

Company Announcement

For Immediate Release – 30 November 2023

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

Re: Trading Update to 30 September 2023 from Robert Fearis, Group Chief Executive Officer

Highlights

- Group revenues for the nine months to 30 September, £37.9m up 8.5% vs. 2022
- Gross margin for the nine months to 30 September 58.6%, up 0.3ppt in the quarter
- New business pipeline increased by £0.8m to £8.6m in the quarter, reinforcing the decision to invest further into our client focused, business development strategy.
- Adjusted EBITDA for the nine months at £4.4m increased by 32.8% on 2022; statutory EBITDA at £2.6m up 201%
- Strong operating cashflow, for the nine months to 30 September up £1.9m vs. 2022 to £4.9m
- Acquisition of Sarnia Yachts completed, and integration on schedule.

Overview

Despite the ongoing macro-economic and political challenges and a slow start to the year, we are now seeing improvements in performance across the Group as a result of the transformation programme, the acquisition of Sarnia Yachts and the focus on new business development, resulting in an 8.5% increase in revenues and gross margin at 58.6% up 0.3ppt in the quarter.

The investment into our business development team continues to gain momentum with the new business pipeline increasing from £7.8m at 30 June 2023 to £8.6m at 30 September 2023. £1.4m of new business went live in the quarter (2022 - £1.0m), with over 50% of new business being delivered from new clients to the Group.

Trailing 12 month revenue grew by 7.4% in the third quarter, up from 4.4% in the six months to 30 June 2023, fuelled by a strong performance in our Channel Islands private wealth businesses, as well as the pensions division, a trend which continued into the fourth quarter.

Sarnia Yachts was acquired by the Group on 1 July 2023 and delivered £0.5m of revenue in the quarter. Integration is progressing as planned, with several opportunities identified to cross sell our wider services and to increase the yacht services division gross profit margin towards the wider Group levels.

Our pensions business delivered £3.1m revenue at 30 September 2023 an increase of 8.7% compared to the same period in 2022. Progress continues in relation to our pioneering online employee benefits platform in the UAE with James Barber-Lomax, Group Head of Pensions & Employer Solutions, relocating to the region in January 2024 to lead the delivery of this exciting growth opportunity.

As we continue to focus on driving efficiency and productivity across the Group, gross profit margin strengthened to 58.6% for the nine months to 30 September 2023, up 0.3% on the first half, with the private wealth and corporate services divisions delivering 59.6% for the nine months.

Transformation of the way in which we work remains key to driving the long-term performance of the Group, with significant opportunities identified to further increase the range of services offered to our clients, drive productivity and, through the adoption of centres of excellence and automation, increase efficiency. The actions taken during Q3 are forecast to increase 2023 adjusted EBITDA by £0.6m, bringing the total for the nine months to £4.4m with further benefits expected to be achieved through Q4 and into Q1 2024 with the ongoing restructuring of support functions and senior management roles.

Following the issuance of the 8.25% bond in May, we have a strong balance sheet and as the business continues to return to growth, operating cashflow has increased by £1.9m on 2022.

Outlook

Looking forward, the actions taken in the first nine months of 2023 provided a firm foundation for future growth, with the revenue trends and improvements in gross margin continuing into the fourth quarter. We expect full year statutory EBITDA to be at least £3.0m, representing a 226% increase on 2022 and adjusted EBITDA to be in the range of £7.0m - £7.5m depending on the timing of delivering the transformation initiatives in December 2023 and January 2024.

Further enquiries:

Ravencroft Consultancy & Listing Services Limited – Listing Sponsor

01481 729100

END OF ANNOUNCEMENT