PRAXIS
OPEN IDEAS

Interim Report & Unaudited Financial Statements

For the six months ended 30 June 2024

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Contents

Business and Financial Highlights

Revenue
£27m
6 months to 30 June 2023: **£24.8m**

Gross Profit Margin
62%
6 months to 30 June 2023: **58%**

New Business Pipeline (Weighted)*
£3.2m
6 months to 30 June 2023: **£2.7m**

Annualised New Business Won
£2.2m
6 months to 30 June 2023: **£2.0m**

Net Organic Growth
4.2%
6 months to 30 June 2023: **5.1%**

Statutory EBITDA
£1.8m
6 months to 30 June 2023: **£1.9m**

Adjusted EBITDA
£4.0m
6 months to 30 June 2023: **£2.9m**

Loss Before Taxes
(£1.4m)
6 months to 30 June 2023: **(£0.9m)**

Operating Cashflow
£1.7m
6 months to 30 June 2023: **£6.6m**

Diluted EPS
(2.4p)
6 months to 30 June 2023: **(1.7p)**

Dividends
1.25p
6 months to 30 June 2023: **1.25p**

Full-time Employees
374
6 months to 30 June 2023: **391**

The weighted pipeline represents the annualised revenues that are expected to be delivered within the next 12 months from the business development pipeline at 30 June. These transactions are in the latter stages of conversion and therefore considered likely to move to won business.

Business and Financial Highlights continued

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 2024 £'000	6 months to 30 June 2023 £'000
Loss for the period	**(1,974)**	**(1,411)**
Net interest	551	394
Tax	597	463
Depreciation	522	566
Amortisation	2,026	1,817
Performance share plan	28	83
EBITDA as reported	**1,750**	**1,912**
Non-underlying items		
Strategic	593	-
Transformation	142	227
Restructuring	925	1,129
Other	554	(349)
Underlying EBITDA	**3,964**	**2,919**

CEO Review

The first half of 2024 saw net revenue increase by 8.9% from £24.8 to £27.0m, and gross profit margin improve significantly from 58% to 62% reflecting the enhanced productivity and increased efficiencies that have been a key focus of the transformation programme.

Net organic growth contracted slightly from 5.1% to 4.2%, driven by a slowdown in onboarding as clients wait for more clarity regarding the ongoing political changes, including the much-publicised changes to the UK non-dom rules. We are beginning to see an uplift in client onboarding, and so we expect this metric to improve by year-end.

Our investment into the business development function is continuing to deliver a significant improvement in organic growth with the weighted annual new business pipeline standing at £3.2m at 30 June. We expect £1.8m of this annualised revenue to convert during the second half of the year with the remainder following in early 2025. When taken together with the £2.2m of annualised revenue delivered in the first half of 2024, this puts us firmly on-track to deliver our target of increasing 'won' business by 10% year on year. Our attractiveness to new clients continues to be validated with 70% of mandates coming from clients who are new to the Group.

A primary objective is to bring the Group back to sustainable net profitability. In the first half of 2024 the Group made a net loss of £2.0m, which includes £0.8m of exceptional non-trading costs, but when added back with amortisation of goodwill on historical acquisitions (£2.0m), this represents an adjusted net profit of £0.8m. We continue to face some cost challenges and are committed to reducing operating costs through increased automation and efficiency measures.

As part of the transformation programme, we are focused on staff productivity to drive both revenue growth and profit generation. The uplift in gross profit margin is starting to reflect that progress. The payment automation project has been implemented in Guernsey and Jersey with the rest of the Group following in the second half of the year. The roll-out of our new centralised Management Information System is now a single source of truth that is shining a light across the business entities and giving our senior leaders timely and accurate data, enabling them to be more responsive to any required actions.

The Group has delivered £1.8m EBITDA (PY: £1.9m), which has been tempered by projects initiated in the second half of 2023, which span multiple financial periods such as the transformation and restructuring of support functions and Group management, and the integration of Sarnia Yachts. Adjustments across these items total £1.4m, and these continue to suppress our net profit and EBITDA. Alongside these are one-off items incurred in the six-month period that are not representative of normal trading performance.

The adjusted EBITDA delivered is £4.0m (PY: £2.9m), which is an improvement on the prior period, with adjustments arising in the following areas:

> Strategic	£0.6m
> Transformation	£0.1m
> Restructuring	£0.9m
> Other	£0.6m

As multi-year projects and workstreams driving the adjustments continue to complete and deliver their targeted benefits, we expect the level of adjustments to reduce in the second half of the year and onwards into 2025. As an example, we are pleased to report that the PI run off insurance for Nerine Trust has now ceased, and the policy has been renewed at a level that represents a significant saving, without reducing the strength of the policy. The period to June 2024 is the last period for this adjustment and the net profit and EBITDA upturn from this is now expected in H2.

Turning our improved margins into cash is a focus in H2. The business generated £2.3m of operating cashflow during the first half of the year, down from £7.5m in the comparative period. Whilst £2.0m of this reduction can be attributed to the decision taken in 2023 to invoice and collect some annual fees in December rather than during the first quarter of 2024, we were behind plan on debtor collections as we exited the first half of the year.

We have seen positive movement in cash collection in the two months since the period end, and we expect to be back to a normal position by the end of the financial year.

CEO Review continued

A total of £0.8m (PY: £0.6m) of our operating cashflow was invested into tangible assets, principally technology infrastructure, the Malta office move, and preparatory work for the Guernsey office move, with £0.6m paid out as tax and £0.7m (PY: £0.5m) of semi-annual interest paid on the bond, resulting in a net cash inflow for the period of £0.3m and net debt of £3.1m.

The outlook across the Group

In June we appointed James Wiseman to lead our 80-strong Guernsey private wealth and corporate services operation. James is an experienced international practitioner, and his appointment is part of the realignment of our core offering. James is responsible for developing the existing private wealth and corporate services business, collaborating with colleagues across the Group and strengthening connections with our professional advisers on and off-island.

Elsewhere in the organisation, the yacht services team has turned in a strong performance following the acquisition of Sarnia Yachts in July 2023 with new business wins in the first half of the year standing at £0.3m in annualised revenue.

The team has developed and delivered a range of innovative service products into the market and has been working alongside the Marketing & Communications team to build brand profile through targeted digital and social campaigns. To date, these initiatives have driven a significant uplift in traffic to the website, generating qualified leads for the division that have helped its new business pipeline more than double since the start of this financial year and more than quadruple since the acquisition.

In February, the yachts services team rolled out a best-in-class online safety management system, which was developed in house to enable owners and captains to run a complete safety system onboard, enhancing protections and mitigating risks. In March, it announced an alliance with specialist yacht agency Insignia Crew to deliver streamlined recruitment solutions to the industry. In June,

CEO Review continued

the division launched a suite of ownership, management and crew services for private and commercial yachts under 500 gross tons. Praxis Select combines expert knowledge with advanced technology and fee transparency, filling a gap in the market that has been very favourably received.

Referrals from across the Group are gaining momentum, and the ability to cross-sell additional services is starting to gain traction as we build a more collegiate approach. Working closely with their peers in private wealth, the yacht services team has a compelling opportunity to grow not only in the UK and Europe but also in Southeast Asia and the Middle East where the sector is still in its infancy but has great potential.

Staying in the Middle East, it is a year since we launched our 'Powered by Praxis' employee benefits platform in the UAE enabling businesses to provide end of service benefits (EOSB) and personal savings plans to their workforces via a bespoke portal. Changes were made to local regulations in late 2023, marking the first major amendment since the late 1980's, which introduced an alternative method for employers in the UAE to fund and pay gratuity benefits to their employees. While the rate of regulatory change to a mandatory model is slower than expected, there is a clear direction of travel within the region and our established team on the ground is well-placed to leverage their expertise as the sector develops. We are already working with early adopters who are keen to elevate their employer brands through a strategic approach to employee benefits.

As the market for employee solutions builds, we are seeing a flow of requests for EOSB, employee saving scheme and share option plan consulting services to support organisations looking to become employers of choice. Our recently developed consulting services help clients navigate the complexities of these arrangements, and this represents a promising new revenue stream.

Since we established a market presence in the Middle East in 2013, we have built strong relationships with institutional, private equity and venture capital clients who are looking for expert teams to deliver bespoke fund administration services on the ground. We are actively targeting this opportunity, and during the first half of the year we have appointed key accounting and compliance personnel, and are implementing fund accounting platform Allvue, which streamlines operations and provides an efficient solution to manage full end-to-end processes for funds.

The development of our fund administration service line is part of the planned expansion of our global corporate services offering with an initial focus on the UAE, Jersey and the UK.

In March 2024, this expansion was announced to the market with the launch of two off-the-shelf company secretarial solutions: CoSec LITE, which provides essential compliance and governance assistance; and CoSec Classic, which delivers a broader range of services to companies and structures requiring a higher level of support. The services are delivered alongside integrated board and entity management software solution, Diligent, and supported by Chartered Governance Institute-qualified and other professionals across the Group.

The corporate services division has been proactive in marketing these solutions, leveraging its established intermediary network in the UK and Jersey, supported by targeted digital campaigns that are generating a steady flow of qualified leads and helping to build a strong pipeline.

These new service products reflect a growing appetite for transparent and efficient solutions in terms of pricing and delivery, making our services more accessible while leaving scope for a more bespoke approach where needed.

Turning to offices, after 36 years in Sarnia House and with the lease due to expire in late 2024, we have taken the decision to move the team to Regency Court in early November. The cost and disruption of bringing the existing premises up to modern building standards was weighed against the enhanced environment and the cost-effective fit-out of Regency Court. The outcome is that total expenditure over the next five years will be below that of staying in Sarnia House, and the team will be relocated to a modern, open plan space that will encourage greater collaboration and productivity.

We took the same approach in April when we relocated our Malta colleagues from two offices to a unified modern space in the primary entrance to Malta's Central Business District. These new offices represent substantive upgrades to our facilities, while delivering cost savings and increased efficiencies. They also demonstrate our commitment to the wellbeing of our staff and the long-term future of the Group.

CEO Review continued

In June, the global private wealth team was shortlisted for the STEP Private Client Awards 2024 'Trust Company of the Year (Large)'. The winners for each category will be announced in September. It is a testament to the hard work and dedication of our practitioners and support teams across the Group, as well as our commitment to providing excellence to our clients and advisers, and to nurturing the next generation of talent.

NextGens were also top of mind with the launch of our Full 24 campaign on International Women's Day. This peer-to-peer career advice programme brought together volunteers and participants from around the globe and has been a useful initiative from an employer brand and recruitment perspective. Twenty-four women from Praxis participated, using their annual volunteer time to support women who were interested in following a similar career path.

An overview of the performance in each jurisdictional reporting line is outlined below.

Crown Dependencies and UK

£18.6m

Revenue
6 months to 30 June 2024
6 months to 30 June 2023: £16.6m

64%

Gross Profit Margin
6 months to 30 June 2024
6 months to 30 June 2023: 59%

Compared to the same period last year, revenue has increased by just over 12% and gross profit margin has improved substantially, driven by:

- Revenue for the Guernsey private wealth business continuing the growth rate seen in 2023, and gross profit margin made in H2 of 2023 continuing;
- Isle of Man revenue growing in the first six months of the year, but gross profit margin falling back as the management team is strengthened to accelerate growth.
- Jersey continuing to grow its revenue and retaining strong gross profit margin; and
- UK falling back from the growth of previous periods due to client exits, but continuing to show its value as a business development hub for the Group.

Europe and Middle East

£4.9m

Revenue
6 months to 30 June 2024
6 months to 30 June 2023: £5.0m

56%

Gross Profit Margin
6 months to 30 June 2024
6 months to 30 June 2023: 57%

Compared to the same period last year, revenue has declined by 2% but gross profit margin has remained stable, driven by:

- Geneva seeing a contraction in revenue, but with gross profit margin preserved by the restructuring done in 2023;
- Malta showing continued growth driven by both the private wealth and pensions businesses;
- Netherlands showing stable revenue and gross profit margin as the business goes through a period of restructuring and change; and
- UAE showing growth since the end of 2023, with new offerings in corporate services, funds and end of service gratuity products launching, and gross profit margin improving.

Rest of World

£3.6m

Revenue
6 months to 30 June 2024
6 months to 30 June 2023: £3.3m

58%

Gross Profit Margin
6 months to 30 June 2024
6 months to 30 June 2023: 54%

Compared to the same period last year, revenue is showing strong growth of 9%:

- BVI revenue and gross profit margin remaining stable; and
- Hong Kong SAR showing strong revenue growth as activity in the region increases, driving gross profit margin improvement alongside revenue.

CEO Review continued

Announcements

We will shortly be opening a consultation period regarding the possibility of taking Praxis Group Limited private. It is the Group Board's view that the benefits derived from listing in 2017 have now been exhausted and that retaining it has become counterproductive.

I invite you to participate in the consultation process, which will run from September to October, and to share your views and any concerns with me directly. Further details on the dates of the consultation period and how to participate will be provided in due course.

I am also today announcing the resignation of the Group's Chief Financial Officer, Richard Morris, who has been with the business since 2016 and held the role of CFO since 2020.

On behalf of the Board and executive team, I would like to thank Richard for the outstanding contribution he has made to the Group. He has played a pivotal role in strengthening our financial position and has helped to guide the Group through a period of significant change.

As part of the transition, Richard steps down as a Board Director but will remain in post during his notice period. The search for a new CFO is underway and we are committed to finding an individual who will continue to drive our commercial success and strategic objectives.

Looking ahead

We are taking positive strides in 2024 and moving the focus from working smarter to enhancing client satisfaction and reducing attrition. Key to this is the completion of our Group-wide client survey this autumn, which is an opportunity to hear from our network directly about what we are doing well, where we can improve and what more we can do for them. Delivering a better service culture is fundamental to our success and the survey process will help us to make informed decisions and set the baseline for improvement.

As the world stage continues to shift and change, we are keeping a close eye particularly on developments in the UK which continues to be a key market for us. However, our focus is also shifting to the Middle East, Greater China and Southeast Asia where we are seeing an increase in demand across all four of our service lines.

The ongoing support of our shareholders is invaluable as we continue this journey, and we are pleased to declare an interim dividend of 1.25p per share, which will be payable to shareholders on record at 13 September 2024.

I would also like to acknowledge the hard work, talent and dedication of our management and employees who remain the bedrock of our business.

Robert Fearis
Chief Executive Officer
5 September 2024

> "We are taking positive strides in 2024 and moving the focus from working smarter to enhancing client satisfaction and reducing attrition."

Unaudited Consolidated Income Statement
For the six months ended 30 June 2024

	Note	6 months ended 30 June 2024 Unaudited £'000	12 months ended 31 December 2023 Audited £'000	6 months ended 30 June 2023 Unaudited £'000
Turnover	3	27,024	51,543	24,836
Direct costs	4	(10,364)	(21,293)	(10,363)
Gross profit		**16,660**	**30,250**	**14,473**
Indirect costs	5	(14,950)	(27,109)	(12,589)
Other operating income		40	27	28
Earnings before interest, taxes, depreciation, amortisation and performance share plan (EBITDA)		**1,750**	**3,168**	**1,912**
Depreciation	8	(522)	(1,114)	(566)
Amortisation	7	(2,026)	(3,955)	(1,817)
Performance share plan		(28)	(141)	(83)
Operating loss		**(826)**	**(2,042)**	**(554)**
Interest receivable		105	221	85
Interest payable		(656)	(1,120)	(479)
Loss before taxation		**(1,377)**	**(2,941)**	**(948)**
Tax on profit of ordinary activities		(597)	(1,080)	(463)
Loss for the financial period		**(1,974)**	**(4,021)**	**(1,411)**
Earnings per ordinary share (expressed in pence per share)				
Basic		(2.4)	(4.8)	(1.7)
Diluted		(2.4)	(4.8)	(1.7)

The notes on pages 14 to 27 form part of the financial statements.

Unaudited Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2024

	6 months ended 30 June 2024 Unaudited £'000	12 months ended 31 December 2023 Audited £'000	6 months ended 30 June 2023 Unaudited £'000
Loss for the financial period	(1,974)	(4,021)	(1,411)
Other comprehensive loss			
Foreign exchange on translation	(844)	(325)	(1,127)
Total comprehensive income for the financial period	**(2,818)**	**(4,346)**	**(2,538)**

The notes on pages 14 to 27 form part of the financial statements.

Unaudited Consolidated Statement of Financial Position

For the six months ended 30 June 2024

	Note	30 June 2024 Unaudited £'000	30 June 2024 Unaudited £'000	31 December 2023 Audited £'000	31 December 2023 Audited £'000	30 June 2023 Unaudited £'000	30 June 2023 Unaudited £'000
Fixed assets							
Intangible assets	7		31,624		33,692		32,056
Tangible assets	8		3,058		2,808		2,739
Investments			318		358		308
Prepaid investment			-		-		2,861
			35,000		**36,858**		**37,964**
Current assets							
Accrued income		2,965		3,102		2,977	
Debtors and prepayments	9	21,759		19,237		18,620	
Cash and cash equivalents		12,648		11,608		15,778	
		37,372		**33,947**		**37,375**	
Creditors: amounts falling due within one year	11	**(22,411)**		**(17,697)**		**(19,915)**	
Net current assets			**14,961**		**16,250**		**17,460**
Total assets less current liabilities			**49,961**		**53,108**		**55,424**
Creditors: amounts falling due after more than one year	12		**(15,027)**		**(16,097)**		**(15,158)**
Provisions for liabilities	13		**(479)**		**(717)**		**(125)**
Total net assets			**34,455**		**36,294**		**40,141**
Capital and reserves							
Called up share capital			859		859		859
Share premium			50,610		50,610		50,610
Treasury shares			(2,454)		(2,489)		(2,726)
ESOP share reserve			-		-		-
Capital reserve			1,495		1,166		337
Other reserves			64		71		250
Profit and loss account			(16,119)		(13,923)		(9,189)
Equity attributable to owners of the parent company			**34,455**		**36,294**		**40,141**

The financial statements were approved by the Board of directors and authorised for issue on 5 September 2024 and are signed on its behalf by:

Robert Fearis
Chief Executive Officer

The notes on pages 14 to 27 form part of the financial statements.

Unaudited Consolidated Statement of Cash Flows

For the six months ended 30 June 2024

	Note	6 months ended 30 June 2024 Unaudited £'000	12 months ended 31 December 2023 Audited £'000	6 months ended 30 June 2023 Unaudited £'000
Cash flows from operating activities				
Loss on operating activities before taxation		(1,377)	(2,941)	(948)
Adjustments for:				
Amortisation of intangible assets	7	2,026	3,955	1,817
Depreciation of tangible assets	8	522	1,114	566
Interest expense		656	1,120	479
Interest income		(105)	(221)	(85)
Onerous lease	13	133	136	(361)
Goodwill impairment	7	-	-	-
Performance share plan		28	141	83
Increase in accrued income		137	2,548	2,671
Increase in debtors	9	(2,522)	(7,130)	(7,259)
Increase in creditors	11	2,826	7,186	10,523
Cash from operating activities		**2,324**	**5,908**	**7,486**
Income taxes paid		(616)	(1,399)	(868)
Net cash from operating activities		**1,708**	**4,509**	**6,618**
Cash flows from investing activities				
Purchases of tangible assets	8	(797)	(1,156)	(568)
Purchases of intangible assets	7	-	(1)	-
Deferred consideration received		-	-	-
Cash paid for acquisitions		-	(3,001)	(2,861)
Cash received from acquisition of subsidiary		-	1,034	-
Interest received		105	221	85
Net cash used in investing activities		**(692)**	**(2,903)**	**(3,344)**
Cash flows from financing activities				

The notes on pages 14 to 27 form part of the financial statements.

Unaudited Consolidated Statement of Cash Flows continued

For the six months ended 30 June 2024

	Note	6 months ended 30 June 2024 Unaudited £'000	12 months ended 31 December 2023 Audited £'000	6 months ended 30 June 2023 Unaudited £'000
Bank loan repayments	14	-	(10,000)	(10,000)
Bond issue	14	-	15,000	15,000
Bond issue costs paid		-	(217)	-
Net movement on overdraft	14	-	(734)	(734)
Deferred consideration paid		-	(29)	(29)
Contractual covenant payments		(52)	(104)	(52)
Interest paid		(656)	(1,049)	(479)
Dividends paid		-	(2,148)	-
Share repurchase		-	(15)	(15)
Finance leases		-	-	26
Net cash (used in)/from financing activities		**(708)**	**704**	**3,717**
Net increase in cash and cash equivalents		**308**	**2,310**	**6,991**
Cash and cash equivalents at beginning of period		11,608	9,986	9,986
Effect of foreign exchange rate changes		(34)	(688)	(1,199)
Cash and cash equivalents at end of period		**11,882**	**11,608**	**15,778**

The notes on pages 14 to 27 form part of the financial statements.

Notes to the Consolidated Financial Statements
For the six months ended 30 June 2024

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 accounting policies adopted in the preparation of the Interim Report and Unaudited Financial Statements are consistent with those followed in the preparation of the Group's Annual Report. The policies have been used consistently in dealing with items considered material to the Group's affairs and 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 2023.

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.

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 2024 is at the mid-point of the working capital cycle as annual fees are billed on 1 January.

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.

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.

Notes to the Consolidated Financial Statements continued
For the six months ended 30 June 2024

3. Divisional Reporting

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 £2,965k (31 December 2023: £3,102k, 30 June 2023: £2,977k).

An increase/decrease of accrued income by 5% would result in a gain/charge to profit of £148k.

For the period ended 30 June 2024:

	Crown Dependencies & UK £'000	Europe and Middle East £'000	Rest of World £'000	Total £'000
Turnover	18,533	4,937	3,554	27,024
Staff costs	(6,708)	(2,156)	(1,500)	(10,364)
Gross profit	**11,825**	**2,781**	**2,054**	**16,660**
Gross margin	**64%**	**56%**	**58%**	**62%**
Other operating income				40
Indirect costs				(14,950)
EBITDA				**1,750**
Depreciation				(522)
Amortisation				(2,026)
Performance share plan				(28)
Operating loss				**(826)**

No acquisitions were made in the period to 30 June 2024.

Notes to the Consolidated Financial Statements continued
For the six months ended 30 June 2024

3. Divisional Reporting continued
For the year ended 31 December 2023:

	Crown Dependencies & UK £'000	Europe and Middle East £'000	Rest of World £'000	Acquisitions £'000	Total £'000
Turnover	33,905	10,873	5,690	1,075	51,543
Staff costs	(13,333)	(5,276)	(2,065)	(619)	(21,293)
Gross profit	**20,572**	**5,597**	**3,625**	**456**	**30,250**
Gross margin	**61%**	**51%**	**64%**	**42%**	**59%**
Other operating income					27
Indirect costs					(27,109)
EBITDA					**3,168**
Depreciation					(1,114)
Amortisation					(3,955)
Performance share plan					(141)
Operating loss					**(2,042)**

One acquisition was made in the year ended 31 December 2023 and this was Olympic Holdings Limited. The results presented represent the six months of operating activity since its acquisition on 1 July 2023. Olympic Holdings Limited will be part of multiple divisional segments as it operates in Guernsey, Malta and UK for future periods of reporting.

Notes to the Consolidated Financial Statements continued
For the six months ended 30 June 2024

3. Divisional Reporting continued
For the period ended 30 June 2023:

	Crown Dependencies & UK £'000	Europe and Middle East £'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)**

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

	6 months ended 30 June 2024 £'000	12 months ended 31 December 2023 £'000	6 months ended 30 June 2023 £'000
Crown Dependencies	17,349	32,189	14,957
Rest of Europe	4,468	9,061	4,759
Caribbean	1,653	3,814	1,908
Netherlands	1,905	3,600	1,815
Rest of World	1,649	2,879	1,397
	27,024	**51,543**	**24,836**

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

Notes to the Consolidated Financial Statements continued
For the six months ended 30 June 2024

4. Direct Costs

	6 months ended 30 June 2024 £'000	12 months ended 31 December 2023 £'000	6 months ended 30 June 2023 £'000
Staff salaries	9,331	19,272	9,320
Other direct costs	530	1,087	655
Staff pension contributions	479	837	388
Staff health cover	24	97	31
	10,364	**21,293**	**10,394**

5. Indirect Costs

	6 months ended 30 June 2024 £'000	12 months ended 31 December 2023 £'000	6 months ended 30 June 2023 £'000
Administrative salaries	6,857	13,840	5,990
Administrative expenses	2,134	4,176	1,804
Computer expenses	2,292	3,668	1,491
Rent and rates	1,418	2,388	1,060
Insurance	1,095	1,293	1,127
Finance and bad debts	397	347	414
Marketing	266	1,022	310
Technical and training	113	168	89
Travel and entertaining	378	207	304
	14,950	**27,109**	**12,589**

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

Notes to the Consolidated Financial Statements continued
For the six months ended 30 June 2024

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 2024 £'000	12 months ended 31 December 2023 £'000	6 months ended 30 June 2023 £'000
Profit/(loss) for the period (£'000)	(1,974)	(4,021)	(1,411)
Weighted average number of shares in issue	85,941,024	85,941,024	85,941,024
Treasury shares held	2,270,045	2,317,310	2,528,732
Basic earnings (pence per share)	**(2.4)**	**(4.8)**	**(1.7)**
Dilutive shares	-	-	-
Diluted earnings (pence per share)	**(2.4)**	**(4.8)**	**(1.7)**

Notes to the Consolidated Financial Statements continued
For the six months ended 30 June 2024

7. Intangible Assets

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 period 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 period ended 30 June 2024 was 2.0 based on typical market transactions where a revenue multiple is used for valuation purposes.

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 period ended 30 June 2024 was 12.92% (31 December 2023: 12.70%, 30 June 2023: 12.27%).

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.

7. Intangible Assets continued

	Goodwill £'000	Client Book £'000	Business software £'000	Total £'000
Cost				
At 1 January 2024	**62,455**	**326**	**1,496**	**64,277**
Purchases	-	-	-	-
Disposals	-	-	-	-
Impairments to goodwill	-	-	-	-
FX movement	(73)	-	(4)	(77)
At 30 June 2024	**62,382**	**326**	**1,492**	**64,200**
Amortisation				
At 1 January 2024	**29,282**	**109**	**1,194**	**30,585**
Amortisation for the period	1,918	28	58	2,004
Disposals	-	-	(8)	(8)
FX movement	(1)	-	(4)	(5)
At 30 June 2024	**31,199**	**137**	**1,240**	**32,576**
Net book value				
At 30 June 2024	**31,183**	**189**	**252**	**31,624**
At 1 January 2024	**33,173**	**217**	**302**	**33,692**

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 2024, the recoverable amount for all CGUs is higher than its carrying amount after recognition of impairments.

Included in amortisation note on consolidation income statement and cash flow is £21,701 which relates to bond issue. This is being amortised over the length of the bond.

Notes to the Consolidated Financial Statements continued
For the six months ended 30 June 2024

8. Tangible Assets

	Computer equipment £'000	Leasehold property & improvements £'000	Furniture, fixtures & fittings £'000	Total £'000
Cost				
At 1 January 2024	**7,370**	**2,346**	**1,969**	**11,685**
Purchases	546	227	24	797
Eliminated on disposal	(8)	-	(171)	(179)
FX movement	(10)	1	(10)	(19)
At 30 June 2024	**7,898**	**2,574**	**1,812**	**12,284**
Depreciation				
At 1 January 2024	**5,317**	**1,885**	**1,675**	**8,877**
Depreciation for the period	379	62	81	522
Eliminated on disposal	(8)	-	(147)	(155)
FX movement	(7)	1	(12)	(18)
At 30 June 2024	**5,681**	**1,948**	**1,597**	**9,226**
Net book value				
At 30 June 2024	**2,217**	**626**	**215**	**3,058**
At 1 January 2024	**2,053**	**461**	**294**	**2,808**

Notes to the Consolidated Financial Statements continued
For the six months ended 30 June 2024

9. Debtors and Prepayments

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 £2,307k (31 December 2023: £2,448k, 30 June 2023: £3,795k) and represents 15% as a portion of debtors.

An increase/decrease of bad debt provision by 5% would result in a charge/gain to profit of £115k.

	30 June 2024 £'000	31 December 2023 £'000	30 June 2023 £'000
Trade debtors	14,916	14,204	12,300
Prepayments	2,977	2,812	3,495
Other receivables	2,250	918	1,590
Rent deposit	1,037	590	902
Deferred tax asset	208	204	204
VAT debtor	371	509	129
	21,759	**19,237**	**18,620**

10. Cash and Cash Equivalents

	30 June 2024 £'000	31 December 2023 £'000	30 June 2023 £'000
Cash at bank	12,648	11,608	15,778
Overdraft (note 14)	(766)	-	-
	11,882	**11,608**	**15,778**

Notes to the Consolidated Financial Statements continued
For the six months ended 30 June 2024

11. Creditors: amounts falling due within one year

	30 June 2024 £'000	31 December 2023 £'000	30 June 2023 £'000
Sundry creditors	5,051	5,231	6,065
Trade creditors	2,217	2,412	1,752
Wage tax creditor	1,478	1,424	1,281
Taxation	839	858	765
Overdraft (Note 10)	766	-	-
Deferred income	10,464	7,147	9,811
Deferred consideration	1,212	194	104
VAT creditor	384	431	137
	22,411	**17,697**	**19,915**

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

Deferred Consideration
Deferred consideration relates to the acquisition of Nerine Trust Limited, Abacus Crew Limited and Olympic Holdings Limited.

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

	30 June 2024 £'000	31 December 2023 £'000	30 June 2023 £'000
Bond Issue	15,000	15,000	15,000
Deferred consideration	27	1,097	131
Finance Lease	-	-	27
	15,027	**16,097**	**15,158**

Notes to the Consolidated Financial Statements continued
For the six months ended 30 June 2024

13. Provisions

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. La Plaiderie House was acquired as part of the acquisition of Olympic Holdings Limited and is not being occupied and not being actively marketed for letting.

	Nerine House £'000	La Plaiderie House £'000	Onerous Leases £'000
At 1 January 2024	59	386	445
Arising during the period	-	-	-
Released/(utilised)	(59)	(73)	(132)
At 30 June 2024	**-**	**313**	**313**

Nerine House
Property with lease expiring 31 May 2024 that has been partially sub-let as of September 2022.

La Plaiderie House
La Plaiderie House, as a part of the acquisition of Olympic Holdings Limited had onerous lease provision relating to vacant office space which was vacated in 2021. The provision is expected to be utilised over the life of the lease which ends September 2025.

Other Provision
Other provision of £166k made up the full provision as indicated on the Consolidated Statement of Financial Position and relate to restructuring activities undertaken in the current and prior periods.

Notes to the Consolidated Financial Statements continued
For the six months ended 30 June 2024

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 borrowing of the Group is:

	30 June 2024 £'000	31 December 2023 £'000	30 June 2023 £'000
Within one year	-	-	-
Between one year and two years	-	-	-
Between two years and five years	15,000	15,000	15,000
After five years	-	-	-
	15,000	**15,000**	**15,000**

	1 January 2024 £'000	Cash flows £'000	Other non-cash changes £'000	30 June 2024 £'000
Cash at bank	11,608	886	154	12,648
Bank overdrafts	-	(766)	-	(766)
Bond	(15,000)	-	-	(15,000)
Bond interest	(103)	103	-	-
Net debt	**(3,495)**	**223**	**154**	**(3,118)**

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.

Notes to the Consolidated Financial Statements continued
For the six months ended 30 June 2024

15. Transactions with related parties

There is no immediate or ultimate controlling party of the Group. No individual shareholder holds sufficient voting rights in order to exercise control.

Balances and transactions between the parent company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

No contract to which a director of the issuer is or was materially interested was entered into during the period.

16. Post Period End Events

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) -
Resigned 4 September 2024

Company Secretary
Adam Kitching

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

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30367

Listing Sponsor
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Market Maker
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Independent Auditors
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St Peter Port, Guernsey GY1 3LL

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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

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