RNS Number : 1349F
Elixirr International PLC
23 September 2024

Elixirr International plc

("Elixirr", the "Company" or the "Group")

RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2024

Record first half revenue performance with expectations unchanged for FY 24

Elixirr International plc (AIM:ELIX), an established, global award-winning, challenger consultancy, is pleased to report its unaudited interim results for the six months ended 30 June 2024 (H1 24). Comparative results are presented for the six months ended 30 June 2023 (H1 23).

Financial Highlights

- 28% increase in revenue compared to H1 23, with revenue totalling £53.0m (H1 23: £41.6m) and Group record revenue in four of the six months in the period
- Organic revenue growth of 14% compared to H1 23
- 23% increase in adjusted EBITDA [1] compared to H1 23, totalling £15.1m, with an adjusted EBITDA margin of 29%, at the top-end of the guidance range [2]
- 22% increase in profit before tax, totalling £12.0m (H1 23: £9.9m)
- 16% increase in adjusted diluted EPS [1] compared to H1 23
- Strong period-end balance sheet, with net cash of £22.1m (H1 23: £19.5m) [3]

	H1 24	H1 23	Change
Revenue	**£53.0m**	£41.6m	+28%
Adjusted EBITDA [1]	**£15.1m**	£12.3m	+23%
Adjusted EBITDA margin	**29%**	30%	-1pp
Profit before tax	**£12.0m**	£9.9m	+22%
Adjusted diluted EPS [1]	**21.5p**	18.5p	+16%

[1] 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 note 2 of the Group's interim condensed consolidated financial statements.

[2] Guidance range of 27-29% for FY 24.

[3] No debt other than office leases capitalised under IFRS16, which are not included in the definition of net cash.

Operating Highlights

- H1 24 saw us progress our strong growth trajectory as a business and continue to outperform the wider consulting market.
- There has been continued growth across each pillar of our four-pillar strategy which highlights the increasing demand for our broad suite of services across the Group.
- Creation of additional value from our previous acquisitions, with £8m+ cross-sell revenue having been achieved in H1 24 - 82% growth on the cross-sell revenue generated in H1 23.
- One new UK Partner hired in H1 24 with experience founding, scaling and exiting multiple businesses. Two new Partners have joined us since the end of the period - one to build out our cybersecurity practice, and the second to enhance our financial services expertise. One Partner promotion took effect at the beginning of the year, marking the firm's first Partner promotion from within an acquired business. This underscores Elixirr's ongoing integration of acquired companies and demonstrates our commitment to developing talent across the Group.
- Following these investments in our Partner team, we have still delivered average revenue per client-facing Partner of £2.09m in H1 24 (+2% increase compared to H1 23).
- Increase in number of £1m+ clients from 18 in H1 23 to 22 in H1 24[1], demonstrating our ability to deepen and maintain relationships with clients.
- Bringing on 30+ new clients across the Elixirr Group through our improving brand visibility and networks.
- The first vest of options for longstanding employees that were in the business pre-IPO occurred in July 2024 - highlighting the value of Elixirr's equity incentive schemes for our team without any dilution of existing shareholders. The holders of 97% of the options chose to continue to hold their equity rather than sell.
- Recognised for the first time on the World's Best Management Consulting Firms 2024 list by Forbes, demonstrating our growing reputation and brand value.

[1] On a 12-month trailing basis.

Current Trading and Outlook

Our strong momentum has continued into the start of the second half and our expectations for the full year remain unchanged. The Board continues to expect to report revenue within the guidance range of £104-110m and profitability remains strong - full year EBITDA margin is expected to be within the 27-29% guidance range.

Commenting on the results, Stephen Newton, Chief Executive Officer said:

"We do things differently at Elixirr and our performance in the first half of the year further proves that our strategy and model is working. I am so proud of our talented team who continue to help our clients tackle the toughest boardroom issues in new ways. I would also like to thank our clients, both old and new, for trusting in us as partners in their journey to building more innovative businesses worldwide.

Alongside our exceptional results, I am delighted that earlier this year the first tranche of pre-IPO options became exercisable for some of our team, which we satisfied through the EBT rather than diluting our shareholders. They are the first group of employees to realise the benefit of our collective work in profitably growing the firm over the last 4 years. Shared ownership is key to Elixirr's entrepreneurial culture, and I am particularly delighted by this milestone. Additionally, for the first time, Elixirr has recently been recognised on the World's Best Management Consulting Firms 2024 list by Forbes. This is based on our performance within 13 industries, including healthcare, banking and technology, as well as 14 functional consulting areas such as strategy and digital transformation. Such recognition further validates our progress so far and reinforces that Elixirr is firmly on the journey to becoming the best consulting firm in the world.

We expect this strong performance to continue for the rest of the year."

Enquiries:

For enquiries, please refer to our Investor Contacts page:

https://www.elixirr.com/investors/investor-contacts

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Notes to editors

Elixirr is an award-winning global consulting firm working with clients across a diverse range of industries, markets and geographies.

Founded in 2009, the firm set out to be the 'challenger consultancy' and do things differently than the large corporate consultancies dominating the industry: working openly and collaboratively with clients from start to finish, delivering outcomes based on innovative thinking, not methodology, and treating each client's business like their own. Elixirr has been quoted on the AIM market of the London Stock Exchange since 2020. In addition to strong organic growth, Elixirr has acquired six boutique firms - Den Creative, Coast Digital, The Reteam Group, iOLAP, Responsum and Insigniam - to grow the Group's capabilities, diversity the business, expand into new geographies and access new clients.

This announcement contains inside information for the purposes of Article 7 of the Market Abuse Regulation (EU) 596/2014 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 ("MAR"), and is disclosed in accordance with the company's obligations under Article 17 of MAR.

Disclaimer

This announcement contains certain statements that are, or may be, forward looking statements with respect to the financial condition, results of operations, business achievements and/or investment strategy of the Company. Such forward looking statements are based on the Board's expectations of external conditions and events, current business strategy, plans and the other objectives of management for future operations, and estimates and projections of the Company's financial performance. Though the Board believes these expectations to be reasonable at the date of this document they may prove to be erroneous. Forward looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, achievements or performance of the Group, or the industry in which the Group operates, to be materially different from any future results, achievements or performance expressed or implied by such forward looking statements.

INTERIM MANAGEMENT REPORT

Financial Performance Review

	H1 24	H1 23	Change
Revenue	**£53.0m**	**£41.6m**	+28%
Gross profit	**£17.4m**	**£14.3m**	+21%
Adjusted EBITDA [1]	**£15.1m**	**£12.3m**	+23%
Adjusted EBITDA margin	**29%**	**30%**	-1pp
Profit before tax	**£12.0m**	**£9.9m**	+22%
Adjusted diluted EPS [1]	**21.5p**	**18.5p**	+16%
Net cash [2]	**£22.1m**	**£19.5m**	+14%

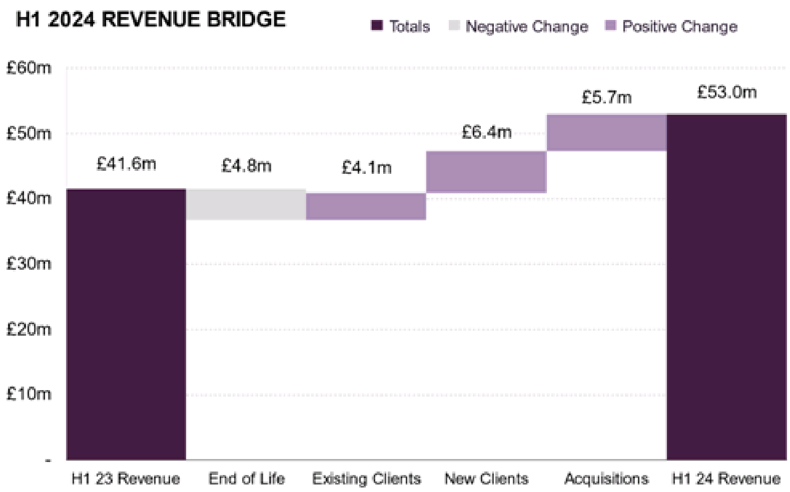
[1] In order to provide better clarity to the underlying performance of the Group, Elixirr uses adjusted EBITDA and adjusted earnings per share as alternative performance measures ("APMs"). Please refer to note 2 of the Group's interim condensed consolidated financial statements.

[2] No debt other than office leases capitalised under IFRS16, which are not included in the definition of net cash.

The Board is pleased to report that the Group delivered a strong performance in H1 24, with continued growth in revenue and adjusted EBITDA, in line with our ambition to build the best digital, data, AI and strategy consultancy in the world. We have continued to deliver a broad range of exceptional services to our client base, leveraging the acquisitions made and Partners hired and promoted in FY 23.

During H1 24, Group revenue increased to £53.0m with four record revenue months. This represents 28% absolute revenue growth compared to H1 23. Organic revenue growth was 14%, with £4.1m growth from expanding existing client accounts. Growth from new clients has increased significantly from £4.3m in H1 23 to £6.4m in H1 24. The growth in new and existing clients is testament to our growing brand reputation and ability to win new work, expanding key accounts whilst maintaining high client retention and utilising the networks of our new Partners hired from the market and those who joined us through acquisitions.

The following revenue bridge displays the elements of the growth in revenue from £41.6m in H1 23 to £53.0m in H1 24.



The Group's revenue growth was accompanied by industry leading profitability. Group gross profit increased by 21% to £17.4m (H1 23: £14.3m) and was delivered at a 33% gross profit margin (H1 23: 34%).

Group adjusted EBITDA increased by 23% compared to H1 23, totalling £15.1m (H1 23: £12.3m), and maintaining our consistent track record of profitability with an adjusted EBITDA margin of 29% (H1 23: 30%), which is in line with the FY 24 guidance of 27-29% adjusted EBITDA margin.

Profit before tax increased by 22% to £12.0m (H1 23: £9.9m), with growth in EBITDA having flowed through to profit before tax.

Adjusted diluted earnings per share increased by 16% to 21.5p (H1 23: 18.5p). This increase was less than the growth in profit before tax given the higher effective tax rate during H1 24 (UK corporation tax main rate increased from 19% to 25% with effect from 1 April 2023).

The Group's net cash position increased by 14% from £19.5m at 30 June 2023 to £22.1m at 30 June 2024. The increase resulted from higher operating cash flow in H1 24 compared to H1 23, due to growth in EBITDA as well as improved working capital performance. The increase in cash generated from operating activities was partially offset by our interim dividend payment for FY 23 of £2.5m paid in February 2024.

Net assets as at 30 June 2024 totalled £122.6m (31 December 2023: £119.6m). The increase in net assets during H1 24 includes: the retained profit for the period of £3.5m (after the FY 23 final and interim dividends totalling £6.9m and partially offset by a credit for the share-based payments charge and related deferred tax of £1.5m); the sale of shares by the EBT of £0.9m less purchases of shares by the EBT of £1.6m; and foreign currency gains of £0.2m following the strengthening of the US dollar.

Operational Review

In the first half of FY 24, Elixirr leveraged its broad offering across the Group to provide exceptional services for clients, enhancing existing relationships and developing relationships with new clients:

- Scaled relationships with existing clients, growing our 'gold clients' (clients with £1m+ revenue) by 22% whilst simultaneously generating new client relationships (30+ new clients added across the Group)
- Increased cross-sell across the Group with particular focus on leveraging the networks of the Insigniam Partner team
- Transitioned to an internal model across all capabilities, aligned to industry verticals, geographies and capabilities to better support Partners selling to clients
- More than doubled revenue generated from marketing leads from H1 23 to H1 24, and increased website traffic by 32%, reflecting our growing brand
- Launched a Data and AI Academy in South Africa, aimed at helping recent graduates gain hands-on exposure to the IT industry. These programmes ensure that we continue to grow our own expert talent pool and diversify our Centre of Excellence beyond Croatia, while contributing back to the countries and communities that have helped to make Elixirr successful

During the period, we helped our clients tackle a variety of challenges, including:

- We supported the day 1 readiness for a 2 billion acquisition for a global industrials firm. Defined the plan and methodology required to manage the complex integration activities and TSA Exit of IT Services
- Implemented a Generative AI-powered dashboard and ChatBot for a US telecommunications company, increasing sales prospecting productivity by 90%+
- We supported a major nonprofit to redefine its technology operating model by designing the capabilities needed to support the organisation's broader scaling strategy. This included enhancing data and analytics, cybersecurity, business partnering, and IT risk management capabilities
- Successfully launched a new brand, website, customer portal and mobile app for a major US industrials firm, integrating everything with SAP and Salesforce to enhance the digital experience. This digital transformation used cross-brand experience from across the Elixirr Group
- We partnered with a leading global pharmaceutical company to align and strengthen the senior leadership team of their manufacturing and supply division, in preparation to drive the next phase of a new target operating model
- Redefined the data strategy and data programme for a leading global reinsurance broker, and utilised cross-brand expertise to deliver this programme of work. This included the design and implementation of multiple, innovative broking and analytics tools and business processes

Elixirr has been acknowledged in H1 24 through multiple awards and accolades, including:

- Being recognised for the first time on the World's Best Management Consulting Firms 2024 list by Forbes
- Listed as one of the UK's Leading Management Consultants 2024 by the Financial Times for our work across Data, IT & Technology, Finance, Innovation and Marketing
- Recognised again by Consultancy.UK as a Top Consulting Firm in the UK, earning platinum and gold rankings in eleven service areas, including Strategy, Digital and Data Science
- Listed again on the Global Outsourcing 100® in 2024, the annual list of the world's best outsourcing service providers and advisors compiled by the International Association of Outsourcing Professionals (IAOP®)
- Recognised as one of the fastest-growing alumni-led businesses by Longhorn 100 - an organisation promoting the entrepreneurial success of University of Texas Alumni

Growth Strategy

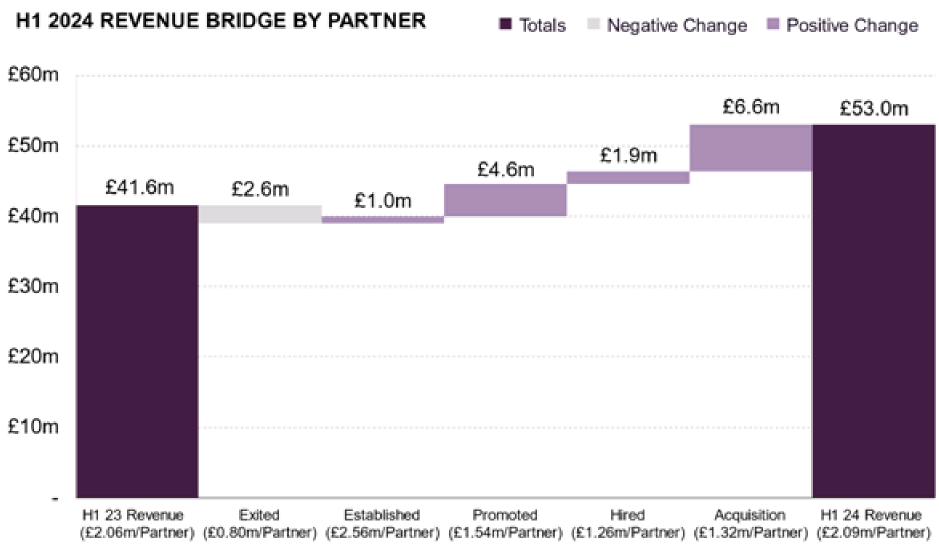
Elixirr's growth strategy remains centred around the following pillars:

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

H1 24 average revenue per client-facing Partner of £2.09m is largely consistent with H1 23 (+2% increase), as set out in the Partner revenue bridge below. This continues growth in this metric at the same time as making investments in growing the Partner team, reflecting the impact of promoted Partners becoming accountable for client revenue, and the addition of acquired Partners. This performance highlights the ability of the entire Elixirr Partner team to maintain a consistently high-quality bar across engagements.

1. Stretching our existing Partners

In H1 24, the established Partners in our firm generated average revenue of £2.56m each - this was an 18% increase on the £2.18m achieved in H1 23 and reflects the increase in Partner revenue targets for FY 24 as well as a focus on strengthening client relationships through providing more value-adding services from our acquisitions, all of which has resulted in an increase in the number of clients generating >£1.0m revenue to 22 from 18 in H1 23.



2. Promoting Partners from within

2. Promoting Partners from within

Our strategy of giving promoted Partners a 'runway' to develop their Partner-level experience continued to pay off, with the promoted Partner team achieving £4.6m revenue in H1 24.

In January 2024 Nick Larsen joined the Partner team and he is the firm's first Partner promotion from within one of our acquisitions, bringing deep technical data and analytics expertise into the leadership team. This was a significant milestone in our acquisition strategy, reflecting the successful integration of Elixirr Digital Inc (formerly iOLAP) within the Elixirr Group. In this role, based out of Elixirr's Dallas office, Nick will continue his focus on growing the Group's Amazon Web Services practice and helping clients navigate their cloud journeys.

Nick has spent his career in consulting and professional services firms and has worked with leading global organisations, running the delivery of complex, high-tech data platforms across sectors from telecom to CPG. His appointment to Partner is and will continue to be key in contributing to Elixirr's future success.

Of Elixirr's current Partner team, ten have been promoted from the Principal grade. Growing our own talent is also key to our future success, and we have remained focused on developing Principal talent during the first half of the year with two external hires and a further three Managers promoted to Principal, bringing our client-facing Principal team to 38.

3. Hiring new Partners

We have continued to progress our third growth pillar, hiring new Partners in 2024. We continually progress a pipeline of potential Partner candidates and anticipate that several new Partners will be joining us in the coming months.

Nicola Hartland joined in Q1, boasting previous experience as an entrepreneur and having founded, scaled and exited multiple businesses. Her focus is primarily on business development, and she has made excellent progress, having sourced over 50 introductions for the firm since joining the Partner team.

In addition, we continue to build a pipeline of future Partner hires in key strategic focus areas and geographies. Two new Partners have joined us since the end of the period - one to build out our cybersecurity practice, and the second to enhance our financial services expertise, facilitating further penetration into key markets. We are very excited at the impact both will have on our firm, alongside our future planned Partner hires who are in the pipeline.

4. Acquiring new businesses

Our dedicated mergers and acquisitions team screened a further 700+ targets in the first half of 2024, with several potential acquisition opportunities across the various stages of the pipeline. In H2 24 we will focus on maturing later stage opportunities that meet the Elixirr quality bar and our exacting criteria for target firms.

During H1 24 we were very pleased with the performance of both our recent acquisitions, Elixirr AI (formerly Responsum) and Insigniam. Insigniam complements the Group's existing service offerings by bringing specialist services in transformation, leadership alignment, cultural change and executive coaching to Elixirr, as well as additive industries such as healthcare, pharma and biotech. Elixirr AI provides us with cutting-edge generative AI technology, and we are seeing strong and growing demand from current and new clients for our AI strategy and execution capabilities.

Acquiring top-quality businesses remains a key priority of our growth strategy. Looking across all our acquisitions saw the creation of additional value for our clients in H1 24, with £8m+ cross-sell revenue having been achieved in the period - an 82% growth on the cross-sell revenue generated in H1 23. Through this proven growth, we will continue to add to our suite of capabilities and enhance our service offering for our clients, bringing new entrepreneurial leaders into our existing Partner team.

Outlook

The Board remains confident in the Group's outlook for FY 24. The Board continues to expect to report revenue within the guidance range of £104-110m and profitability remains strong. We also expect the full year EBITDA margin to be within the 27-29% guidance range.

Gavin Patterson	**Stephen Newton**
Chairman	Chief Executive Officer

Interim Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2024

	Note	**Six months ended 30 June 2024 Unaudited £'000s**	Six months ended 30 June 2023 Unaudited £'000s
Revenue		53,034	41,550
Cost of sales		(35,684)	(27,270)
Gross profit		**17,350**	**14,280**
Administrative expenses		(5,065)	(4,089)
Operating profit before M&A-related items		**12,285**	**10,191**
Depreciation		710	575
Amortisation of intangible assets		1,031	871
[illegible]	[illegible]	[illegible]	[illegible]

	Note		
Share-based payments	12	1,112	712
Adjusted EBITDA		**15,138**	**12,349**
M&A-related items	4	(15)	(55)
Operating profit		**12,270**	**10,136**
Net finance expense		(252)	(263)
Profit before tax		**12,018**	**9,873**
Taxation		(3,179)	(2,206)
Profit for the period		**8,839**	**7,667**
Exchange differences on translation of foreign operations		166	(1,367)
Total comprehensive income for the period		**9,005**	**6,300**
Basic earnings per Ordinary share (p)	5	18.9	16.6
Diluted earnings per Ordinary share (p)	5	17.1	15.0
Adjusted basic earnings per Ordinary share (p)	5	23.7	20.5
Adjusted diluted earnings per Ordinary share (p)	5	21.5	18.5

All results relate to continuing operations.

The attached notes form part of these interim condensed consolidated financial statements.

Interim Condensed Consolidated Statement of Financial Position

As at 30 June 2024

	Note	**As at 30 June 2024 Unaudited £'000s**	As at 31 December 2023 Audited £'000s	As at 30 June 2023 Unaudited £'000s
Assets				
Non-current assets				
Intangible assets	6	100,335	100,905	81,215
Property, plant and equipment		4,941	5,612	5,108
Other receivables	7	1,968	1,985	1,293
Loans to shareholders	7	7,316	7,604	6.094
Deferred tax asset		4,147	3,477	2,051
Total non-current assets		**118,707**	**119,583**	**95,761**
Current assets				
Trade and other receivables	7	17,839	16,686	13,838
Corporation tax		-	-	175
Cash and cash equivalents		22,148	18,130	19,494
Total current assets		**39,987**	**34,816**	**33,507**
Total assets		**158,694**	**154,399**	**129,268**
Liabilities				
Current liabilities				
Trade and other payables	8	20,481	19,056	15,440
Lease liabilities		1,197	1,150	749
Corporation tax		382	268	-
Other creditors	9	4,405	1,144	2,749
Total current liabilities		**26,465**	**21,618**	**18,938**
Non-current liabilities				
Lease liabilities		3,588	4,214	3,993
Deferred tax liability		2,132	2,000	1,406
Other non-current liabilities	9	3,940	7,005	2,963
Total non-current liabilities		**9,660**	**13,219**	**8,362**
Total liabilities		**36,125**	**34,837**	**27,300**
Net assets		**122,569**	**119,562**	**101,968**
Equity				
Share capital	10	52	52	52

Share premium	10	29,557	29,922	24,512
Capital redemption reserve		2	2	2
EBT share reserve	11	(2,001)	(1,745)	(2,384)
Merger relief reserve	10	46,870	46,870	46,870
Foreign currency translation reserve		544	378	511
Retained earnings		47,545	44,083	32,405
Total shareholders' equity		**122,569**	**119,562**	**101,968**

Interim Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2024

	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 2022 and 01 January 2023	52	25,599	2	(7,147)	46,870	1,878	28,661	**95,915**
Comprehensive income								
Profit for the period	-	-	-	-	-	-	7,667	**7,667**
Other comprehensive income	-	-	-	-	-	(1,367)	-	**(1,367)**
Transactions with owners								
Dividends	-	-	-	-	-	-	(4,940)	**(4,940)**
Share-based payments	-	-	-	-	-	-	662	**662**
Deferred tax recognised in equity	-	-	-	-	-	-	355	**355**
Sale of Ordinary shares	-	(1,087)	-	8,160	-	-	-	**7,073**
Acquisition of Ordinary shares	-	-	-	(3,397)	-	-	-	**(3,397)**
As at 30 June 2023	**52**	**24,512**	**2**	**(2,384)**	**46,870**	**511**	**32,405**	**101,968**
Comprehensive income								
Profit for the period	-	-	-	-	-	-	9,571	**9,571**
Other comprehensive income	-	-	-	-	-	(133)	-	**(133)**
Transactions with owners								
Ordinary share issues	-	5,417	-	-	-	-	-	**5,417**
Share-based payments	-	-	-	-	-	-	1,032	**1,032**
Deferred tax recognised in equity	-	-	-	-	-	-	1,075	**1,075**
Sale of Ordinary shares	-	(7)	-	1,162	-	-	-	**1,155**
Acquisition of Ordinary shares	-	-	-	(523)	-	-	-	**(523)**
As at 31 December 2023 and 01 January 2024	**52**	**29,922**	**2**	**(1,745)**	**46,870**	**378**	**44,083**	**119,562**
Comprehensive income								
Profit for the period	-	-	-	-	-	-	8,839	**8,839**
Other comprehensive income	-	-	-	-	-	166	-	**166**
Transactions with owners								
Dividends	-	-	-	-	-	-	(6,907)	**(6,907)**
Share-based payments	-	-	-	-	-	-	960	**960**
Deferred tax recognised in equity	-	-	-	-	-	-	570	**570**
Sale of Ordinary shares	-	(365)	-	1,295	-	-	-	**930**
Acquisition of Ordinary shares	-	-	-	(1,551)	-	-	-	**(1,551)**
As at 30 June 2024	52	29,557	2	(2,001)	46,870	544	47,545	122,569

As at 30 June 2024	52	29,557	2	(2,001)	46,870	544	47,545	122,569

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 Employee Benefit Trust ("EBT") share reserve represents the cost of shares repurchased and held in the 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.

Interim Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2024

	Note	**Six months ended 30 June 2024 Unaudited £'000s**	Six months ended 30 June 2023 Unaudited £'000s
Cash flows from operating activities:			
Cash generated from operations	14	10,650	6,535
Taxation paid		(3,018)	(2,666)
Net cash generated from operating activities		**7,632**	**3,869**
Cash flows from investing activities:			
Purchase of property, plant and equipment		(32)	(42)
Software development costs		(132)	-
Payment for acquisition of subsidiary, net of cash acquired		(162)	(6,610)
Interest received		191	148
Net cash utilised in investing activities		**(135)**	**(6,504)**
Cash flows from financing activities:			
EBT Ordinary share purchases		(1,796)	(3,397)
EBT Ordinary share sales		1,295	7,202
Loans to shareholders		(500)	(2,000)
Loans repaid by shareholders		765	645
Ordinary share dividends paid to shareholders		(2,485)	-
Lease liability payments		(536)	(361)
Interest paid		(123)	(124)
Net cash (utilised)/generated from financing activities		**(3,380)**	**1,965**
Net increase/(decrease) in cash and cash equivalents		**4,117**	**(670)**
Cash and cash equivalents at beginning of the period		18,130	20,433
Effects of exchange rate changes on cash and cash equivalents		(99)	(269)
Cash and cash equivalents at the end of the period		**22,148**	**19,494**

Notes to the Group's Interim Condensed Consolidated Financial Statements

1. Basis of Preparation and Significant Accounting Policies

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

The consolidated financial statements were authorised for issue in accordance with a resolution of the Directors on 20 September 2024.

1.2. Basis of preparation

These interim financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting* and should be read in conjunction with the Group's last annual consolidated financial statements, as at and for the year ended 31 December 2023. They do not include all of the information required for a complete set of IFRS financial statements, however, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual financial statements.

Statutory accounts

Financial information contained in this document does not constitute statutory accounts within the meaning of section 434 of the Companies Act 2006 ("the Act").

The financial information provided for the current six-month period ended 30 June 2024 and comparative period ended 30 June 2023 is unaudited. The financial information provided for the comparative period ended 31 December 2023 was audited.

1.3. Basis of consolidation

These financial statements consolidate the financial statements of the Company and its subsidiary undertakings as at 30 June 2024.

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

These financial statements have been prepared under the historical cost convention, except as otherwise described in the accounting policies.

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 1.6.1.

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.

1.6. Material accounting policies

Please refer to the Group's last annual consolidated financial statements for full disclosure of the principal accounting policies that have been adopted in the preparation of these interim condensed consolidated financial statements. The key accounting policies that affected the Group in the period are documented below.

1.6.1. 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 period ending 30 June 2024.

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.
- 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.
- 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 Elixirr Digital Inc (formerly iOLAP), Elixirr AI Inc (formerly Responsum) and Insigniam 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 the period 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.

1.6.2. 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.

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.

Fees are normally billed on a monthly basis. 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. 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. 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.

1.6.3. 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.

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.

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 contingent consideration is settled in a variable number of shares or cash, the consideration is classified as a liability and measured at fair value through profit and loss.

1.6.4. Foreign currency translation

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

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.

1.6.5. 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	Relief from Royalty method
Customer relationships	10 - 25% reducing balance	Multi-Period Excess Earnings method
Order book	Over order term	Multi-Period Excess Earnings method

1.6.6. 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.

1.6.7. Impairments of tangible and intangible assets

At each reporting end date, the Group reviews the carrying amounts of its tangible and intangible assets (other than goodwill) 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.

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.

1.6.8. Employee benefits

Post-retirement benefits

The Group pays into defined contribution pension schemes on behalf of employees, which 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.

The Group has the obligation to pay employers' national insurance on the exercise of certain UK employee options. The Group has opted to account for the tax obligation under IFRS 2 as a cash-settled share-based payment arrangement as the amount of employers' national insurance due at the time of exercise is based on the share price of the equity instruments of the Company. The cash-settled share-based payment liability is estimated at each period end using the closing share price of the Company and the prevailing employers' national insurance rate. The number of awards expected to vest are consistent with the treatment for equity-settled share-based payments. The cost of employers' national insurance is included within share-based payments expense in the statement of comprehensive income.

Please refer to note 12 for further details.

1.6.9. Earnings per share

The Group presents basic and diluted earnings per share.

Basic EPS 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 EPS 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. Alternative Performance Measures ("APMs")

In order to provide better clarity to the underlying performance of the Group, Elixirr uses adjusted EBITDA and adjusted EPS 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 EPS 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 M&A-related items. Adjusted EPS excludes the following items from profit after tax: amortisation charges, share-based payments, non-recurring M&A-related items, M&A-related non-cash finance costs and their related tax impacts.

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

	H1 24	H1 23
	£'000s	£'000s
Profit before tax	**12,018**	**9,873**
Adjusting items:		
M&A-related items (note 4)	15	55
Amortisation of intangible assets	1,031	871

		871
Share-based payments	1,112	712
Finance cost - contingent consideration	367	293
Adjusted profit before tax	**14,543**	**11,804**
Depreciation	710	575
Net finance income (excluding contingent consideration)	(115)	(30)
Adjusted EBITDA	**15,138**	**12,349**

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

	H1 24	H1 23
	£'000s	£'000s
Adjusted profit before tax	**14,543**	**11,804**
Tax charge	(3,179)	(2,206)
Tax impact of adjusting items	(272)	(140)
Adjusted profit after tax	**11,092**	**9,458**

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 5 for further detail.

	H1 24	H1 23
	p	p
Adjusted EPS	23.7	20.5
Adjusted diluted EPS	21.5	18.5

3. Segment Reporting & Restatement

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. The Directors therefore consider that the Group has one operating segment. As such, no additional disclosure has been recorded under IFRS 8.

H1 24 revenue includes £0.4m of reimbursable expenses. H1 23 revenue and cost of sales have been restated to reclassify reimbursable expenses as revenue, which was previously reported in cost of sales. The reimbursable expenses revenue was reclassified by restating each of the affected financial statement line items for the prior period as follows:

	H1 23	Increase	H1 23 (Restated)
	£'000s	£'000s	£'000s
Statement of Comprehensive Income (extract)			
Revenue	41,139	411	41,550
Cost of Sales	(26,859)	(411)	(27,270)

4. M&A-related Items

	H1 24	H1 23
	£'000s	£'000s
M&A-related items	15	55

The M&A-related items include non-recurring costs associated with M&A activity.

5. Earnings Per Share

The Group presents non-adjusted and adjusted basic and diluted 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 and ESPP matching awards that are expected to vest (subject to performance criteria being met) and the number of shares that may be issued to satisfy contingent M&A deferred consideration.

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

	H1 24	H1 23
Basic and Diluted EPS		
Profit attributable to the Ordinary equity holders of the Group used in calculating basic and diluted EPS (£'000s)	8,839	7,667
Basic earnings per Ordinary share (p)	18.9	16.6
Diluted earnings per Ordinary share (p)	17.1	15.0

	H1 24	H1 23
Adjusted Basic and Diluted EPS		
Profit attributable to the ordinary equity holders of the Group used in calculating adjusted basic and diluted EPS (note 2) (£'000s)	11,092	9,458
Adjusted basic earnings per Ordinary share (p)	23.7	20.5
Adjusted diluted earnings per Ordinary share (p)	21.5	18.5

	H1 24	H1 23
	Number	Number
Weighted average number of shares		
Weighted average number of ordinary shares used as the denominator in calculating non-adjusted and adjusted basic EPS	46,850,312	46,186,481
Number of dilutive Ordinary shares	4,735,999	4,940,924
Weighted average number of ordinary shares used as the denominator in calculating non-adjusted and adjusted diluted EPS	51,586,311	51,127,405

6. Goodwill and Intangible Fixed Assets

	Goodwill £'000s	Trademarks £'000s	Customer Relationships £'000s	Order Book £'000s	Software £'000s	**Total £'000s**
Cost						
At 31 December 2022 and 01 January 2023	76,975	7,135	4,554	1,149	-	89,813
Losses from foreign exchange	(1,356)	-	(143)	(60)	-	(1,559)
At 30 June 2023	75,619	7,135	4,411	1,089	-	88,254
Acquisition of business	18,312	-	1,546	466	364	20,688
Additions	-	-	-	-	65	65
Gains/(losses) from foreign exchange	(270)	-	(18)	(7)	4	(291)

At 31 December 2023	93,661	7,135	5,939	1,548	433	108,716
Additions	-	-	-	-	172	172
Gains/(losses) from foreign exchange	263	-	28	10	(3)	298
At 30 June 2024	**93,924**	**7,135**	**5,967**	**1,558**	**602**	**109,186**
Amortisation						
At 31 December 2022 and 01 January 2023	-	(4,950)	(776)	(506)	-	(6,232)
Charge for the period	-	(339)	(330)	(202)	-	(871)
Gains from foreign exchange	-	-	32	32	-	64
At 30 June 2023	-	(5,289)	(1,074)	(676)	-	(7,039)
Charge for the period		(288)	(323)	(170)	-	(781)
Gains from foreign exchange	-	-	5	4	-	9
At 31 December 2023	-	(5,577)	(1,392)	(842)	-	(7,811)
Charge for the period	-	(241)	(441)	(305)	(44)	(1,031)
Gains/(losses) from foreign exchange	-	-	(7)	(5)	3	(9)
At 30 June 2024	**-**	**(5,818)**	**(1,840)**	**(1,152)**	**(41)**	**(8,851)**
Net book value						
At 30 June 2023	75,619	1,846	3,337	413	-	81,215
At 31 December 2023	93,661	1,558	4,547	706	433	100,905
At 30 June 2024	**93,924**	**1,317**	**4,127**	**406**	**562**	**100,335**

Goodwill

Goodwill arising on acquisition of a business in H2 23 relates to the acquisitions of Elixirr AI Inc (formerly Responsum) and Insigniam and was calculated as the fair value of the consideration less the fair value of the net identifiable assets at the date of the acquisition.

In line with IAS 36, the carrying value of goodwill is not subject to systematic amortisation but is reviewed at least annually for impairment. The Group performs an annual impairment assessment. At 30 June 2024, the Directors determined that there are no indications that the assets held are at risk of impairment.

Customer Relationships and Order Book

Additions in H2 23 represent the fair value of customer relationships and order books from the acquisitions of Elixirr AI Inc (formerly Responsum) and Insigniam.

The fair values were determined by applying the Multi-Period Excess Earnings method. The amortisation charge is recognised within administrative expenses.

7. Receivables

	H1 24	FY 23
	£'000s	£'000s
Non-current assets		
Loans to shareholders	7,316	7,604
Other receivables	1,968	1,985
	9,284	**9,589**
Current assets		
Trade receivables	15,964	15,295
Less: allowance for doubtful debts	-	-
Trade receivables - net	15,964	15,295
Prepayments and deposits	1,477	840
Contract assets	256	288
Other receivables	142	263
	17,839	**16,686**

Loans to shareholders represent amounts owed 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 s455 tax receivable.

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.

approximation of their fair value, but has not been discounted to present value.

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 expected credit loss on trade and other receivables was not material at the current or prior year ends.

8. Trade and Other Payables

	H1 24	FY 23
	£'000s	£'000s
Trade payables	1,800	1,774
Other taxes and social security costs	2,254	1,899
Accruals	8,740	11,308
Dividend payable	4,421	-
Contract liabilities	3,266	3,938
Other payables	-	137
	20,481	**19,056**

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

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

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

9. Other Creditors and Other Non-current Liabilities

	H1 24	FY 23
	£'000s	£'000s
Other creditors		
Contingent consideration	4,405	1,144
	4,405	**1,144**
Other non-current liabilities		
Dilapidations	376	377
Cash-settled share-based payments	364	360
Contingent consideration	3,200	6,268
	3,940	**7,005**

Contingent consideration in H1 24 includes earn-out payments which are contingent on performance and arose from the acquisition of Elixirr Digital Inc (formerly iOLAP), Elixirr AI Inc (formerly Responsum) and Insigniam.

Cash-settled share-based payments include obligations for the Group's employers' NI on options that are yet to vest. Refer to note 12 for further details.

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

10. Share capital, Share premium and Merger Relief Reserve

	H1 24			
	Issued shares Number	Par value £	Merger relief reserve £'000s	Share premium £'000s
£0.00005 Ordinary shares	47,272,811	2,364	46,870	29,557
£1 Redeemable Preference shares	50,001	50,001	-	-
	47,322,812	**52,365**	**46,870**	**29,557**

	FY 23			
	Issued shares Number	Par value £	Merger relief reserve £'000s	Share premium £'000s
£0.00005 Ordinary shares	47,272,811	2,364	46,870	29,922
£1 Redeemable Preference shares	50,001	50,001	-	-
	47,322,812	**52,365**	**46,870**	**29,922**

The total number of voting rights in the Company at 30 June 2024 was 47,272,811.

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.

Redeemable Preference shares

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.

11. Employee Benefit Trust ("EBT") Share Reserve

The 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 in the 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.

At 30 June 2024, the EBT held 381,892 (FY 23: 397,667) Ordinary shares and 50,001 Preference shares (FY 23: 50,001) at a weighted average cost of £5.11 (FY 23: £4.26) and £1.01 (FY 23: £1.01), respectively.

12. Share-based Payments

Share Option Plans

The Group operates EMI, CSOP and unapproved share option plans with time-based and performance-based vesting conditions.

During H1 24, a total of 2,000,392 (H1 23: 2,112,139) share options were granted to employees and senior management. The weighted average fair value of the options awarded in the period is £1.68 (H1 23: £1.23) per share.

Details of share option awards made are as follows:

	Number of share options (000's)	**Weighted average exercise price (£)**
Outstanding at 31 December 2023	13,568	3.76
Granted during the period	2,000	5.82
Forfeited during the period	(1,264)	3.39
Outstanding at 30 June 2024	**14,304**	**4.08**
Exercisable at 30 June 2024	**532**	**5.48**

The options outstanding at 30 June 2024 had a weighted average remaining contractual life of 2.5 years (H1 23: 2.7 years) and a weighted average exercise price of £4.08 (H1 23: £3.37) 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:

	H1 24	H1 23
Weighted average share price at grant date (£)	5.63	4.93
Weighted average exercise price (£)	5.82	5.15
Volatility (%)	38.8%	27.0%
Weighted average vesting period (years)	4.5	4.3
Risk free rate (%)	4.0%	3.7%
Expected dividend yield (%)	2.3%	2.3%

Expected volatility was determined by calculating the historic volatility of the Company's share price. The expected expense calculated in the model has been adjusted, based on management's best estimate, for the effects of non market-based performance conditions and employee attrition.

Reasonable changes in the above inputs do not have a material impact on the share-based payment charge in H1 24.

Fixed Consideration Options

In addition to the share options set out in the table above, share options with an exercise price of £0.00005 were issued in connection with the acquisition of Elixirr Digital Limited. These 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.

The monetary value of such share options is as follows:

	Value (£'000s)
Outstanding at 31 December 2023	500
Exercised during the period	(500)
Outstanding at 30 June 2024	**-**
Exercisable at 30 June 2024	**-**

The share price at the date of exercise of the Elixirr Digital Limited options was £5.85.

Employee Share Purchase Plan ("ESPP")

The Group operates an employee share purchase plan where the employees of the Group (excluding Partners) are eligible to contribute a percentage of their gross salary to purchase shares in the Company. The Company makes a matching award of shares that will vest over time dependent on continued employment.

During H1 24, the Company awarded 233,690 (H1 23: 185,546) matching shares on the basis of one matching share for every one employee share purchased during FY 23. The matching shares vest equally over a 5-year period with the first tranche vesting on 31 January 2025.

Details of ESPP awards made are as follows:

	Number of ESPP awards (000's)
Outstanding at 31 December 2023	204
Granted during the period	234
Vested and converted to shares during the period	(42)
Forfeited during the period	(28)
Outstanding at 30 June 2024	**368**

13. Ordinary Dividends

An interim Ordinary share dividend in respect of the financial year ended 31 December 2023 of 5.3 pence per Ordinary share was paid on 15 February 2024.

The Board proposed a final Ordinary share dividend in respect of the financial year ended 31 December 2023 of 9.5 pence per Ordinary share, which was approved by shareholders at the Annual General Meeting in June 2024, and paid on 20 August 2024.

14. Cash Flow Information

Cash generated from operations:

	H1 24	H1 23
	£'000s	£'000s
Profit before taxation	**12,018**	**9,873**
Adjustments for:		
Depreciation and amortisation	1,741	1,446
Net finance expense	252	263
Share-based payments	1,056	712
Increase in trade and other receivables	(1,292)	(2,982)
Decrease in trade and other payables	(3,068)	(3,038)
Foreign exchange	(57)	261
	10,650	**6,535**

15. Events After the Reporting Date

On 8 July 2024, the EBT purchased 1,419,890 Ordinary shares from certain Directors, PDMRs, employees and shareholders of the Company at a price of 565 pence per share and for a total cost of £8.0m. The purchase was to ensure that the EBT had sufficient shares to satisfy demand (including to satisfy 1,128,887 options that were exercised in July 2024) without dilution of existing shareholders.

On 20 August 2024 the Company paid the final Ordinary share dividend in respect of the financial year ended 31 December 2023. The amount paid of £4.4m represented 9.5 pence per Ordinary share.

As at 20 September 2024, in accordance with the Financial Conduct Authority's Disclosure and Transparency Rules, the Company continues to have 47,272,811 Ordinary shares in issue, of which none are held in Treasury. The total number of voting rights in the Company is 47,272,811. This figure of 47,272,811 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.

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