PRAXIS
OPEN IDEAS

Interim Report & Unaudited Financial Statements

For the six months ended 30 June 2022

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Contents

Business and Financial Highlights

As a result of the disposal of the Fund Services division, the Income Statement and Statement of Comprehensive Income are required to present a three-column format for all periods. All references to Group performance are for continuing operations only.

£23.6m

Revenue
(6 months to 30 June 2022)
(8 months to 31 December 2021: £30.6m)
(6 months to 31 October 2021: £22.4m)

59%

Gross Profit Margin
(6 months to 30 June 2022)
(8 months to 31 December 2021: 56%)
(6 months to 31 October 2021: 56%)

£2.8m

Underlying EBITDA
(6 months to 30 June 2022)
(8 months to 31 December 2021: £3.0m)
(6 months to 31 October 2021: £2.6m)

£2.0m

EBITDA
(6 months to 30 June 2022)
(8 months to 31 December 2021: (£60k))
(6 months to 31 October 2021: £1.6m)

£5.5m

Operating Cashflow
(6 months to 30 June 2022)
(8 months to 31 December 2021: £2.0m)
(6 months to 31 October 2021: £1.6m)

£2.6m

Net Cash / (Debt)
(6 months to 30 June 2022)
(8 months to 31 December 2021: (£4.7m))
(6 months to 31 October 2021: (£6.2m))

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 2022 £'000	8 months to 31 December 2021 £'000	6 months to 31 October 2021 £'000
Loss for the period	**(1,267)**	**(5,209)**	**(2,145)**
Interest	258	501	388
Tax	529	666	490
Depreciation	504	726	547
Amortisation	1,933	3,256	2,335
EBITDA as reported	**1,957**	**(60)**	**1,615**
Non-underlying items			
Restructuring costs	428	776	–
Cost relating to transformation	223	–	–
Impairment of Intangible Assets	–	1,339	–
Developing offices	–	526	472
Professional fees	–	160	349
Provision for onerous lease	–	138	–
Other items	174	120	165
Continuing Underlying EBITDA	**2,782**	**2,999**	**2,601**
Continuing Underlying EBITDA margin	**11.8%**	**9.8%**	**11.6%**

CEO Review

Following the completion of the sale of the Fund Services division to Sanne in December 2021, the Group is pleased to report a promising start to the first phase of its new strategy, with encouraging revenue growth, improved gross profit margins and increasing EBITDA.

The six months to 30 June have also seen the Group develop and begin the complex task of executing a three year plan focused on growing its core services. Whilst it will take at least 12 months to see the real impact, the underlying business has now stabilised and started to show signs of growth.

A core tenet of our strategy is to return the business to growth, driven by the systems and processes we now have in place to increase efficiency and enhance levels of client service. During the first half of the year we saw the first signs of this recovery, with trailing twelve month revenue growing by 2.4%. With the establishment of a London based commercial development team we expect to see growth accelerate as we enter 2023 and beyond.

Gross profit margin improved by 3ppt in the period, as a result of cost reductions initiated in 2021. These reductions, alongside a focus on operating expenses, delivered EBITDA of £2m, compared to an EBITDA loss of £60k for the eight-month period to 31 December 2021, and underlying EBITDA of £2.8m. This performance is particularly pleasing as the impacts of COVID-19 continued to be felt in the first quarter of the year, with a rise in cases and their associated isolation requirements impacting chargeable time generation in our core jurisdictions during a period of typically high client activity.

The Group has reorganised its structure along jurisdictional reporting lines, with identified jurisdictions being Crown Dependencies and UK, Europe and UAE, and Rest of World. Significant drivers of the performance in each jurisdiction are explained below.

Crown Dependencies and UK

£15.5m

Revenue
(6 months to 30 June 2022)
(8 months to 31 December 2021: £20.5m)
(6 months to 31 October 2021: £15.0m)

61%

Gross Profit Margin
(6 months to 30 June 2022)
(8 months to 31 December 2021: 59%)
(6 months to 31 October 2021: 59%)

Revenue showing gradual growth combined with improvement in gross profit margin, driven by;

- Guernsey making significant improvements to gross profit margin.
- Jersey continuing its strong growth trajectory seen over the past three years.
- UK and Isle of Man showing modest growth for their scale.
- Pensions contracting due to natural attrition in the book.

Europe and UAE

£5.1m

Revenue
(6 months to 30 June 2022)
(8 months to 31 December 2021: £6.4m)
(6 months to 31 October 2021: £4.8m)

53%

Gross Profit Margin
(6 months to 30 June 2022)
(8 months to 31 December 2021: 55%)
(6 months to 31 October 2021: 59%)

Revenue and gross profit margin both decline and is a focus of management, driven by;

> UAE showing continued revenue growth, alongside delivery of cost savings implemented last year, resulting in an improved gross margin.

> Malta integrating the book of business acquired in 2021.

> Pensions showing strong growth, offset partially by changes made to US / Malta pensions treaties at the start of 2022 causing a temporary decline in gross profit margin while revenue growth trajectory recovers.

> The integration of the acquired business in the Netherlands and Switzerland are nearing completion and whilst the trend seen over the last couple of years of reducing client numbers has continued, albeit at a slower rate, we are now focused on how we return the businesses to growth and capitalise on opportunities to introduce new customers to our services and in Geneva, to capitalise on the pending regulation of Swiss fiduciary markets where we have applied for a license.

Rest of World

£2.6m

Revenue
(6 months to 30 June 2022)
(8 months to 31 December 2021: £3.4m)
(6 months to 31 October 2021: £2.5m)

56%

Gross Profit Margin
(6 months to 30 June 2022)
(8 months to 31 December 2021: 49%)
(6 months to 31 October 2021: 47%)

Revenue showing growth in latter part of year alongside improvement in gross profit margin.

> BVI generating significant revenue growth, with system developments improving gross profit margin.

> Hong Kong showing revenue attrition due COVID restrictions inhibiting new business growth, but improving its gross profit margin with streamlining of operations.

CEO Review continued

Core to the success of the business and the delivery of our plan is the calibre of our people. With a focus on performance management, training, and a combination of short and longer term incentive plans now in place subject to shareholders approval, we are fully aligning the quality and interests of the team with our stakeholders.

The Group continues to progress on its strategic journey, with the first half of the year a flurry of activity aimed at defining the Group's operating model and structure. The focus has now shifted to the step-plan to achieve this, with priority workstreams progressing rapidly so that benefits are delivered to the bottom line at the earliest opportunity.

Finally, the ongoing support of our shareholders is a critical component of delivering growth. The completion of the sale of the Fund Services division enabled the Group to return £40m to shareholders during the first quarter. This, together with the repayment of term debt, resulted in further strengthening of the Group's balance sheet. The Group is also pleased to report that, by August 2022, it has received all remaining consideration due in relation to the Funds Services division sale.

The business has today declared an interim dividend for the current financial year of 1.25p per share. The interim dividend will be paid on 3 November 2022 to those shareholders holding shares on 7 October 2022. The Shares will go ex dividend on 5 October 2022. Going forward, as the business continues to grow it is the Board's intention to adopt a progressive dividend strategy, whereby the dividend will grow in line with Adjusted EBITDA. Going forward, the interim dividend will be set at 50% of the total dividend paid for the previous financial year.

Looking to world events, we continue to monitor the Ukraine conflict closely, alongside the changing and increasing imposition of sanctions. Our aim is to ensure our ongoing compliance with these important obligations. As a Group we have little exposure to either clients from or assets located in the Russians Federation and so, as things stand today, the direct impact on us as a business is small. We all continue to hope for a cessation of hostilities and an end to the suffering being endured.

The Group is now well placed to continue progressing on its strategic journey, building on the positive early indicators. We look forward to bringing you further updates as we move along the path to improved shareholder value.

Robert Fearis
Chief Executive Officer
28 September 2022

“Core to the success of the business and the delivery of our plan is the calibre of our people... we are fully aligning the quality and interests of the team with our stakeholders.”

Unaudited Consolidated Income Statement

For the six months ended 30 June 2022

	Note	6 months ended 30 June 2022 Cont. Ops £'000	6 months ended 30 June 2022 Discont. Ops £'000	6 months ended 30 June 2022 Total £'000	8 months ended 31 December 2021 Cont. Ops £'000	8 months ended 31 December 2021 Discont. Ops £'000	8 months ended 31 December 2021 Total £'000	6 months ended 31 October 2021 Cont. Ops £'000	6 months ended 31 October 2021 Discont. Ops £'000	6 months ended 31 October 2021 Total £'000
Turnover	3	23,562	–	23,562	30,595	8,263	38,858	22,422	7,045	29,467
Direct costs	4	(9,759)	–	(9,759)	(12,700)	(4,469)	(17,169)	(9,204)	(3,722)	(12,926)
Gross profit		**13,803**	**–**	**13,803**	**17,895**	**3,794**	**21,689**	**13,218**	**3,323**	**16,541**
Other operating expenses	5	(14,344)	–	(14,344)	(21,948)	(1,182)	(23,130)	(14,495)	(930)	(15,425)
Other operating income		61	–	61	11	7	18	10	7	17
Operating (loss) /profit		**(480)**	**–**	**(480)**	**(4,042)**	**2,619**	**(1,423)**	**(1,267)**	**2,400**	**1,133**
Interest receivable		1	–	1	1	2	3	1	2	3
Interest payable		(259)	–	(259)	(502)	(1)	(503)	(389)	(1)	(390)
Gain on disposal of discontinued operation		–	–	–	–	48,540	48,540	–	–	–
(Loss) / profit before taxation		**(738)**	**–**	**(738)**	**(4,543)**	**51,160**	**46,617**	**(1,655)**	**2,401**	**746**
Tax on profit of ordinary activities		(529)	–	(529)	(666)	(204)	(870)	(490)	(188)	(678)
(Loss) / profit for the financial period		**(1,267)**	**–**	**(1,267)**	**(5,209)**	**50,956**	**45,747**	**(2,145)**	**2,213**	**68**
Profit / (Loss) for the financial period attributable to:										
Owners of the parent		(1,267)	–	(1,267)	(5,209)	50,938	45,729	(2,145)	2,196	51
Non-controlling interests		–	–	–	–	18	18	–	17	17
Earnings per ordinary share (expressed in pence per share)										
Basic	6	(1.4)	–	(1.4)	(4.7)	46.4	41.7	(2.0)	2.1	0.1
Diluted	6	(1.4)	–	(1.4)	(4.7)	46.4	41.7	(2.0)	2.1	0.1

The activities related to discontinued operations in the prior period have been identified and related to the Fund Services division. Centrally incurred costs previously allocated to the Fund Services division remain in the Group and have been treated as continuing. All activities in the current period are considered continuing operations.

The notes on pages 11 to 23 form part of the financial statements.

Unaudited Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2022

	6 months ended 30 June 2022			8 months ended 31 December 2021			6 months ended 31 October 2021		
	Cont. Ops £'000	Discont. Ops £'000	Total £'000	Cont. Ops £'000	Discont. Ops £'000	Total £'000	Cont. Ops £'000	Discont. Ops £'000	Total £'000
Profit / (loss) for the financial period	**(1,267)**	**–**	**(1,267)**	**(5,209)**	**50,956**	**45,747**	**(2,145)**	**2,213**	**68**
Foreign exchange loss	1,879	–	1,879	(68)	18	(50)	(285)	27	(258)
Total comprehensive income for the financial period	**612**	**–**	**612**	**(5,277)**	**50,974**	**45,697**	**(2,430)**	**2,240**	**(190)**
Total comprehensive income for the financial period attributable to:									
Owners of the parent	612	–	612	(5,277)	50,956	45,679	(2,430)	2,223	(207)
Non-controlling interests	–	–	–	–	18	18	–	17	17

The notes on pages 11 to 23 form part of the financial statements.

Unaudited Consolidated Statement of Financial Position

For the six months ended 30 June 2022

	Note	30 June 2022 Unaudited		31 December 2021 Audited		31 October 2021 Unaudited	
		£'000	£'000	£'000	£'000	£'000	£'000
Fixed assets							
Intangible assets	7		35,833		37,585		40,055
Tangible assets	8		2,580		2,657		2,677
Investments			278		288		479
			38,691		**40,530**		**43,211**
Current assets							
Accrued income		6,799		5,963		3,666	
Debtors and prepayments	9	18,512		17,818		15,411	
Cash and cash equivalents		13,922		49,994		13,825	
		39,233		**73,775**		**32,902**	
Creditors: amounts falling due within one year	10	**(30,075)**		**(14,827)**		**(21,020)**	
Net current assets			**9,158**		**58,948**		**11,882**
Total assets less current liabilities			**47,849**		**99,478**		**55,093**
Creditors: amounts falling due after more than one year	11		**(235)**		**(10,913)**		**(11,913)**
Provisions for liabilities	12		**(547)**		**(898)**		**(631)**
Total Net assets			**47,067**		**87,667**		**42,549**
Capital and reserves							
Called up share capital	14		859		1,126		1,126
Share premium	14		50,610		66,344		66,344
Treasury shares			(2,473)		(2,740)		(2,740)
ESOP share reserve			44		200		200
Capital reserve			995		(1,063)		(1,239)
Profit and loss account			(2,968)		23,800		(21,284)
Equity attributable to owners of the parent company			**47,067**		**87,667**		**42,407**
Non-controlling interests			–		–		142
			47,067		**87,667**		**42,549**

The financial statements were approved by the Board of directors and authorised for issue on 28 September 2022 and are signed on its behalf by:

Richard Morris

The notes on pages 11 to 23 form part of the financial statements.

Unaudited Consolidated Statement of Cash Flows

For the six months ended 30 June 2022

	Note	6 months ended 30 June 2022 Unaudited £'000	Period ended 31 December 2022 Audited £'000	6 months ended 31 October 2021 Unaudited £'000
Cash flows from operating activities				
Profit/(loss) of operating activities before taxation		(739)	46,617	746
Adjustments for:				
Amortisation of intangible assets	7	1,933	3,281	2,356
Depreciation of tangible assets	8	504	783	596
Interest expense		259	503	390
Interest income		(1)	(3)	(3)
Onerous lease	12	(128)	174	(83)
Goodwill impairment	7	–	1,339	–
Gain on disposal of discont. ops		–	(48,540)	–
Increase in accrued income		(836)	(2,939)	(281)
(Increase)/decrease in debtors	9	(2,710)	8,300	4,883
(Decrease)/increase in creditors	10	7,526	(6,360)	(6,581)
Cash from operating activities		**5,808**	**3,155**	**2,023**
Income taxes paid		(323)	(1,110)	(418)
Net cash from operating activities		**5,485**	**2,045**	**1,605**
Cash flows from investing activities				
Purchases of tangible assets	8	(417)	(601)	(422)
Purchases of intangible assets	7	(83)	–	–
Cash paid for acquisitions		–	(189)	(184)
Cash lost on divestment of subsidiary		–	(3,974)	–
Cash expenses on divestment of subsidiary		–	(2,088)	–
Cash received from divestment of subsidiary		–	47,713	–
Interest received		1	3	3
Net cash (used in)/from investing activities		**(499)**	**40,864**	**(603)**

Unaudited Consolidated Statement of Cash Flows continued

For the six months ended 30 June 2022

	Note	6 months ended 30 June 2022 Unaudited £'000	Period ended 31 December 2022 Audited £'000	6 months ended 31 October 2021 Unaudited £'000
Cash flows used in financing activities				
Bank loan repayments	15	(4,675)	(3,603)	(2,859)
Net movement on overdraft	14	1,370	(3,963)	436
Deferred Consideration	9	1,971	–	–
Net capital flows from finances leases		–	(111)	(99)
Contractual covenant payments		(52)	(70)	(52)
Interest paid		(259)	(503)	(390)
Cash paid in tender offer		(40,000)	–	–
Net cash used in financing activities		**(41,645)**	**(8,250)**	**(2,964)**
Net (decrease)/increase in cash and cash equivalents		**(36,659)**	**34,659**	**(1,962)**
Cash and cash equivalents at beginning of period		49,994	15,544	15,544
Effect of foreign exchange rate changes		587	(209)	243
Cash and cash equivalents at end of period		**13,922**	**49,994**	**13,825**

The notes on pages 11 to 23 form part of the financial statements.

Notes to the Consolidated Financial Statements

For the six months ended 30 June 2022

1. Statutory information

PraxisIFM 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 2021.

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.

With effect from 1 May 2021 the Group has changed its accounting reference date from 30 April to 31 December to align its financial year end with the calendar year and industry standard. The comparatives of October 31 have been included as the last published interim result. The comparatives total includes discontinued activities of the Funds division.

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 2022 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. Following the end of the six month period, the Group received a further £5,500,000 of proceeds in relation to the sale of the Fund Services division.

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 (note 13)

> 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. Segmental reporting

Key Source of Estimation Uncertainty – Valuation of accrued income

Accrued income arises as a result of the 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 £6,855k (2021: £5,963k) and represents an increase due to changes in the billing made at the beginning of January 2021 as well as the timing changes of the period end.

An increase/decrease of accrued income by 5% would result in a gain/charge to profit of £343k.

Basis of Segmentation

Some of the Group's divisions engage in trust and corporate administration with others in funds. Declared revenue is generated by external clients.

The Group has four reportable segments for the current period: Crown dependencies & UK, Europe and UAE, Rest of World and Other. Other represents the Treasury, Corporate Finance and Outsourcing activities. The prior period results for the Funds reportable segment are included within the discontinued column. No client represents more than 10% of revenue.

The chief operating decision maker in respect of segmental reporting has been identified as the Board of directors of PraxisIFM Group Limited. Each segment 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 segmental performance based on gross profit, after the deduction of direct staff costs and direct client costs. Assets and liabilities for each segment are also monitored on an ongoing basis.

For the period ended 30 June 2022:

	Crown Dependencies & UK £'000	Europe and UAE £'000	Rest of World £'000	Other £'000	Discont. £'000	Total £'000
Turnover	15,524	5,161	2,593	284	–	23,562
Staff costs	(6,049)	(2,434)	(1,134)	(142)	–	(9,759)
Gross profit	**9,475**	**2,727**	**1,459**	**142**	**–**	**13,803**
Gross margin	**61%**	**53%**	**56%**	**50%**	**–**	**59%**
Other operating income						61
Operating expenses						(14,344)
Operating loss						**(480)**

No acquisitions were made in the period to 30 June 2022.

3. Segmental reporting continued

For the period ended 31 December 2021:

	Crown Dependencies & UK £'000	Europe and UAE £'000	Rest of World £'000	Other £'000	Discont. £'000	Total £'000
Turnover	20,464	6,380	3,351	400	8,263	38,858
Staff costs	(8,435)	(2,847)	(1,712)	(148)	(4,027)	(17,169)
Gross profit	**12,029**	**3,533**	**1,639**	**252**	**4,236**	**21,689**
Gross margin	**59%**	**55%**	**49%**	**63%**	**51%**	**56%**
Other operating income						18
Operating expenses						(23,130)
Operating loss						**(1,423)**

An acquisition was made in the period ended 31 December 2021. This acquisition was Abacus Crew Limited. The client book of Abacus Corporate Services Limited also acquired sits within the Private Wealth and Corporate Services operating segment. The revenue generated by this book in the eight months ended 31 December 2021 was £148,143.

For the period ended 31 October 2021:

	Crown Dependencies & UK £'000	Europe and UAE £'000	Rest of World £'000	Other £'000	Discont. £'000	Total £'000
Turnover	14,981	4,742	2,439	316	6,989	29,467
Staff costs	(6,202)	(1,964)	(1,293)	(111)	(3,356)	(12,926)
Gross profit	**8,779**	**2,778**	**1,146**	**205**	**3,633**	**16,541**
Gross margin	**59%**	**59%**	**47%**	**65%**	**52%**	**56%**
Other operating income						17
Operating expenses						(15,425)
Operating profit						**1,133**

One acquisition was made in the six months ended 31 October 2021. This acquisition was a book of clients and sits within the Private Wealth and Corporate operating segment. The revenue generated by this book in the six months ended 31 October 2021 was £64,242.

3. Segmental 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 2022 £'000	8 months ended 31 December 2021 £'000	6 months ended 31 October 2021 £'000
Channel Islands	14,400	23,916	17,927
Rest of Europe	4,295	8,882	7,121
Netherlands	1,840	2,221	1,647
Caribbean	1,682	2,335	1,733
Rest of World	1,345	1,504	1,039
	23,562	**38,858**	**29,467**

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

4. Staff costs and other direct costs

	6 months ended 30 June 2022 £'000	8 months ended 31 December 2021 £'000	6 months ended 31 October 2021 £'000
Staff salaries	8,690	15,622	11,763
Staff pension contributions	398	723	606
Staff health cover	27	54	37
Other direct costs	644	770	520
	9,759	**17,169**	**12,926**

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

5. Other Operating Expenses

	6 months ended 30 June 2022 £'000	8 months ended 31 December 2021 £'000	6 months ended 31 October 2021 £'000
Administrative salaries	5,311	7,649	5,195
Administrative expenses	2,085	3,394	2,865
Technical & training	83	115	90
Marketing	521	442	324
Computer expenses	1,975	2,758	1,546
Insurance	627	1,108	1,092
Travel & entertaining	58	77	56
Rent and rates	1,309	2,192	1,592
Amortisation of intangible assets	1,933	3,281	2,356
Finance & bad debts	442	775	309
Impairment of intangible assets	-	1,339	-
	14,344	**23,130**	**15,425**

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 2022	8 months ended 31 December 2021	6 months ended 31 October 2021
Loss for the period for continuing operations (£'000)	(1,267)	(5,209)	(2,145)
Profit for the period for discontinued operations (£'000)	–	48,639	2,213
Profit / (Loss) for the period (£'000)	(1,267)	43,430	68
Weighted average number of shares in issue	96,254,099	112,607,690	112,607,690
Treasury shared held	2,734,982	2,730,091	2,734,982
Basic earnings for continuing operations (pence per share)	**(1.4)**	**(4.7)**	**(2.0)**
Basic earnings for discontinued operations (pence per share)	**–**	**46.4**	**2.1**
Basic earnings (pence per share)	**(1.4)**	**41.7**	**0.1**
Dilutive shares	–	–	74,936
Diluted earnings for continuing operations (pence per share)	**(1.4)**	**(4.7)**	**(2.0)**
Diluted earnings for discontinued operations (pence per share)	**–**	**(46.4)**	**2.1**
Diluted earnings (pence per share)	**(1.4)**	**41.7**	**0.1**

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 2022 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 results 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 2022 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 2022 was 6.79% (2021: 9.24%).

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, except for the sales multiples applied to Private Equity Services (Amsterdam) BV.

7. Intangible assets continued

	Goodwill £'000	Client Book £'000	Business software £'000	Total £'000
Cost				
At 1 January 2022	**59,007**	**243**	**1,403**	**60,653**
Purchases	–	83	–	83
Disposals	–	–	(41)	(41)
Impairments to goodwill	–	–	–	–
FX movement	135	–	12	147
At 30 June 2022	**59,142**	**326**	**1,374**	**60,842**
Amortisation				
At 1 January 2022	**21,928**	**12**	**1,128**	**23,068**
Amortisation for the period	1,843	12	78	1,933
Disposals	–	–	–	–
FX movement	–	–	8	8
At 30 June 2022	**23,771**	**24**	**1,214**	**25,009**
Net book value				
At 30 June 2022	**35,371**	**302**	**160**	**35,833**
At 1 January 2022	**37,079**	**231**	**275**	**37,585**

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 2022, the recoverable amount for all CGU's is higher than its carrying amount after recognition of impairments.

8. Tangible assets

	Computer equipment £'000	Leasehold property and improvements £'000	Furniture, fixtures & fittings £'000	Total £'000
Cost				
At 1 January 2022	**6,106**	**1,963**	**1,932**	**10,001**
Purchases	393	–	24	417
Eliminated on disposal	(63)	–	–	(63)
FX movement	66	30	16	112
At 30 June 2022	**6,502**	**1,993**	**1,972**	**10,467**
Depreciation				
At 1 January 2022	**4,250**	**1,574**	**1,520**	**7,344**
Depreciation for the period	367	61	76	504
Eliminated on disposal	(65)	–	–	(65)
FX movement	59	30	15	104
At 30 June 2022	**4,611**	**1,665**	**1,611**	**7,887**
Net book value				
At 30 June 2022	**1,891**	**328**	**361**	**2,580**
At 1 January 2022	**1,856**	**389**	**412**	**2,657**

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. Management have also given consideration to the unusual trading environment presented by Covid-19 and concluded that any impact is immaterial to the ultimate recovery of receivables.

The balance provided for at the end of the financial period is £3,255k (2021: £3,276k) and represents 59% as a portion of debtors which is significantly higher when compared to the prior end. This is due to lower debtor balance of £7.8m at the end of the period.

An increase/decrease of bad debt provision by 5% would result in a charge/gain to profit of £162k.

Accounting Policy – Contingent Consideration Asset

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

Critical Judgement Applied – Contingent Consideration Asset

Of the total £54m consideration for the disposal of the Fund Services division, £5.5m 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. The contingent asset has now been paid subsequent to the period end reporting and management estimation was correct.

For the period ended 30 June 2022:

	30 June 2022 £'000	31 December 2021 £'000	31 October 2021 £'000
Contingent consideration asset	5,500	7,500	–
Trade debtors	7,862	6,688	11,752
Prepayments	2,778	2,496	2,237
Other receivables	1,948	634	871
Rent deposit	263	286	314
Deferred tax asset	158	158	133
VAT debtor	3	56	104
	18,512	**17,818**	**15,411**

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 £3,255k (31 December 2021: £3,276k, 31 October 2021: £3,536k) was recognised against trade debtors. The provision noted for the prior period comparatives includes discontinued operations activities.

Contingent consideration asset was reduced when compared to prior period by £2.0m due to receipt from Sanne Group is first quarter of 2022.

10. Creditors: amounts falling due within one year

	30 June 2022 £'000	31 December 2021 £'000	31 October 2021 £'000
Deferred income	8,722	1,573	4,434
Bank loans (Note 13)	10,000	4,049	4,049
Overdraft	1,370	–	4,399
Sundry creditors	4,619	4,420	3,889
Trade creditors	2,220	1,704	561
Wage tax creditor	1,350	1,476	1,355
Taxation	1,192	986	1,485
VAT creditor	197	187	405
Deferred consideration	405	432	431
Finance leases	–	–	12
	30,075	**14,827**	**21,020**

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.

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

	30 June 2022 £'000	31 December 2021 £'000	31 October 2021 £'000
Bank loans (Note 13)	–	10,626	11,609
Deferred consideration	235	287	304
	235	**10,913**	**11,913**

12. 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. 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.

	Nerine House £'000	Waalre £'000	Onerous Leases £'000
At 1 January 2022	**540**	**135**	**675**
Arising during the period	–	–	–
Released / (utilised)	(97)	(31)	(128)
At 30 June 2022	**443**	**104**	**547**

Nerine House

Property with lease expiring 31 May 2024 that is unoccupied, although actively being marketed for subletting. An onerous lease cost provision has recognised for the full length of the lease.

Waalre Building

Property is being partially occupied with less than two employees and lease is expiring 30 June 2024. The unavoidable costs of meeting the lease obligations under the contract exceeds the economic benefits expected to be received under it.

Other Provision

Other provision of £223k made up the full provision as indicated on the balance sheet as at 31 December 2021 making the balance £898k. No other provision as at 30 June 2022.

13. Bank loans

The Group, as described in the annual report for the period to 31 December 2021, has a secured term loan and revolving credit facility from Royal Bank of Scotland International Limited ("RBSI"). At 30 June 2022, £10m of the facility was drawn, which reflects the £4.6m reduction in the outstanding balance at 31 December 2021, representing additional one-off repayments in respect of the disposal of the Fund Services division. The loan is repayable on or before 31 May 2023 and bears interest at Sonia + 3.75%.

A breakdown of bank loans at 30 June 2022 is presented below.

Bank Loan	Balance at 30 June 2022	Interest Rate %	Capital Repayment per Quarter £'000	Quarters Remaining £'000
Facility B	5,000	SONIA + 3.75%	–	–
Revolver	5,000	SONIA + 3.75%	–	–
	10,000			

The Group has complied with the financial covenants of the Facility throughout the period.

13. Bank loans continued

The capital repayment profile of the bank loans of the Group is:

	30 June 2022 £'000	31 December 2021 £'000	31 October 2021 £'000
Within one year	10,000	4,551	4,049
Between one year and two years	–	124	1,366
Between two years and five years	–	10,000	10,243
After five years	–	–	–
	10,000	**14,675**	**15,658**

14. Reconciliation of share capital and premium

On 11 March 2022, the Group completed the buyback of 26,666,666 shares and the shares were subsequently cancelled. An average share premium of £0.59 per share was used.

	Share Capital £'000	Share Premium £'000
At 1 January 2022	**1,126**	**66,344**
Purchased and cancelled	(267)	(15,734)
At 30 June 2022	**859**	**50,610**

15. Net cash reconciliation

	1 January 2021 £'000	Cash flows £'000	Disposed £'000	Other non-cash changes £'000	30 June 2022 £'000
Cash at bank	49,994	(36,659)	–	587	13,922
Bank overdrafts	–	(1,370)	–		(1,370)
Bank loans	(14,675)	4,675	–		(10,000)
Net debt	**35,319**	**(33,354)**	**–**	**587**	**2,552**

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

Receipt of Deferred Consideration Asset

Following the completion of the Funds sale on 03 December 2021, excess working capital at completion calculations were finalised in the period from January to March 2022, and excess working capital in the amount of £2.0m was received. In August 2022, the final deferred consideration of £5.5m was received.

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 PraxisIFM 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) – appointed 1 February 2022
Martyn Crespel (Executive Director)

Registered Office

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

Registered Number

30367

Listing Sponsor

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PO Box 222, 20 New Street, St Peter Port, Guernsey, GY1 4JG

Market Maker

Ravenscroft (CI) Limited,
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Independent Auditors

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Registrar and Location of Register of Members

PraxisIFM 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