PRAXIS
OPEN IDEAS

Interim Report & Unaudited Financial Statements

For the six months ended 30 June 2023

praxisgroup.com

Contents

Business and Financial Highlights

Revenue Last 6 Months	Gross Profit Margin Last 6 Months	EBITDA Last 6 Months
£24.8m	**58%**	**£1.9m**
12 months to 31 Dec 2022: £47.3m 6 months to 30 Jun 2022: £23.6m	12 months to 31 Dec 2022: 59% 6 months to 30 Jun 2022: 59%	12 months to 31 Dec 2022: £0.9m 6 months to 30 Jun 2022: £2.0m

Adjusted EBITDA Last 6 Months	Operating Cashflow Last 6 Months	Net Cash/(Debt) Last 6 Months
£2.9m	**£6.6m**	**£0.8m**
12 months to 31 Dec 2022: £5.2m 6 months to 30 Jun 2022: £2.8m	12 months to 31 Dec 2022: (£1.0m) 6 months to 30 Jun 2022: £5.5m	12 months to 31 Dec 2022: (£0.7m) 6 months to 30 Jun 2022: £2.6m

EBITDA is considered a good measure for the performance of the Group as it represents an approximation of the cashflows generated by the operating activities. Underlying EBITDA is a non-GAAP measure of financial performance, and non-underlying items represent specific items of income or expenditure that are not of an operational nature and do not represent the underlying operating results or cashflows. Based on their significance in size or nature, these adjustments are presented separately.

	6 months to 30 June 2023 £'000	12 months to 31 December 2022 £'000	6 months to 30 June 2022 £'000
Loss for the period	**(1,411)**	**(5,325)**	**(1,267)**
Net interest	394	531	258
Tax	463	762	529
Depreciation	566	1,034	504
Amortisation	1,817	3,750	1,933
Performance share plan	83	167	-
EBITDA as reported	**1,912**	**919**	**1,957**
Non-underlying items			
Strategic	-	418	-
Transformation	227	1,230	223
Restructuring	1,129	1,155	428
Other	(349)	1,458	174
Underlying EBITDA	**2,919**	**5,180**	**2,782**
Underlying EBITDA margin	**11.7%**	**10.9%**	**11.8%**

CEO Review

The six months to 30 June 2023 has seen a continued trend of growth with net revenue tracking at 5.1% and and underlying EBITDA climbing from £2.8m in the previous year to £2.9m. As discussed further under pillar two, we have seen our new business pipeline grow by 64%, and the acceleration of the transformation and restructuring work is anticipated to positively impact year-end performance.

Good progress has been made in relation to the transformation programme over the first six months of 2023, with an imperative to impact the bottom line at the earliest opportunity. As outlined in the 2022 Annual Report, our efforts are centred on four pillars of change:

1. Strategic Growth and Innovation
2. Organic Growth and Business Effectiveness
3. Reshaping and Efficiencies
4. Governance, Culture and Behaviour

In pillar one, the acquisition of Sarnia Yachts, announced in our 2022 Annual Report, completed on 1 July and the integration of our new colleagues and service lines into the Group is progressing swiftly. This move represents a significant enhancement to our yacht registration and administration services, bringing the provision of ownership structures along with yacht and crew management to our clients. This broadening of our portfolio aligns with our strategy of delivering a wider range of high quality services to our clients and is already presenting opportunities to cross sell services.

July 2023 saw the launch of our online employee benefits platform in the UAE, which enables businesses in the region to deliver digitally enabled end of service (EOS) benefits along with personal savings plans to employees.

We have brought this pioneering technology to market primarily to service a recently announced joint venture with Daman, the UAE's leading national health insurance provider. The Daman Gratuity and Employee Benefits Trust is being marketed to Daman's extensive local client base, and the technology is also available to our clients in the region and has the potential to service corporate clients internationally. Our position as the only regulated trust business in the ADGM with the requisite licensing to exploit the EOS opportunity, gives us a strong first-mover advantage in this developing sector.

The development of our EOS technology and our joint venture with Daman demonstrate our ongoing commitment to the growth of our Middle East operation, and our continuing ability to innovate and develop solutions that meet the needs of our clients and the markets in which we operate.

In pillar two, our operating businesses are focused on delivering organic growth and business effectiveness with performance and gross profit margin targets aligned to the Group roadmap rather than individual business centres. We continue to drive new business conversions, staff efficiencies and chargeable hour recovery to enhance revenue growth and profit generation, and the return to growth that was seen in the latter half of 2022 is continuing into 2023.

The investment into our new business team in late 2022 is designed to drive the acceleration in net organic growth desired by the Group. Since the start of the year we have seen new business pipeline grow by 64% and £3.0m of new business in the latter stages of conversion, which we expect to complete through H2 and Q1 2024. About 44% of new business wins are new clients to the Group.

In respect of pillars three and four, several workstreams have been accelerated over the course of H1 and moving forward into H2. I can report that we have delivered the first phase of the organisational restructuring and launched formalised Centres of Excellence for tax, in-house legal counsel and treasury services.

The billing automation project has delivered significant time savings and we are seeing the benefits of a quicker process, with reduced debtors and enhanced recoverability data due to deliver in the second half of the year. The payment automation project is now well underway and will deliver substantial financial benefits as well as providing enhanced financial data.

CEO Review continued

We ran a virtual roadshow in March to launch our Values Programme across the Group and we continue to embed our four values into the business: we trust; we listen; we inspire; and we succeed together.

The first initiative to be formalised was our Praxis People Awards, which is a quarterly peer recognition scheme to celebrate staff who have demonstrated one or more of our values in their work. Our first four winners were announced in July and we have been delighted with the level of engagement and the calibre of the nominees.

Grace Eames, Group Head of People, joined in April with a remit to build a People function that acts as a consultative partner for the business centres as well as providing robust governance and administrative support.

Her strategic objectives are to drive Praxis' talent acquisition, development and succession programmes forward, establish common processes and clear reporting across the Group, and embed the values and behaviours that we expect from our current and future leaders.

Grace is focused on the business' overall goal of delivering the strategic plan and, as the fifth member of our streamlined Executive Committee, has a key role to play in its delivery along with John Medina, Richard Morris, Colin Vaudin and myself.

An overview of the performance in each jurisdictional reporting line is outlined on the next page.

Crown Dependencies and UK

£16.6m

Revenue
6 months to 30 Jun 2023
12 months to 31 Dec 2022: £31.0m
6 months to 30 Jun 2022: £15.8m

59%

Gross Profit Margin
6 months to 30 Jun 2023
12 months to 31 Dec 2022: 60%
6 months to 30 Jun 2022: 61%

Compared to the same period last year, revenue has increased by just over 7%, showing an improving growth rate over the prior period:

- Revenues and gross margin for the Guernsey private wealth business remained stable through H1, with operational changes driving expansion in revenue and margins as we exited the period;
- Jersey continuing to grow its revenue and retaining strong gross profit margin;
- UK showing growth driven by work on the recently introduced Register of Overseas Entities regulations;
- Isle of Man being stable in first six months of the year; and
- Guernsey pensions showing continual growth with gross profit margin stable.

Europe and UAE

£4.9m

Revenue
6 months to 30 Jun 2023
12 months to 31 Dec 2022: £10.5m
6 months to 30 Jun 2022: £5.2m

57%

Gross Profit Margin
6 months to 30 Jun 2023
12 months to 31 Dec 2022: 55%
6 months to 30 Jun 2022: 53%

Compared to the same period last year, revenue has declined by just under 2% but gross profit margin has continued to improve, driven by:

- UAE showing continued revenue growth, and we expect acceleration following the launch of the EOS technology in the region;
- Switzerland's modest growth towards the end of 2022 has slowed slightly but with gross profit margin improving;
- Malta's private wealth business continuing to grow following the completion of the integration of the Abacus business in 2022 and the pensions business continuing to grow since the year end, with gross profit margin improved; and
- Revenue in the Netherlands business has declined since year end as it focuses on operational efficiencies and change. Some improvement in new revenue generation has occurred since 30 June.

Rest of World

£3.3m

Revenue
6 months to 30 Jun 2023
12 months to 31 Dec 2022: £5.8m
6 months to 30 Jun 2022: £2.6m

54%

Gross Profit Margin
6 months to 30 Jun 2023
12 months to 31 Dec 2022: 63%
6 months to 30 Jun 2022: 56%

Compared to the same period last year, revenue is showing strong growth of just under 27%:

- British Virgin Islands (BVI) continuing to show revenue growth with target gross profit margin achieved; and
- Hong Kong continuing to show growth into 2023, although gross profit margin falling back.

CEO Review continued

In the six months to 30 June 2023, gross profit margin has fallen back slightly versus the prior year and this is driven by operational changes taking place in our main operating businesses, investment into our chargeable staff base, the timing of fee increases flowing through from some client structures and the impact of inflationary headwinds being felt across many of our jurisdictions.

The Group has delivered £2.9m of underlying EBITDA (PY: £2.8m), as a result of the continued work on transformation and restructuring. The transformation and restructuring work undertaken in H1 delivers annualised cost savings and there are further annualised savings in progress, which are expected to deliver in H2 and Q1 2024. Statutory EBITDA of £1.9m was delivered (PY: £2.0m).

Turning to the balance sheet, this was further strengthened in May when the credit facilities held with RBSI were replaced by an unsecured five year bond in the amount of £15m, which was also used to fund the purchase of Sarnia Yachts along with other operational projects. The net cash position has decreased as a result of the increased debt, but this has been partially offset by an improvement in operating cashflow.

In our 2022 Annual Report we noted that we expect dividends to grow in line with profits. We have today declared an interim dividend of 1.25p per share which will be payable to shareholders on record at 8 October 2023.

Looking to world events, the turbulent geo-political headwinds continue to pose challenges across the jurisdictions in which we operate, but the last few years have clearly demonstrated the resilience of our business and that of the industry more broadly. Our clients and intermediary contacts play a big part by continually placing trust in us to deliver our services with the professionalism and expertise expected, and the service excellence that has become our hallmark. Our new brand, which we launched late last year with the 'Open Ideas' proposition, reflects our willingness and ability to navigate new ground and take a fresh approach. This has served us well over the last 50 years and will continue to do so into the future.

A great deal has been done so far in 2023 - significant decisions have been made, substantive changes are being implemented and we continue to ask a lot of our people across the business. I am encouraged that the hard work is bearing fruit and the Group is now much better placed to meet its potential. The ongoing support of our shareholders is appreciated as we continue on this journey.

Robert Fearis
Chief Executive Officer
10 October 2023

“I am encouraged that the hard work is bearing fruit and the Group is now much better placed to meet its potential.”

Unaudited Consolidated Income Statement

For the six months ended 30 June 2023

	Note	6 months ended 30 June 2023 Unaudited £'000	12 months ended 31 December 2022 Audited £'000	6 months ended 30 June 2022 Unaudited £'000
Turnover	3	24,836	47,325	23,562
Direct costs		(10,363)	(19,333)	(9,759)
Gross profit		**14,473**	**27,992**	**13,803**
Indirect costs	5	(12,589)	(27,172)	(11,907)
Other operating income		28	99	61
Earnings before interest, taxes, depreciation, amortisation and performance share plan (EBITDA)		**1,912**	**919**	**1,957**
Depreciation	8	(566)	(1,034)	(504)
Amortisation	7	(1,817)	(3,750)	(1,933)
Performance share plan		(83)	(167)	-
Operating loss		**(554)**	**(4,032)**	**(480)**
Interest receivable		85	22	1
Interest payable		(479)	(553)	(259)
Loss before taxation		**(948)**	**(4,563)**	**(738)**
Tax on profit of ordinary activities		(463)	(762)	(529)
Loss for the financial period		**(1,411)**	**(5,325)**	**(1,267)**
Earnings per ordinary share (expressed in pence per share)				
Basic		(1.7)	(6.0)	(1.4)
Diluted		(1.7)	(6.0)	(1.4)

The notes on pages 11 to 26 form part of the financial statements.

Unaudited Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2023

	Note	6 months ended 30 June 2023 Unaudited £'000	12 months ended 31 December 2022 Audited £'000	6 months ended 30 June 2022 Unaudited £'000
Loss for the financial period		**(1,411)**	**(5,325)**	**(1,267)**
Foreign exchange loss		(1,127)	2,532	1,879
Total comprehensive income for the financial period		**(2,538)**	**(2,793)**	**612**

The notes on pages 11 to 26 form part of the financial statements.

Unaudited Consolidated Statement of Financial Position

For the six months ended 30 June 2023

	Note	30 June 2023 Unaudited		31 December 2022 Audited		30 June 2022 Unaudited	
		£'000	£'000	£'000	£'000	£'000	£'000
Fixed assets							
Intangible assets	7		32,056		33,991		35,833
Tangible assets	8		2,739		2,790		2,580
Investments			308		258		278
Prepaid Investment			2,861		-		-
			37,964		**37,039**		**38,691**
Current assets							
Accrued income		2,977		5,648		6,799	
Debtors and prepayments	9	18,620		11,360		18,512	
Cash and cash equivalents	10	15,778		9,986		13,922	
		37,375		**26,994**		**39,233**	
Creditors: amounts falling due within one year	11	**(19,915)**		**(20,561)**		**(30,075)**	
Net current assets			**17,460**		**6,433**		**9,158**
Total assets less current liabilities			**55,424**		**43,472**		**47,849**
Creditors: amounts falling due after more than one year	12		**(15,158)**		**(183)**		**(235)**
Provisions for liabilities	13		**(125)**		**(601)**		**(547)**
Total net assets			**40,141**		**42,688**		**47,067**
Capital and reserves							
Called up share capital			859		859		859
Share premium			50,610		50,610		50,610
Treasury shares			(2,726)		(2,711)		(2,473)
ESOP share reserve			-		26		44
Capital reserve			337		1,491		995
PSP reserves			250		167		-
Profit and loss account			(9,189)		(7,754)		(2,968)
Equity attributable to owners of the parent company			**40,141**		**42,688**		**47,067**

The financial statements were approved by the Board of directors and authorised for issue on 10 October 2023 and are signed on its behalf by:

Richard Morris

The notes on pages 11 to 26 form part of the financial statements.

Unaudited Consolidated Statement of Cash Flows

For the six months ended 30 June 2023

	Note	6 months ended 30 June 2023 Unaudited £'000	12 months ended 31 December 2022 Audited £'000	6 months ended 30 June 2022 Unaudited £'000
Cash flows from operating activities				
Profit/(loss) of operating activities before taxation		(948)	(4,563)	(739)
Adjustments for:				
Amortisation of intangible assets	7	1,817	3,750	1,933
Depreciation of tangible assets	8	566	1,034	504
Interest expense		479	553	259
Interest income		(85)	(22)	(1)
Performance share plan		83	167	-
Onerous lease	13	(361)	266	(128)
Goodwill impairment	7	-	157	-
Increase in accrued income		2,671	315	(836)
Increase in debtors	9	(7,259)	(1,059)	(2,710)
Increase/(decrease) in creditors	11	10,523	(1,059)	7,526
Cash from operating activities		**7,486**	**(461)**	**5,808**
Income taxes paid		(868)	(577)	(323)
Net cash from operating activities		**6,618**	**(1,038)**	**5,485**
Cash flows from investing activities				
Purchases of tangible assets	8	(568)	(1,153)	(417)
Purchases of intangible assets	7	-	(83)	(83)
Deferred consideration received	9	-	7,500	1,971
Investment prepaid		(2,861)	-	-
Interest received		85	22	1
Net cash (used in)/from investing activities		**(3,344)**	**6,286**	**1,472**

Unaudited Consolidated Statement of Cash Flows continued

For the six months ended 30 June 2023

	Note	6 months ended 30 June 2023 Unaudited £'000	12 months ended 31 December 2022 Audited £'000	6 months ended 30 June 2022 Unaudited £'000
Cash flows used in financing activities				
Bank loan repayments	15	(10,000)	(4,675)	(4,675)
Bond Issue	15	15,000	-	-
Net movement on overdraft	15	(734)	734	1,370
Cash paid in tender offer		-	(40,000)	(40,000)
Deferred Consideration	9	(29)	(200)	-
Contractual covenant payments		(52)	(104)	(52)
Interest paid		(479)	(553)	(259)
Dividends paid		-	(1,074)	-
Share repurchase		(15)	-	-
Finance leases		26	-	-
Net cash used in financing activities		**3,717**	**(45,782)**	**(43,616)**
Net increase/(decrease) in cash and cash equivalents		**6,991**	**(40,624)**	**(36,659)**
Cash and cash equivalents at beginning of period		9,986	49,994	49,994
Effect of foreign exchange rate changes		(1,199)	616	587
Cash and cash equivalents at end of period		**15,778**	**9,986**	**13,922**

The notes on pages 11 to 26 form part of the financial statements.

Notes to the Consolidated Financial Statements

For the six months ended 30 June 2023

1. Statutory Information

Praxis Group Limited is a company limited by shares, domiciled in Guernsey, Channel Islands, registration number 30367. The registered office is Sarnia House, Le Truchot, St Peter Port, Guernsey.

2. Significant Accounting Policies

The following accounting policies have been used consistently in dealing with items considered material to the Group's affairs. These accounting policies have been consistently applied to all periods presented unless otherwise stated. Accounting policies for specific items in the financial statements are included to the extent required in the relevant note and a full set of accounting policies are included in the annual report for the period to 31 December 2022.

Basis of Preparation of Financial Statements

These consolidated financial statements have been prepared in accordance with FRS 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland, and applicable law.

Consistent with the requirements of Guernsey Company Law, the parent Company has elected not to prepare a company only income statement and statement of financial position.

Basis of Consolidation

The Group's consolidated financial statements consolidate the financial statements of the Company and its subsidiaries and associated undertakings. The results of the subsidiaries and other interests acquired or sold are consolidated for the period from or to the date on which control passed.

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Group. Control is achieved where the Group has the power to govern the financial and operating policies of an entity to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the period are included in total comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate, using accounting policies consistent with those of the Group. All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Critical Judgements in Applying Accounting Policies and Key Sources of Estimation Uncertainty

In the application of the Group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. Accounting judgements are continually reviewed in light of new information and are based on historical experience and other factors, including expectations of future events that are considered to be reasonable under the circumstances. Where a critical judgement is applied, or a key source of estimation uncertainty identified, disclosure is provided alongside the accounting policy in the relevant note to the financial statements.

Going Concern

The Group has demonstrated the ability to deliver business as usual services to clients under prolonged business continuity conditions through historical performance and forecasts.

The cash position at 30 June 2023 is at the mid-point of the working capital cycle as annual fees are billed on 1 January. The cash position is improved compared to the same point in the prior period.

Based on current trading and projections, the directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for a period of at least 12 months from the date of approval of these consolidated financial statements.

Forecasts and projections underpinning this conclusion included:

- Expected trading performance
- Reviewing repayment and servicing of borrowings
- Regulatory capital requirements
- War in Ukraine and sanctions

The Group therefore continues to adopt the going concern basis of accounting in preparing its financial statements.

3. Divisional Reporting

Accounting Policy

Revenue
Revenue is measured as the value of the consideration received or receivable and represents amounts receivable for services provided in the normal course of business, net of discounts, VAT and others sales-related taxes. When the Group acts in the capacity of an agent rather than as the principal in the transaction, the revenue recognised is the net amount of commissions made by the Group. Revenue comprises fees for private client, fund, pension and corporate services.

Rendering of Services
Revenue is recognised in the consolidated income statement at the point in time when the Group has the right to receive payment for its services, on an accrual basis.

Net Asset Value ("NAV") Based Fees
Where fees are levied based on a percentage of the net assets of investment companies to which the Group entity provides services, income is accrued or deferred in accordance with the billing cycle, based on the last available NAV calculation.

Deferred Income
Fixed fees received in advance across all the services lines and up-front fees in respect of services due under contract are time apportioned to the respective accounting periods, and those billed but not yet earned are included in deferred income on the consolidated statement of financial position.

Accrued Income
Accrued income across all the services lines represents the billable provision of services to clients which has not been invoiced at the reporting date. Accrued income is recorded based on agreed fees billed in arrears and time-based charges at the agreed charge out rates in force at the work date, less any specific provisions against the value of accrued income where recovery will not be made in full. Where services are provided on a time spent basis for private and corporate clients, accrued income is recorded based on agreed charge out rates in force at the work date. Accrued income is valued using average recovery rates appertaining during the year.

Other Income
Other income comprised of government assistance and external dividends received for the year under review. Government assistance is recognised in profit or loss on a systematic basis over the periods in which the entity recognises expenses for the related costs for which the grants are intended to compensate. Dividend income is recognised in the period when received.

Key Source of Estimation Uncertainty – Valuation of Accrued Income
Accrued income arises as a result of timing of the billing cycle and estimates are put into place using past information from client behaviours to achieve a reasonable recovery rate. Accrued income valuation is determined by reference to:

- Historic recovery rates (evidencable from data)
- Target recovery rates
- Comparison to prior period to ensure this is reasonable.

On a quarterly basis management reviews all billing information and determines the outcome of whether the amount will be billed in the quarter/ written off based on agreements with clients.

The balance at the end of the financial period was £2,977k (2022: £6,799k) and represents a decrease due to changes in the billing process made during the year as well as the timing changes of the cutoff and billing period.

An increase/decrease of accrued income by 5% would result in a gain/charge to profit of £149k.

3. Divisional Reporting continued

Basis of Divisional Reporting

The Group has three reportable divisions for the current period: Crown Dependencies and UK, Europe and UAE, and Rest of World. No client represents more than 10% of revenue.

The chief operating decision maker in respect of divisional reporting has been identified as the Board of Directors of Praxis Group Limited. Each division is defined as a set of business activities generating a revenue stream determined by geographical responsibility and the management information reviewed by the Board of directors. The Board evaluates divisional performance based on gross profit, after the deduction of direct staff costs and direct client costs. Profit before income tax is not used to measure the performance of the individual divisions as items such as depreciation, amortisation of intangibles, other gains/(losses) and finance costs are not allocated to individual division.

Declared revenue is generated by external clients.

For the period ended 30 June 2023:

	Crown Dependencies & UK £'000	Europe £'000	Rest of World £'000	Total £'000
Turnover	16,581	4,951	3,304	24,836
Staff costs	(6,734)	(2,110)	(1,519)	(10,363)
Gross profit	**9,847**	**2,841**	**1,785**	**14,473**
Gross margin	**59%**	**57%**	**54%**	**58%**
Other operating income				28
Indirect costs				(12,589)
EBITDA				**1,912**
Depreciation				(566)
Amortisation				(1,817)
Performance share plan				(83)
Operating loss				**(554)**

No acquisitions were made in the period to 30 June 2023.

3. Divisional Reporting continued

For the year ended 31 December 2022:

	Crown Dependencies & UK £'000	Europe £'000	Rest of World £'000	Total £'000
Turnover	31,007	10,561	5,757	47,325
Staff costs	(12,419)	(4,786)	(2,128)	(19,333)
Gross profit	**18,588**	**5,775**	**3,629**	**27,992**
Gross margin	**60%**	**55%**	**63%**	**59%**
Other operating income				99
Indirect costs				(27,172)
EBITDA				**919**
Depreciation				(1,034)
Amortisation				(3,750)
Performance share plan				(167)
Operating loss				**(4,032)**

3. Divisional Reporting continued

For the period ended 30 June 2022:

	Crown Dependencies & UK £'000	Europe £'000	Rest of World £'000	Total £'000
Turnover	15,808	5,161	2,593	23,562
Staff costs	(6,191)	(2,434)	(1,134)	(9,759)
Gross profit	**9,617**	**2,727**	**1,459**	**13,803**
Gross margin	**61%**	**53%**	**56%**	**59%**
Other operating income				61
Indirect costs				(11,907)
EBITDA				**1,957**
Depreciation				(504)
Amortisation				(1,933)
Performance share plan				-
Operating loss				**(480)**

3. Divisional Reporting continued

Geographical Information

The Group's revenue from external customers by geographical location of contracting Group entity is detailed below:

	6 months ended 30 June 2023 £'000	12 months ended 31 December 2022 £'000	6 months ended 30 June 2022 £'000
Channel Islands	14,957	28,347	14,400
Rest of Europe	4,759	8,639	4,295
Netherlands	1,815	3,577	1,840
Caribbean	1,908	3,713	1,682
Rest of World	1,397	3,049	1,345
	24,836	**47,325**	**23,562**

The geographical information for segmental revenue presented above for the prior period comparatives includes discontinued operations activities.

4. Direct Costs

Accounting Policy

Direct costs are defined by management as the costs directly incurred in the generation of income. This includes staff payroll, pensions and other staff benefits. The Group operates defined contribution pension schemes. Contributions to the Group's defined contribution pension schemes are charged to the consolidated income statement in the year in which they become payable.

	6 months ended 30 June 2023 £'000	12 months ended 31 December 2022 £'000	6 months ended 30 June 2022 £'000
Staff salaries	9,320	17,337	8,690
Staff pension contributions	388	777	398
Staff health cover	-	63	27
Other direct costs	655	1,156	644
	10,363	**19,333**	**9,759**

The staff and other direct costs presented above for the prior period comparatives includes discontinued operations activities.

5. Other Operating Expenses

Accounting Policy

Expenses are recognised when they are incurred, that is when the goods are received or the services are provided, with invoiced amounts being adjusted accordingly for any elements of accrued or prepaid expense.

	6 months ended 30 June 2023 £'000	12 months ended 31 December 2022 £'000	6 months ended 30 June 2022 £'000
Administrative salaries	5,990	11,715	5,311
Administrative expenses	1,804	4,955	2,008
Computer expenses	1,491	3,175	1,609
Rent and rates	1,060	2,834	1,248
Insurance	1,127	1,403	627
Finance & bad debts	414	1,291	442
Marketing	310	1,249	521
Technical & training	89	221	83
Travel & entertaining	304	172	58
Impairment of intangible assets	-	157	-
	12,589	**27,172**	**11,907**

The other operating expenses presented above for the prior period comparatives includes discontinued operations activities.

6. Earnings Per Share

The Group presents basic and diluted earnings per share ("EPS") data for its shares.

Basic EPS is calculated by dividing the profit attributable to shareholders by the weighted average number of shares outstanding during the period, less the treasury shares in issue.

Diluted EPS is calculated by dividing the profit attributable to shareholders by the weighted average number of shares outstanding during the period and the dilutive shares related to share options and deferred consideration for which the shares are not already in issue, less the treasury shares in issue.

	6 months ended 30 June 2023	12 months ended 31 December 2022	6 months ended 30 June 2022
Profit/(Loss) for the period (£'000)	(1,411)	(5,325)	(1,267)
Weighted average number of shares in issue	85,941,024	91,055,179	96,254,099
Treasury shares held	2,528,732	2,734,982	2,734,982
Contingently issuable shares where conditions are satisfied	438,406	49,221	74,908
Basic earnings (pence per share)	**(1.7)**	**(6.0)**	**(1.4)**
Dilutive shares	–	–	-
Diluted earnings (pence per share)	**(1.7)**	**(6.0)**	**(1.4)**

7. Intangible Assets

Accounting Policy

Goodwill represents the difference between amounts paid on the cost of a business combination and the fair value of the Group's share of identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and impairment losses. Goodwill is allocated on acquisition to the cash generating unit expected to benefit from the synergies of the combination. Goodwill is included in the carrying value of cash generating units ("CGU") for impairment testing.

At each reporting date goodwill is reviewed for indicators. If there is such an indication, an impairment review is conducted where the recoverable amount of the asset is compared to the carrying amount of the CGU.

The recoverable amount of the asset is the higher of the fair value less costs to sell and value in use. Value in use (VIU) is defined as the present value of the future cash flows before interest and tax obtainable as a result of the cash generating unit's continuing use. These cash flows are discounted using a pre-tax discount rate that represents the current market risk free rate and the risks inherent in the CGU.

If the recoverable amount of the asset is lower than the carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in profit or loss unless the CGU has been revalued when the amount is recognised in other comprehensive income to the extent of any previously recognised revaluations. Thereafter any excess is recognised in profit or loss. Impairment when recognised is not subsequently reversed.

Goodwill arising on consolidation is amortised over management's estimate of its useful life. The estimate is based on detailed analysis of review of the client relationships forming each CGU along with any legal, regulatory or contractual provisions that can limit useful life and assumptions that market participants would consider in respect of similar businesses. Amortisation is calculated to write off the cost or fair value of the intangible assets on a straight-line basis over their estimated useful lives and is included in administrative expenses. The estimated useful lives for intangible assets range as follow:

> **Business software** 10 years straight line
> **Goodwill** Over the estimated useful life

Where factors are identified to suggest that the amortisation rates used are no longer appropriate, the useful life and/or amortisation rate are amended prospectively to reflect the new factors and circumstances. The assets are reviewed for impairment if the above factors indicate that the carrying amount may be impaired.

Key Source of Estimation Uncertainty – Impairment of Intangible Assets

The Group considers whether intangible assets are impaired. Where an indication of impairment is identified the estimation of recoverable value requires estimation of the recoverable value of the cash generating units (CGUs). This requires estimation of the fair value less costs to sell of the CGU, and the value in use of the CGU, with the recoverable amount being the higher of these values.

Key Source of Estimation Uncertainty – Fair Value

Fair value is estimated using a market sale multiple. As each CGU is a collection of client relationships, a revenue-based sale multiple is used. A default sale multiple is applied, and this is then adjusted based on one or more of the following characteristics of the revenue:

> Quantum of the revenue
> Location of the revenue relationships
> Activity of the revenue relationships
> Any other relevant historic characteristics of the revenue

For the year ended 30 June 2023, the default sale multiple was 2.0 and the costs to sell were estimated at 1% of revenue.

In calculating fair value less costs to sell, the key input is the sale multiple applied. An increase in the sale multiple would result in an increase in the fair value less costs to sell of the CGU. The default sales multiple applied for the year ended 30 June 2023 was 2.0 based on typical market transactions where a revenue multiple is used for valuation purposes.

7. Intangible Assets continued

Key Source of Estimation Uncertainty – Value in Use

Value in use is estimated using a discounted cashflow with the following inputs:

- Revenue of the CGU for the latest financial period
- Attrition rate matched to the remaining useful economic life of the CGU
- Weighted average cost of capital (WACC) for the Group
- Gross profit margin of the subsidiary in which the revenue activity occurs

The estimation of useful economic life is performed by management and is based on detailed review of the remaining client relationships. The attrition rate is applied on a straight-line basis. The WACC used for the year ended 30 June 2023 was 12.27% (2022: 11.91%).

In calculating value in use, the key input is the attrition period determined by reference to the remaining useful economic life. An increase in the useful economic life would result in an increase in the value in use of the CGU.

Management believes that any reasonably possible change in the key assumptions on which the recoverable amounts are based would not cause the aggregate carrying amount to exceed the recoverable amount of the CGUs.

	Goodwill £'000	Client Book £'000	Business software £'000	Total £'000
Cost				
At 1 January 2023	**59,117**	**326**	**1,204**	**60,647**
Purchases	-	-	-	-
Disposals	-	-	-	-
Impairments to goodwill	-	-	-	-
FX movement	(122)	-	(5)	(127)
At 30 June 2023	**58,995**	**326**	**1,199**	**60,520**
Amortisation				
At 1 January 2023	**25,503**	**57**	**1,096**	**26,656**
Amortisation for the period	1,749	27	41	1,817
Disposals	-	-	-	-
FX movement	(4)	-	(5)	(9)
At 30 June 2023	**27,248**	**84**	**1,132**	**28,464**
Net book value				
At 30 June 2023	**31,747**	**242**	**67**	**32,056**
At 1 January 2023	**33,614**	**269**	**108**	**33,991**

Should indicators of impairment be identified, a review of the useful economic life of the goodwill is performed and any changes to the useful economic life applied from the beginning of the current financial period.

No indicators of impairment were identified. At 30 June 2023, the recoverable amount for all CGU's is higher than its carrying amount after recognition of impairments.

Notes to the Consolidated Financial Statements continued

For the six months ended 30 June 2023

8. Tangible Assets

Accounting Policy

Tangible fixed assets are stated at historical cost less accumulated depreciation and any provision for impairment.

Depreciation is provided on all tangible fixed assets at rates calculated to write down the cost, less estimated residual value of each asset class on the following bases:

> **Computer equipment**	Five years straight line
> **Leasehold property and improvements**	Over the life of the lease
> **Furniture, fixtures and fittings**	Five years straight line

	Computer equipment £'000	Leasehold property and improvements £'000	Furniture, fixtures & fittings £'000	Total £'000
Cost				
At 1 January 2023	**7,079**	**2,000**	**1,850**	**10,929**
Purchases	333	115	120	568
Eliminated on disposal	(11)	-	(14)	(25)
FX movement	(31)	(16)	(21)	(68)
At 30 June 2023	**7,370**	**2,099**	**1,935**	**11,404**
Depreciation				
At 1 January 2023	**4,887**	**1,733**	**1,519**	**8,139**
Depreciation for the period	374	107	85	566
Eliminated on disposal	(9)	-	(7)	(16)
FX movement	(25)	21	(20)	(24)
At 30 June 2023	**5,227**	**1,861**	**1,577**	**8,665**
Net book value				
At 30 June 2023	**2,143**	**238**	**358**	**2,739**
At 1 January 2023	**2,192**	**267**	**331**	**2,790**

9. Debtors and Prepayments

Accounting Policy

Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable, where the repayment date is in the future, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment. Loans that are repayable on demand are recognised at the undiscounted amount expected to be received.

Allowances for Bad and Doubtful Debts

Allowances are made for bad and doubtful debts. Estimates of recoverability are based on ageing of the debts, historical experience and current knowledge of the counterparty.

Key Source of Estimation Uncertainty – Impairment of Debtors

The trade debtors balance in the Group's consolidated statement of financial position comprises many individual balances. Whilst individually not material when aggregated becomes substantial to the group. An allowance is made for the estimated irrecoverable amounts from debtors on a line-by-line basis.

This is determined by reference to:

> The payment history of the client
> Recent communication with the client
> Knowledge of current client circumstances and future plans

The greatest factor of estimation uncertainty derives from where there are circumstances beyond the control of a client that may give rise to the debt not being fully recovered. Considerations have also been given to cost of living and interest rates and these are being closely being monitored by management.

The balance provided for at the end of the financial period is £3,795k (2022: £3,255k) and represents 31% as a portion of debtors which is significantly lower when compared to the prior end.

An increase/decrease of bad debt provision by 5% would result in a charge/gain to profit of £190k.

Accounting Policy – Contingent Consideration Asset

Contingent consideration assets are recognised when obligations exist to receive additional amounts based on future events occurring and conditions being met.

Critical Judgement Applied – Contingent Consideration Asset

£5.5m in the comparative period as at 30 June 2022 was contingent upon a key client of the Fund Services division remaining engaged with the business for a period of 8 months after the completion of the transaction.

9. Debtors and Prepayments continued

	30 June 2023 £'000	31 December 2022 £'000	30 June 2022 £'000
Trade debtors	12,300	6,076	7,862
Prepayments	3,495	2,728	2,778
Other receivables	1,590	1,553	1,948
Rent deposit	902	766	263
Deferred tax asset	204	198	158
VAT debtor	129	39	3
Contingent consideration asset	-	-	5,500
	18,620	**11,360**	**18,512**

The Group considers all trade debtors over 90 days to be past due. Overdue debtors are reviewed on a line-by-line basis as information comes to light, and provisions raised where debt recovery has become doubtful. A provision of £3,795 (31 December 2022: £3,619k, 30 June 2022: £3,255k) was recognised against trade debtors. The provision noted for the prior period comparatives includes discontinued operations activities.

10. Cash and Cash Equivalents

Accounting Policy

Cash and cash equivalents include cash in hand and short-term deposits with an original maturity of three months or less.

	30 June 2023 £'000	31 December 2022 £'000	30 June 2022 £'000
Cash at bank	15,778	9,986	13,922
Overdraft (note 15)	-	(734)	(1,370)
	15,778	**9,252**	**12,552**

11. Creditors: Amounts Falling Due Within One Year

Accounting Policy

Financial Liabilities and Equity

Financial liabilities and equity are classified according to the substance of the financial instruments' contractual obligations, rather than the financial instruments' legal form.

Creditors

Short term trade creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

Deferred Consideration

Deferred consideration is measured initially at fair value at the date of acquisition and reviewed annually against the terms of the acquisition. Any adjustments to deferred consideration are recognised in the period in which they are identified.

	30 June 2023 £'000	31 December 2022 £'000	30 June 2022 £'000
Bank loans	-	10,000	10,000
Sundry creditors	6,065	4,325	4,619
Trade creditors	1,752	2,214	2,220
Wage tax creditor	1,281	1,363	1,350
Taxation	765	1,170	1,192
Overdraft (Note 10)	-	734	1,370
Deferred income	9,811	559	8,722
Deferred consideration	104	134	405
VAT creditor	137	62	197
	19,915	**20,561**	**30,075**

Deferred Income

Deferred income principally relates to annual fees raised in advance relating to the period after the balance sheet date, for which payment has already been received.

Deferred Consideration

Deferred consideration relates to the acquisition of Nerine Trust Limited and Abacus Crew Limited.

12. Creditors: amounts falling due after more than one year

	30 June 2023 £'000	31 December 2022 £'000	30 June 2022 £'000
Bond Issue	15,000	-	-
Deferred consideration	131	183	235
Finance Lease	27	-	-
	15,158	**183**	**235**

13. Provisions

Accounting Policy

Provisions
Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are determined by the expected future cash flows at a pre-tax rate that reflects current market assessments of the risks specific to the liability.

Onerous Lease
Where the unavoidable costs as lessee of an operating lease exceed the economic benefit expected to be received from it, a provision is made for the present value of the obligations under the lease. This is released over the remaining lease term.

Critical Judgement Applied – Onerous Leases

The Group has identified leases that were a part of the various acquisitions as onerous. The first property (Nerine House) is not occupied by a revenue generating business and is no longer being used for administrative projects and storage. A section of this property was sub-let in the year resulting in a release of some of the provision. The second property (Waalre), the client portfolio was sold and the employees remaining at the property site do not generate enough revenue to cover the unavoidable expense of the lease as such this was identified as onerous. The Group was able to release this lease in financial year 2022. The third property (Cirrus House) relates to recovery site no longer being utilised as the Group has changed its policy.

	Cirrus House £'000	Nerine House £'000	Total £'000
At 1 January 2023	**406**	**195**	**601**
Arising during the period	–	–	–
Released/(utilised)	(391)	(85)	(476)
At 30 June 2023	**15**	**110**	**125**

Nerine House
Property with lease expiring 31 May 2024 that has been partially sub-let as of September 2022. The remaining portion of the lease is still actively being marketed for subletting.

Cirrus House
At the end of December 2022, the review of the work area recovery agreement took place, and this indicated the property was no longer being used for its intended purpose. The lease expires 15 December 2028 with no break period and no opportunity to sublet. An onerous lease provision was recognised in full for £405,524 and will be released to expiry date.

During 2023 it was agreed to cancel the work recovery area agreement, with all future liabilities relating to the contract cancelled. Therefore, the majority of the remaining provision was released, with the amount remaining representing the final quarter of the contract to be invoiced.

14. Borrowings

The Group issued a £15,000,000 bond on 16 May 2023. The bond has a five-year term, is unsecured, and carries a coupon rate of 8.25%. Part of the proceeds of the bond was used to fully repay the Multicurrency Term and Revolving Facilities Agreement with Royal Bank of Scotland International ("RBSI").

The capital repayment profile of the Group's borrowings is:

	30 June 2023 £'000	31 December 2022 £'000	30 June 2022 £'000
Within one year	-	10,000	10,000
Between one year and two years	-	-	-
Between two years and five years	15,000	-	-
After five years	-	-	-
	15,000	**10,000**	**10,000**

15. Net Cash Reconciliation

	1 January 2023 £'000	Cash flows £'000	Other non-cash changes £'000	30 June 2023 £'000
Cash at bank	9,986	6,991	(1,199)	15,778
Obligations under finance lease	-	(26)	-	(26)
Bank overdrafts	(734)	734	-	-
Bank loans	(10,000)	10,000	-	-
Bond	-	(15,000)	-	(15,000)
Net debt	**(748)**	**2,700**	**(1,200)**	**752**

Other non-cash changes relates to foreign exchange movements on cash at bank and in hand.

There are no restrictions over the use of the cash and cash equivalents balances which comprises cash at bank, and bank overdrafts.

16. Post Period End Events

Olympic Holdings Limited

Following all completion conditions being satisfied, on 1 July 2023 the Group completed the acquisition of Olympic Holdings Limited (the "Sarnia Yachts Group") for the amount of £4,100,000, payable in cash. Upon completion, £2,665,000 cash was paid, with 15% being due on the first anniversary of completion and 20% on the second anniversary of completion. A mechanism is included that would allow consideration to rise to £4,500,000, contingent on business performance during the two years following acquisition.

Performance Share Plan

Our people are at the heart of Praxis' success and they have been key to ensuring the delivery of the transformation that has been seen across the Group over the last 12 months.

In 2022, shareholders approved a long term incentive plan (LTIP) programme designed to reward our leadership team with shares linked to the delivery of the strategic plan.

The Remuneration Committee has approved a total of 899,100 restricted shares and options to be issued in 2023 under this plan to our top 60 management personnel. These restricted shares will vest in 2026 subject to the Group having delivered a statutory EBITDA hurdle and the recipient remaining employed by Praxis at that date. When taken together with our 2022 LTIP, a total of 1,406,038 shares and options have now been granted under the plan, all of which are satisfied by issued shares held by PraxisIFM Group Limited Employee Benefit Trust.

Other than the above there are no other post period end events that require disclosure in these consolidated financial statements.

Company Information

Where appropriate, this report refers to the group of companies controlled by Praxis Group Limited as the 'Group'.

Directors (the 'Board')
Iain Torrens (Chairman)
Stephanie Coxon (Non-Executive Director)
Diane Seymour-Williams (Non-Executive Director)
Peter Gillson (Non-Executive Director)
Robert Fearis (Chief Executive Officer)
Richard Morris (Chief Financial Officer)
Martyn Crespel (Executive Director) – resigned 30 June 2023

Company Secretary
Adam Kitching

Registered Office
Sarnia House, Le Truchot, St Peter Port, Guernsey GY1 1GR

Registered Number
30367

Listing Sponsor and Market Maker
Ravenscroft Consultancy and Listing Services Limited,
PO Box 222, 20 New Street, St Peter Port, Guernsey GY1 4JG

Independent Auditors
BDO Limited, PO Box 180, Place du Pré, Rue du Pré,
St Peter Port, Guernsey GY1 3LL

ISIN
GB00BD0RGF89

LEI
213800MNA9SX4F9ZSJ58

Registrar and Location of Register of Members
Praxis Group Limited, Sarnia House, Le Truchot, St Peter Port, Guernsey GY1 1GR

Investor Relations
For current shareholder and corporate information, including the Financial Calendar please visit www.praxisgroup.com/investor-relations