

THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION FOR THE PURPOSES OF ARTICLE 7 OF REGULATION 596/2014 AS IT FORMS PART OF UK DOMESTIC LAW BY VIRTUE OF THE EUROPEAN UNION (WITHDRAWAL) ACT 2018, AS AMENDED.

21 October 2024

ELIXIRR INTERNATIONAL PLC

Acquisition of US-based insights and strategy firm Hypothesis Group, LLC

Elixirr International plc (AIM: ELIX) ("**Elixirr**", the "**Company**" and together with its subsidiaries, the "**Group**"), the established, global award-winning challenger consultancy, is pleased to announce the acquisition by its US subsidiary, Elixirr Inc. of all of the issued and outstanding membership interests of Hypothesis Group, LLC ("**Hypothesis**") for a maximum consideration payable of US 45.0m (the "**Consideration**") (the "**Acquisition**").

The Board is also pleased to update its guidance for the financial year ending 31 December 2024 ("FY24") to reflect its current expectation including c.2 months' impact of the Acquisition. The Board's current expectation is that full year FY24 revenue will be in the range of £108m - £111m. Our previous Adjusted EBITDA margin guidance for FY24 of 27-29% is maintained, inclusive of the dilutive effect of Hypothesis' lower EBITDA margin at acquisition.

Acquisition highlights

- Hypothesis is a US-based insights and strategy firm founded in 2000. Its 60+ personnel are specialised in research, strategic insights and design and have experience supporting some of the world's largest and best-known brands as strategic thought partners.
- Hypothesis has an impressive roster of premium clients, the majority of which it has had a relationship with for over a decade. The firm's top clients include five of the Magnificent Seven mega cap technology companies, highlighting the importance and quality of Hypothesis' offering. Their client-list overall consists of multiple Fortune 500 companies, offering an exciting cross-sell opportunity for Elixirr.
- The Acquisition is the Group's sixth since its IPO in July 2020 and reflects Elixirr's commitment to its programmatic acquisition strategy. It is the Group's fourth acquisition in the US and Hypothesis' strong US presence and excellent reputation will add immediate scale as well as help to accelerate Elixirr's growth in the region.
- In the 12 months to August 2024 (unaudited), Hypothesis recorded revenue of US 28.1m, normalised EBITDA of US 5.1m and normalised profit before tax of US 5.0m.
- The transaction is immediately earnings-enhancing.
- The Acquisition brings specialist expertise in qualitative research, quantitative research and strategic insights, complementing the Group's existing service offerings and enhancing the Elixirr Group's ability to support clients from initial research and discovery through to strategy definition and delivery.
- In addition to an expansion of capabilities, Hypothesis has deep expertise in additive industries for Elixirr, particularly as a result of its significant presence in the technology, media and entertainment, and retail and CPG industries.
- During due diligence and client interviews, Hypothesis was found to be rated 17% better than their competition and scored higher than competitors across 11 of 14 performance categories. Together with Hypothesis, Elixirr will be able to enhance its existing service offering to its global client base, providing additional services that are highly complementary to Elixirr's established strategy, digital, data, AI and innovation offering.
- The Group has already worked closely alongside Hypothesis on a client engagement prior to the Acquisition, validating the cross-sell potential of our combined proposition. This engagement involved conducting research to inform the brand strategy for a UK-based wealth and insurance client.
- The US acquisition goodwill will be tax-deductible, resulting in an estimated tax benefit of US 7.5m- 10m to be realised over 15 years.

Information on Hypothesis and reasons for the Acquisition

Hypothesis helps companies to better understand their customers by providing insights, competitor intelligence and strategic advice to inform the design of products and services. Its offering includes quantitative research, qualitative

strategic advice to inform the design of products and services. Its offering includes qualitative research, quantitative research, advanced analytics, strategic brand and marketing services and consulting and design. Its "mixed methodology" approach integrates qualitative and quantitative capabilities in a single engagement to combine human insights with large-scale data analysis - an approach that is viewed as a key differentiator by clients. Through its dual focus on providing high-quality research and insights whilst being a strategic thought partner for clients, Hypothesis differentiates itself from competitors in the market. This distinctive positioning is a key reason for the Acquisition, especially when viewed in conjunction with Elixir's complementary expertise in strategy, digital, data, AI and innovation. Hypothesis and Elixir joining forces will benefit both firms' respective client bases, and through combining the complementary capabilities, industries and geographies of both businesses, even greater value can be delivered to clients.

Hypothesis was co-founded by Maria Stark and Jeff Seltzer in 2000. Both founders have been operationally removed from the business for several years, and the firm has been led by Maria Vallis as Hypothesis CEO since 2022, along with her management team. Maria Stark and Jeff Seltzer are both formally exiting the business with this transaction, but will retain shares in the Elixir Group. Maria Vallis will join the Group as an Elixir Partner.

Consideration for the Acquisition

The Group is acquiring Hypothesis for a maximum consideration payable of US 45.0m, with customary adjustments for net cash / debt and working capital at Closing. The firm's founders have not been involved in the business for several years, and therefore Elixir's typical three-year deferred consideration structure has not been applied to this transaction. This has been replaced through incentivising Maria Vallis, CEO, and her management team with market-priced options packages that only vest on achieving revenue and EBITDA growth targets for Hypothesis over three years. The consideration for the Acquisition consists of:

- Initial consideration of US 37.3m, of which, US 28.9m has been settled from Elixir's existing cash balances and revolving credit facility;
- US 8.4m to be settled through the issuance of 914,604 new Ordinary Shares in the Company at a price per share of £7.00;
- Deferred consideration of up to US 7.6m in cash, the majority of which will be payable in FY25 in relation to FY24 EBITDA performance with the balance payable in FY26 after the expiry of certain indemnities; and
- Adjustment for net cash / debt and working capital at Closing to be settled in FY25.

Based on the target's EBITDA for the past twelve months, this constitutes a day 1 EV/EBITDA multiple of 7.3x, and a maximum EV/EBITDA multiple of 8.8x if all deferred consideration is payable.

The new Ordinary Shares will be subject to one-year lock-in arrangements and limitations on the Ordinary Shares that each founder seller can sell in each of the following three years under nominee agreements.

Maria Vallis to join as Elixir Partner

Hypothesis CEO Maria Vallis joins the Group as an Elixir Partner, with incentives aligned to the growth of Hypothesis' revenue and EBITDA over the three years post-acquisition. These incentives will ensure the continued motivation of Hypothesis management. In line with other Elixir Partners, Maria will purchase Ordinary Shares equal to a value of £500,000 from the EBT at the Company's closing share price on 21 October. The Ordinary Shares will be subject to a one-year lock-in arrangement and limitations on the Ordinary Shares that Maria Vallis can sell in each of the following four years under a nominee agreement.

Admission and Total Voting Rights

As referred to above, Elixir will issue 914,604 Ordinary Shares ("**New Shares**"). The New Shares will rank *pari passu* with the Company's existing issued Ordinary Shares. The New Shares will be issued pursuant to the Company's existing outstanding shareholder authorities. Application will be made to the London Stock Exchange for the New Shares to be admitted to trading on AIM ("**Admission**") and it is expected that Admission will become effective at 8.00 a.m. on 25 October 2024.

After Admission, the total number of Ordinary Shares in issue will be 48,187,415 and the total number of voting rights will therefore be 48,187,415. Following Admission, this figure may be used by shareholders as the denominator for the calculations by which they will determine if they are required to notify their interest in, or a change to their interest in, the share capital of the Company under the Financial Conduct Authority's Disclosure Guidance and Transparency Rules.

Founder & CEO of Elixir, Stephen Newton said:

"We first met the Hypothesis team about 18 months ago, and the opportunity to join forces has consistently excited us ever since those very first discussions. With our challenger DNA and focus on high performance, both Elixir and Hypothesis are premium brands that work with premium clients. The acquisition will further solidify the strong reputation we've been building and bring rigour to our research and insights offering. We're excited to welcome Maria Vallis to the Partner team as we accelerate our growth in the US. Her esteemed reputation - trusted by a high calibre of clients across additive and complementary industries - will make her a great addition to the team. Maria and Hypothesis' expertise will help us solidify the strong reputation we've been building in the US market, which remains a key priority for us."

CEO of Hypothesis, Maria Vallis said:

"The Hypothesis team is excited to join forces with the Elixir Group as we're now able to take our insights and recommendations further and can do more to solve our clients' business issues. Considering that Hypothesis was founded with the goal of disrupting the research and insights industry, it was important to us to join a firm who had similar ethos. We believe that we have found this with Elixir. The combination of capabilities between Hypothesis and the Elixir Group is really powerful and will enable us to deliver even more impact to our collective client base. Elixir's strong expertise across different verticals, including financial services, healthcare and insurance, alongside

the ability to add strategy, digital, data, AI and innovation capabilities to our skillset is really exciting to us and we look forward to seeing what our teams can accomplish together."

Co-Founders of Hypothesis, Maria Stark and Jeff Seltzer said:

"Nearly 25 years ago, we started a new kind of agency that embraced creativity and empowered our people to do great work for great clients. We're extremely proud of what we built, and what we accomplished with the help of the industry's best and brightest people. It's been incredible to watch the next generation of Hypothesis leadership evolve and grow the company while still embracing our original founding vision. Today, the transition is complete, and we're truly excited to watch Hypothesis and Elixir disrupt and challenge the industry, and to continue helping the world's best brands do amazing things."

The person responsible for arranging the release of this announcement on behalf of the Company is Nicholas Willott, Finance Director and Company Secretary of the Company.

Enquiries:

For enquiries, please refer to our Investor Contacts page:

<https://www.elixir.com/investors/investor-contacts>

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About Elixir International plc

Elixir 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. Elixir has been quoted on the AIM market of the London Stock Exchange since 2020. In addition to strong organic growth, Elixir has acquired seven boutique firms - Den Creative, Coast Digital, The Reteam Group, iOLAP, Responsum, Insigniam and Hypothesis - to grow the Group's capabilities, diversify the business, expand into new geographies and access new clients.

General

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This announcement has been issued by, and is the sole responsibility of, the Company. No person has been authorised to give any information or to make any representations other than those contained in this announcement and, if given or made, such information or representations must not be relied on as having been authorised by the Company.

No statement in this announcement is intended to be a profit forecast or profit estimate and no statement in this announcement should be interpreted to mean that earnings per share of the Company for the current or future financial years would necessarily match or exceed the historical published earnings per share of the Company.

This announcement may include statements that are, or may be deemed to be, "forward-looking statements". These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "plans", "projects", "anticipates", "expects", "intends", "may", "will", "would" or "should" or, in each case, their negative or other variations or comparable terminology. These forward-looking statements include matters that are not historical facts. They appear in a number of places throughout this announcement and include statements regarding the directors of the current Company's intentions, beliefs or expectations concerning, among other things, the Company's results of operations, financial condition, liquidity, prospects, growth, strategies, and the Company's markets. By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances. Actual results and developments could differ materially from those expressed or implied by the forward-looking statements. Forward-looking statements may and often do differ materially from actual results. Any forward-looking statements in this announcement are based on certain factors and assumptions, including the directors of the Company's current view with respect to future events and are subject to risks relating to future events and other risks, uncertainties and assumptions relating to the Company's operations, results of operations, growth strategy and liquidity. Whilst the directors of the Company consider these assumptions to be reasonable based upon information currently available, they may prove to be incorrect. Save as required by applicable law, the AIM Rules or the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority, the Company undertakes no obligation to release publicly the results of any revisions to any forward-looking statements in this announcement that may occur due to any change in the directors of the Company's expectations or to reflect events or circumstances after the date of this announcement.

Neither the content of the Company's website nor any website accessible by hyperlinks to the Company's website is incorporated in, or forms part of, this announcement.

Certain figures contained in this announcement, including financial information, have been subject to rounding adjustments. Accordingly, in certain instances, the sum or percentage change of the numbers contained in this announcement may not conform exactly with the total figure given.

All references to time in this announcement are to London time, unless otherwise stated.

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