ELIXIRR

Annual Report 2021

ELIXIRR INTERNATIONAL PLC

Welcome to our 2021 Annual Report and Accounts

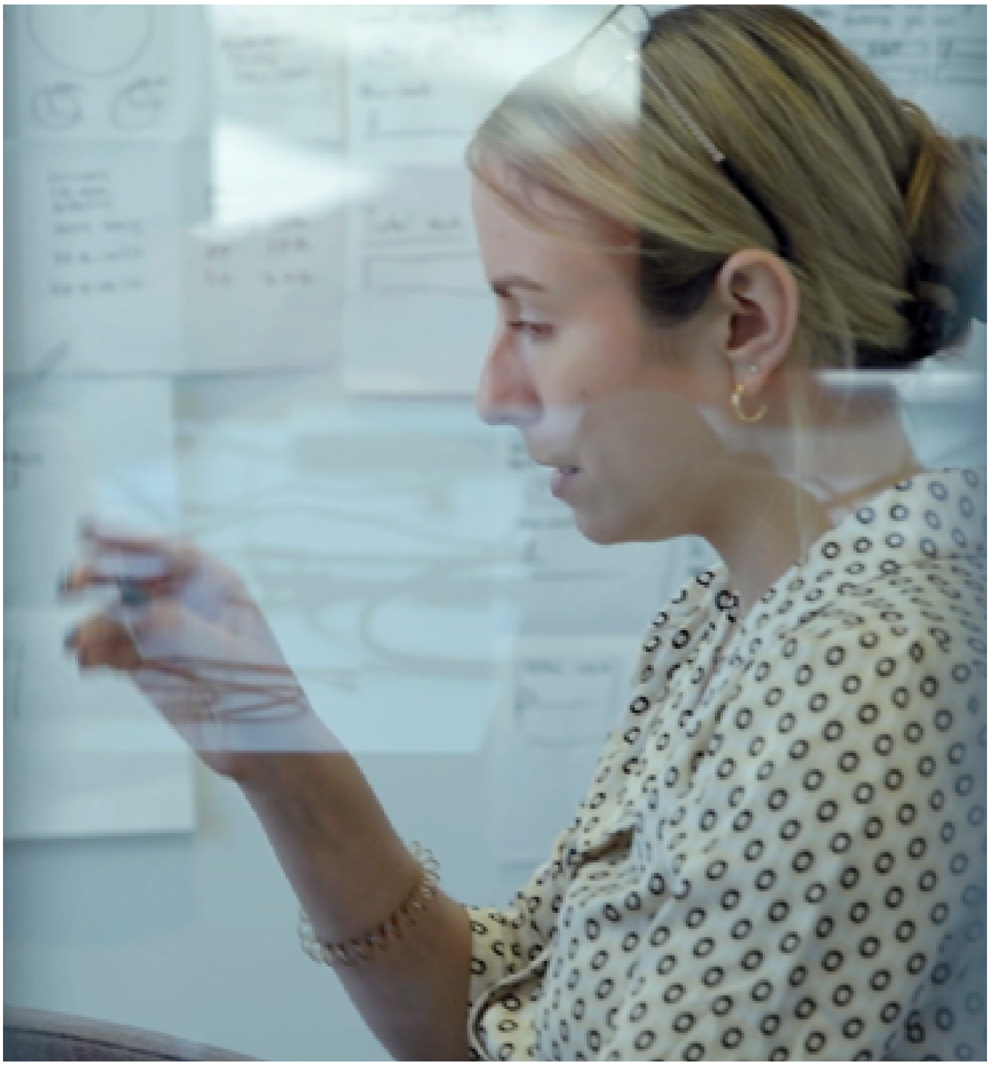
Elixirr International plc, headquartered in the UK and quoted on the AIM market of the London Stock Exchange, is an established global award-winning challenger consultancy. We are pleased to report our annual results for the year ended 31st December 2021.

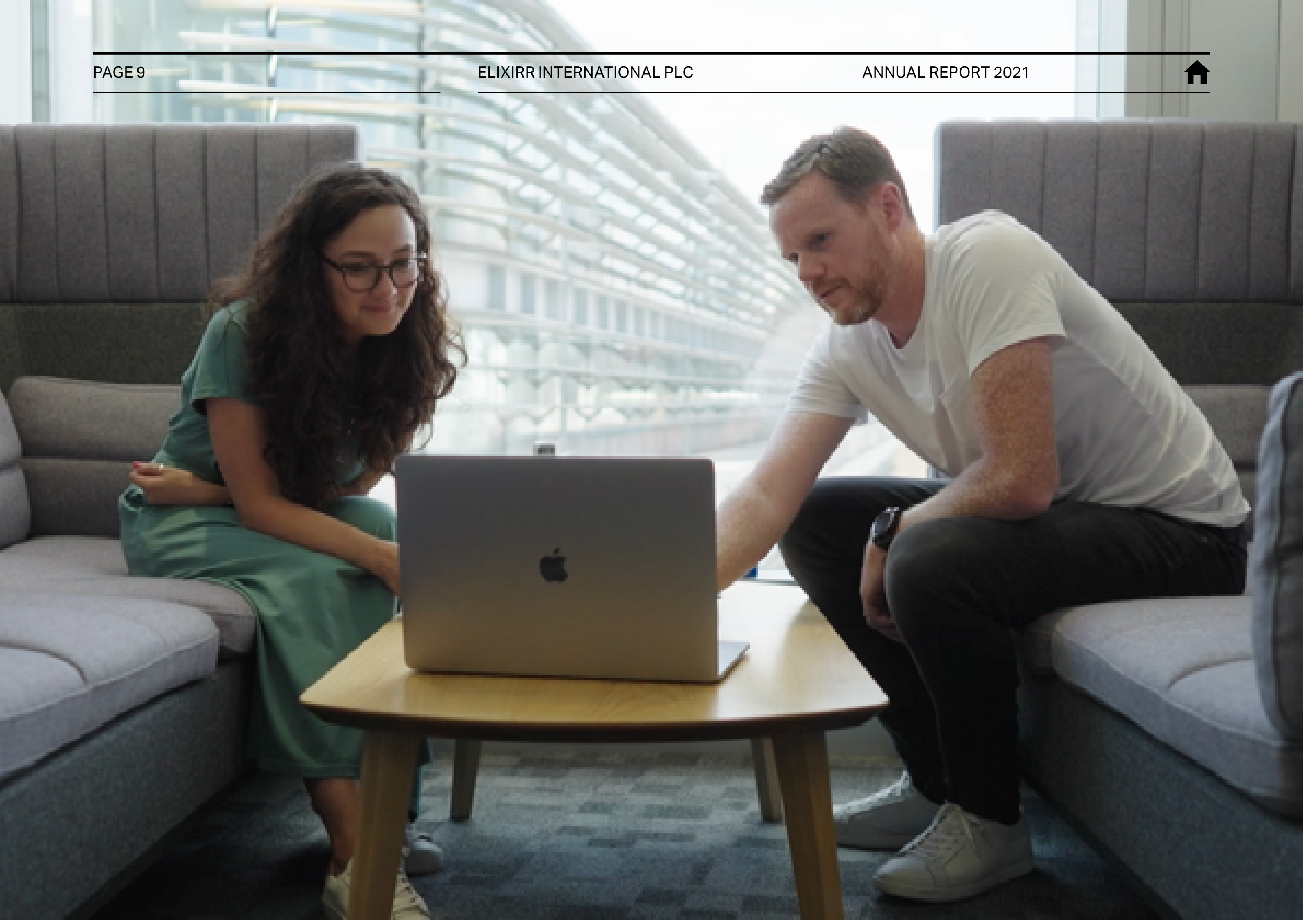
For more information, please see our website: **www.elixirr.com/investors**

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.





We are a firm of **straight-talking entrepreneurs**, redefining our own industry by helping bold business leaders disrupt theirs.

1 We are all **owners of our business,**
and are accountable for the results we deliver

2 We **don’t hide behind hierarchy**,
and know that our clients’ long term success drives ours

3 We **embrace innovation and take the right route**,
not the easy route, to pioneer change on a global scale

Financial Highlights

£50.6m

FY 20: £30.3m **+67%**

Total revenue FY 21

£17.7m

Gross profit

FY 20: £11.2m **+58%**

£15.7m

Adjusted EBITDA

FY 20: £9.7m **+62%**

31%

Adjusted EBITDA margin

FY 20: 32%

£12.2m

Profit before tax

FY 20: £5.8m **+109%**

24.2p

Adjusted diluted EPS

FY 20: 15.3p **+58%**

4.1p

Dividend per share

FY 20: 2.2p **+86%**

£13.6m

Free cash flow

FY 20: £11.2m **+21%**

£31.8m

Net cash

FY 20: £17.5m **+82%**

The Firm for Bold Business Leaders

We work across industries, combining our experience as consultants, entrepreneurs and practitioners to deliver lasting change to our clients.

With roots in strategy consulting, our capabilities range from business model innovation to change management, and everything in between…

We treat a client's business like it's our own. Our team of consultants come from a diverse range of backgrounds, meaning we have the tools and expertise to solve our client's toughest business challenges at pace.

View our case studies

2009

Founded

With the aim to be the best consulting firm in the world

500+

Team members*

Our team is based across the globe

200+

Active clients*

Working with businesses across multiple industries

*Team members and active client numbers include iOLAP, which was acquired in March 2022.

Our Locations


Rijeka
Johannesburg
Cape Town
Sydney

Building Our Brand

In April, we launched our ‘Con-sultant’ campaign, which plays on the stereotypes inundating our industry. This campaign is about reflecting on the work we do everyday as consultants, why we do it and how we go about it. When we acknowledge the bad habits plaguing the industry, we can consciously work to avoid them.

Since our inception, we've been on a mission to be different. To do things in a better way and leave the industry in a better place than we found it.

DISCLAIMER
THIS ISN'T CONSULTING

PRESENTS

THE CON~~SULTANT~~

A person who gives you the same ready-made 'solution' as your competitors

Broadcast on sky

Explore the story

Non-Executive Chairman's Report

"Elixirr has continued its great momentum this year, facilitated by excellent leadership, a comprehensive growth strategy, and a distinctive offering in the consulting market."

Gavin Patterson
Non-Executive Chairman

Non-Executive Chairman's Report

I am pleased to introduce Elixirr's 2021 annual report. The business has performed exceptionally well in the last twelve months, with growth across capabilities and geographies whilst breaking into new industries, and it continues to prove its robust and differentiated proposition.

The Group delivered strong revenues over the year of £50.6 million, a 67% increase from £30.3 million in the year ended 31st December 2020, with eight record months of revenue achieved during the year. Profitability continues to be strong with FY 21 Adjusted EBITDA of £15.7 million representing a 31% EBITDA margin.

This year Elixirr continued to support its clients to tackle their toughest challenges in a disruptive market, helping them to adapt, transform and innovate to stay ahead of competition and we have seen growth in existing accounts whilst also bringing in a plethora of new clients. Despite the COVID-19 pandemic, the consulting industry sustained growth in 2021, and we continue to see the impact of this with strong, growing client demand.

Our performance can be attributed to strong organic traction across the Group, particularly in the US market, whilst continuing to strengthen and grow the Partner team across all geographies. The Group has also seen further opportunities through acquisition and leveraging the capabilities within acquired businesses.

We have continued to see growth in digital opportunities and utilised the procurement and self-funded transformation capabilities of our new acquisition, The Retearn Group Limited ('Retearn'), alongside our core consulting work. Elixirr's recent acquisition in March 2022 of US firm, iOLAP, is significant for the Group – bringing specialist data and analytics capabilities, including artificial intelligence (AI) and machine learning (ML) for which there is increasing market demand. We are looking forward to the positive impact iOLAP will have across the Group in FY 22.

In accordance with the high standards we uphold throughout our business, we are also committed to continually looking to improve both our own and our clients' ESG commitments. In this report we cover both the mandatory reporting of our direct emissions as well as information on our sustainability initiatives – from both an internal and external perspective. Further information can be found on pages 46 - 49.

STRATEGY

The Board continues to observe the positive impact from the Group's four pillar growth strategy – a strategy that has been central to key activities during 2021. This Annual Report will explain the growth and advances we have delivered in each aspect of the strategy over the course of the year. The Board believes this diversified strategy positions the firm well for FY 22 and continued future growth.

GOVERNANCE

The Board recognises the importance of operating within a robust governance framework. Throughout the period the Group has continued to comply with the corporate governance code of the Quoted Companies Alliance (QCA). This includes ensuring that we have an appropriate balance of diverse skills and experience to deliver our strategic vision and objectives. The Board and its subcommittees include independent non-executive members with varying backgrounds and experience. The Board continues to monitor this on a regular basis.

OUTLOOK

Elixirr enters the new financial year in a strong position. The Board believes the Group is well positioned as it continues to grow and to exceed the expectations of its clients. The Board continues to work to ensure sustained success for the shareholders, clients and employees of the Group and it looks to the future with optimism.

Gavin Patterson
Non-Executive Chairman
1st April 2022

CEO's Report

"2021 has been yet another phenomenal year for Elixirr. We have stayed resolute in our commitment to provide a bespoke and quality service to clients, all made possible by the dedication and excellence of our teams. This has all contributed to our fantastic performance in the market this year and consistent growth since listing."

Stephen Newton
Founder and Chief Executive Officer

CEO's Report

Welcome to Elixirr's 2021 annual results – our second since listing the Company in July 2020. The alignment of vision and relentless commitment of my Partner and leadership teams has resulted in continued strong financial performance, and I'm delighted with the results of the Group over the last twelve months.

OVERVIEW

In 2021 we worked across the value chain from strategy to execution whilst evolving our offering to meet market demands – continuing to get to the crux of our clients' key board room issues. Our team of consultants across the globe worked on more projects than ever before for business leaders and C-suite executives, helping them to solve critical business challenges with future-first innovation and strategy-led thinking.

Organic growth continues to underpin the business's success, and this was sustained in 2021 by expanding existing key accounts and maintaining high levels of client retention – of the 2021 client base, 50% were repeat business. We pride ourselves on a reputation of quality and building long-term relationships with clients, and our growth this year is testament to the excellence of our people and the lasting impact we make each day. In 2021 we continued to focus on deepening existing relationships and growing the value of multiple key accounts, so that we now have more than a dozen clients where each generates more than £1m of revenue for the Group. This continues to be a major focus for the Group in 2022.

Another crucial element of our organic growth is bringing on new clients and expanding into new markets. In 2021 we brought on over 80 new clients. We have also increased our penetration in growing industries, expanding our work in the healthcare, insurance and public sector areas as we continue to diversify the business alongside our traditional strengths in financial services, retail and digital.

As the fastest growing consulting market by spend in the world, the US continues to be our biggest focus area of growth geographically. Proving the commitment of the team there, we have seen incredible traction in this market over the past few years, and 2021 was no different. Our annual growth of 100% in the US in 2021 can be attributed to increasing revenues from existing clients and bringing in new logos – nearly doubling our US clients year-on-year. This was all supported by growth in both our US Partner team and the number of chargeable consultants joining the US team.

The importance of sustainability continues to grow, and in 2021 we have been guiding our clients in this space more than ever before, helping them to reduce their carbon footprints substantially. We have put sustainability at the centre within the spectrum of our capabilities – from helping clients reduce their digital carbon emissions, to supply chain assessments – helping to ensure businesses are equipped to make a real, maintainable impact into the future.

Our reputation in the market and amongst our clients is ever-increasing, and we were delighted to be recognised with multiple industry accolades in 2021. As a Group, we were nominated for 14 awards in a variety of categories and sectors. We were proud to earn a place on the 'Global Outsourcing 100' by the International Association for Outsourcing Professionals, also winning multiple Drum awards for our digital marketing credentials and being listed as a leading management consultant by the FT for our operations & supply chain services. I was also very proud personally to be recognised as a 'Global Leader in Consulting' by US Consulting Magazine again for *'Excellence in Execution'*.

PERFORMANCE

I am delighted with the performance of Elixirr in the last twelve months. The Group delivered a record revenue result over the year of £50.6 million, a 67% increase from FY 20. In 2021, we delivered eight record months of revenue as the business grew throughout the year. I am particularly pleased that we have continued to achieve exceptional growth in the US market with a 100% increase in revenues compared with FY 20 – the US is a focal market for the Group.

Our Adjusted EBITDA of £15.7 million in FY 21 represented 31% of revenue, demonstrating Elixirr's positioning as a high value, high returns business.

GROWTH STRATEGY

We have made great progress over 2021 across all three organic elements of our four-pillar growth strategy – increasing revenue per Partner, bringing multiple new Partners into the business, and promoting Partners from within.

2021 saw exceptional progress of hires into our Partner team, with six new appointments into the team. All were selected based on their extensive networks, and respective industry expertise spanning financial services, media, TMT and healthcare.

We were also delighted to promote two Principals, both who truly embody the culture of Elixirr having been with the firm for almost a decade each, bringing huge value to the Partner team. Together, they set a great example of the potential career opportunities for those at junior grades, with one of those promoted having progressed through the business all the way from Analyst, our entry grade.

Whilst our roots remain in core strategy consulting, we are constantly seeking to add to the breadth and depth of our services. Therefore, our fourth growth pillar – acquiring new businesses – remained a key part of our strategy in 2021. Having expanded our digital capabilities in recent years, we were looking to further deepen our specialisms in 2021 and were delighted to announce the acquisition of Retearn in April 2021. Their procurement and self-funded transformation expertise has been hugely valuable alongside our traditional consulting work, and we have seen multiple cross-sell opportunities with clients across the Group.

One of the key strategic geographies for Elixirr is the US, and our dedicated internal M&A team has had an acute focus on this geography since our IPO. In March 2022 we were pleased to announce the acquisition of US firm iOLAP, and the scale and offering of the firm make this one of Elixirr's most significant milestones to date. Combining iOLAP's expertise in data and analytics with Elixirr's deep strategic and business consulting experience will continue to ensure we stay at the heart of key boardroom challenges, and I expect it to hugely influence our traction in the market in FY 22 and beyond.

OUR PEOPLE

We have continued to grow our team across the globe in the past year, more than doubling the number of hires we made from 2020 to 2021. We are committed to creating a firm of equal opportunity, with individuals measured purely by the work they do. 60% of our promotions in 2021 were female employees and over half of our hires last year were people from ethnic minority backgrounds. Diversity of thought is what truly matters to us, and that means diversity of people. It is with this attitude that we build a world-class team. Our male-to-female ratio across the firm is 58/42, and we speak over 28 languages. We welcome analysts from the best universities and business schools in the world and a plethora of previous careers, be it in industry, consulting, start-ups, or professional sport. This strategy continues to be complemented by our inorganic growth strategy, as we acquire businesses and their diverse teams.

With the challenges COVID-19 presented during 2020 in travel and gatherings, we were pleased in 2021 to finally bring our teams together from across the world for our yearly 'Indaba' event – a cultural immersion for new joiners across the Group to understand and experience Elixirr's core values.

Our culture has been formed on the premise of building a firm of entrepreneurs – a team who think and act like business owners, rather than traditional employees. Listing the firm allowed us to enable our team to become shareholders in Elixirr, and in June 2021 we introduced an optional Employee Share Purchase Plan ('ESPP') in addition to our existing employee option schemes. This really highlighted the commitment our people have and the tenure they expect with the business, as we had an uptake of over 50% for the ESPP scheme in its first year. Those who joined the ESPP enjoyed an average gain of 21% on their investment during FY 21. The recent ESPP enrolment for FY 22 has increased to 73% of the team, demonstrating huge commitment to the firm by the vast majority of our team.

OUTLOOK

Despite the challenges presented by the pandemic, macro-economic and more recently geo-political conditions since we listed in 2020, we have continued to demonstrate strong financial performance and have not only realised but exceeded our growth ambitions. The combination of keeping our clients central to our services, offering a unique proposition in the market, with relentless ambition and a focus on our strategy, puts us in a strong position as a Group.

Despite the current geo-political uncertainty, the Directors expect further growth in revenue and Adjusted EBITDA during FY 22. Including the impact of the acquisition of iOLAP, the Board's current expectation is that full year FY 22 revenue will be in the range of £70 million - £75 million with an Adjusted EBITDA margin in the range of 27 - 28%.

Stephen Newton
Founder and Chief Executive Officer
1st April 2022

Our Four-Pillar Growth Strategy

A key part of our business strategy is our four-pillar growth model, and in 2021 we continued to make great progress across all elements.

Stretch existing Partners

We have always incentivised our Partner team to grow sales, deepen existing client relationships and develop opportunities with new clients. In 2021, we were delighted to see the impact of this, with revenue per Partner growing once again, and consistently high client retention rates.

Promote Partners from within

We've always embraced the philosophy that 'our newest recruit will one day lead our firm'. In 2021, this continued to come to life, with two Principals being promoted to Partner, one of which was the first to progress through the firm all the way from our entry level Analyst grade.

Hire new Partners

Hiring external Partners with existing networks and industry expertise continues to be a key part of our organic growth strategy. In 2021, we continued to build on this pillar, hiring six new Partners and a Strategic Advisor, strengthening our expertise in financial services, TMT and healthcare.

Acquire new businesses

A key part of our inorganic growth strategy is expanding our brands, acquiring like-minded, high-performing businesses who tackle key board room challenges. In April 2021, we were delighted to announce the acquisition of Retearn, and in March 2022 welcomed iOLAP to the Group, our first US acquisition.

"The Elixirr team were incredibly flexible, leveraging the expertise and capabilities our team brought, the tools we liked and the way we thought. And that blend is what made the project so successful."

Sarah Chavarria
EVP, Chief People Officer
Delta Dental

Our Story

2009	Elix-IRR founded
2010	First US client
2011	First South African client
2012	Retail business launches
2013	150% growth on prior year's revenue
2014	Named 'Best New Consultancy'
2015	Elix-IRR rebrands as Elixirr

2016	US business launches
2017	Den Creative becomes an Elixirr company, initiating our multi-brand strategy
2018	Elixirr named as one of the UK's leading management consultants
2019	Den Creative reaches c.200% revenue increase since acquisition, Airtime launches
2020	Elixirr lists with AIM on the London Stock Exchange, Coast Digital joins our brands
2021	Retearn joins our brands, marking our 2^{nd} acquisition since listing on the London Stock Exchange, Stephen Newton named a Global Leader in Consulting
2022	iOLAP joins our brands, a specialist technology and data consultancy, marking our first US acquisition and largest acquisition to date

A Selection of Our Clients

We are proud to work with bold business leaders.

Those unafraid to go against the grain.

Building businesses that impact the world.

Learn more

Section 172 Statement

FOR THE YEAR ENDED 31ST DECEMBER 2021

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	KEY PRIORITIES	FORM OF ENGAGEMENT
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.	• Maintaining the quality of the team • Maintaining our core values as we scale • Deep understanding of our mission and growth goals across our employees	• Two-day cultural immersion event for all new joiners • Monthly team informal business updates involving all brands • Biannual formal business updates from the CEO • Global travel and secondment opportunities to work alongside team members in different locations • Cultural assessments of potential acquisitions to assess suitability

SHAREHOLDERS	KEY PRIORITIES	FORM OF ENGAGEMENT
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 and optional ESPP 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.	• Sustainable financial performance • Governance and transparency • Confidence and trust in the Board • Dividends for shareholders	• Dedicated area of the firm's website • Half yearly reporting • AGM encouraging our shareholders to ask questions, and engage in a dialogue with the Directors • Regular investor communications • Investor feedback via NOMAD • Meetings with external investors

CLIENTS	KEY PRIORITIES	FORM OF ENGAGEMENT
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, transformation, 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.	• High quality services • Exceptional delivery • Evolving capabilities and expertise to meet client's changing needs • Emphasis on building deep, long-term relationships with clients	• Senior level management on every engagement • Project monitoring and reviews with client feedback • Staying at the forefront of relevant industry news and insights • Rigorous hiring assessment of all hires

EMPLOYEES	KEY PRIORITIES	FORM OF ENGAGEMENT
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.	• Retaining and developing talent • Career growth opportunities for the team • Maintaining a safe and collaborative environment • Health and safety for all employees	• Dedicated Partner coaches for individuals • Formal performance monitoring and mentoring • Peer to peer mentoring • Competitive equity incentives and schemes • Partner-led forums by grade • Knowledge sharing and learning sessions

COMMUNITY, SOCIAL AND THE ENVIRONMENT	KEY PRIORITIES	FORM OF ENGAGEMENT
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.	• Creating positive sustainability outcomes at material scale for our clients • Ensuring our carbon footprint is minimal and always improving • Supporting local businesses, including budding entrepreneurs • Charitable initiatives aligned to our core values • Supporting the growth of talent from underprivileged backgrounds • Building awareness around diversity and inclusion	• Working with clients to ensure sustainability is at the core of their business strategy • Dedicated internal sustainability team and individual initiatives • Strategic partnerships to train charities in key business acumen • Fundraising and team events for charities • Not-for-profit services through our consulting services • Partnership with Harris Westminster who provide top level education to students from all socio-economic backgrounds • Volunteer days for each team member

SUPPLIERS	KEY PRIORITIES	FORM OF ENGAGEMENT
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.	• Maintaining strong and fair relationships • Supporting sustainability with buying decisions	• Prompt communication and consistent payment processes • Regular supplier reviews

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 leagacy

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.

"In our experience Elixirr is more than just another consultancy, they are seriously smart executives who go beyond fancy presentations and get projects executed on budget and on time."

Peter Wharton-Hood
Group Chief Executive
Life Healthcare Group

Environmental Review

We were founded with the ambition to be the best consulting firm in the world. Part of our ethos for our clients, and ourselves is to adapt to ever-changing market conditions, and to make real, lasting impact every day.

OUR BUSINESS

Due to the nature of our business, we have a limited direct impact on the environment. Despite this, we aim to reduce any negative effects we do have with internal initiatives, while also helping to ensure our teams consider their own carbon footprint. From regular supplier reviews (such as office material providers) to encouraging sustainable travel to work, we have made great progress in the past 12 months to reduce our collective impact as a Group. We have also been working to encourage awareness and learning within the organisation on an individual basis, right the way through to the ways we support our clients.

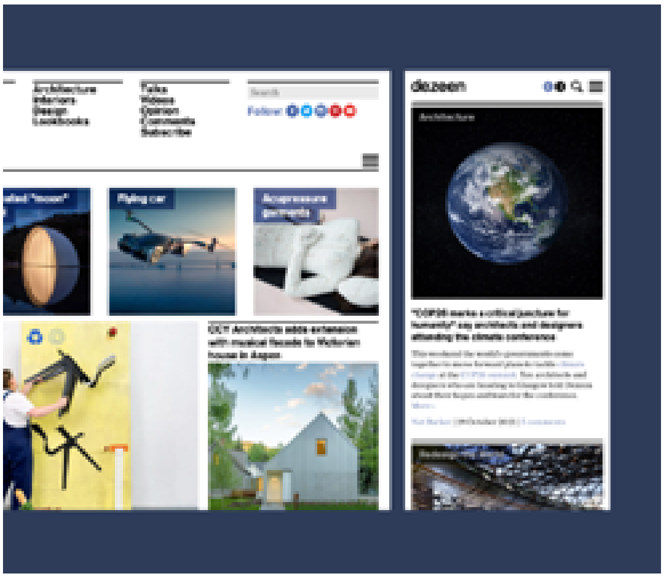
1

We have a dedicated Company sustainability team to review and improve all aspects of internal activities – from improving our visibility over team travel and exploring ways to offset it, to encouraging the use of individuals' two volunteering days each year to improve sustainability with conservation work and environmental charities.

2

We hold a subscription with Ecologi, and so far have offset 275 tonnes of carbon and have planted 4,272 trees in Mozambique, Madagascar and the UK.

3



One of our clients Dezeen is committed to ensuring their site leads the way to reduce its carbon footprint, improving the sites' efficiency by streamlining how data is delivered. Working with EcoPing, we analysed, benchmarked, and prioritised the improvements and efficiencies that can be made.

Due to our optimisation of the site, 1,058 tonnes of CO_2 will be saved per year, the equivalent to 1,557 flights from Amsterdam to New York.

- 74% less carbon emissions emitted by the site
- 58% improvement in page loading times
- 68% less data transferred per page load

STREAMLINED ENERGY AND CARBON REPORT ('SECR')

Greenhouse gas emissions are reported using the following parameters to determine what is included within the reporting boundaries:

Scope 1

Direct energy emissions, of which the Group does not have any to report at this time.

Scope 2

Indirect energy emissions, which includes purchased electricity and heat throughout the Group's UK operations.

Scope 3

Other indirect energy emissions that occur in the UK through business travel and transportation.

The Group has used the UK Government GHG Conversion Factors for the Company Reporting to convert activity data such as kWh consumption and distance travelled into total CO2e emissions.

			FY 21 tCO2e	
Scope	**Activity**	**Total**	**UK**	**Global excl. UK**
2	Purchased Heat & Electricity	26.12	26.12	-
3	Business Travel & Commuting	2.71	2.03	0.68
TOTAL		**28.83**	**28.15**	**0.68**

			FY 21 mWh	
Scope	**Activity**	**Total**	**UK**	**Global excl. UK**
2	Purchased Heat & Electricity	123.04	123.04	-
3	Business Travel & Commuting	n/a	n/a	n/a
TOTAL		**123.04**	**123.04**	**-**

		FY 21	
Intensity metric	**Total**	**UK**	**Global excl. UK**
£m revenue	50.61	22.38	28.24
tCO2e per £m revenue	**0.57**	**1.26**	**0.02**

CLIENTS

As a growing business, advising some of the world's biggest brands, we have a great opportunity to materially improve environmental outcomes. We believe sustainability needs to be embedded into the core of a company's strategy and innovation of new products and services to create *real* change, rather than focusing on incremental improvements to satisfy regulation. The highlights of our ESG work to date are:

- We enabled a UK-based media company to reduce its Scope 1 emissions by 60% in just 6 weeks. We achieved this by optimising their website and technology real estate, driving greater operational efficiency and significantly reducing its dependence on energy.
- In light of aggressive carbon reduction targets, we built an App that promotes more sustainable behaviours amongst employees for a global insurance company with over 80,000 employees.
- We are using our global innovation network to help a FTSE listed Consumer Packaged Goods ('CPG') company make significant leaps in terms of the carbon intensity of its products and across the supply chain.

FACILITATING CHANGE

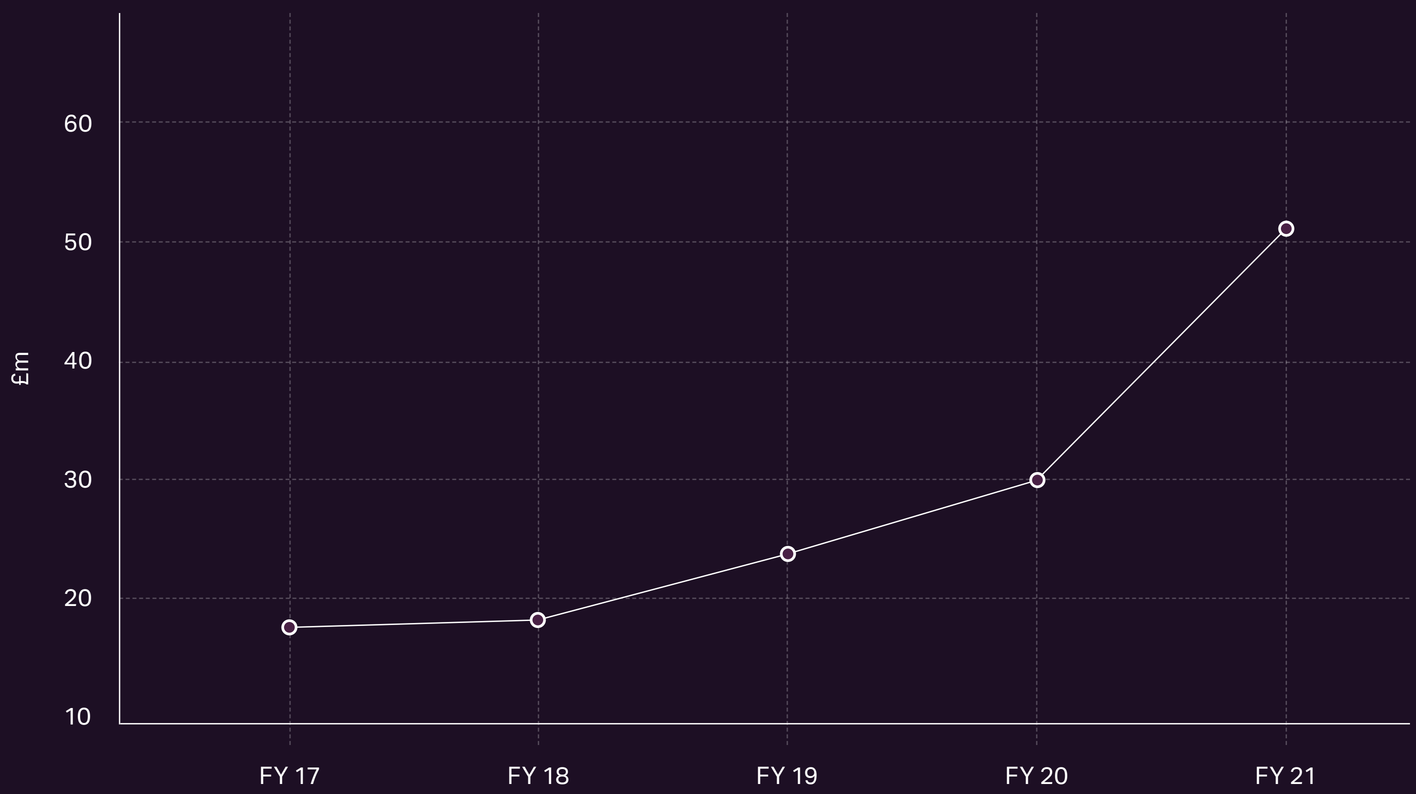
Part of our responsibility as a representative to a global client base is to drive conversation and change outside of our own four walls. In 2021 we assembled C-suite executives across disciplines and industries to challenge conventional strategies and ways of thinking about solving global problems.

- We hosted two events in 2021 in Jersey and London, '*Can sustainable innovation save the world*', focused on the notion of sustainable innovation and recently held another event in New York City in 2022. As a result, we will have helped over 100 C-suite executives become more effective in how to approach sustainability and achieve real results in their own companies.
- Our global innovation network continues to be instrumental to our work, differentiating us from competitors and this network allows us to connect our clients to the very latest technology across the ESG spectrum.
- Our thought leadership echoes the importance of making change happen. Our upcoming whitepaper, '*The Implementation Void*', challenges the zeitgeist around decarbonisation and is a practical tool that business leaders can use to affect change on carbon.

Revenue £m (calendar year basis)

67%

increase from FY 20 to FY 21



Financial Review

	FY 21	FY 20	% change
Revenue	**£50.6m**	£30.3m	+67%
Gross profit	**£17.7m**	£11.2m	+58%
Adjusted EBITDA*	**£15.7m**	£9.7m	+62%
Adjusted EBITDA margin*	**31%**	32%	-3%
Profit before tax	**£12.2m**	£5.8m	+109%
Adjusted diluted earnings per share*	**24.2p**	15.3p	+58%
Dividend per share	**4.1p**	2.2p	+86%
Free cash flow	**£13.6m**	£11.2m	+21%
Net cash	**£31.8m**	£17.5m	+82%

*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 ('APMs'). Please refer to notes 3 and 6 of the Group and Company Financial Statements for further details.

GROUP RESULTS

The Board is pleased to report that the Group has performed exceptionally well this financial year, continuing to grow revenue despite global macro uncertainty. The Group has seen organic growth in new and existing client accounts, delivering high-quality client service, as we continue to build long-term, trusted relationships with our clients. The Group successfully acquired Retearn in FY 21, integrating their product offerings and teams into the Group and delivering on enhanced capabilities to our client base. The Group has maintained healthy margins and good cash generation, ending the year in a strong financial position. In FY 21 the Group delivered revenue of £50.6 million and profitability continues to be strong with an Adjusted EBITDA of £15.7 million at a 31% margin.

REVENUE

Revenue increased by 67% to £50.6 million in FY 21 compared with £30.3 million in FY 20, with eight record months of revenue achieved during the year. Revenue growth was driven by both organic revenue growth of 35% and the impact of the acquisitions of Coast Digital Limited ('Coast Digital') and Retearn of 32%.

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 Group's revenue growth is reflective of continuing strong demand for its existing service offering as well as the leveraging of new service capability to clients from the acquisitions of Coast Digital and Retearn.

Revenue growth was achieved in all geographic regions (UK, USA and Rest of World) in which the Group operates, and we have continued to achieve exceptional growth in the US market, having doubled revenues compared with FY 20. We are also pleased to report that revenue per client-facing Partner grew during the year, despite the difficult market environment, reflecting the quality and resilience of our Partner team.

GROUP PROFITABILITY

Group gross profit increased by 58% to £17.7 million (FY 20: £11.2 million), reflecting revenue growth, strong consultant utilisation and investment in the team. The investment in the team included an increase in the average team headcount to deliver revenue, implementation of the ESPP, granting of share options and promotion-related pay increases.

Administrative expenses increased by 27%, principally reflecting the increased share-based payment costs in FY 21 as a result of share option grants. Further detail of share-based payments is set out in note 24 of the Group and Company Financial Statements of this report.

Group Adjusted EBITDA grew 62% and was delivered at a 31% margin (FY 20: 32%). The increased costs associated with the resumption of travel and business development activities were partially offset by improved profitability as a result of improved utilisation of consultants.

Profit before tax (after exceptional items) grew 109% to £12.2 million (FY 20: £5.8 million) and was delivered at an improved margin of 24% (FY 20: 19%). 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 £0.22 million for FY 21 includes interest on the Group lease liability. The net finance expense decreased by 67% due to not having incurred preference dividends in FY 21 as a result of the 10% non-redeemable cumulative preference shares having been extinguished in FY 20 as part of the Group restructure transactions explained further in note 22 of the Group and Company Financial Statements. As at 31st December 2021 the Group has no interest rate risk exposure.

TAXATION

The Group's tax charge for FY 21 was £2.0 million, reflecting a lower effective tax rate of 17% compared with 18% in FY 20. This was largely due to research and development tax relief claimed for prior periods and allowable trademark amortisation deductions. The Group's cash tax payment in the year was £2.5 million (FY 20: £1.2 million). For further detail on taxation see notes 8 and 9 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.

EARNINGS PER SHARE

Adjusted diluted earnings per share increased by 58% to 24.2p. Adjusting items and their tax impacts are set out in note 6. As at 31st December 2021, 11,339,056 share options (excluding acquisition options for fixed monetary amounts and ESPP matching grants) were outstanding.

CASH FLOW

The Group's net cash position increased by 82% to £31.8 million (FY 20: £17.5 million) with a 21% increase in free cash flow due to improved operating cash flow generation driven by business growth and efficient working capital management.
The Group enjoyed strong cash generation with net cash flow generated from operations of £14.3 million in FY 21 (FY 20: £12.2 million), including some working capital timing benefit. The Group continues to see conversion of adjusted EBITDA less tax to operating cash of c.100%.

Net cash utilised in investing activities reflects £2.9 million cash consideration for the acquisition of Retearn plus additional cash consideration of £0.4 million for surplus cash on acquisition, net of cash of £0.7 million acquired on acquisition. A further £0.6 million for surplus cash on acquisition of Coast Digital was also paid in FY 21.

Net cash generated from financing activities of £3.1 million represents net inflow for Employee Benefit Trust ('EBT') share sales less purchases of £2.1 million plus net Partner loan repayments (net of associated section 455 tax charge) of £2.7 million, less dividend payment of £1.0 million and office lease payments of £0.7 million.

STATEMENT OF FINANCIAL POSITION

Net assets as at 31st December 2021 totalled £86.0 million (FY 20: £70.7 million). The increase in net assets is as a result of share premium of £5.2 million for Ordinary shares issued as consideration for the acquisition of Retearn and gain on sale of shares by the EBT, retained profit for the year of £11.0 million (after FY 20 final dividend of £1.0 million offset by £1.2 million add back of share-based payments charge), partially offset by net EBT share purchases of £0.9 million.

DIVIDENDS

No interim Ordinary share dividends were paid in relation to FY 20 or FY 21. The Company paid a final Ordinary share dividend in respect of FY 20 of 2.2 pence per Ordinary share in August 2021. The Directors are proposing a final Ordinary share dividend in respect of FY 21 of 4.1 pence per Ordinary share, representing an 86% increase in dividend per share compared with FY 20.

Our Key Performance Indicators ('KPIs')

The Directors are of the opinion that the Group's KPIs are revenue, gross profit, Adjusted EBITDA, profit before tax, free cash flow and adjusted diluted 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. The Board monitors progress against plan on a regular basis.

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 section 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. 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 multiple 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. • The consulting market has continued to grow despite the impacts of the COVID-19 pandemic, resulting in continued strong client demand. • The Group's inorganic growth strategy, acquiring new businesses and their respective capabilities contributes to continued diversification in different markets and sectors.

POTENTIAL RISK	DESCRIPTION/IMPACT	MITIGATING FACTORS
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. • High levels of client concentration risk are managed by monitoring the dependence on key accounts. The track record of the business has demonstrated our ability to grow and replace revenue if a major client is lost. Typically, our top 3 clients differ year on year.
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 excellent performance. • For most 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. • The majority of our client relationships are not limited to only one Partner, reducing the impact to revenue if any key person is lost. • There are contractual notice periods for all key staff, with longer periods for senior and key team members.

POTENTIAL RISK	DESCRIPTION/IMPACT	MITIGATING FACTORS
Recruitment and retention of talented employees (continued)	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.	• In May 2020 a Share Option Plan for employees was implemented. In June 2021 an Employee Share Purchase Plan (ESPP) was introduced with high levels of participation to date. 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. • Allocation of employees to projects and available capacity is reviewed weekly. • 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.

POTENTIAL RISK	DESCRIPTION/IMPACT	MITIGATING FACTORS
M&A and Integration (continued)	The Group could acquire the wrong business or fail to integrate an acquisition successfully, leading to adverse impact on performance.	• 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 had minimal impact on the Group with employees able to work remotely to continue to provide services to clients. • Despite market conditions due to COVID-19, research shows that the consulting industry has continued to grow. • We have continued to evolve our offering based on the needs of our clients – for example increasing our digital capabilities where there has been high demand. An impact of the pandemic for many businesses has been an increased pressure for cost saving, which has been addressed by our acquisition of Retearn.
Russia/Ukraine conflict	The conflict and resulting sanctions imposed on Russian companies and individuals have negatively impacted certain business sectors.	• The Group does not have any current clients in Russia or Ukraine. • We are monitoring the impact on our clients more generally, but to date have not seen any adverse impact from the conflict or sanctions.

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 the notes 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
1st April 2022

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 1st April 2022.

On behalf of the Board,

Stephen Newton
Founder and Chief Executive Officer
1st April 2022

Corporate Governance Report

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 2021, 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 and the Directors' Report.

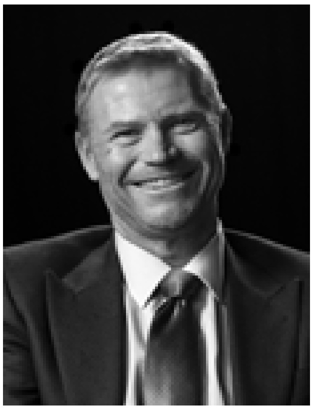
Meet the team

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. He was recently listed as a Global Leader in Consulting 2021 by US Consulting Magazine, recognised for *'Excellence in Execution'* having previously received the award in 2019 for *'Excellence in Influence'*.

BOARD OF DIRECTORS

Graham Busby

Chief Financial Officer
Member of the Audit and Risk Committee

Graham is Co-Founder of Elixirr. He was previously Marketing and Sales Director for Elixirr before moving to his current role as CFO in 2019. Graham guides Elixirr's strategic growth plan and manages relationships with some of the firms' key clients. Before Elixirr, Graham worked in both Accenture's strategy team and their outsourcing sales team, shaping and selling multi-functional sourcing deals worth over $500m. He now owns and manages Elixirr's inorganic growth, leading on Elixirr's acquisitions.

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 and 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. Prior to MXC Capital, Charlotte was a Corporate Finance Director at finnCap Ltd. Charlotte is currently CFO of AIM listed adtech company, Dianomi plc. 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 and 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 has extensive experience as a senior executive and non-executive in other organisations. He is considered independent as he is not involved in the day-to-day running of the business and does not earn any performance-related remuneration.

Simon Retter and Charlotte Stranner both have diverse experience in independent advisory roles, particularly in relation to AIM-listed companies. They are both considered independent as they are not involved in the day-to-day running of the business and do not earn any performance-related remuneration.

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 is 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 the 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 four scheduled meetings over the course of the year. All Directors were present at each meeting, other than at one meeting where the CFO was absent for personal reasons. 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:

- Reviewing the performance of the business and progress on the elements of the Group's four pillar growth strategy;
- The acquisition of self-funded transformation and procurement consultancy, Retearn;
- Setting up an Employee Share Purchase Plan (ESPP) scheme, available to all employees of the Group; and
- Conducting a corporate restructure to streamline the corporate structure and strike off certain subsidiary companies (Elix-IRR Consulting Services Limited and Elixirr Creative Limited).

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 at www.elixirr.com/investors.

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. The Committee met three times during 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. No changes were made to Directors' remuneration during 2021 other than performance-related bonuses for FY 21 and notional vesting of certain share options which were reviewed and approved at a meeting of the Committee in March 2022.

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 regularly briefed on AIM Rules by its Nominated Advisors, finnCap. 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 2021.

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 in the Corporate Governance Report.

MEETINGS AND ATTENDANCE

The Committee met three times during the year ended 31st December 2021 and once prior to the date of this report during 2022. 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 attended the first meeting of 2021 at which the annual audit for 2020 and the 2020 Annual Report and Financial Statements were reviewed, and also the first meeting of 2022 at which the annual audit for 2021 and the 2021 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; and
- 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 2022 in relation to the 2021 audit and Annual Report and Financial Statements) included:

- Consideration and approval of the 2020 financial statements of the Group and Company, the external audit report and management representation letter;
- Review and update of the Group's risk register;
- Review and approval of the 2021 interim financial statements;
- A review of the year-end 2021 audit plan, consideration of the scope of the audit, the risks identified by the external auditor and the external auditor's fees; and
- Consideration and approval of the 2021 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 2021 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 provided financial and tax due diligence services on the acquisition of Retearn in April 2021. These services were 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. Given the increase in market capitalisation of the Company during 2021, the Committee has decided to no longer permit Crowe to perform non-audit services.

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 pages 55 - 59 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 carries out an annual risk assessment and review of mitigating controls.

Charlotte Stranner
Chair of the Audit and Risk Committee
1st April 2022

Remuneration Committee Report

As Chair of the Remuneration Committee ("the Committee"), I am pleased to present our report for the year ended 31st December 2021 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 in the Corporate Governance Report.

MEETINGS AND ATTENDANCE

The Committee meets as is necessary to discharge its duties. 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.

There has been no change in Executive Directors' salaries since 1st July 2020. The only changes in relation to Executive Directors' remuneration during the year was in relation to performance-related bonuses in respect of the year ended 31st December 2021 and the notional vesting of certain share options, which were considered by the Committee at its meeting on 29th March 2022.

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; and
- Reviewing the design of share incentive plans for the Executive Directors.

PRINCIPAL ACTIVITIES

The main items of business considered by the Committee at its meeting on 29th March 2022 included:

- Review of the Executive Directors' performance in the year ended 31st December 2021, which included the delivery of a strong set of financial results, the acquisition of Retearn in April 2021, significant revenue growth and team expansion in the key US market, as well as continued progress across all four strategic growth pillars;
- Cash bonuses payable to the Executive Directors in relation to their performance in the year ended 31st December 2021, as set out in the Directors' Report;
- Granting of 40,000 share options to the Chief Financial Officer and 30,000 share options to the General Counsel in relation to their performance in the year ended 31st December 2021. The options will have an exercise price equal to market price at date of grant and vest over five years at 20% per annum; and
- Notional vesting of 23,500 share options held by the Chief Financial Officer and 3,900 share options held by the General Counsel during the year ended 31st December 2021. These share options were granted in May 2020 and have an exercise price of £0.43. Despite the notional vesting, these share options are not exercisable until July 2024.

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, whilst 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 39 to 62. 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; and
- 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, no changes were made to Executive Directors' salaries.

Annual bonus

Executive Directors receive discretionary performance-related annual cash bonuses.

Share options

Share options may be granted for exceptional performance and to align executives' incentives with those of other shareholders. In April 2021, shares options were granted to two Executive Directors for exceptional performance in the year ended 31st December 2020, as set out in the Remuneration Committee Report for the year ended 31st December 2020. The number of options granted is set out in the Directors' Report.

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. No changes were made to benefits during the year.

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. No changes were made to Non-Executive Directors' remuneration during the year.

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
1st April 2022


CANA
WOLF

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

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 Advisors 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 Advisor and Broker
finnCap, 1 Bartholomew Close, London 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 2021.

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 Directors' Section 172 Statement, the Environmental Review, 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 four operating subsidiaries in the United Kingdom: Elixirr Consulting Limited, Den Creative Limited, Coast Digital Limited and The Retearn Group Limited. It also has two operating subsidiaries in the United States (Elixirr LLC and iOLAP Incorporated) 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, marketing and self-funded transformation services.

RESULTS

The results for the year ended 31st December 2021 are set out in the Group Statement of Comprehensive Income. Revenue for the year was £50.6 million, a 67% increase from £30.3 million in the year ended 31st December 2020. 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.

SUBSTANTIAL SHAREHOLDINGS

The Company has been notified that at close of business on 22nd March 2022 the following parties were interested in 3% or more of the Company's Ordinary share capital:

Shareholder	Number of Ordinary shares held	% held
Stephen Alexander Newton	13,999,833	30.3%
Rathbone Investment Management	4,302,255	9.3%
Slater Investments	3,570,203	7.7%
Ian James Anthony Ferguson	2,660,321	5.8%
Gresham House Asset Management	1,867,206	4.0%
Graham Edward Busby	1,466,638	3.2%
Andrew Roger Curtis	1,463,153	3.2%
Mark Vincent Goodyear	1,369,153	3.0%

GOING CONCERN

At the date of these financial statements, the Group continues to be profitable and cash-generative. The Group is well capitalised, held £31.8m of cash at 31st December 2021 with no debt other than two office leases capitalised under IFRS 16.

The Directors have prepared cash flow forecasts for the Group from the date of approval of these financial statements to 31st December 2023. 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 UK adopted international accounting standards. 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 UK adopted international standards 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

Financial risk is managed by the Group and more information on this can be found within the notes 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 the notes 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 4.1p 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 2021 and the year ended 31st December 2020, in line with the Companies Act 2006 requirement:

FY 21

Name	Salary £'000s	Bonus £'000s	Benefits £'000s	Pension £'000s	Total £'000s
Gavin Patterson	50	-	-	-	50
Stephen Newton	300	1,350	7	1	1,658
Graham Busby	250	525	4	1	780
Ian Ferguson	250	525	8	-	783
Charlotte Stranner	40	-	-	-	40
Simon Retter	40	-	-	-	40
TOTAL	**930**	**2,400**	**19**	**2**	**3,351**

FY 20

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	261
Ian Ferguson	225	334	7	-	566
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**

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 2021 and 31st December 2020, together with share options granted during the year were as follows:

	FY 21		FY 20		**FY 21**	
Name	**Number of Ordinary shares held**	**Number of share options held**	**Number of Ordinary shares held**	**Number of share options held**	**Number of share options awarded in FY 21**	**Exercise price of FY 21 grant (p)**
Gavin Patterson	651,153	-	801,400	-	-	-
Stephen Newton	13,999,833	-	14,128,216	-	-	-
Graham Busby	1,466,638	234,504	1,522,194	94,000	140,504	545
Ian Ferguson	2,660,321	75,104	2,660,321	15,600	59,504	545
Charlotte Stranner	370,005	-	496,200	-	-	-
Simon Retter	370,005	-	496,200	-	-	-
TOTAL	**19,517,955**	**309,608**	**20,104,531**	**109,600**	**200,008**	**-**

No share awards made to Directors 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
1st April 2022

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 31 December 2021, which comprise:

- the Group statement of comprehensive income for the year ended 31 December 2021;
- the Group and parent company statements of financial position as at 31 December 2021;
- the Group and parent company statements of cash flows 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 significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and UK-adopted International Accounting Standards.

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 31 December 2021 and of the Group's profit for the period then ended;
- have been properly prepared in accordance with UK-adopted International Accounting Standards;
- 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 31 December 2022 and cash flow forecast to 31 December 2023. 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.
- 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 31 December 2021.

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 £650,000 (FY 20: £475,000), based on profit before tax. The parent company materiality was set at £500,000 (FY 20: £400,000) based on net assets and 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. This is set at £455,000 (FY 20: £332,500) for the group and £350,000 (FY 20: £280,000) for the parent.

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 £17,500 (FY 20: £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 MATTERS (CONTINUED)

Key audit matter	How the scope of our audit addressed the key audit matter
Acquisition accounting	
During the year, the group acquired the entire share capital of The Retearn Group Limited. There is a risk that the acquisition has not been accounted for in accordance with IFRS 3 "Business Combinations" and / or adequate disclosures have not been made.	We have obtained a copy of the share purchase agreement and have ensured that the acquisition has been correctly accounted for in accordance with IFRS 3 in the financial statements. At the group level we have audited goodwill and intangibles that arise from the acquisition. All assumptions made have been audited using our knowledge of the group, similar clients and the wider sector. We have discussed and challenged management on the assumptions used for their calculations and identification of intangible assets and have agreed the underlying numbers to supporting evidence. For deferred consideration we have ensured that this has been correctly calculated and that any changes in the estimates have been correctly reflected within the financial statements. We have ensured that the disclosures required by IFRS 3 have been made completely and accurately. We have completed our testing in conjunction with our corporate finance team, utilising their specialised expertise.

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.

Key audit matter	How the scope of our audit addressed the key audit matter
Carrying value of goodwill and intangibles	
The Group has a high level of intangible assets and goodwill from previous acquisition of trade and assets from Elixirr Partners LLP during 2019, the acquisition of Coast Digital Limited in 2020 and The Retearn Group Limited in 2021. There is a risk that these assets may be impaired.	For goodwill we have audited the impairment review prepared by management. We have examined in detail the basis of the impairment model and the inputs used to ensure that the amounts included are consistent with our knowledge of the business and the sector it operates in with reference to the treatment used by other similar entities. For intangible assets we have assessed the amortisation rates used to ensure that the amounts included are consistent with our knowledge of the business and the sector it operates in. As there was no sign of impairment, such as client losses or financial losses, an impairment review of intangible assets was not required from management. We have reviewed the disclosures within the financial statements to ensure they are complete and accurately stated in line with appropriate accounting standards.

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 strategic report and directors' 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 pages 75 - 76, 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 the 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, focussing 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 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 misstatement in the financial statements, even though we have properly planned and performed out 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 is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. 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
Statutory Auditor
Riverside House
40-46 High Street
Maidstone
Kent, ME14 1JH

1st April 2022

Group and Company Financial Statements

GROUP STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31st December 2021

	Note	**Year ended 31 December 2021 £'000s**	Year ended 31 December 2020 £'000s
Revenue	4	**50,611**	**30,318**
Cost of sales		(32,913)	(19,128)
Gross profit		**17,698**	**11,190**
Administrative expenses		(5,161)	(3,982)
Operating profit before exceptional items	5	**12,537**	**7,208**
Depreciation		670	730
Amortisation of intangible assets		1,378	1,741
Share-based payments		1,152	47
Adjusted EBITDA	6	**15,737**	**9,726**
Exceptional items	5	(154)	(730)
Operating profit	5	**12,383**	**6,478**
Finance income		29	20
Finance costs		(246)	(680)
Net finance expense	7	**(217)**	**(660)**
Profit before taxation	5	**12,166**	**5,818**
Taxation	8	(2,022)	(1,024)
Profit for the period		**10,144**	**4,794**
Other comprehensive income			
Items that may be subsequently reclassified to profit and loss:			
Currency translation on foreign currency net investments		123	(26)
Other comprehensive income, net of tax		**123**	**(26)**
Total comprehensive income		**10,267**	**4,768**
Basic earnings per Ordinary share (p)	11	22.04	11.73
Diluted earnings per Ordinary share (p)	11	20.01	10.75

All results relate to continuing operations.

The notes on pages 93 - 135 form part of these accounts.

GROUP AND COMPANY STATEMENTS OF FINANCIAL POSITION

As at 31st December 2021

		Group		Company	
	Note	**31 December 2021 £'000s**	31 December 2020 £'000s	**31 December 2021 £'000s**	31 December 2020 £'000s
Assets					
Non-current assets					
Intangible assets	13	56,193	51,188	-	-
Property, plant and equipment	15	5,496	5,545	-	-
Investments	16	-	-	63,807	55,156
Other receivables	17	1,535	596	1,104	-
Loans to shareholders	17	3,991	7,784	3,991	6,672
Deferred tax asset	9	1,197	161	-	161
Total non-current assets		**68,412**	**65,274**	**68,902**	**61,989**
Current assets					
Trade and other receivables	17	6,963	4,220	1,928	3,000
Cash and cash equivalents	18	31,795	17,503	13,576	10,678
Total current assets		**38,758**	**21,723**	**15,504**	**13,678**
Total assets		**107,170**	**86,997**	**84,406**	**75,667**
Liabilities					
Current liabilities					
Trade and other payables	19	12,055	8,107	134	403
Loans and borrowings	20	485	448	-	-
Corporation tax		1,150	1,157	11	61
Other creditors	21	436	612	436	612
Total current liabilities		**14,126**	**10,324**	**581**	**1,076**
Net current assets		**24,632**	**11,399**	**14,923**	**12,602**
Non-current liabilities					
Loans and borrowings	20	4,760	4,837	-	-
Deferred tax liability	9	623	547	-	-
Other non-current liabilities	21	1,620	601	1,370	406
Total non-current liabilities		**7,003**	**5,985**	**1,370**	**406**
Total liabilities		**21,129**	**16,309**	**1,951**	**1,482**
Net assets		**86,041**	**70,688**	**82,455**	**74,185**

GROUP AND COMPANY STATEMENTS OF FINANCIAL POSITION

As at 31st December 2021

		Group		Company	
	Note	**31 December 2021 £'000s**	31 December 2020 £'000s	**31 December 2021 £'000s**	31 December 2020 £'000s
Equity					
Share capital	22	52	52	52	52
Share premium	22	24,952	19,729	24,952	19,729
Capital redemption reserve		2	2	2	2
EBT share reserve	23	(2,193)	(1,248)	(2,193)	(1,248)
Merger relief reserve	22	46,870	46,870	46,870	46,870
Foreign currency translation reserve		51	(72)	-	-
Retained earnings		16,307	5,355	12,772	8,780
Total shareholders' equity		**86,041**	**70,688**	**82,455**	**74,185**

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 £4,006,320 (FY 20: £9,397,979).

The notes on pages 93 - 135 form part of these accounts. The Financial Statements on pages 86 - 135 were approved by the Board of Directors on 1st April 2022 and were signed on its behalf by:

Stephen Newton
Director

GROUP STATEMENT OF CHANGES IN EQUITY

For the year ended 31st December 2021

Group	Share capital £'000s	Share premium £'000s	Capital redemption reserve £'000s	EBT share reserve £'000s	Merger relief reserve £'000s	Foreign currency translation reserve £'000s	Retained earnings £'000s	**Total £'000s**
As at 31 December 2019 and 01 January 2020	**3**	**-**	**-**	**-**	**43,497**	**(46)**	**1,182**	**44,636**
Comprehensive income								
Profit for the period	-	-	-	-	-	-	4,794	4,794
Other comprehensive income	-	-	-	-	-	(26)	-	(26)
Transactions with owners								
Share issues	1	23	-	-	-	-	-	24
Contributions of equity, net of transaction costs	-	18,583	-	-	-	-	-	18,583
Share issue as consideration for a business combination	-	1,123	-	-	-	-	-	1,123
Preference shares reclassified from loans and borrowings	50	-	-	-	-	-	-	50
Share buy-backs at par and cancelled	(2)	-	2	-	(3,127)	-	(820)	(3,947)
Acquisition of Ordinary shares	-	-	-	(1,198)	-	-	-	(1,198)
Acquisition of Redeemable Preference shares	-	-	-	(50)	-	-	-	(50)
Redesignation/conversion of shares	-	-	-	-	6,500	-	-	6,500
Share-based payments	-	-	-	-	-	-	47	47
Deferred tax recognised in equity	-	-	-	-	-	-	152	152
As at 31 December 2020 and 01 January 2021	**52**	**19,729**	**2**	**(1,248)**	**46,870**	**(72)**	**5,355**	**70,688**
Comprehensive income								
Profit for the period	-	-	-	-	-	-	10,144	10,144
Other comprehensive income	-	-	-	-	-	123	-	123
Transactions with owners								
Share issue as consideration for a business combination	-	2,154	-	-	-	-	-	2,154
Dividends	-	-	-	-	-	-	(1,014)	(1,014)
Share-based payments	-	-	-	-	-	-	1,152	1,152
Deferred tax recognised in equity	-	-	-	-	-	-	670	670
Sale of Ordinary shares	-	3,069	-	2,705	-	-	-	5,774
Acquisition of Ordinary shares	-	-	-	(3,650)	-	-	-	(3,650)
As at 31 December 2021	**52**	**24,952**	**2**	**(2,193)**	**46,870**	**51**	**16,307**	**86,041**

The notes on pages 93 - 135 form part of these accounts. Please refer to note 29 for explanations of reserve accounts.

COMPANY STATEMENT OF CHANGES IN EQUITY

For the year ended 31st December 2021

Company	Share capital £'000s	Share premium £'000s	Capital redemption reserve £'000s	EBT share reserve £'000s	Merger relief reserve £'000s	Retained earnings £'000s	**Total £'000s**
As at 31 December 2019 and 01 January 2020	**3**	**-**	**-**	**-**	**43,497**	**4**	**43,504**
Comprehensive income							
Profit for the period	-	-	-	-	-	9,397	9,397
Other comprehensive income	-	-	-	-	-	-	-
Transactions with owners							
Share issues	1	23	-	-	-	-	24
Contributions of equity, net of transaction costs	-	18,583	-	-	-	-	18,583
Share issue as consideration for a business combination	-	1,123	-	-	-	-	1,123
Preference shares reclassified from loans and borrowings	50	-	-	-	-	-	50
Share buy-backs at par and cancelled	(2)	-	2	-	(3,127)	(820)	(3,947)
Acquisition of Ordinary shares	-	-	-	(1,198)	-	-	(1,198)
Acquisition of Redeemable Preference shares	-	-	-	(50)	-	-	(50)
Redesignation/conversion of shares	-	-	-	-	6,500	-	6,500
Share-based payments	-	-	-	-	-	47	47
Deferred tax recognised in equity	-	-	-	-	-	152	152
As at 31 December 2020 and 01 January 2021	**52**	**19,729**	**2**	**(1,248)**	**46,870**	**8,780**	**74,185**
Comprehensive income							
Profit for the period	-	-	-	-	-	4,006	4,006
Transactions with owners							
Share issue as consideration for a business combination	-	2,154	-	-	-	-	2,154
Dividends	-	-	-	-	-	(1,014)	(1,014)
Share-based payments	-	-	-	-	-	1,152	1,152
Deferred tax recognised in equity	-	-	-	-	-	(152)	(152)
Sale of Ordinary shares	-	3,069	-	2,705	-	-	5,774
Acquisition of Ordinary shares	-	-	-	(3,650)	-	-	(3,650)
As at 31 December 2021	**52**	**24,952**	**2**	**(2,193)**	**46,870**	**12,772**	**82,455**

The notes on pages 93 - 135 form part of these accounts. Please refer to note 29 for explanations of reserve accounts.

GROUP AND COMPANY CASH FLOW STATEMENTS

For the year ended 31st December 2021

		Group		Company	
	Note	**31 December 2021 £'000s**	31 December 2020 £'000s	**31 December 2021 £'000s**	31 December 2020 £'000s
Cash flows from operating activities:					
Cash generated from operations	25	16,856	13,309	4,265	7,127
Taxation paid		(2,527)	(1,156)	(86)	-
Net cash generated from operating activities		**14,329**	**12,153**	**4,179**	**7,127**
Cash flows from investing activities:					
Purchase of property, plant and equipment		(98)	(33)	-	-
Payment for acquisition of subsidiary, net of cash acquired		(3,179)	(1,449)	(4,000)	(2,710)
Interest received		33	17	32	8
Net cash utilised in investing activities		**(3,244)**	**(1,465)**	**(3,968)**	**(2,702)**
Cash flows from financing activities:					
Issue of Ordinary share capital		-	18,607	-	18,607
Issue of Redeemable Preference shares		-	50	-	50
Non-redeemable Preference share dividend		-	(518)	-	(518)
Capital reduction and share buy-backs		-	(626)	-	(3,946)
EBT Ordinary share purchases		(3,649)	(1,198)	(3,649)	(1,198)
EBT Ordinary share sales		5,774	-	5,774	-
Redeemable Preference shares repurchased		-	(50)	-	(50)
Loans to shareholders		(4,500)	(9,839)	(4,500)	(6,673)
Loans repaid by shareholders		8,293	-	7,181	-
s455 tax paid re loans to shareholders		(1,104)	-	(1,104)	-
Repayment of borrowings		-	(1,625)	-	-
Lease liability payments		(448)	(623)	-	-
Interest paid		(246)	(293)	-	(20)
Ordinary share dividends paid to shareholders		(1,014)	-	(1,014)	-
Net cash generated from financing activities		**3,106**	**3,885**	**2,688**	**6,252**
Net increase in cash and cash equivalents		**14,191**	**14,573**	**2,898**	**10,678**
Cash and cash equivalents at beginning of the period		17,503	3,001	10,678	-
Effects of exchange rate changes on cash and cash equivalents		101	(71)	-	-
Cash and cash equivalents at end of the period		**31,795**	**17,503**	**13,576**	**10,678**

The notes on pages 93 - 135 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.

1.2. Basis of preparation

The financial statements have been prepared in accordance with UK adopted international accounting standards.

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 2021.

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.

In the process of applying the Group’s accounting policies, the Directors have made no judgements (excluding those involving estimations), which are considered to have a significant effect on the amounts recognised in the financial statements for the year ending 31st December 2021.

The 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.
- In determining the fair value of intangible assets arising on business combinations, management is required to estimate the timing and amount of future cash flows applicable to the intangible assets being acquired.
- Amortisation period of trademarks and customer relationships is an estimate based on the expected useful life and is assessed annually for any changes based on current circumstances.
- Management has estimated the share-based payments expense under IFRS 2. In determining the fair value of share-based payments, management has considered several internal and external factors in order to judge the probability that management and employee share incentives may vest and to assess the fair value of share options at the date of grant. Such assumptions involve estimating a number of future performance and other factors.
- The Coast Digital and Retearn contingent consideration calculations under IFRS 3 contain estimation uncertainty, as the earn-out potentially payable in each case is linked to the future performance of the acquiree. In estimating the fair value of the contingent consideration, at both the acquisition date and financial year end, management has estimated the potential future cash flows of the acquirees and assessed the likelihood of an earn-out payment being made. These estimates could potentially change as a result of events over the coming years.

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.

On 28th October 2020 the Group acquired 100% of the share capital and voting interests of Coast Digital, 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.

On 9th April 2021 the Group acquired 100% of the share capital and voting interest of Retearn, a procurement, transformation and insights consultancy firm. The difference between the fair value of the purchase consideration of £7,361,052 and the fair value of the identifiable assets acquired and liabilities assumed of £2,103,563 was recognised as goodwill of £5,257,489.

The goodwill is attributable to the company's workforce and working methodologies and it is not deductible for tax purposes. Please refer to note 14 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 2021. For further details on the impairment review please refer to note 13.

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 24 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.

Basic earnings per share is calculated by dividing the profit attributable to the Group's Ordinary shareholders by the weighted average number of Ordinary shares outstanding during the period.

The calculation of diluted earnings per share assumes conversion of all potentially dilutive Ordinary shares, which arise from share options outstanding. A calculation is performed to determine the number of share options that are potentially dilutive based on the number of shares that could have been acquired at fair value from the future assumed proceeds of the outstanding share options.

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%. 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:

- IAS 1 Presentation of liabilities as current or non-current
- IAS 1 Disclosure of accounting policies
- IAS 8 Definition of accounting estimates

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 key measures used within the business for assessing the underlying performance of the Group's ongoing business across periods. Adjusted EBITDA excludes the following items from operating profit: non-cash depreciation and amortisation charges, share-based payments and non-recurring exceptional costs. Adjusted EPS excludes the following items from profit after tax: amortisation charges, share-based payments 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

Group	**FY 21 £'000s**	FY 20 £'000s
Revenue from contracts with customers arises from:		
United Kingdom	22,375	10,077
USA	12,588	6,305
Rest of World	15,648	13,936
	50,611	**30,318**

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 provided 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:

Group	**FY 21 £'000s**	FY 20 £'000s
Depreciation of property, plant and equipment:		
- Owned assets	138	147
- Leased assets	532	583
Amortisation of intangible assets	1,378	1,741
Share-based payments	1,152	47
Foreign exchange (gains)/losses	(16)	44
Exceptional items	154	730

The exceptional items totalling £153,707 in FY 21 include non-recurring costs associated with the acquisition of Retearn, Coast Digital and other merger and acquisition activities. The exceptional items totalling £729,573 in FY 20 include non-recurring costs associated with the pre-initial public offering ('IPO') capital restructuring, IPO on the Alternative Investment Market ('AIM') and EMI share option scheme (refer to note 24).

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

Group	**FY 21 £'000s**	FY 20 £'000s
Services provided by the Company's auditors:		
Audit fees - parent Company and consolidated accounts	22	20
Audit fees - subsidiary companies	67	58
Other services:		
Due diligence	36	21
IPO fees	-	144

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

As set out in note 3, Elixirr uses adjusted EBITDA and adjusted earnings per share as alternative performance measures.

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

Group	**FY 21 £'000s**	FY 20 £'000s
Profit before tax	**12,166**	**5,818**
Adjusting items:		
Exceptional items (note 5)	154	730
Amortisation of intangible assets	1,378	1,741
Share-based payments	1,152	47
Adjusted profit before tax	**14,850**	**8,336**
Depreciation	670	730
Net finance expense (note 7)	217	660
Adjusted EBITDA	**15,737**	**9,726**

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

Group	**FY 21 £'000s**	FY 20 £'000s
Adjusted profit before tax	**14,850**	**8,336**
Tax charge	(2,022)	(1,024)
Tax impact of adjusting items	(566)	(478)
Adjusted profit after tax	**12,262**	**6,834**

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 11 for further details.

Group	**FY 21 p**	FY 20 p
Adjusted EPS	26.64	16.72
Adjusted diluted EPS	24.19	15.32

7. NET FINANCE EXPENSE

Group	**FY 21 £'000s**	FY 20 £'000s
Finance income:		
On short term deposits and investments	29	20
	29	**20**
Finance costs:		
On bank loans and overdrafts at amortised cost	-	(31)
Preference share dividend	-	(387)
On lease liability	(246)	(262)
	(246)	**(680)**
Net finance expense	**(217)**	**(660)**

8. TAXATION ON PROFIT ON ORDINARY ACTIVITIES

Analysis of tax charge:

Group	**FY 21 £'000s**	FY 20 £'000s
Current tax		
In respect of the current year	2,926	1,248
Adjustments in respect of prior periods	(398)	(75)
Total current tax	**2,528**	**1,173**
Deferred tax		
In respect of the current year	(506)	(149)
Total deferred tax	**(506)**	**(149)**
Income tax expense	**2,022**	**1,024**

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%.

Group	FY 21 £'000s	FY 20 £'000s
Profit before taxation	**12,166**	**5,818**
Profit on ordinary activities multiplied by rate of corporation tax in UK of 19% (FY 20: 19%)	2,312	1,105
Effects of:		
Exceptional items not deductible	29	139
Expenses not deductible	65	98
Difference in overseas tax rates	125	-
Adjustments in respect of prior periods	51	(75)
R&D tax relief in respect of prior periods	(450)	-
Deferred tax release re trademarks	(110)	(138)
Utilisation of foreign losses from prior periods	-	(105)
Total taxation	**2,022**	**1,024**

9. DEFERRED TAX

Net deferred tax asset/(liability):

The balances comprise temporary differences attributable to:

	Group		Company	
	FY 21 £'000s	FY 20 £'000s	**FY 21 £'000s**	FY 20 £'000s
Deferred tax liability				
Property, plant and equipment	(52)	(64)	-	-
Intangible assets	(571)	(483)	-	-
Total deferred tax liability	**(623)**	**(547)**	**-**	**-**
Deferred tax asset				
Share-based payments	966	161	-	161
Short-term timing differences	231	-	-	-
Total deferred tax asset	**1,197**	**161**	**-**	**161**
Net deferred tax asset/(liability)	**574**	**(386)**	**-**	**161**

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 £'000s	Intangible assets £'000s	Share-based payments £'000s	Short-term timing differences £'000s	**Total £'000s**
At 31 December 2019	(57)	(481)	-	-	(538)
Acquisition of business	(7)	(142)	-	-	(149)
Credited to equity	-	-	152	-	152
Credited to profit and loss	-	140	9	-	149
At 31 December 2020	(64)	(483)	161	-	(386)
Acquisition of business	(2)	(214)	-	-	(216)
Credited to equity	-	-	670	-	670
Credited to profit and loss	14	126	135	231	506
At 31 December 2021	**(52)**	**(571)**	**966**	**231**	**574**

10. ORDINARY DIVIDENDS

No interim Ordinary share dividends were paid in relation to FY 20 or FY 21. The Company paid a final Ordinary share dividend in respect of FY 20 of 2.2 pence per Ordinary share on 13th August 2021.

The Directors are proposing a final Ordinary share dividend in respect of FY 21. Please refer to post balance sheet events note 28 for final Ordinary share dividend proposed.

11. 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:

	FY 21	FY 20
Basic and Diluted EPS		
Profit attributable to the Ordinary equity holders of the Group used in calculating basic and diluted EPS (£'000s)	10,144	4,794
Basic earnings per Ordinary share (p)	22.04	11.73
Diluted earnings per Ordinary share (p)	20.01	10.75

	FY 21	FY 20
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) (£'000s)	12,262	6,834
Adjusted basic earnings per Ordinary share (p)	26.64	16.72
Adjusted diluted earnings per Ordinary share (p)	24.19	15.32

	FY 21 Number	FY 20 Number
Weighted average number of shares		
Weighted average number of Ordinary shares used as the denominator in calculating non-adjusted and adjusted basic EPS	46,031,070	40,871,621
Number of dilutive shares	4,655,445	3,746,287
Weighted average number of Ordinary shares used as the denominator in calculating non-adjusted and adjusted diluted EPS	50,686,515	44,617,908

12. EMPLOYEES AND DIRECTORS

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

Group	**FY 21 Number**	FY 20 Number
Directors, management and partners	25	18
Provision of services	180	92
Administration	20	12
	225	**122**

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	**FY 21 £'000s**	FY 20 £'000s
Wages and salaries	22,085	12,867
Social security costs	2,748	1,724
Pension costs	453	251
Share-based payment charge	1,152	47
	26,438	**14,889**

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 £453,023 for FY 21 (FY 20: £251,467). Contributions amounting to £55,897 (FY 20: £36,162) were payable to the fund as at 31st December 2021 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**	
	FY 21 £'000s	FY 20 £'000s	**FY 21 £'000s**	FY 20 £'000s
Aggregate emoluments including short term employee benefits	4,773	4,095	144	72
	4,773	**4,095**	**144**	**72**

The share-based payment charge in respect of key management personnel was £162,640 (FY 20: Nil).

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

13. GOODWILL AND INTANGIBLE FIXED ASSETS

Group	Goodwill £'000s	Trademarks £'000s	Customer relationships £'000s	**Total £'000s**
Cost				
At 31 December 2019	43,299	7,135	-	50,434
Acquisition of business	2,856	-	748	3,604
At 31 December 2020	46,155	7,135	748	54,038
Acquisition of business (note 14)	5,257	-	1,126	6,383
At 31 December 2021	**51,412**	**7,135**	**1,874**	**60,421**
Amortisation				
At 31 December 2019	-	(1,110)	-	(1,110)
Charge for the period	-	(1,728)	(12)	(1,740)
At 31 December 2020	-	(2,838)	(12)	(2,850)
Charge for the year	-	(1,233)	(145)	(1,378)
At 31 December 2021	**-**	**(4,071)**	**(157)**	**(4,228)**
Net book value				
At 31 December 2020	46,155	4,297	736	51,188
At 31 December 2021	**51,412**	**3,064**	**1,717**	**56,193**

The Company has no intangible assets.

Goodwill

Goodwill arising on the acquisition of a business in FY 20 relates to the acquisition of Coast Digital on 28th October 2020.

Goodwill arising on the acquisition of a business in FY 21 relates to the acquisition of Retearn 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 14).

Goodwill impairment review

The breakdown of goodwill by acquisition is listed below:

Group	**FY 21 £'000s**	FY 20 £'000s
Elixirr Consulting Limited	43,299	43,299
Coast Digital Limited	2,856	2,856
The Retearn Group Limited	5,257	-
	51,412	**46,155**

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, Coast Digital and Retearn 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 Elixirr Consulting Limited, Coast Digital or Retearn using the value in use calculation.

Number of years of cash flows used and budgeted growth rate

The recoverable amount of the 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 and Retearn. 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		The Retearn Group Limited	
	FY 21 £'000s	FY 20 £'000s	**FY 21 £'000s**	FY 20 £'000s	**FY 21 £'000s**	FY 20 £'000s
On current cash flow projections, the discount rate would need to exceed the % alongside for there to be any impairment; and	27.1%	26.0%	33.9%	25.1%	24.6%	-
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.	23.6%	15.6%	29.9%	22.0%	23.4%	-

Customer relationships

FY 20 additions represent the fair value of customer relationships from the acquisition of Coast Digital.

FY 21 additions represent the fair value of customer relationships from the acquisition of Retearn. Refer to note 14 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 for Coast Digital and 11 years for Retearn 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.

14. BUSINESS COMBINATIONS

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

The acquisition brings specialists in self-funded transformation, and allows the Group to meet demand from clients to find savings to fund strategic initiatives.

The Group acquired Retearn for a total consideration of approximately £7.4 million, consisting of:

- An initial cash consideration of £2.15 million;
- The issue of 543,939 Ordinary shares of 0.005 pence each in the capital of the Company ("Ordinary shares") at a price of 396 pence per Ordinary share (being the closing mid-market price of an Ordinary Share on 8th April 2021), equating to an additional £2.15 million;
- Potential earn-out payments of up to £0.73 million in cash and up to £1.96 million in Ordinary shares totalling a maximum of £2.7 million which are contingent on Retearn achieving revenue growth and EBITDA margin targets in periods up to 30th June 2024;
- An additional surplus cash consideration of £0.4 million based on the working capital of Retearn at completion.

Of the £7.4 million consideration, £2.89 million was paid in cash during the year, £2.15 million was satisfied through the issue of new Ordinary shares and £0.56 million was satisfied through shares sold from the EBT. The remaining £1.4 million is recorded within liabilities, of which £0.23 million is recorded within current liabilities and £1.17 million in non-current liabilities (refer to note 21). The remaining earn out consideration of £1.4 million has been estimated by management based on anticipated future revenue growth and EBITDA and the impact of discounting is considered to be immaterial.

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

Included within exceptional items is an amount of £139,633 for stamp duty, legal and advisory fees in relation to the acquisition. Retearn contributed £5.89 million to the Group's revenue and £1.22 million to the Group's profit before tax for the period from the date of acquisition to 31st December 2021. If the acquisition of Retearn had been completed on 1st January 2021, Group revenues for FY 21 would have been £52.62 million and Group profit before tax would have been £12.48 million.

In calculating the goodwill arising, the fair value of the net assets of Retearn 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. Customer relationships were assessed to be separately identifiable assets, recognised at fair value and are included within intangible assets below. Refer to note 13 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 Retearn:

	Fair value £'000s
Assets	
Non-current assets	
Intangible assets	1,126
Property, plant and equipment	14
Total non-current assets	**1,140**
Current assets	
Trade and other receivables	1,407
Cash and cash equivalents	681
Total current assets	**2,088**
Total assets	**3,228**
Liabilities	
Current liabilities	
Trade and other payables	754
Corporation tax	155
Loans and borrowings	-
Total current liabilities	**909**
Non-current liabilities	
Loans and borrowings	-
Deferred tax liability	215
Other non-current liabilities	-
Total non-current liabilities	**215**
Total liabilities	**1,125**
Fair value of net assets acquired	2,104
Goodwill (note 13)	**5,257**
Fair value of purchase consideration	7,361
Cash and cash equivalents in subsidiaries acquired	681

15. PROPERTY, PLANT AND EQUIPMENT

Group	Right of use asset £'000s	Furniture and Fittings £'000s	Leasehold Improvements £'000s	Computer Equipment £'000s	**Total £'000s**
Cost					
At 31 December 2019	5,918	65	499	58	6,540
Acquisition of business	-	7	-	25	32
Disposals	-	-	(5)	(2)	(7)
Additions	-	-	11	27	38
At 31 December 2020	5,918	72	505	108	6,603
Acquisition of business (note 14)	-	-	-	14	14
Disposals	-	-	-	(15)	(15)
Additions	509	17	-	81	607
At 31 December 2021	**6,427**	**89**	**505**	**188**	**7,209**
Depreciation					
At 31 December 2019	(263)	(25)	(29)	(18)	(335)
Disposals	-	-	5	2	7
Charge for the year	(526)	(38)	(125)	(41)	(730)
At 31 December 2020	(789)	(63)	(149)	(57)	(1,058)
Disposals	-	-	-	15	15
Charge for the year	(532)	(7)	(76)	(55)	(670)
At 31 December 2021	**(1,321)**	**(70)**	**(225)**	**(97)**	**(1,713)**
Net book value					
At 31 December 2020	5,129	9	356	51	5,545
At 31 December 2021	**5,106**	**19**	**280**	**91**	**5,496**

The Company has no property, plant and equipment.

The lease liability in respect of the right-of-use asset was £5,245,110 (FY 20: £5,285,741) and relates to property leases.

16. INVESTMENTS

Company	Group companies £'000s
Cost/carrying value	
At 31 December 2019	50,000
Acquisition of business	5,156
At 31 December 2020	55,156
Acquisition of business	7,499
Group companies share-based payments	1,152
At 31 December 2021	**63,807**

The Group has no investments.

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

Subsidiary undertakings	**Country of incorporation**	**Principal activity**	**Registered office**	**FY 21**	FY 20
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%
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%	100%
The Retearn Group Limited	England and Wales	Consultancy	12 Helmet Row, London, EC1V 3QJ	100%	-

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

** Elix-IRR Consulting Services Limited and Elixirr Creative Limited applied to be struck off the Companies House register on 23rd December 2021 and were dissolved on 22nd March 2022.

17. RECEIVABLES

	Group		Company	
	FY 21 £'000s	FY 20 £'000s	**FY 21 £'000s**	FY 20 £'000s
Non-current assets				
Loans to shareholders	3,991	7,784	3,991	6,672
Other receivables	1,535	596	1,104	-
	5,526	**8,380**	**5,095**	**6,672**
Current assets				
Trade receivables	6,432	3,790	-	-
Less: allowance for doubtful debts	-	(20)	-	-
Trade receivables - net	6,432	3,770	-	-
Prepayments and deposits	487	373	18	22
Contract assets	12	39	-	-
Amounts owed by group companies	-	-	1,908	2,975
Other receivables	33	38	2	3
	6,963	**4,220**	**1,928**	**3,000**

The Company was due £1,907,873 as at 31st December 2021 from Elixirr Consulting Limited for management charges net of costs incurred by Elixirr Consulting Limited on behalf of the Company. 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 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 year.

Loans to shareholders represent amounts owed to the Company in FY 21, and amounts owed to the Company and Elixirr Consulting Limited in FY 20 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 nil (FY 20: £20,416).

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, please refer to note 26.

The ageing of trade receivables of the Group as at 31st December 2021:

Group	Gross carrying amount £'000s	Loss allowance £'000s	Net carrying amount £'000s
< 31 days	4,599	-	4,599
31-60 days	1,299	-	1,299
61-90 days	444	-	444
91-120 days	90	-	90
121+ days	-	-	-
At 31 December 2021	**6,432**	**-**	**6,432**

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

Group	Gross carrying amount £'000s	Loss allowance £'000s	Net carrying amount £'000s
< 31 days	2,201	-	2,201
31-60 days	1,318	-	1,318
61-90 days	225	-	225
91-120 days	26	-	26
121+ days	20	(20)	-
At 31 December 2020	**3,790**	**(20)**	**3,770**

18. CASH AND CASH EQUIVALENTS

	Group		**Company**	
	FY 21 £'000s	FY 20 £'000s	**FY 21 £'000s**	FY 20 £'000s
Cash at bank and in hand	31,795	17,503	13,576	10,678
	31,795	**17,503**	**13,576**	**10,678**

Cash at bank includes £4,003,457 (FY 20: £6,005,550) on 95-day notice deposit and £4,003,092 (FY 20: £4,002,055) on 50% instant and 50% 32-day notice deposit which earned interest at an average of 0.45% and 0.25% respectively during the year.

19. TRADE AND OTHER PAYABLES

	Group		Company	
	FY 21 £'000s	FY 20 £'000s	**FY 21 £'000s**	FY 20 £'000s
Trade payables	825	526	32	58
Other taxes and social security costs	1,138	1,577	5	6
Accruals	8,081	4,962	97	33
Contract liabilities	2,007	935	-	-
Other payables	3	106	-	-
Amounts owed to group companies	-	-	-	306
	12,055	**8,107**	**134**	**403**

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 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 year 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.

20. LOANS AND BORROWINGS

	Group		Company	
	FY 21 £'000s	FY 20 £'000s	**FY 21 £'000s**	FY 20 £'000s
Current liabilities				
Right of use lease liability	485	448	-	-
	485	**448**	**-**	**-**
Non-current liabilities				
Right of use lease liability	4,760	4,837	-	-
	4,760	**4,837**	**-**	**-**

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

Group	Right of use lease liability £'000s
At 31 December 2019	5,908
Interest payable	262
Repayment of lease liabilities	(885)
At 31 December 2020	5,285
Additions	407
Interest payable	246
Repayment of lease liabilities	(694)
At 31 December 2021	**5,245**

The additions in FY 21 relate to a new property lease entered into by Coast Digital.

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:

	FY 21 £'000s	FY 20 £'000s
Lease liability less than one year	727	694
Lease liability greater than one year and less than five years	3,031	2,775
Lease liability greater than five years	2,632	3,122
Total liability	6,390	6,591
Finance charges included above	(1,145)	(1,306)
	5,245	**5,285**

21. OTHER CREDITORS AND OTHER NON-CURRENT LIABILITIES

	Group		Company	
	FY 21 £'000s	FY 20 £'000s	**FY 21 £'000s**	FY 20 £'000s
Other creditors				
Contingent consideration	436	612	436	612
	436	**612**	**436**	**612**
Other non-current liabilities				
Dilapidations	250	195	-	-
Contingent consideration	1,370	406	1,370	406
	1,620	**601**	**1,370**	**406**

Other creditors and other non-current liabilities include earn-out payments which are contingent on performance and arose from the acquisition of Retearn and Coast Digital.

Other non-current liability payments fall due beyond 12 months from the reporting date.

22. SHARE CAPITAL, SHARE PREMIUM AND MERGER RELIEF RESERVE

	FY 21			
Group and Company	Issued shares Number	Par value £	Merger relief reserve £'000s	Share premium £'000s
£0.00005 Ordinary shares	46,186,481	2,309	46,870	24,952
£1 Redeemable Preference shares	50,001	50,001	-	-
	46,236,482	**52,310**	**46,870**	**24,952**

	FY 20			
Group and Company	Issued shares Number	Par value £	Merger relief reserve £'000s	Share premium £'000s
£0.00005 Ordinary shares	45,642,542	2,282	46,870	19,729
£1 Redeemable Preference shares	50,001	50,001	-	-
	45,692,543	**52,283**	**46,870**	**19,729**

The total number of voting rights in the Company at 31st December 2021 was 46,186,481 (FY 20: 45,642,542).

In FY 20 there was some restructuring of share classes. Different classes of shares (Class A Ordinary shares, Class B Ordinary shares, Class B Founder Ordinary shares, Class C Ordinary shares, Deferred shares and Non-redeemable Preference shares) were in existence during FY 20, but these were re-designated or bought back and cancelled during FY 20 and there were none in issue at 31st December 2020 or 31st December 2021. Please refer to FY 20 annual financial statements for further information regarding the restructuring of these share classes.

Initial Public Offering and Listing

In FY 20 the Admission Document for the Company's 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 £18.2m (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:

Group and Company	Issued shares Number	Par value £	Merger relief reserve £'000s	Share premium £'000s
At 31 December 2019	-	-	-	-
Redesignation/conversion	35,981,200	1,799	46,870	23
IPO share issue, net of transaction costs	9,216,590	461	-	18,583
Share issue as consideration for a business combination	444,752	22	-	1,123
At 31 December 2020	45,642,542	2,282	46,870	19,729
Share issue as consideration for a business combination (note 14)	543,939	27	-	2,154
Sale of Ordinary shares from the EBT	-	-	-	3,069
At 31 December 2021	**46,186,481**	**2,309**	**46,870**	**24,952**

Redeemable Preference shares

On 22nd June 2020, 50,001 Redeemable Preference shares with a nominal value of £1.00 each were issued. 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 in FY 20 and are 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:

Group and Company	Issued shares Number	Par value £	Merger relief reserve £'000s	Share premium £'000s
At 31 December 2019	-	-	-	-
Reclassified from loans and borrowings	50,001	50,001	-	-
At 31 December 2020 and 31 December 2021	**50,001**	**50,001**	**-**	**-**

23. 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:

		FY 21	
Group and Company	Shares held in EBT Number	Weighted average cost £	Total cost £'000s
Ordinary shares	547,225	3.92	2,143
Redeemable Preference shares	50,001	1.01	50
	597,226		**2,193**

		FY 20	
Group and Company	Shares held in EBT Number	Weighted average cost £	Total cost £'000s
Ordinary shares	704,667	1.70	1,198
Redeemable Preference shares	50,001	1.01	50
	754,668		**1,248**

24. SHARE-BASED PAYMENTS

Share Option Plans

During FY 21, a total of 7,700,430 (FY 20: 6,519,000) share options were granted to employees and senior management.

Details of share option awards made are as follows:

	Number of share options	Weighted average exercise price
Outstanding at the beginning of the year	5,836,200	0.71
Granted during the year	7,700,430	4.52
Forfeited during the year	(2,197,574)	2.88
Outstanding at the year end	**11,339,056**	**2.87**
Exercisable at the year end	**-**	**-**

No share options were exercisable in the year.

The options outstanding as at 31st December 2021 had a weighted average remaining contractual life of 4 years (FY 20: 4 years) and a weighted average exercise price of £2.87 (FY 20: £0.71) per share. The weighted average of the estimated fair values of the options outstanding as at 31st December 2021 is £2.95 (FY 20: £2.45) per share.

The options were fair valued at the grant date using the Black Scholes option valuation model. The inputs into the model were as follows:

	FY 21	FY 20
Weighted average share price at grant date (£)	5.07	0.68
Weighted average exercise price (£)	4.52	0.68
Volatility (%)	21.69%	15.00%
Weighted average vesting period (years)	5	5
Risk free rate (%)	0.34%	0.05%
Expected dividend yield (%)	1.14%	1.50%

Reasonable changes in the above inputs do not have a material impact on the share-based payment charge in FY 21.

On 28th October 2020, in conjunction with the acquisition of Coast Digital, share options were issued to certain management of Coast Digital. These options are employment-linked and vesting is contingent on Coast Digital achieving EBITDA targets in FY 21, FY 22 and FY 23. The options have a fair value of £1.1 million and was determined using the share price at the date of grant of £2.50. The Coast Digital options outstanding at 31st December 2021 had a weighted average remaining contractual life of 2.5 years and a weighted average exercise price of £0.00005 per share.

On 12th April 2021, in conjunction with the acquisition of Retearn (refer to note 14), share options were issued to selling shareholders. These options are employment-linked and vesting is contingent on Retearn and individual selling shareholders achieving revenue growth targets in FY 21, FY 22, FY 23 and FY 24. The options have a fair value of £1.3 million and were issued at 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 £4.70. The options outstanding at 31st December 2021 had a weighted average remaining contractual life of 2.5 years and a weighted average exercise price of £0.00005 per share.

The Coast Digital and Retearn share options referred to above are excluded from the reconciliation set out above of the number of options outstanding. The share options are for a fixed monetary consideration where the number of share options is variable and determined with reference to the share price at the date of vesting.

Employee Share Purchase Plan ('ESPP')

On 16th June 2021, an ESPP was implemented for FY 21. Under the scheme all of the employees of the Group (excluding Partners) are eligible to contribute a percentage of their gross salary (5% - 20%) to purchase shares in the Company and the Company awarded the employees with matching shares on the basis of one matching share for every one employee share held on 1st January 2022. The matching shares vest equally over a 5 year period with the first share vesting on 31st January 2023.

25. CASH FLOW INFORMATION

Cash generated from operations:

	Group		**Company**	
	FY 21 £'000s	FY 20 £'000s	**FY 21 £'000s**	FY 20 £'000s
Profit before taxation	12,166	5,818	4,051	9,450
Adjustments for:				
Depreciation and amortisation	2,048	2,471	-	-
Net finance expense/(income)	217	660	(20)	8
Share-based payments	1,152	47	-	47
(Increase)/decrease in trade and other receivables	(1,336)	1,558	531	(2,474)
Increase/(decrease) in trade and other payables	2,625	2,712	(295)	96
Foreign exchange	(16)	44	(2)	-
	16,856	**13,309**	**4,265**	**7,127**

Reconciliation of liabilities from financing activities:

Group	Borrowings £'000s	Non-redeemable Preference Shares £'000s	Leases £'000s	**Total £'000s**
At 31 December 2019	1,625	6,631	5,908	14,164
Cash flows	(1,656)	(518)	(885)	(3,059)
Other changes	31	(6,113)	262	(5,820)
Balance at 31 December 2020	-	-	5,285	5,285
Cash flows	-	-	(694)	(694)
Other changes	-	-	654	654
Balance at 31 December 2021	-	-	5,245	**5,245**

Company	Borrowings £'000s	Non-redeemable Preference Shares £'000s	**Total £'000s**
At 31 December 2019	-	6,631	6,631
Cash flows	(20)	(518)	(538)
Other changes	20	(6,113)	(6,093)
Balance at 31 December 2020 and at 31 December 2021	-	-	-

Other changes in FY 21 include non-cash movements, including accrued interest expense and an additional property lease. Other changes in FY 20 include non-cash movements, including accrued interest expense and Non-redeemable Preference Shares treated as a financial liability.

26. 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**	
	FY 21 £'000s	FY 20 £'000s	**FY 21 £'000s**	FY 20 £'000s
Financial assets				
Financial assets that are debt instruments measured at amortised cost	43,795	29,726	20,579	20,325
Financial liabilities				
Financial liabilities measured at amortised cost	16,162	11,815	129	398
Financial liabilities at fair value through profit and loss	1,806	406	1,806	406

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 arising on acquisitions.

The Group is exposed to a variety of financial risks through its use of financial instruments which result from its operating activities. All of 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**	
	FY 21 £'000s	FY 20 £'000s	**FY 21 £'000s**	FY 20 £'000s
Trade receivables	6,432	3,770	-	-
Contract assets	12	39	-	-
Other receivables	5,557	8,414	7,001	9,647
Cash and cash equivalents	31,795	17,503	13,576	10,678
	43,796	**29,726**	**20,577**	**20,325**

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 profit of trade receivables is monitored regularly by management. Any debtors over 30 days are reviewed by the entire management group 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 2021:

	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	825	-	-	-	-	825	825
Lease liabilities	347	380	761	2,270	2,632	6,390	5,245
Financial liabilities at fair value through profit and loss	436	-	670	700	-	1,806	1,806
	1,608	**380**	**1,431**	**2,970**	**2,632**	**9,021**	**7,876**

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	526	-	-	-	-	526	526
Lease liabilities	347	347	1,388	3,469	1,735	7,286	5,286
Financial liabilities at fair value through profit and loss	-	203	203	-	-	406	406
	872	**550**	**1,591**	**3,469**	**1,735**	**8,218**	**6,218**

Interest rate risk

As at 31st December 2021 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.

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 an immaterial impact on the profit before tax and equity of the Group.

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 ensures 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:

	FY 21			FY 20		
	USD '000s	**EUR '000s**	**ZAR '000s**	USD '000s	EUR '000s	ZAR '000s
Cash & cash equivalents	11,900	2	1,739	2,630	175	-
Trade receivables	1,450	101	-	-	-	-
Trade payables	(5)	(5)	(63)	-	-	-

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.

	FY 21 £'000s	FY 20 £'000s
10% weakening of functional currency	925	208
10% strengthening of functional currency	(925)	(208)

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 £86.0 million as at 31st December 2021 (FY 20: £70.7 million)

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.

27. 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 12 for key management personnel compensation disclosures. The Directors' Report contains details of Board remuneration.

On 27th April 2021 a total of 604,524 options over Ordinary shares were granted to Directors and PDMRs of the Company at an exercise price of 545 pence. The options have a five year vesting period.

On 12th May 2021 certain Directors and PDMRs of the Company sold 457,515 shares at a price of 500 pence in order to satisfy strong institutional demand. Each of the selling shareholders applied the proceeds to satisfy in part or in full the loans provided to them by the Group to acquire Ordinary shares prior to the Company's IPO.

On 13th October 2021 certain Directors and PDMRs of the Company sold 553,643 shares at a price of 630 pence in order to satisfy strong institutional demand. Each of the selling shareholders with a loan balance outstanding to the Company applied the proceeds to satisfy in part or in full the loans provided to them by the Company to acquire Ordinary shares prior to the Company's IPO.

In FY 20, 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 as at 31st December 2020. The outstanding liability was settled with Elixirr Partners LLP in FY 21.

Gavin Patterson, independent non-executive chairman of the Board, provided consulting services to the Company totalling £25,000 (FY 20: £45,021) in FY 21.

In FY 20, travel and marketing costs include the hire of an aeroplane from Aviation E LLP, Stephen Newton a member of the Board is a member of Aviation E LLP. The total expense incurred was £19,845 with £6,696 outstanding as at 31st December 2020. In FY 21 the £6,696 owing to Aviation E LLP was settled.

In FY 20 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. The loans were repaid along with repayment of the opening balance during FY 21. A reconciliation of the loans to key management personnel is shown below:

	£'000s
At 31 December 2019	170
Loans advanced	6,230
Loan repayments	(2,544)
At 31 December 2020	3,856
Loan repayments	(3,856)
At 31 December 2021	**-**

Company related party transactions are disclosed in notes 17 and 19.

28. EVENTS AFTER THE REPORTING DATE

On 17th March 2022, the Group acquired 100% of the share capital and voting interests of iOLAP Inc. ('iOLAP'), a US-headquartered technology and data firm. The acquisition brings specialist data and analytics capabilities, including artificial intelligence (AI) and machine learning (ML), into the Group where there is existing demand for these services.

The Group acquired iOLAP for a maximum consideration payable of US$40.0 million (£30.4 million). The consideration consists of:

- An initial cash consideration of US$25.2 million (£19.2 million);
- Potential earn out payments of up to US$14.8 million (£11.3 million) in Ordinary shares which are contingent on iOLAP achieving revenue growth and EBITDA margin targets in periods up to 31st December 2024. This consideration will be satisfied at Elixirr's option to use either one or a combination of both approaches set out below in relation to the initial consideration.

Of the US$25.2 million (£19.2 million) initial cash consideration, US$14.0 million (£10.6 million) was paid to the selling shareholders free of restrictions. The remaining balance of US$11.2 million (£8.5 million) is subject to a contractual commitment to use the after-tax amount (US$8.5 million) to purchase Ordinary shares in Elixirr at a price per share of £6.425 by 29th April 2022. The Ordinary shares will be purchased, at Elixirr's option, either from the EBT, subject to sufficient available supply, or otherwise by way of a subscription for new Ordinary shares from Elixirr, or a combination of both. The balance of this element of the cash consideration (US$2.7 million) was paid to the sellers to settle their tax obligations relating to it.

The Ordinary shares purchased pursuant to the acquisition will be subject to a one-year lock-in arrangement and limitations on the Ordinary shares that each seller can sell in each of the following three years.

As part of the transaction, iOLAP's largest shareholder has agreed to sign up to a bonus and commitment agreement through which he will share a portion of the value of his consideration to a further six senior leaders in the firm. The sellers have also agreed to three-year restrictive covenant agreements.

If the acquisition of iOLAP had been completed on 1st January 2021, Group revenues for the period would have been £66.8 million and Group profit before tax would have been £14.9 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 iOLAP has not be made given the limited amount of time available between the acquisition date and the date this annual report was authorised for issue.

On 3rd March 2022, Elixirr Inc. was incorporated in Delaware as a direct subsidiary of Elixirr International Plc. Elixirr Inc. was used as the acquisition vehicle for iOLAP.

The Directors are proposing a final Ordinary dividend in respect of the financial year ended 31st December 2021 of 4.1 pence per share.

As at 1st April 2022, in accordance with the Financial Conduct Authority's Disclosure and Transparency Rules, the Company continues to have 46,186,481 Ordinary shares in issue, of which none are held in Treasury.

The total number of voting rights in the Company is 46,186,481. This figure of 46,186,481 may be used by shareholders in the Company as the denominator for the calculations by which they will determine if they are required to notify their interest in, or a change in their interest in, the share capital of the Company under the FCA's Disclosure and Transparency Rules.

29. RESERVES

Share capital

Share capital represents the nominal value of share capital subscribed.

Share premium

The share premium account is used to record the aggregate amount or value of premiums paid when the Company's shares are issued at a premium, net of associated share issue costs.

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 ("EBT").

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.

30. ULTIMATE CONTROLLING PARTY

There is no ultimate controlling party as at 31st December 2021.

ELIXIRR,
100 CHEAPSIDE,
LONDON EC2V 6DT

ELIXIRR

The Challenger Consultancy

ELIXIRR.COM/INVESTORS