3,469,320	1,734,660	7,285,572	5,285,741
Financial liabilities at fair value through profit and loss	-	203,036	203,036	-	-	406,071	406,071
	872,434	549,968	1,590,764	3,469,320	1,734,660	8,217,145	6,217,314

Contractual maturities of financial liabilities of the Group as at 31st December 2019:

	Less than 6 months	6-12 months	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total contractual cashflows	Carrying amount of liabilities
Trade payables	638,667	-	-	-	-	638,667	638,667
Loan borrowings	405,830	398,298	903,188	-	-	1,707,316	1,625,000
Lease liabilities	446,151	441,151	1,387,728	3,469,320	1,792,482	7,536,832	5,908,370
Preference shares treated as liability	-	131,377	-	-	-	131,377	6,500,000
	1,490,648	970,826	2,290,916	3,469,320	1,792,482	10,014,192	14,672,037

Interest rate risk

As at 31st December 2020 the Group has no interest rate risk exposure as following the IPO, on 15th July 2020, the Group's bank loan was repaid in full from the proceeds of the Placing.

As at 31st December 2019, the loan facilities that the Group had in place (see note 21) were exposed to interest rate risk. Included within loans and borrowings was a bank loan, which was exposed to interest rate risk as interest was charged on the bank loan at 3.25% over LIBOR. As at 31st December 2019 the balance drawn down on the bank loan was £1,625,000.

The Group has used a sensitivity analysis technique that measured the estimated change to the statement of comprehensive income and equity of a 1% increase or decrease in interest rates for each class of financial instrument, with other variables remaining unchanged. The sensitivity analysis is based on the assumptions that changes in market interest rates affect the interest of variable interest financial instruments.

Under these assumptions, a 1% increase or decrease in market interest rate for all financial liabilities held by the Group would have increased/(decreased) the profit before tax and equity by the following amounts:

	31 December 2020	31 December 2019
	£	£
1% increase	-	(9,375)
1% decrease	-	9,375

Foreign currency risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily US Dollars. The Group monitors exchange rate movements closely and ensure adequate funds are maintained in appropriate currencies to meet known liabilities.

The Group's exposure to foreign currency risk at the end of the reporting period, expressed in Currency Units, was as follows:

	31 December 2020		31 December 2019	
	USD	EUR	USD	EUR
Cash & cash equivalents	\$2,629,971	€ 174,713	\$311,861	€ 145

The Group is exposed to foreign currency risk on the relationship between the functional currencies of the Group companies and the other currencies in which the Group's material assets and liabilities are denominated. The table below summaries the effect on profit and loss had the functional currencies of the Group weakened or strengthened against these other currencies, with all other variables held constant.

	31 December 2020	31 December 2019
	£	£
10% weakening of functional currency	208,203	23,515
10% strengthening of functional currency	(208,203)	(23,515)

The impact of a change of 10% has been selected as this has been considered reasonable given the current level of exchange rates and the volatility observed both on a historical basis and market expectations for future movements.

Fair value of financial instruments

The fair values of all financial assets and liabilities approximates to their carrying value.

Capital risk management

The Group defines capital as being share capital plus all reserves, which amounted to £70.7m as at 31st December 2020 (2019: £44.6m).

The Group's objectives when managing capital are to:

- Safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders; and
- Maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

28. RELATED PARTY DISCLOSURES

Related parties, following the definitions in IAS 24, are the Group's subsidiary companies, members of the Board, key management personnel and their families, and shareholders who have control or significant influence over the Group. Refer to note 13 for key management personnel compensation disclosures. The Directors' Report contains details of Board remuneration.

In the year ended 31st December 2020, the Group offset £949,771 of amounts lent to shareholders to settle amounts owed to the Group by Elixirr Partners LLP. There was an outstanding liability with Elixirr Partners LLP of £105,074 included in current liabilities at 31st December 2020.

In the period ended 31st December 2019 the Group made payments on behalf of a related party, Elixirr Partners LLP, totalling net £844,697. This amount was included in current receivables (£1,020,049) and current liabilities (£175,352) at 31st December 2019.

Gavin Patterson, independent non-executive chairman of the Board, provided consulting services to the Company totalling £45,021 during the year ended 31st December 2020.

Travel and marketing costs include the hire of an aeroplane from Aviation E LLP. Stephen Newton, a Director, is a member of Aviation E LLP. The total expense incurred during the year was £19,845 with £6,696 outstanding at the year end.

Interest-free loans were made to key management personnel to acquire shares in the Company and to settle their liability to a related party, Elixirr Partners LLP. These were part repaid along with repayment of the opening balance during the year. A balance remained outstanding at the period end as follows:

	£
On incorporation	-
Loans advanced	169,876
At 31 December 2019	169,876
Loans advanced	6,230,002
Loan repayments	(2,544,036)
At 31 December 2020	3,855,842

Loans were advanced by Founders and Directors who financed 50% of the loan by the Company to non-Founder shareholders for their acquisition of shares in the Company. The loan from founding shareholders and Directors was repaid in July 2020 with interest. A reconciliation of the loans from Founders and Directors is set out below:

	£
At 31 December 2019	-
Loans from Founders	(3,544,374)
Interest on loans from Founders	(19,421)
Loans repaid to Founders	3,563,795
At 31 December 2020	-

Company related party transactions are disclosed in notes 18 and 20.

29. EVENTS AFTER THE REPORTING DATE

On 9th April 2021 the Group acquired 100% of the share capital and voting interests of The Retearn Group Limited, a procurement and transformation consultancy. Their services enable clients to self-fund their transformation and growth aspirations through savings elsewhere in the business.

The Group acquired The Retearn Group Limited for a maximum consideration of £7.0 million, plus an additional cash payment based on working capital at completion. The consideration consists of:

- An initial cash consideration of £2.15 million;
- A proposed issue of ordinary shares of 0.005 pence each in the capital of the Company ("Ordinary Shares") at the closing mid-market price of an Ordinary Share on 8th April 2021, equating to approximately £2.15 million;
- Potential earn out payments of up to £0.65 million in cash and up to £2.05 million in new Ordinary Shares totalling a maximum of £2.7 million which are contingent on The Retearn Group Limited achieving revenue growth and EBITDA margin targets in periods up to 30th June 2024.

An additional cash payment will be made based on the working capital of The Retearn Group Limited at completion. At the time of this annual report being authorised for issue the amount of this payment has not been determined.

The Ordinary Shares issued pursuant to the acquisition will be subject to the same restrictions as certain other shareholders of the Company, as described in the Company's IPO Admission Document. These restrictions consist of a lock-in arrangement until 8th July 2021 and certain limitations to the sale of shares until 8th July 2024.

If the acquisition of The Retearn Group Limited had been completed on 1st January 2020, Group revenues for the year would have been £36.9 million and Group profit before tax would have been £6.8 million.

Disclosure of the amounts recognised as of the acquisition date for each major class of assets acquired and liabilities assumed, fair value adjustments and goodwill on the acquisition of The Retearn Group Limited has not been made given the limited amount of time available between the acquisition date and the date this annual report was authorised for issue.

Elixirr Consulting AI Limited, an indirect held subsidiary undertaking of the Group, was struck off the Companies House register on 19th January 2021 and dissolved on 26th January 2021.

The Directors are proposing a final ordinary dividend in respect of the financial year ended 31st December 2020 of 2.2p per share. A resolution to this effect will be proposed at the forthcoming Annual General Meeting.

30. RESERVES

Share Capital

Share capital represents the nominal value of share capital subscribed.

Share Premium

Share capital represents the nominal value of share capital subscribed.

Capital redemption reserve

The capital redemption reserve is a non-distributable reserve into which amounts are transferred following the redemption or purchase of the Company's own shares.

EBT share reserve

The EBT share reserve represents the cost of shares repurchased and held in the employee benefit trust.

Merger relief reserve

This reserve records the amounts above the nominal value received for shares sold, less transaction costs in accordance with section 610 of the Companies Act 2006.

Foreign currency translation reserve

The foreign currency translation reserve represents exchange differences that arise on consolidation from the translation of the financial statements of foreign subsidiaries.

Retained earnings

The retained earnings reserve represents cumulative net gains and losses recognised in the statement of comprehensive income and equity settled share-based payment reserves and related deferred tax on share-based payments.

31. ULTIMATE CONTROLLING PARTY

There is no ultimate controlling party as at 31st December 2020. At 31st December 2019, the ultimate controlling party was Stephen Newton. He ceased to have control following the completion of the share restructuring disclosed in note 23.

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