

## **Company Announcement**

**For Immediate Release – 2 December 2024**

**Praxis Group Limited (the “Company” or the “Group”)**

**Re: Trading Update to 30 September 2024 from Robert Fearis, Group Chief Executive Officer**

### **Highlights**

- Group revenue for the nine months to 30 September was £40.8m, up 7.7% vs. 2023
- Gross margin for the nine months to 30 September was 63.0%, up 4.3% vs. 2023
- New business won continued to increase, with wins up 15.1% vs. 2023, and most new business coming from clients who were new to the Group
- Statutory EBITDA increased to £3.6m, up 39.3% vs. 2023 and up by £1.8m in Q3
- Adjusted EBITDA for the nine months to 30 September was £6.2m, up 15.9% vs. 2023
- Strong cash collections have brought debtors back in line with 2023 levels
- Acquisition of Sandshore Services Limited (“Sandshore”) announced

### **Overview**

We are continuing to see improvements in Group performance as a result of the transformation programme, which is enhancing efficiency across the business. This is resulting in revenues continuing to rise, gross margin moving to 63.0% (up 1.0% in the quarter) and statutory EBITDA increasing by 96.0% in the quarter to £3.6m, delivering the acceleration that we expected in H2.

£1.8m of new business went live in the quarter (Q3 2023 saw £1.4m), with over 70% of new business delivered from clients who are new to the Group, and strong input from the Middle East and Southeast Asia reflecting our efforts to strengthen our activity in these markets.

Up to 30 September 2024, £3.6m of new business had been won across the Group, which is an increase of 15.1% on the same period in 2023 (£3.1m).

As a result, revenue growth for the 12 months to September 2024 was 8.0%, with the Guernsey, Hong Kong and Isle of Man private wealth businesses contributing significantly to this, alongside strong performances from pensions and employer solutions, and yacht services.

Our investment into a new yacht services division (formerly Sarnia Yachts) continues to generate strong new business pipeline growth, with the conversion of annualised new business wins in the first nine months representing 19.1% of 2023 full year revenue. The team has taken on 14 new yachts in 2024 with nine owners who are new to the Group, presenting opportunities to cross-sell our wider services, which we are actively engaged in doing. The service line’s gross profit margin is now aligned with the Group’s.

Our pensions and employer solutions business delivered £3.4m in revenue up to 30 September 2024, which was an increase of 8.2% compared to the same period in 2023. Progress continues in

relation the end of service and savings offering powered by our online employee benefits and savings platform in the UAE.

We continue to drive efficiency and fee recovery across the Group, with gross profit margin strengthening to 63.0% for the nine months to 30 September, compared to 58.8% for the same period in 2023. This means that our efforts to drive efficiency have delivered an additional £1.6m gross profit to the Group. Since 30 June, the Group has further improved gross profit margin by 1.3%, with the private wealth and corporate services divisions delivering a gross profit margin of 63.4% for the nine months to September (59.6% in 2023).

Cash collections improved significantly in the third quarter of the year, with the debtor position at the end of the September being more closely aligned to the same point in 2023. As a result of this, cash from operating activities was significantly improved compared to the same quarter in the prior year. In the third quarter, notable investment activity took place, including the first deferred consideration payment for Sarnia Yachts and the relocation to new Guernsey offices. As a result, cash reserves were lower at the end of September than the previous year but remained at a sustainable level.

We recently widened the range of services offered by our UAE offices through the acquisition of Dubai-based corporate services provider Sandshore. With a history in the Gulf region going back more than 10 years, Sandshore supports the set-up, management, oversight and optimisation of corporate structures and provides bespoke wealth structuring and estate planning services to businesses, high-net-worth individuals and entrepreneurs.

Sandshore has an annual revenue of US\$1.0m and delivers an EBITDA margin of 51.6% with the consideration for the acquisition being agreed using a 6x multiple.

The acquisition dovetails well into our existing infrastructure and builds our expertise further through the addition of five highly qualified professionals. It also brings further opportunities to expand our markets as it enables us to become a licenced corporate services provider in mainland UAE, in addition to the ADGM and DMCC free zones we already operate in.

Looking forward, we are now seeing the benefits of the actions taken in the second half of 2023, which are improving EBITDA and providing a stronger foundation for future growth, with revenue growth and gross profit margin improvement continuing into the fourth quarter and moving us closer towards our target of 65% gross profit margin.

Our next trading update will be in February 2025.

**Further enquiries:**

Ravenscroft Corporate Finance Limited – Listing Sponsor

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**END OF ANNOUNCEMENT**