

**LSL Property Services plc (“LSL” or “Group”)
HALF YEAR RESULTS TO 30 JUNE 2024**

LSL reports its results for the six months ended 30 June 2024 with Group Underlying Operating Profit of £14.4m (H1 2023: £3.2m). Results are in line with upgraded expectations as announced with the Preliminary results in April, and materially ahead of prior year. The Board’s expectations for the full year remain unchanged.

David Stewart, Group Chief Executive commented:

“Following a period of significant strategic transformation, we have delivered a robust financial performance in the first half of 2024 during a period in which our end markets have been fairly muted. Each of our businesses has achieved strong market share whilst focusing on delivering against our strategic priorities and putting in place a solid platform for future growth.

“Today, LSL is a more streamlined, agile Group comprising three strong businesses, each with attractive organic growth opportunities that are well positioned to capitalise from any further improvement in the housing and mortgage markets. Our focus is on maximising the performance of our businesses to deliver value to shareholders.”

STRATEGIC AND OPERATIONAL HIGHLIGHTS

Following the successful completion of our significant restructuring and transformation programmes in 2023, LSL is now a much simpler Group, well positioned to deliver higher operating margins, and more consistent earnings through market cycles.

- **Strong market share across all divisions** with Financial Services enhanced by the purchase of TenetLime. Our Surveying business delivered a slight increase on its already very strong position, whilst our Estate Agency franchisees have maintained their national market share
- **Annualised total operating costs reduction** of c.£140m following the restructuring of the Group in 2023
- **Surveying B2C revenue** 60% above H1 2023 with investment continuing to drive future growth
- **Renewal and improvement in terms of two main lender contracts in Surveying** in H1 2024 with further contractual gains and increased allocations from other lenders
- **TenetLime performance** in line with management expectations with high levels of appointed representative (AR) firm and adviser retention boosting our share of the mortgage market
- **Estate Agency Franchising continues to support the growth of franchisees**, to facilitate territory expansion and supporting lettings book acquisitions completed in August
- **Acquisition during 2024 of five businesses** by our Pivotal Growth JV, with advisers increasing to over 450 (c.50% increase on H1 2023)
- **Interim dividend maintained at 4p per share**
- **Adrian Collins appointed as Chair and Michael Stoop as Non-Executive Director**

FINANCIAL HIGHLIGHTS

H1 financial metrics ¹	Restated ²		
	2024	2023	Var
Group Revenue (£m)	85.4	72.5	18%
Group Underlying Operating Profit from total operations ³ (£m)	14.4	3.2	354%
Group Underlying Operating margin (%)	17%	3%	+1390bps
Group Underlying Operating Profit ³ (£m)	14.4	4.2	247%
Exceptional Gains (£m)	0.4	9.0	(96)%

Exceptional Costs (£m)	(0.5)	(4.3)	89%
Group operating profit (£m)	13.0	7.6	72%
Profit before tax (£m)	13.8	7.4	85%
Loss from discontinued operations ⁴ (£m)	(0.2)	(42.9)	99%
Basic Earnings per Share (pence)	9.9	5.3	87%
Adjusted Basic Earnings per Share ⁵ (pence)	11.0	2.6	323%
Net Cash ⁵ at 30 June (£m)	32.5	36.3	(11)%
Interim Dividend per share (pence)	4.0	4.0	-

- **Group Revenue¹ was £85.4m** (H1 2023: £72.5m). After adjusting for disposals, revenue was 27%⁶ above prior year in a market in which total mortgage lending was flat and house sales were 1% higher
- **Group Underlying Operating Profit was £14.4m** (H1 2023: £3.2m from total operations^{1,3}, £4.2m from continuing operations^{1,3}), significantly ahead of the prior year, with particularly strong recovery in the Surveying & Valuations Division
- **Material improvement in Group operating margin to 17%** (H1 2023: 3%)
- **Net Exceptional costs⁷ of £0.1m** (H1 2023: net gains £4.7m)
- **Group operating profit was £13.0m** (H1 2023: £7.6m)
- **Net Cash⁸ of £32.5m** at 30 June 2024 (31 December 2023: £35.0m, 30 June 2023: £36.3m), with a cash flow conversion rate⁸ of 81% (H1 2023: (220)%)

DIVISIONAL PERFORMANCE

Surveying & Valuation Division

- Surveying & Valuation performance included benefits from **improving market conditions and contract extensions with improved terms and allocations** with Underlying Operating Profit³ increasing to £12.9m (H1 2023: £3.7m)
- **Mortgage approvals⁹ in H1 were 14% above H1 2023**, driven by higher purchase approvals (up 23%) with remortgage and other approvals broadly flat
- We estimate that our market share of **physical and remote valuation instructions⁹ increased marginally to 40%** (H1 2023: 39%)
- **Long-term contract extension with Lloyds Banking Group**, underpinning the Group's leading market position. Furthermore, we also secured a substantial improvement in terms and allocation with another major lender
- **Retained contracts with all lending customers** with no loss in allocations
- **Developing B2C revenue, survey and valuation work performed for the end consumer, is a strategic objective and in the first half of 2024 it increased by 60% to £2.8m** (H1 2023: £1.8m)
- **Investments made to support B2C/Home Buyer activities**, with acceleration of marketing activity, and also **data and model development initiatives**. These investments will increase further in the second half of the year to support the Group's strategy to grow new income lines in future years

Financial Services Division

- **Financial Services Network business traded resiliently** in soft market conditions, reporting Underlying Operating Profit³ of £4.3m (H1 2023: £3.8m)
- **After adjusting for businesses disposed of during H1 2023, revenue was up 1%**. Total revenue was £23.6m (H1 2023: £28.0m)
- **Increased market share** of the UK purchase and remortgage market¹⁰ of 11.1% (H1 2023: 10.5%)
- LSL advisers continue to adapt effectively to changes in the mortgage market, **increasing product transfer mortgage completions by 20%**, resulting in a substantially increased share of the product transfer market to 7.2% (H1 2023: 5.8%)

- The weighting of margin dilutive product transfers in the refinancing market remained above the long-term average
- **Network protection revenue increased** by 3% to £5.7m (2023: £5.6m) after adjusting for disposals
- **The number of Network firms increased to 1,146 as at 30 June 2024 (H1 2023: 986)**, including 151 TenetLime firms. Network firms remained cautious on adviser levels due to challenging market conditions, advisers increased to 2,847 as at 30 June (30 June 2023: 2,718) including 255 TenetLime advisers

Estate Agency Franchising Division

- **Benefits of new business model** are reflected in an Underlying Operating Profit³ of £3.1m (H1 2023: loss from total operations of £0.7m) in the first half of the year, achieved in a flat housing market, with an underlying operating margin of 24%
- **Scope remains for further cost efficiency gains within Estate Agency business** as the operating model approaches target state
- The number of **properties under management reduced marginally to 36,987** (30 June 2023: 37,960)
- Continued to **support the growth of franchisees**, including the first loans granted to facilitate **territory expansion and lettings book acquisitions** completed in August, adding over 600 properties to the lettings portfolio

Pivotal Growth Joint Venture

- **Acquisition during 2024 of five businesses**, including John Charcol with 150 mortgage and protection advisers
- **Pivotal Growth now has over 450 advisers**, making it one of the **largest mortgage and protection brokers in the UK**, giving it critical mass to leverage its scale to attract deals and drive revenue synergies and profitability
- **Pivotal Growth's underlying financial performance has steadily improved** as it has increased in scale and moved out of its establishment phase
- Following **trading EBITDA growth before transaction costs** in H1 2024 compared to prior year, our share of Pivotal profit/loss after tax is expected to continue to improve in future periods

ECONOMIC AND MARKET ENVIRONMENT

- The market remains suppressed compared to the long-term average, with new lending 10% below the 10-year average¹⁰ and housing transactions¹¹ 14% below. Sticky inflation and delays to interest rate reductions impacted consumer confidence in H1
- Although markets remained muted, front-end activity in the mortgage and housing markets has improved, with mortgage approvals 14% ahead of H1 2023 and sales agreed 15% ahead. These trends will support the performance of our Financial Services and Estate Agency Franchising businesses in the second half of the year
- The mortgage lending market¹⁰ in H1 2024 was around 2% smaller than H1 2023. Purchase lending increased by 9%, and remortgage lending decreased by 8% whilst product transfer lending reduced by 5%
- Total lending arranged by LSL was 12% higher than H1 2023, with an increased share in each of the purchase, remortgage and in particular product transfer markets, and more heavily weighted than previously to product transfers. LSL's share of the total purchase and remortgage market increased to 11.1%¹⁰ (H1 2023: 10.5%). LSL's market share of product transfers increased to 7.2% (H1 2023: 5.8%)
- Bank of England mortgage approvals⁹ were 14% higher than H1 2023 driven by purchase approvals being 23% higher with remortgage and other mortgage approvals broadly flat. The more specialist Buy-to-Let and Equity Release markets remain subdued as a result of higher interest rates. Total jobs performed by the Surveying & Valuation Division increased by 18%, above the market as a whole, reflecting a small

increase in market share¹⁰

- Total UK HMRC recorded residential transactions¹¹ were 1% higher in H1 2024 at 488k (H1 2023: 483k)

CURRENT TRADING AND OUTLOOK

The first half of the year showed a significant improvement in trading with some improvement in sentiment and, more recently, lower mortgage rates which are starting to drive more activity across our core markets. We have seen an increase in mortgage approvals which will be reflected in future housing transactions and the start of a normalisation in product mix in our mortgage business. In the first half of 2024, these conditions particularly benefited our Surveying & Valuation business, where there has been a very substantial increase in activity and profits.

The improved trading reflects better market conditions but also the benefits of the new Estate Agency franchise model, improved lender contracts, and our decision to retain surplus capacity throughout the second half of 2023. The Board remains confident that the Group will deliver a full year Underlying Operating Profit in line with its prior expectations and significantly above 2023.

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Notes:

- 1 Stated on basis of continuing operations unless otherwise stated. Following the conversion of the entire owned estate agency network to franchises in H1 2023, the previously owned network was classified as a discontinued operation and is now presented as such in the Financial Statements. Refer to note 6 to the Financial Statements
 - 2 Refer to note 14 to the Financial Statements for details regarding the restatement
 - 3 Group (and Divisional) Underlying Operating Profit is stated before exceptional items, contingent consideration assets & liabilities, amortisation of intangible assets and share-based payments. Refer to note 5 to the Financial Statements for reconciliation of Group and Divisional Underlying Operating Profit to statutory operating profit/(loss) for continuing, discontinued and total operations
 - 4 Following the conversion of the entire owned estate agency network to franchises in H1 2023, the previously owned network was classified as a discontinued operation and is now presented as such in the Financial Statements. Refer to note 6 to the Financial Statements
 - 5 Refer to note 5 to the Financial Statements for the calculation
 - 6 Revenue: £84.5m in H1 2024 with statutory revenue of £85.4m less £0.9m revenue due to acquisitions in 2024, as compared to £66.4m in H1 2023 with statutory revenue of £72.5m less £6.1m revenue from businesses disposed in 2023
 - 7 Refer to note 7 to the Financial Statements
 - 8 Refer to note 5 to the Financial Statements for the calculation
 - 9 Number of approvals for lending secured on dwellings, BoE via UK Finance (Jul 2024)
 - 10 Mortgage lending excluding product transfers - new mortgage lending by purpose of loan, UK (BOE) – Table MM23 (Jul 2024)
 - 11 Number of residential property transaction completions with value £40,000 or above, HMRC (Jul 2024)
- nm Not meaningful

Notes on LSL

LSL is one of the largest providers of services to mortgage intermediaries and estate agent franchisees.

Over 2,800 advisers representing around 11% of the total purchase and remortgage market.

Its 61 estate agency franchisees operate in 308 territories.

LSL is also one of the UK's largest providers of surveying and valuation services, supplying seven out of the ten largest lenders in the UK.

For further information please visit LSL's website: lspls.co.uk

GROUP CHIEF EXECUTIVE'S REVIEW

I am pleased to report the Group has delivered a robust performance in the first half of 2024 as we focused on the execution of our growth plans across our three market leading businesses. Although we have been subject to less of a headwind than in 2023, the markets in which we operate remain muted. The significant growth in profitability highlights the benefits of the strategic transformation undertaken last year. More broadly, because of the work we have done, LSL is now well-positioned to drive greater shareholder value and to perform more consistently through market cycles, supported by a strong balance sheet.

With the benefit of the restructuring and transformation programmes complete, management is focused on maximising the operational potential in each of our businesses and ensuring that this potential is appropriately reflected in the wider perceptions of LSL. The Board continues to focus on driving shareholder value, including delivering on our return on investment criteria and maintaining the appropriate capital structure.

Our financial and operational progress has been delivered against what is still a relatively sluggish market backdrop, with some signs of green shoots in the mortgage and housing markets as mortgage rates started to come down.

I would like to thank all my colleagues for their continued hard work and exceptional support in the transformation of the Group.

Review of H1 2024 Performance

The Group's performance benefitted strongly from a recovery in demand and contract wins for our Surveying & Valuation Division as well as the structural benefit of moving to a franchise operating model for our Estate Agency Division. Our Financial Services Division traded resiliently in the soft market conditions, gaining share in each of the mortgage market segments and executing effectively its acquisition of Tenet advisers.

Group Revenue¹ was £85.4m (H1 2023: £72.5m). After adjusting for disposals, revenue was 27%² higher than prior year in a total lending market that reduced by 2% by value and was broadly flat in terms of housing transactions.

Group Underlying Operating Profit from continuing operations^{1,3} was £14.4m (H1 2023: £3.2m from total operations^{1,3}, £4.2m from continuing operations^{1,3}).

Strategic priorities and development

The Group has made substantial progress in implementing its strategy to simplify the business, reduce earnings volatility, and focus investment in high growth areas.

Following this restructuring we now have a strong platform across all three of our divisions to further develop the strategic priorities for each business and leverage our market leading positions as lending and housing activity recovers from a difficult market in 2023.

Surveying & Valuation contract renewals and investment in growth

We delivered a significant increase in profit in the Surveying & Valuation Division, driven by several contract extensions, including that of Lloyds Banking Group. The benefit of our decision to retain our surveying capacity in the difficult conditions we faced in 2023 was demonstrated as the market improved and with cost efficiency initiatives we saw a 29% increase in surveyor revenue per day.

During the half, we have continued to invest in new business opportunities in data and direct-to-consumer services. We increased our marketing activity to support our D2C business, with encouraging results, and added senior headcount into our data and model development teams. We continue to see exciting opportunities from becoming the leading provider of the full range of valuation methodologies our clients use.

The Surveying & Valuation Division has driven a culture of continuous improvement and efficiency gains, including the introduction of a Robotic Process Automation (RPA) platform in 2021, with over 50 Robots implemented. The platform is responsible for driving automation across all business processes to improve efficiencies, quality, compliance and service levels all whilst supporting product development.

Increasing scale in the Financial Services Network

We completed the purchase of the TenetLime mortgage and protection network on 2 February 2024, adding more than 250 advisers across 151 firms and building on our share of over 10% of the UK house purchase and remortgage markets. We have been working hard to integrate TenetLime into our PRIMIS business and are pleased with the way in which we have executed our plans. The transaction will be earnings enhancing in 2024. Our total share of the purchase and remortgage market in H1 2024 was a record at 11.1%⁴.

Across the PRIMIS network trading performance was resilient, as PRIMIS advisers increased their share of each of the purchase, remortgage and product transfer segments.

Building for the future in Financial Services

Our focus is now firmly fixed on putting in place the foundations for medium-term growth. We continue to recognise the long-term potential opportunities in our network business and will make the investment needed to realise this potential.

Over the past 12 months we have recruited a new senior management team and absorbed the Mortgage Gym and DLPS technology businesses into the PRIMIS network. Our protection “e-sub” service is in test with PRIMIS members with a view to a more extensive roll out during the second half of the year. The use of this new quoting system will deliver benefits to members and incremental revenue to PRIMIS in 2025.

The provision of compliance services is one of the main reasons why mortgage and protection brokers join networks, and LSL’s size means we are well placed to continue to make the investment needed to provide this support as regulatory expectations increase in our markets. During 2023, we established a new governance framework for our regulated financial services entities, including the appointment of a divisional non-executive Chair and two other experienced non-executive directors.

The team has also undertaken significant work to better understand our members’ needs and align our proposition with those services that deliver most value to our members. We have worked with third party experts to review our offering and have identified the potential from enhanced broker and central office IT systems, to improve our service, increase efficiency of both advisers and central operations and facilitate greater sales of related products. We are finalising our plans in this area.

Focus on B2B in Financial Services

Over the last 18 months, we have simplified our Financial Services Division, reducing both costs and earnings volatility with a focus on B2B services. Our joint venture Pivotal Growth provides exposure to B2C market segments.

Estate Agency Franchising model

The strength of our new operating model in Estate Agency was demonstrated by the financial performance over the first half of the year. We are ahead of the plans we set for reducing costs and increasing margin.

With the completion of the conversion of our Estate Agency business to a franchise model during 2023, we are now focused on further enhancing our franchising expertise to bring on new partners and develop our services for franchisees.

The Group has supported the acquisition of 2 lettings books by franchisees in 2024, providing total funding of £0.5m (in August) and adding over 600 properties to the existing portfolio of 36,987. This deal will deliver returns in excess of Group cost of capital. We see scope for further similar deals within the Estate Agency Franchise business.

During 2024 the Estate Agency Franchising Division has invested in strengthening leadership capability with key senior appointments within propositions and operations, with these roles funded from its cost reduction programme.

Pivotal Growth Joint Venture

Pivotal Growth, our joint venture with Pollen Street Capital (PSC), established to execute a buy-and-build strategy in the mortgage and protection intermediary markets, was launched in 2021. Our joint aim is to build the business together with a view to an exit event over a three-to-six-year period after launch.

Pivotal has now acquired 14 businesses, including five acquisitions made in 2024 (three in the first half). With over 450 advisers, Pivotal is now one of the UK's largest mortgage and protection brokers.

We have invested £13m in Pivotal since 2021 and we continue to closely monitor Pivotal's performance to maximise returns for shareholders and it remains on track to deliver returns ahead of the Group's WACC.

Dividend

The improvement in performance in H1 2024 underpins the Board's confidence in the underlying fundamentals and prospects of the Group's businesses and therefore the Board has declared an interim dividend payment amounting to 4.0 pence per share (H1 2023: 4.0 pence). The Group's dividend policy continues to be a pay-out of 30% of Group Underlying Operating Profit after finance and normalised tax charges.

The ex-dividend date for the interim dividend is 26 September 2024, with a record date of 27 September 2024 and a payment date of 8 November 2024. Shareholders can elect to reinvest their cash dividend and purchase additional shares in LSL through a dividend reinvestment plan. The election date is 11 October 2024.

Share buyback

The Board's approach to capital allocation remains unchanged, as set out in the Preliminary results announced on 25 April 2024. We will continue to deploy the share buyback in a measured way and there are no plans to allocate cash reserved for the buyback into other Group activities. To date, £0.3m of the share buyback programme announced on 25 April 2024 has been deployed.

Change of auditor

As highlighted in the Audit & Risk Committee Report in the Annual Report and Accounts 2023, an audit tender exercise had commenced in advance of the Group's current auditor's (Ernst & Young LLP ("EY")) tenure reaching its maximum term limit. We have now completed the comprehensive formal tender process for our group audit, overseen by the Audit & Risk Committee, which carefully evaluated the offering of each participant. This has resulted in a recommendation from the Audit & Risk Committee, which has now been endorsed by the Board, that a resolution be put to shareholders for approval at the 2025 Annual General Meeting (AGM), appointing Grant Thornton UK LLP as the Group's auditor for the year ending 31 December 2025.

EY will continue in the role until that time and will therefore undertake the group audit for the year ended 31 December 2024. EY will cease to hold office as the Group's auditor at the conclusion of the Company's 2025 AGM.

Current trading and outlook

The first half of the year showed a significant improvement in trading with some improvement in sentiment and, more recently, lower mortgage rates which are starting to drive more activity across our core markets. We have seen an increase in mortgage approvals which will be reflected in future housing transactions and the start of a normalisation in product mix in our mortgage business. In the first half of 2024, these conditions particularly benefited our Surveying & Valuation business, where there has been a very substantial increase in activity and profits.

The improved trading reflects better market conditions but also the benefits of the new Estate Agency franchise model, improved lender contracts, and our decision to retain surplus capacity throughout the second half of 2023. The Board remains confident that the Group will deliver a full year Underlying Operating Profit in line with its prior expectations and significantly above 2023.

David Stewart

Group Chief Executive Officer

17 September 2024

Notes:

- 1 Following the conversion of the entire owned estate agency network to franchises in H1 2023, the previously owned network was classified as a discontinued operation and is now presented as such in the Financial Statements. Refer to note 6 to the Financial Statements
 - 2 Revenue: £84.5m in H1 2024 with statutory revenue of £85.4m less £0.9m revenue due to acquisitions in 2024, as compared to £66.4m in H1 2023 with statutory revenue of £72.5m less £6.1m revenue from businesses disposed in 2023
 - 3 Group (and Divisional) Underlying Operating Profit is before exceptional items, contingent consideration assets & liabilities, amortisation of intangible assets and share-based payments. Refer to note 5 to the Financial Statements for reconciliation of Group and Divisional Underlying Operating Profit to statutory operating profit/(loss) for continuing, discontinued and total operations
 - 4 Mortgage lending excluding product transfers - new mortgage lending by purpose of loan, UK (BOE) – Table MM23 (Jul 2024)
 - 5 Refer to note 5 to the Financial Statements for the calculation
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H1 P&L (£m)	2024	Restated ¹ 2023	Var
Divisional Group Revenue²			
Financial Services	23.6	28.0	(16)%
Surveying & Valuation	48.9	37.2	31%
Estate Agency Franchising	12.9	7.2	79%
Group Revenue	85.4	72.5	18%
<i>Estate Agency - discontinued operations</i>	<i>0.0</i>	<i>32.3</i>	<i>(100)%</i>
Group Revenue (incl. discontinued operations)	85.4	104.8	(19)%
Divisional Underlying Operating Profit/(Loss)^{2,3}			
<i>Financial Services Network</i>	<i>4.3</i>	<i>3.8</i>	<i>14%</i>
<i>Pivotal joint venture</i>	<i>(0.4)</i>	<i>(0.2)</i>	<i>(126)%</i>
Financial Services	3.9	3.6	9%
Surveying & Valuation	12.9	3.7	249%
Estate Agency Franchising	3.1	0.3	939%
Unallocated Central Costs	(5.5)	(3.5)	(60)%
Group Underlying Operating Profit from continuing operations	14.4	4.2	247%
<i>Estate Agency - discontinued operations</i>	<i>0.0</i>	<i>(1.0)</i>	<i>100%</i>
Group Underlying Operating Profit from total operations	14.4	3.2	354%
Divisional operating profit/(loss)^{2,3}			
Financial Services	2.9	10.3	(72)%
Surveying & Valuation	12.9	1.6	693%
Estate Agency Franchising	2.6	(0.6)	526%
Unallocated Central Costs	(5.3)	(3.7)	(42)%
Group operating profit/(loss) from continuing operations	13.0	7.6	72%
<i>Estate Agency - discontinued operations</i>	<i>(0.3)</i>	<i>(41.5)</i>	<i>99%</i>
Group Operating Profit / (Loss) from total operations	12.7	(33.9)	138%

Notes:

1 Refer to note 4 and 14 to the Financial Statements

2 Following the conversion of the entire owned estate agency network to franchises in H1 2023, the previously owned network was classified as a discontinued operation and is now presented as such in the Financial Statements. Refer to note 6 to the Financial Statements

3 Group (and Divisional) Underlying Operating Profit is before exceptional items, contingent consideration assets & liabilities, amortisation of intangible assets and share-based payments. Refer to note 5 to the Financial Statements for reconciliation of Group and Divisional Underlying Operating Profit to statutory operating profit/(loss) for continuing, discontinued and total operations

FINANCIAL & DIVISIONAL REVIEWS

Group Income Statement Review¹

Group Revenue was £85.4m (H1 2023: £72.5m). After adjusting for disposals and for the purchase of TenetLime in H1 2024, revenue was 27%² above prior year in a total lending market that reduced by 2% by value and a broadly flat housing market. The increase was primarily in the Surveying & Valuation Division with a 31% increase compared to prior year, driven by 2023 contract wins and a 14% increase in total BoE mortgage approvals, and a 79% increase in Estate Agency Franchising due to 6 months' trading in 2024 compared to only 2 months in H1 2023. After adjusting for businesses disposed of during H1 2023, Financial Services Division revenue was up 1%, with total Divisional revenue of £23.6m (H1 2023: £28.0m).

Group Underlying Operating Profit³ recovered strongly to £14.4m (H1 2023: £3.2m⁴), with a year on year increase in each Division. Group Underlying Operating margin of 17% was the highest first half margin for over 15 years, particularly reflecting high utilisation in Surveying and the benefits of the franchising model in Estate Agency for the whole period. Group Underlying Operating Profit from continuing operations was £14.4m (H1 2023: £4.2m).

Group Operating Profit increased to £13.0m (H1 2023: £7.6m), resulting from the improved trading performance in the period, offset by £0.1m net exceptional costs in H1 2024 (H1 2023: Net Exceptional Gain: £4.7m).

Adjusted operating expenditure⁵, comprising Employee costs, Other operating costs, and Depreciation totalled £70.9m in H1 2024, 4% higher than prior year (H1 2023: £68.4m), with the movement comprising the net effect of the following factors:

- Reduction of c.£7m due to disposed businesses during H1 2023
- After adjusting for disposed businesses, costs were flat in Financial Services in line with revenue
- Increased variable costs in Surveying & Valuation arising from 31% increase in revenues
- The increased costs in Estate Agency reflect a full half year period of franchise operations compared to the prior part year of operations
- Central (unallocated) costs of £5.5m (H1 2023: £3.5m) with the increase primarily due to strategic investment, Board changes and additional audit fees incurred in respect of the prior period reflecting the accounting treatment for the Group transformation in 2023

This is broadly in line with expectations in comparison to the historical H1 operating expenditure levels of c.£140m, and the targeted annualised total operations cost reduction of c.£140m following the restructuring of the Group in 2023.

Other gains

Total other operating gains were £0.3m (H1 2023: £0.3m). This reflected the movement in the fair value of shares held in an unlisted investment having been reassessed at 30 June 2024 as £0.3m (31 December 2023: £nil).

Share of losses from joint venture

Losses from our equity share of Pivotal Growth increased to £0.4m (H1 2023: £0.2m loss), reflecting increased acquisition transaction fees in comparison to the prior period. Trading EBITDA before transaction costs has grown in H1 2024 compared to prior year.

Share-based payments

The share-based payment credit of £0.1m in 2023 (H1 2023: charge of £0.4m) comprises, a charge in the period of £1.9m for LTIP, SAYE and BAYE schemes granted in 2021 to 2024, offset by a credit of £2.0m reflecting lapses. The prior year included a lower charge of £1.5m, offset by lower lapse and leaver adjustments.

Amortisation of intangible assets^{6,7}

Amortisation charge of £1.4m (H1 2023: £0.9m⁷), relates to amortisation of intangible software investment, franchise agreements and relationship assets. The year-on-year movement comprises a reduction in both lettings books and certain software intangibles as they have been fully amortised, a full half period in H1 2024 of amortisation for the newly established franchise intangibles and acquired TenetLime intangible assets.

Exceptional items⁸

The exceptional gain of £0.4m (H1 2023: £9.0m) relates primarily to the increase in contingent consideration receivable on the disposal of Group First (£0.3m) and release of dilapidation provision (£0.1m). The gain on disposal during H1 2023 related to the disposal of the Embrace and First2Protect businesses to Pivotal Growth.

Exceptional costs of £0.5m (H1 2023: £4.3m), is primarily a decrease in contingent consideration receivable on the disposal of RSC and EFS (£0.3m) and corporate transaction costs. The prior year costs of £4.3m related to restructuring activity and corporate transaction costs of £2.9m and the net loss on disposals of Group First, RSC and Marsh & Parsons of £1.4m.

Finance income increased to £1.4m (H1 2023: £0.8m) resulting mainly from increased interest received of £0.9m on funds held on deposit (H1 2023: £0.7m) and the unwind of discounting on contingent consideration receivable balances of £0.4m (H1 2023: £nil).

Finance costs of £0.7m (H1 2023: £0.9m) are related principally to the unwinding of discount on lease liabilities of £0.2m (H1 2023: £0.1m), commitment and non-utilisation fees on the revolving credit facility of £0.3m (H1 2023: £0.5m), unwinding of discount on contingent consideration payable of £0.1m (H1 2023: £0.3m) and £0.1m for the unwinding of discount on dilapidations provisions (H1 2023: £nil).

Profit before tax

Profit before tax was £13.8m (H1 2023: £7.4m). The year-on-year movement is primarily due to the materially higher Group Underlying Operating Profit in H1 2024, offset by the year on year movement in net exceptional gains in H1 2023 of £4.7m to a net exceptional cost in H1 2024 of £0.1m.

Taxation

The tax charge of £3.6m (H1 2023: £2.1m) represents an effective tax rate of 26.0% (H1 2023: 27.8%), which is slightly higher than the headline UK tax rate of 25.0% primarily because of non-deductible expenditure and contingent consideration, offset in part by the movement on deferred tax not recognised. Deferred tax assets and liabilities are measured at 25.0% (2023: 25.0%), the tax rate that came into effect from 1 April 2023.

Discontinued operations¹ loss of £0.2m (net of tax) in relation to an increase in the restructuring costs in the previously owned Estate Agency branch network (H1 2023: loss of £42.9m). The prior period reflects the discontinued operations in Estate Agency Franchising which included exceptional restructuring costs of £12.7m and write down of associated disposed goodwill (£38.1m), offset in part by the exceptional gain on recognition of intangible franchise agreements of £10.7m.

Earnings per Share⁵

Earnings per Share (pence)	H1 2024				H1 2023			
	Basic	Diluted	Adjusted basic	Adjusted basic diluted	Basic	Diluted	Adjusted basic	Adjusted basic diluted
Continuing	9.9	9.8			5.3	5.2		
Discontinued	(0.2)	(0.2)			(41.6)	(41.1)		

Total operations	9.7	9.6	11.0	10.9	(36.4)	(35.9)	2.6	2.5
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Business Reviews

Surveying & Valuation Division

To reflect the change in the structure of the Group our asset management business which provides repossession services to corporate clients is now reported within the Surveying & Valuation Division, as the key commercial relationships for this business are with major lenders.

Surveying revenue increased significantly to £46.3m in the period, an increase of 30% on H1 2023 (£35.5m), reflecting both the 18% increase in jobs performed and the 11% increase in income per job on the comparative period. The increase in jobs performed resulted in the market share of valuations instructions increasing to 40.3% in H1 2024 (H1 2023: 38.6%). Growth in D2C in recent years has continued in the period, with H1 2024 revenue of £2.8m representing a 60% increase on H1 2023.

Surveying Underlying Operating Profit³ increased materially to £11.7m (H1 2023: £3.4m), benefitting from the strong revenue growth and the self-help cost measures taken in 2023.

Asset Management revenues grew by 49% to £2.6m in the period, reflecting the moderately more active market. However, the market remains below long-run trend levels. The profit generated by this business was £1.2m in H1 2024 (H1 2023: £0.3m).

Total Division revenue of £48.9m in the period was an increase of £11.7m compared to H1 2023 (£37.2m). Underlying Operating Profit³ increased materially to £12.9m (H1 2023: £3.7m) reflecting the benefit of the revenue increases in both the e.surv and asset management businesses. On a statutory basis, operating profit was £12.9m (H1 2023: £1.6m).

Financial Services Division

Our Financial Services Division is reported in two business lines: our core Financial Services Network business comprising PRIMIS and TMA mortgage club, and our share of profit after tax of Pivotal Growth.

Total revenue was £23.6m (H1 2023: £28.0m). After adjusting for businesses disposed of during H1 2023, revenue was up 1%. We increased our share of the purchase and remortgage and of the product transfer markets, with a record share of the purchase and remortgage (11.1%⁹ up from 10.5%) and the product transfer markets (7.2% up from 5.8%). Protection performance was also robust, with Network protection revenue increasing by 3% after adjusting for disposed businesses.

Network Underlying Operating Profit³ was £4.3m (H1 2023: £3.8m), which was marginally ahead of H1 2023 on an organic basis, in what was a flat market, whilst also absorbing the cost of an extended governance framework and restructuring costs.

Our share of losses after tax in our joint venture Pivotal Growth was £0.4m (H1 2023: loss of £0.2m), reflecting the higher transaction costs. The trading EBITDA of Pivotal was £0.2m ahead of the same period last year.

Total Financial Services Division Underlying Operating Profit³ was £3.9m (H1 2023: £3.6m, £4.0m after adjusting for disposed businesses). On a statutory basis, operating profit was £2.9m (H1 2023: £10.3m).

The Financial Services Network business has a regulatory capital requirement which represents 2.5% of its regulated revenues. The regulatory capital requirement was £6.4m at 30 June 2024 (31 December 2023: £5.9m, H1 2023: £6.1m), with a surplus of £22.9m (31 December 2023: £24.7m, H1 2023: £24.4m).

Estate Agency Franchising Division

Estate Agency Franchising business revenue was £12.9m (H1 2023: £7.2m), with the increase primarily reflecting the wholesale franchising of the division only part way through H1 2023.

Underlying Operating Profit^{1,3} of £3.1m was delivered in H1 2024 (H1 2023: £0.3m) at a 24% operating margin. The greater consistency of the franchising model was demonstrated at the start of 2024 when the Division reported a profit in January for only the second time in its history. On a statutory basis, operating profit was £2.6m (H1 2023: loss of £0.6m).

Group Balance Sheet Review

Goodwill - 30 June 2024: £16.9m (31 December 2023: £16.9m, 30 June 2023: £16.9m)

The carrying value of Goodwill relates to previous acquisitions in the Surveying & Valuation Division of £9.9m and Financial Services Division of £7.0m.

Other intangible assets^{6,7} - 30 June 2024: £30.2m (31 December 2023: £21.5m, 30 June 2023: £23.9m)

Intangible relationship assets of £9.3m were recognised during the period upon the purchase of TenetLime, with further additional investment in Financial Services and Surveying of £0.8m. Total amortisation of £1.4m was charged in the year (H1 2023: £0.9m). The carrying value of all franchise agreements was £11.3m at 30 June 2024 (31 December 2023: £11.7m, H1 2023: £12.2m) and the carrying value of the acquired relationship assets was £9.0m at 30 June 2024 (31 December 2023: £nil, H1 2023: £nil).

For the year ended 31 December 2023, the Group revisited its accounting policy in relation to customisation costs incurred in implementing Software as a Service (SaaS) arrangements. The net impact of this restatement of results to the income statement for H1 2023 was £0.4m credit and £0.4m to intangible assets as at 30 June 2023, which was not cash adjusting.

Property, plant and equipment (PPE) and right-of-use assets (RoU assets) - 30 June 2024: £6.3m (31 December 2023: £6.9m, 30 June 2023: £6.3m)

Capital expenditure on owned PPE in the year amounted to £0.3m (H1 2023: £0.5m), primarily reflecting ongoing investment in Financial Services and Surveying & Valuation, and the year on year reduction due to the Estate Agency Franchising operating model transformation in 2023. Total depreciation of £1.6m was charged in the year (H1 2023: £1.6m).

Financial assets - 30 June 2024: £6.0m (31 December 2023: £5.5m, H1 2023: £8.5m)

Contingent consideration receivable

During H1 2023 the Group disposed of Group First, RSC and Embrace B2C brokerage businesses to Pivotal Growth, with contingent consideration receivable in the first half of 2025 based on 7x 2024 EBITDA performance. As at 30 June 2024, this asset is recorded at £5.1m (31 December 2023: £4.8m, H1 2023: £8.0m).

The Group also has contingent consideration receivable in relation to disposed lettings books, which are due in December 2024 and November 2025. As at 30 June 2024, this asset is recorded at £0.2m (31 December 2023: £0.3m, H1 2023: £nil).

Equity instruments in unlisted companies

No change in the fair value of units held in The Openwork Partnership LLP of £0.4m at 30 June 2024 (31 December 2023: £0.4m, 30 June 2023: £0.5m). The fair value had been reassessed down to £0.4m at 31 December 2023, with our valuation based on an estimated strike price which has been calculated using the average strike price from most recently executed trading windows.

The fair value of shares held in Twenty7tec Group Limited was reassessed at 30 June 2024 as £0.3m (31 December 2023: £nil, H1 2023: £nil). Twenty7tec is a provider of technology to mortgage advisers and lenders.

Investment in joint ventures - 30 June 2024: £9.0m (31 December 2023: £9.4m, 30 June 2023: £9.6m)

Our 46.5% share of the Pivotal Growth joint venture is accounted for using the equity method with the change in value resulting from our share of losses after tax for the period.

Investment in sublease (total current and non-current) - 30 June 2024: £1.9m (31 December 2023: £3.3m, 30 June 2023: £4.4m)

This reflects the situation whereby the Group is an intermediate lessor, following the Estate Agency conversion to a wholly franchised model. As part of the franchising transition, some of the leases held by the Group in respect of the previously owned network have been transferred to the franchisees, resulting in a reduction in both the investment in sublease balance by £1.0m and a similar reduction in IFRS 16 lease financial liabilities. The balancing movement reflects payments made by franchisees.

Loans to franchisees and appointed representatives (Network firms) - 30 June 2024: £1.5m (31 December 2023: £2.1m, 30 June 2023: £1.3m)

Various sized working capital loan facility agreements (largest of £1m) are in place with several EA franchisees up to a cumulative maximum of £5.4m. At 30 June 2024, £0.9m was drawn down (31 December 2023: £0.8m, H1 2023: £1.3m).

Loans to FS appointed representatives are granted in certain circumstances to support brokers upon joining the PRIMIS network and were £0.6m as at 30 June 2024 (31 December 2023: £1.3m, 30 June 2023: £nil - having previously been included in trade and other receivables).

Financial liabilities (total current and non-current) - 30 June 2024: £10.2m (31 December 2023: £8.4m, 30 June 2023: £8.4m)

Contingent consideration liabilities - 30 June 2024: £3.7m (31 December 2023: £0.07m, 30 June 2023: £0.03m)
Contingent consideration liabilities relate solely to the cost of acquiring the intangible relationship assets in TenetLime in February 2024, with the potential cash consideration of £4.6m payable in 2025 adjusted at 30 June 2024 for latest estimated forecast and discounting.

The remaining shares in Direct Life Quote Holdings Limited of £0.07m as at 31 December 2023 were subsequently acquired and paid in February 2024.

IFRS 16 lease financial liabilities - 30 June 2024: £6.5m (31 December 2023: £8.3m, 30 June 2023: £8.4m)

The movement in the period reflects payment of lease liabilities of £1.9m and disposals on assignment to franchisees of £0.9m, offset by new lease additions and unwinding of discounting of £0.8m.

Provision for liabilities (total current and non-current) - 30 June 2024: £11.7m (31 December 2023: £11.6m, 30 June 2023: £10.9m)

PI claim provisions of £3.0m (31 December 2023: £3.2m, 30 June 2023: £2.5m) include the Surveying & Valuation PI provision of £2.3m (31 December 2023: £2.3m, 30 June 2023: £2.5m) and the Financial Services PI provision of £0.7m (31 December 2023: £0.9m, 30 June 2023: £nil). The Group has recognised an asset of £0.5m against received claims in other debtors at 30 June 2024 (31 December 2023: £0.6m, 30 June 2023: £nil).

Dilapidations and restructuring provisions primarily relating to the Estate Agency Franchising Division following the wholesale franchising in 2023, totalled £8.1m at 30 June 2024, the movement in the period relating to an increase in the original provisions recognised in discontinued operations (31 December 2023: £7.8m, 30 June 2023: £8.4m).

A claims indemnity included in the sale agreement of LMS remains unchanged at £0.6m at the period end (31 December 2023: £0.6m, 30 June 2023: £nil).

Group Statement of Cash flows - 30 June 2024: Net Cash⁵ £32.5m (31 December 2023: Net Cash £35.0m, 30 June 2023: £36.3m)

Operating cashflows before movements in working capital were £16.2m (H1 2023: £6.5m) reflecting the higher underlying operating profits generated in H1 2024. The business is highly cash generative and ordinarily achieves a cash flow conversion rate⁵ of 75% to 100%. The ratio in H1 2024 was 81% reflecting the materially higher Underlying Operating Profit, with a ratio of (220)% achieved in H1 2023.

Movements in working capital were an outflow of £2.8m (H1 2023: outflow of £13.6m). The outflow in H1 2024 reflected higher Surveying billing in the last months of H1 2024 compared to the end of 2023. The higher outflow in H1 2023 reflected the significant change in structure in the Group during that period, especially in

Estate Agency Franchising. The operating cycle of working capital continues to settle following the completion of significant restructuring and transformation programmes during 2023.

The first half of the year also included:

- the initial consideration of £5.7m for the purchase of TenetLime assets
- capital expenditure on PPE and intangibles of £1.2m (H1 2023: £1.4m). The transformation of the Group in 2023 has resulted in a less capital-intensive business, with total capital expenditure expected to be lower than in previous years, reflecting the franchise model in Estate Agency
- exceptional costs paid in relation to divisional restructure and transformation programmes of £1.5m (H1 2023: £3.8m)
- payment of the 2023 final dividend of £7.6m (H1 2023: £7.6m) and the repurchase of shares under the share buyback programme of £0.3m
- With the prior year losses brought forward, and previous payments on account, there was no corporation tax paid in H1 2024 (H1 2023: £nil)

International Accounting Standards (IAS)

The Interim Condensed Consolidated Group Financial Statements for the period ended 30 June 2024 have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and UK-adopted IAS.

Notes:

- 1 Based on continuing operations unless otherwise stated. Following the conversion of the entire owned Estate Agency network to franchisees in H1 2023, this was classified as a discontinued operation and is now presented as such in the Financial Statements. Refer to 6 to the Financial Statements
- 2 Revenue: £84.5m in H1 2024 with statutory revenue of £85.4m less £0.9m revenue due to acquisitions in 2024, as compared to £66.4m in H1 2023 with statutory revenue of £72.5m less £6.1m revenue from businesses disposed in 2023
- 3 Group (and Divisional) Underlying Operating Profit is before exceptional items, contingent consideration assets & liabilities, amortisation of intangible assets and share-based payments. Refer to note 5 to the Financial Statements for reconciliation of Group and Divisional Underlying Operating Profit to statutory operating profit/(loss) for continuing, discontinued and total operations
- 4 Stated on total operations basis
- 5 Refer to note 5 to the Financial Statements
- 6 Refer to note 3 and 10 to the Financial Statements
- 7 Refer to note 14 to the Financial Statements
- 8 Refer to note 7 to the Financial Statements
- 9 Mortgage lending excluding product transfers - new mortgage lending by purpose of loan, UK (BOE) – Table MM23 (Jul 2024)

Principal Risks and Uncertainties

The principal risks and uncertainties relating to the Group's operations remain consistent with those disclosed on pages 29 to 33 of the Group's Annual Report and Accounts 2023 (which can be accessed on the Group's website: www.lslps.co.uk). Having reconsidered these principal risks and uncertainties, the Board has concluded that these remain the same as those included within the Annual Report and Accounts 2023.

Responsibility statement of the Directors in respect of the half-yearly financial report

We confirm that to the best of our knowledge:

- The Interim Condensed Consolidated Group Financial Statements for the period ended 30 June 2024 have been prepared in accordance with UK adopted International Accounting Standard 34;
- The interim management report includes a fair review of the information required by:
 - (a) DTR 4.2.7R of the Disclosure and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the financial year; and
 - (b) DTR 4.2.8R of the Disclosure and Transparency Rules, being related-party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related-party transactions described in the last annual report that could do so.

By order of the Board
David Stewart
Director, Group Chief Executive Officer
17 September 2024

Adam Castleton
Director, Group Chief Financial Officer
17 September 2024

Interim Group Income Statement

for the six months ended 30 June 2024

	Note	Unaudited Six months ended	
		30 June 2024 £'000	Restated* 30 June 2023 £'000
Continuing operations:			
Revenue	4	85,394	72,494
Operating expenses:			
Employee costs		(50,639)	(51,534)
Depreciation on property, plant and equipment and right-of-use assets		(1,600)	(1,644)
Other operating costs		(18,657)	(15,256)
Other gains		325	264
Share of post-tax loss from joint venture		(377)	(167)
Share-based payments		57	(377)
Amortisation of intangible assets		(1,357)	(941)
Exceptional gains	7	367	9,040
Exceptional costs	7	(482)	(4,317)
Contingent consideration payable		-	1
Group operating profit		13,031	7,563
Finance income		1,434	752
Finance cost		(707)	(884)
Net finance income/(cost)		727	(132)
Profit before tax from continuing operations		13,758	7,431
Taxation charge	9	(3,574)	(2,063)
Profit for the period from continuing operations		10,184	5,368
Discontinued operations			
Loss for period from discontinued operations	6	(227)	(42,865)
Profit/(loss) for the period		9,957	(37,497)
Attributable to:			
Owners of the parent		9,945	(37,421)
Non-controlling interest		12	(76)
		9,957	(37,497)
Earnings/(loss) per share from total operations (expressed as pence per share):			
Basic		9.7	(36.4)
Diluted		9.6	(35.9)
Earnings per share from continuing operations (expressed as pence per share):			
Basic		9.9	5.3
Diluted		9.8	5.2

*See note 14 for details regarding the restatement.

Interim Group Statement of Comprehensive Income

for the six months ended 30 June 2024

	Unaudited Six Months Ended	
	30 June 2024	Restated* 30 June 2023
	£'000	£'000
Profit/(loss) for the period	9,957	(37,497)
Items that will not be reclassified to profit and loss in subsequent periods:		
Revaluation of financial assets not recycled through income statement	-	(116)
Tax on revaluation	-	(1)
	-	(117)
Total comprehensive income/(loss), net of tax	9,957	(37,614)
Attributable to:		
Owners of the parent	9,945	(37,538)
Non-controlling interest	12	(76)
	9,957	(37,614)

**See note 14 for details regarding the restatement.*

Interim Group Balance Sheet

as at 30 June 2024

		Unaudited 30 June 2024 £'000	Audited 31 December 2023 £'000
	Note		
Non-current assets			
Goodwill		16,855	16,855
Other intangible assets	10	30,212	21,461
Property, plant and equipment and right-of-use assets		6,305	6,917
Financial assets	11	758	5,407
Deferred tax asset		-	166
Investment in sublease	11	1,106	1,756
Investment in joint venture		8,982	9,359
Contract assets		203	329
Loans to franchisees and appointed representatives	11	873	1,655
Total non-current assets		<u>65,294</u>	<u>63,905</u>
Current assets			
Trade and other receivables		27,261	23,206
Financial assets	11	5,276	54
Contract assets		111	40
Investment in sublease	11	773	1,582
Current tax asset		-	2,183
Loans to franchisees and appointed representatives	11	654	444
Cash and cash equivalents	12	71,165	58,110
Total current assets		<u>105,240</u>	<u>85,619</u>
Total assets		<u>170,534</u>	<u>149,524</u>
Current liabilities			
Financial liabilities	13	(5,740)	(3,320)
Trade and other payables		(30,947)	(30,485)
Bank overdrafts	12	(38,700)	(23,139)
Current tax liabilities		(102)	-
Provisions for liabilities		(5,759)	(5,903)
Total current liabilities		<u>(81,248)</u>	<u>(62,847)</u>
Non-current liabilities			
Financial liabilities	13	(4,439)	(5,085)
Deferred tax liability		(885)	-
Provisions for liabilities		(5,951)	(5,647)
Total non-current liabilities		<u>(11,275)</u>	<u>(10,732)</u>
Total liabilities		<u>(92,523)</u>	<u>(73,579)</u>
Net assets		<u>78,011</u>	<u>75,945</u>
Equity			
Share capital		210	210
Share premium account		5,629	5,629
Share-based payment reserve		2,382	3,564
Shares held by employee benefit trust and share incentive plan		(1,885)	(2,871)

Treasury shares	(4,319)	(3,983)
Fair value reserve	(385)	(385)
Retained earnings	76,673	74,087
Equity attributable to the owners of the parent	78,305	76,251
Non-controlling interest	(294)	(306)
Total Equity	78,011	75,945

**See note 14 for details regarding the restatement.*

Interim Group Statement of Cash Flows

for the six months ended 30 June 2024

	Note	Unaudited Six Months Ended	
		30 June 2024	30 June 2023 Restated*
Profit before tax from continuing operations		13,758	7,431
Loss before tax from discontinued operations		(317)	(41,572)
Profit /(loss) before tax		13,441	(34,141)
Adjustments for:			
Exceptional costs	6,7	799	44,422
Exceptional gains	7	(367)	(9,040)
Contingent consideration payable		-	(1)
Depreciation of tangible assets		1,600	2,794
Amortisation of intangible assets		1,357	1,268
Share-based payments		(57)	432
Loss on disposal of property, plant and equipment and right-of-use assets		-	(2)
Loss from joint venture		377	167
Revaluation of investments at fair value through the income statement	11	(325)	180
Decrease in contract assets		55	151
Finance income		(1,434)	(752)
Finance costs		707	994
Operating cash flows before movements in working capital		16,153	6,472
Movements in working capital			
(Increase) in trade and other receivables		(3,758)	(7,066)
Increase / (decrease) in trade and other payables		1,655	(6,663)
(Decrease) / increase in provisions		(732)	158
		(2,835)	(13,571)
Cash generated from/(expended in) operations		13,318	(7,099)
Interest paid (leases)		(215)	(244)
Interest received (leases)		61	-
Exceptional costs paid		(1,540)	(3,780)
Net cash generated/(expended) from operating activities		11,624	(11,123)
Cash flows used in investing activities			
Interest received		953	-
Disposal of businesses, net of cash disposed		-	26,537
Payment of contingent consideration	13	(65)	(2,280)
Receipt of contingent consideration	11	115	-
Investment in joint venture		-	(4,681)
Proceeds from sale of financial assets		-	206
Franchisees and appointed representatives loans granted	11	(433)	(1,335)
Franchisees and appointed representatives loan repayments	11	909	-
Receipt of lease income		463	116
Purchase of property, plant and equipment and intangible assets		(1,165)	(1,418)
Cash acquired on acquisition of subsidiary	10	503	-
Acquisition of subsidiary	10	(5,695)	-
Net cash (expended)/generated on investing activities		(4,415)	17,145
Cash flows used in financing activities			
Repurchase of treasury shares		(336)	-
Proceeds from exercise of share options		-	20
Payment of lease liabilities		(1,733)	(2,250)
Dividends paid		(7,646)	(7,601)
Net cash expended in financing activities		(9,715)	(9,831)

Net decrease in cash and cash equivalents		(2,506)	(3,809)
Cash and cash equivalents at the beginning of the period		34,971	40,109
Cash and cash equivalents at the end of the period	12	32,465	36,300

**See note 14 for details regarding restatements.*

Interim Group Statement of Changes in Equity

Unaudited – for the six months ended 30 June 2024

	Share capital	Share premium account	Share-based payment reserve	Shares held by employee benefit trust and share incentive plan	Treasury shares	Fair value reserve	Retained earnings	Equity attributable to owners of the parent	Non-controlling interest	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 1 January 2024	210	5,629	3,564	(2,871)	(3,983)	(385)	74,087	76,251	(306)	75,945
Profit for the period	-	-	-	-	-	-	9,945	9,945	12	9,957
Total comprehensive income for the period	-	-	-	-	-	-	9,945	9,945	12	9,957
Exercise of options	-	-	(682)	986	-	-	(304)	-	-	-
Vested share options lapsed during the year	-	-	(591)	-	-	-	591	-	-	-
Dividend paid	-	-	-	-	-	-	(7,646)	(7,646)	-	(7,646)
Share-based payments	-	-	(57)	-	-	-	-	(57)	-	(57)
Tax on share-based payments	-	-	148	-	-	-	-	148	-	148
Shares repurchased into treasury	-	-	-	-	(336)	-	-	(336)	-	(336)
At 30 June 2024	210	5,629	2,382	(1,885)	(4,319)	(385)	76,673	78,305	(294)	78,011

During the six-month period to 30 June 2024 a total of 267,796 share options were exercised relating to LSL's various share option schemes resulting in the shares being sold by the Trust. LSL received £nil on exercise of these options.

During the six-month period to 30 June 2024, LSL had repurchased 112,000 LSL shares at an average cost of £3.00 per share.

Interim Group Statement of Changes in Equity

Unaudited – for the six months ended 30 June 2023

	Share capital	Share premium account	Share-based payment reserve	Shares held by employee benefit trust and share incentive plan	Treasury shares	Fair value reserve	Retained earnings	Equity attributable to owners of the parent	Non-controlling interest	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 1 January 2023	210	5,629	5,331	(5,457)	(3,983)	(20,239)	146,715	128,206	428	128,634
Prior year restatements (net of tax), note 14	-	-	-	-	-	-	(2,582)	(2,582)	-	(2,582)
Restated total equity at the beginning of the financial period	210	5,629	5,331	(5,457)	(3,983)	(20,239)	144,133	125,624	428	126,052
Loss for the period (restated)	-	-	-	-	-	-	(37,421)	(37,421)	(76)	(37,497)
Revaluation of financial assets	-	-	-	-	-	(116)	-	(116)	-	(116)
Tax on revaluation	-	-	-	-	-	(1)	-	(1)	-	(1)
Total comprehensive loss for the period (restated)	-	-	-	-	-	(117)	(37,421)	(37,538)	(76)	(37,614)
Acquisition of non-controlling interests	-	-	-	-	-	-	675	675	(675)	-
Exercise of options	-	-	(43)	53	-	-	10	20	-	20
Dividend paid	-	-	-	-	-	-	(7,601)	(7,601)	-	(7,601)
Share-based payments	-	-	432	-	-	-	-	432	-	432
Tax on share based payments	-	-	544	-	-	-	-	544	-	544
Fair value reclassification following disposals	-	-	-	-	-	19,971	(19,971)	-	-	-
At 30 June 2023 (restated)	210	5,629	6,264	(5,404)	(3,983)	(385)	79,825	82,156	(323)	81,833

During the six-month period to 30 June 2023 a total of 17,984 share options were exercised relating to LSL's various share option schemes resulting in the shares being sold by the Trust. LSL received £0.02m on exercise of these options.

Notes to the Interim Condensed Consolidated Group Financial Statements

The Interim Condensed Consolidated Group Financial Statements for the period ended 30 June 2024 were approved by the LSL Board on 17 September 2024. The interim Financial Statements are not statutory accounts. The financial information for the year ended 31 December 2023 is extracted from the audited statutory accounts for the year ended 31 December 2023, which have been filed with the Registrar of Companies. The auditor's report on those 2023 full year statutory accounts was unqualified and did not contain an emphasis of matter paragraph and did not make a statement under section 498 (2) or (3) of the Companies Act 2006.

1. Basis of preparation

The Interim Condensed Consolidated Group Financial Statements for the period ended 30 June 2024 have been prepared in accordance with UK adopted International Accounting Standard 34 and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority, and should be read in conjunction with the Group's annual Financial Statements as at 31 December 2023 which are included in LSL's Annual Report and Accounts 2023. The Group's annual Financial Statements for the year ending 31 December 2024 will be prepared in accordance with UK adopted International Accounting Standards.

The Interim Condensed Consolidated Group Financial Statements do not include all the information and disclosures required for a complete set of IFRS Financial Statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual Financial Statements.

Going Concern

The UK Corporate Governance Code requires the Board to assess and report on the prospects of the Group and whether the business is a Going Concern. In considering this requirement, the Directors have taken into account the Group's forecast cash flows, liquidity, borrowing facilities and related covenant requirements and the expected operational activities of the Group.

The Group expects to continue to meet its day-to-day working capital requirements through cashflows generated by its trading activities and available cash resources (30 June 2024: £32.5m). The Group's banking facility, a £60 million committed revolving credit facility has a maturity date of May 2026. The Group have not currently utilised the facility leaving £60 million of available undrawn committed borrowing facilities in respect of which all conditions precedent had been met. The facility agreement contains financial covenants, including minimum net debt to EBITDA ratio, which mean that, under downside scenarios, the full facility would not be available in the going concern period. The Group expects to renew its facility in advance of the current maturity date, in line with previous renewals and timelines.

The Directors have continued to run a variety of scenario models throughout the year to help the ongoing assessment of risks and opportunities covering the period to 31 December 2025 ("the going concern period"). In the scenarios, the Directors considered both current trading and external industry data. In developing a base case forecast the Directors have assumed inflation and interest rates of 3.0% and 5.25%, respectively, in 2024 and 3.0% and 5.25%, respectively, in 2025.

The Directors have performed a reverse stress test to determine the events and circumstances which would need to arise in order to threaten the Group's ability to continue as a going concern. Such scenarios would require a significant reduction in market transaction volumes below the low point experienced during the Global Financial Crisis and in turn reduce Group revenue by c. 25% compared to current performance. Under such a scenario, all available cash balances would be utilised and the facility would be unavailable due to financial covenants. If severe downside scenarios arose, there are cost mitigations that could be applied, as well as cash conservation action such as pausing dividend payments and planned investments. The Directors have concluded that the likelihood of such a severe scenario arising is remote and have concluded that there are no plausible threats to the Group's ability to continue through the going concern period. Therefore, the financial information has been prepared under the going concern basis of preparation.

Having due regard to the scenarios above and after making appropriate enquiries, the Directors have a reasonable expectation that the Group and the Company have adequate resources to remain in operation to 31 December 2025. The Board have therefore continued to adopt the going concern basis in preparing the Interim Condensed consolidated Financial Statements.

2. Significant accounting policy information

The accounting policies adopted in the preparation of the Interim Condensed Consolidated Group Financial Statements are consistent with those followed in the preparation of the Group's annual Financial Statements for the year ended 31 December 2023. There were no new amendments, standards or interpretations that had a material effect on the financial position or performance of the Group in the period.

3. Judgements and estimates

In preparing these Condensed Consolidated Interim Financial Statements, the significant judgements made by management in applying the Group's accounting policies and their key sources of estimation uncertainty were the same as those that applied to the Consolidated Financial Statements for the year ended 31 December 2023, with the exception of the following new significant judgement:

Asset acquisition – TenetLime

The Group acquired the entire issued share capital of TenetLime Limited ("TenetLime"), a subsidiary of Tenet Group Limited ("Tenet Group") on 2 February 2024. Judgement was required to determine whether the transaction represented a business combination or an asset acquisition. The Group's motivation for purchasing TenetLime was to expand its existing Financial Services Network by increasing the number of appointed representatives (ARs) using LSL's PRIMIS Network. The Group acquired contracts with 153 AR firms through the acquisition of TenetLime and immediately transferred those firms onto the PRIMIS Network.

Per IFRS 3, Management performed a concentration test to determine whether substantially all the fair value of the gross assets acquired was concentrated in a single identifiable asset. The test indicated that substantially all of the value acquired was attributable to TenetLime's contractual relationships with the AR firms.

Based on the assessment performed, Management concluded that the Group did not acquire a business as part of the transaction and therefore the acquisition is not a business combination. However, the Group did acquire an intangible asset as per IAS 38, being the acquired contracts with each of the respective AR firms which have been assigned a value based on the transaction price excluding any cash acquired, please refer to note 10 for further details.

4. Segment analysis of revenue and operating profit

For the six months ended 30 June 2024 LSL has reported three operating segments: Financial Services; Surveying & Valuation; and Estate Agency Franchising.

The Estate Agency segment previously included the Group's owned network, pre-existing franchise network, residential sales exchange, conveyancing services, lettings and asset management businesses. The Estate Agency segment was replaced by Estate Agency Franchising on 4 May 2023 which includes the Group's franchise operations, residential sales exchange, and conveyancing services.

During 2023 the Group disposed of its entire owned estate agency branch network. In doing so the Group transitioned to be an operator of a franchising estate agency business, providing services to its estate agency franchisees. The Group has retained its smaller land and new homes business and its conveyancing business, the results of which are reported within the Estate Agency Franchising segment. The Group's asset management business was transferred from Estate Agency Franchising to Surveying & Valuation following changes in management responsibilities from 1 January 2024. Management deemed the Group's asset management operations, including the class of customer for its services, are more closely aligned to the Surveying & Valuation Division after the Estate Agency Division's transformation into a franchise model. Internally, the Chief Operating Decision Maker ("CODM") has begun monitoring the performance of the asset management businesses as part of the Surveying & Valuation segment from 1 January 2024. As a result, the Group's operating segment disclosure for the six months ended 30 June 2023 and the year ended 31 December 2023 have been restated to reflect this change.

Operating segments

The following tables present revenue followed by profit information regarding the Group's operating segments for the six months ended 30 June 2024, for the six months ended 30 June 2023.

a) Revenue and operating profit by segment

Unaudited - Six months ended 30 June 2024

<i>Income statement information</i>	Financial Services £'000	Surveying & Valuation £'000	Estate Agency Franchising £'000	Unallocated £'000	Total £'000
Total revenue from external customers	23,555	48,890	12,949	-	85,394
Segmental result:					
Underlying Operating Profit	3,923	12,923	3,138	(5,538)	14,446
Operating profit / (loss)	2,891	12,877	2,566	(5,303)	13,031
Finance income					1,434
Finance costs					(707)
Profit before tax					13,758
Loss before tax from discontinued operations					(317)
Taxation					(3,484)
Profit for the period					9,957

Group Underlying Operating Profit is as defined in note 5 to these Consolidated Condensed Financial Statements.

<i>Balance sheet information</i>	Financial Services £'000	Surveying & Valuation £'000	Estate Agency Franchising £'000	Unallocated £'000	Total £'000
Segment assets – intangible	18,040	12,132	16,895	-	47,067
Segment assets – other	24,730	15,360	7,531	75,846	123,467
Total Segment assets	42,770	27,492	24,426	75,846	170,534
Total Segment liabilities	(14,758)	(18,059)	(17,427)	(42,279)	(92,523)
Net assets	28,012	9,433	6,999	33,567	78,011

The joint venture interests of the Group are recorded in the Financial Services segment.

Unallocated net assets comprise PPE £0.7m, cash £71.1m, other assets £4.0m, accruals and other payables of £(3.6)m, overdraft of £(38.7)m. Unallocated result comprises costs relating to the Parent Company.

Unaudited - Six months ended 30 June 2023 (restated)

<i>Income statement information</i>	Financial Services £'000	Surveying & Valuation £'000	Estate Agency Franchising £'000	Unallocated £'000	Total £'000
Total revenue from external customers from continuing operations	29,619	37,237	7,230	-	74,086
Introducers fee	(1,592)	-	-	-	(1,592)
Revenue from continuing operations	28,027	37,237	7,230	-	72,494
Revenue from external customers from discontinued operations	-	-	30,750	-	30,750
Introducers fee	-	-	1,592	-	1,592
Total revenue from continuing and discontinued operations	28,027	37,237	39,572	-	104,836
Segmental result:					
Underlying Operating Profit	3,608	3,708	302	(3,460)	4,158
Operating profit / (loss)	10,274	1,623	(602)	(3,732)	7,563
Finance income					752
Finance costs					(884)
Profit before tax					7,431
Loss before tax from discontinued operations					(41,572)
Loss before tax					(34,141)
Taxation					(3,356)
Loss for the period					(37,497)

Group Underlying Operating Profit is as defined in note 5 to these Consolidated Condensed Financial Statements.

<i>Balance sheet information</i>	Financial Services £'000	Surveying & Valuation £'000	Estate Agency Franchising £'000	Restated* Unallocated £'000	Restated* Total £'000
Segment assets – intangible	11,242	11,733	17,658	71	40,704
Segment assets – other	27,194	14,973	16,337	61,601*	120,105*
Total Segment assets	38,436	26,706	33,995	61,672*	160,809*
Total Segment liabilities	(12,537)	(15,126)	(20,920)	(30,393)*	(78,976)*
Net assets	25,899	11,580	13,075	31,279	81,833

Unallocated net assets comprise other intangibles £0.1m, PPE £0.8m, cash £57.3m, other assets £3.5m, accruals of £(6.6)m, payables £(0.1)m, overdraft of £(21.0)m and current and deferred tax £(2.7)m. Unallocated result comprises costs relating to the Parent Company.

*The Group has a bank offset arrangement that was previously recorded as part of cash and cash equivalents. As part of the preparation of the 31 December 2023 Group Financial Statements, management reviewed its banking arrangements and concluded that while the Group had a legally enforceable right of offset, the Group did not intend to settle the period-end balance net. As a result, the overdraft balances included within the offset arrangement should be separately presented as at 30 June 2023. Consequently, a restatement has been made with the effect that cash and cash equivalents and bank overdrafts as at 30 June 2023 increased by £21.0m. The restatement has no impact on net assets, the Group's Income Statement or the Statement of Cash Flows.

b) Disaggregation of revenue from contracts with customers:

Unaudited - Six months ended 30 June 2024

Revenue Split by Stream - Unaudited - Six Months ended 30 June 2024

	Financial Services £'000	Surveying & Valuation £'000	Residential sales exchange £'000	Lettings £'000	Estate Agency Franchising income £'000	Asset Management £'000	Other £'000	Total £'000
Timing of revenue recognition								
Services transferred at a point in time	23,555	46,307	2,082	314	9,372	2,583	442	84,655
Services transferred over time	-	-	-	-	739	-	-	739
Total revenue from contracts with customers	23,555	46,307	2,082	314	10,111	2,583	442	85,394

Unaudited - Six months ended 30 June 2023

Revenue Split by Stream - Unaudited - Six Months ended 30 June 2023

	Financial Services £'000	Surveying & Valuation £'000	Residential sales exchange £'000	Lettings £'000	Estate Agency Franchising income £'000	Asset Management £'000	Other £'000	Total £'000
Timing of revenue recognition								
Services transferred at a point in time	28,027	35,508	2,209	950	3,279	1,644	622	72,239
Services transferred over time	-	-	-	170	-	85	-	255
Total revenue from contracts with customers	28,027	35,508	2,209	1,120	3,279	1,729	622	72,494

5. Adjusted performance measures

In reporting financial information, the Group presents APMs which are not defined or specified under the requirements of IFRS. The Group believes that the presentation of APMs provides stakeholders with additional helpful information on the performance of the business but does not consider them to be a substitute for or superior to IFRS measures. Definitions and reconciliations of the financial APMs used to IFRS measures, are included below.

The Group reports the following APMs:

a) *Group and Divisional Underlying Operating Profit/(Loss)*

Underlying Operating Profit represents the profit/(loss) before tax for the period before net finance cost, share-based payments, amortisation of intangible assets, exceptional items and contingent consideration. This is the measure reported to the Directors as it considered to give a consistent indication of both Group and Divisional underlying performance.

The closest equivalent IFRS measure to Underlying Operating Profit is operating profit/(loss). Refer to below for a reconciliation between profit/(loss) before tax and Group and Divisional Underlying Operating Profit.

Period ended 30 June 2024

	Financial Services £'000	Surveying & Valuation £'000	Estate Agency Franchising £'000	Unallocated £'000	IFRS reported total from continuing operations £'000	Discontinued Operations £'000	Total including discontinued operations £'000
Profit/(loss) before tax	3,641	13,265	2,799	(5,947)	13,758	(317)	13,441
Net finance income/(cost)	(750)	(388)	(233)	644	(727)	-	(727)
Operating profit/(loss) per income statement	2,891	12,877	2,566	(5,303)	13,031	(317)	12,714
Operating Margin	12.3%	26.3%	19.8%	-	15.3%	-	14.9%
Adjustments:							
Share-based payments	16	16	146	(235)	(57)	-	(57)
Amortisation of intangible assets	859	72	426	-	1,357	-	1,357
Exceptional gains	(325)	(42)	-	-	(367)	-	(367)
Exceptional costs	482	-	-	-	482	317	799
Underlying Operating profit/(loss)	3,923	12,923	3,138	(5,538)	14,446	-	14,446
Underlying Operating Margin	16.7%	26.4%	24.2%	-	16.9%	-	16.9%

Period ended 30 June 2023 (restated)

	Financial Services £'000	Surveying & Valuation £'000	Estate Agency Franchising £'000	Unallocated £'000	IFRS reported total from continuing operations £'000	Discontinued Operations £'000	Total including discontinued operations £'000
Profit/(loss) before tax	10,588	1,880	(706)	(4,331)	7,431	(41,572)	(34,141)
Net finance income/(cost)	(314)	(257)	104	599	132	110	242
Operating profit/(loss) per income statement	10,274	1,623	(602)	(3,732)	7,563	(41,462)	(33,899)
Operating Margin	36.7%	4.4%	(8.3%)	-	10.4%	(128.2)%	(32.3)%
Adjustments:							
Share-based payments	25	81	(2)	273	377	55	432
Amortisation of intangible assets	862	10	69	-	941	327	1,268
Exceptional gains	(9,040)	-	-	-	(9,040)	-	(9,040)
Exceptional costs	1,486	1,994	837	-	4,317	40,105	44,422
Contingent consideration payable	-	-	-	(1)	(1)	-	(1)
Underlying Operating profit/(loss)	3,608	3,708	302	(3,460)	4,158	(975)	3,183
Underlying Operating Margin	12.9%	10.0%	4.2%	-	5.7%	(3.0)%	3.0%

b) *Group and Divisional Underlying Operating Margin*

Underlying Operating Margin is defined as Underlying Operating Profit divided by revenue. Refer to above for the calculation of both Group and Divisional Underlying Operating Margin. The closest equivalent IFRS measure to Underlying Operating Margin is operating margin, refer to above for a reconciliation between operating margin and Group Underlying Operating Margin.

c) *Adjusted basic earnings per share, adjusted diluted earnings per share and adjusted profit after tax*

Adjusted basic earnings per share is defined as Group Underlying Operating Profit adjusted for profit/(loss) attributed to non-controlling interests, net finance cost (excluding exceptional and contingent consideration items and discounting on leases) less normalised tax (to arrive at adjusted profit after tax), divided by the weighted average number of shares in issue during the financial period. The effect of potentially dilutive ordinary shares is incorporated into the diluted measure.

The closest equivalent IFRS measures are basic and diluted earnings per share.

	Unaudited Six months ended	
	30 June 2024 £'000	Restated 30 June 2023 £'000
Group Underlying Operating Profit from total operations	14,446	3,183
(Profit)/Loss attributable to non-controlling interest	(12)	76
Net finance costs (excluding exceptional items, contingent consideration items and discounting on lease liabilities)	588	203
Normalised taxation (tax rate 25% (2023: 23.5%))	(3,756)	(814)
Adjusted profit after tax before exceptional items, share-based payments and amortisation	11,266	2,647

Unaudited - Six months ended 30 June

	Adjusted profit after tax £'000	Weighted average number of shares	2024 Per share amount Pence	Restated Adjusted profit after tax £'000	Weighted average number of shares	Restated 2023 Per share amount Pence
Adjusted basic EPS	11,266	102,615,905	11.0	2,647	102,937,398	2.6
Effect of dilutive share options		830,587		-	1,250,962	
Adjusted diluted EPS	11,266	103,446,492	10.9	2,647	104,188,360	2.5

d) *Adjusted operating expenditure*

Adjusted operating expenditure is defined as the total of employee costs, depreciation on property, plant and equipment and other operating costs and is considered to give a consistent indication of the Group's underlying operating expenditure.

	30 June 2024	Restated 30 June 2023
	£'000	£'000
Total operating expenditure	(72,363)	(64,931)
<i>Add back:</i>		
Other operating income	(325)	(264)
Share of post-tax (loss) from joint venture	377	167
Share-based payments	(57)	377
Amortisation of intangible assets	1,357	941
Exceptional gains	(367)	(9,040)
Exceptional costs	482	4,317
Contingent consideration	-	(1)
Adjusted operating expenditure	(70,896)	(68,434)

e) *Net cash/debt*

Net cash/debt is defined as cash and short-term deposits less current and non-current borrowings, add IFRS 16 financial liabilities, deferred and contingent consideration and where applicable cash held for sale.

Net Cash:	30 June 2024	31 December 2023
	£'000	£'000
Cash and short term deposits	71,165	58,110
Less: Interest-bearing loans and borrowings (including loan notes, overdraft, IFRS 16 Leases, contingent and deferred consideration)		
- Current	(44,440)	(26,459)
- Non-current	(4,439)	(5,085)
	22,286	26,556
Add: IFRS 16 lease financial liabilities	6,515	8,340
Add: deferred and contingent consideration	3,664	65
Net Cash	32,465	34,971

f) *Adjusted cash flow from operations*

Adjusted cash flow from operations is defined as cash generated from operations, less the repayment of the principal portion of lease liabilities, plus the utilisation of PI provisions.

	30 June 2024	Restated 30 June 2023
	£'000	£'000
Cash generated from operations	13,318	(7,099)
Payment of principal portion of lease liabilities	(1,733)	(2,250)
PI provision utilisation	122	207
Adjusted cash flow from operations	<u>11,707</u>	<u>(9,142)</u>

g) *Cash flow conversion rate*

Cash flow conversion rate is defined as cash generated from operations (pre-PI Costs and post-lease liabilities), divided by Group Underlying Operating Profit.

	30 June 2024	Restated 30 June 2023
	£'000	£'000
Adjusted cash flow from operations	11,707	(9,142)
Group underlying operating profit from continuing operations	14,446	4,158
Cash flow conversion rate	81%	(220)%

6. Discontinued operations

In 2023, the Group franchised its entire owned estate agency network of 183 branches, with the operations of the previously owned network disposed to a combination of new and existing franchisees between 3 May and 31 May 2023. The operations of the branches were sold to the franchisees through either asset or share sales. The operations of the owned branch network were classified as a discontinued operation and presented as such in both the Consolidated Condensed Group Financial Statements for the six months ended 30 June 2023 and the Group Financial Statements for the year ended 31 December 2023, please refer to note 6 in both sets of financial statements for further information on the financial performance of the discontinued operations for each respective and comparative period.

During the six months to 30 June 2024 the Group recognised post tax losses from discontinued operations of £0.2m (six months to 30 June 2023: £46.1m) due to increases in dilapidation and restructuring provisions recognised as part of the original asset and share sales, as per note 26 of the Group Financial Statements for the year ended 31 December 2023.

7. Exceptional items

	Unaudited Six months ended	
	30 June 2024	Restated 30 June 2023
	£'000	£'000
Exceptional costs:		
Surveying & Valuation restructuring costs	-	1,993
Financial Services acquisition costs	144	906

Loss on sale of disposal groups	-	1,418
Reduction in contingent consideration receivable	338	-
	<u>482</u>	<u>4,317</u>

Exceptional gains:

Gain on sale of disposal groups*	-	9,040
Release of dilapidation provision	42	-
Increase in contingent consideration receivable	325	-
	<u>367</u>	<u>9,040</u>

*Refer to note 14 for details regarding the restatement.

Exceptional costs

The reduction in contingent consideration receivable relates to contingent consideration assets recognised on the disposal of RSC and EFS, the charge is the result of a reduction in forecast FY24 profitability of both company's (refer to note 9 in Group Financial Statements for the year ended 31 December 2023 for further information on both the initial and subsequent accounting for both disposals).

Exceptional gains

The increase in contingent consideration receivable of £0.3m relates to the contingent consideration asset recognised on the disposal of Group First and is the result of an increase in forecast FY24 profitability (as per RSC and EFS please refer to the Group's 2023 accounts for further information).

8. Dividends paid and declared

A final dividend in respect of the year ended 31 December 2023 at 7.4 pence per share (December 2022: 7.4 pence per share) was paid in the period ended 30 June 2024. An interim dividend has been announced amounting to 4.0 pence per share (June 2023: 4.0 pence per share). Interim dividends are recognised when paid.

9. Taxation

The major components of income tax charge in the interim Group income statements are:

	Unaudited	
	Six Months Ended	
	30 June	30 June
	2024	2023
	£'000	£'000
UK corporation tax:		
– current year charge	2,402	4,661
– adjustment in respect of prior years	(27)	-
	<u>2,375</u>	<u>4,661</u>
Deferred tax:		
Origination and reversal of temporary differences	1,227	(2,024)
Adjustment in respect of prior year	(28)	-
Rate differential	-	(574)
Deferred tax balances written back on disposal of subsidiaries	-	-
Total deferred tax charge/(credit)	<u>1,199</u>	<u>(2,598)</u>
Total tax charge in the income statement	<u>3,574</u>	<u>2,063</u>

For illustrative purposes, the total tax charge in the income statement split between continuing and discontinued operations is:

	Unaudited	
	Six Months Ended	
	30 June	30 June
	2024	2023
	£'000	£'000
Continuing operations	3,574	2,063
Discontinued operations	(90)	1,293
Total tax charge in the income statement	3,484	3,356

The headline UK rate of corporation tax for the period is 25% (2023: 23.5%), and the rate at which deferred tax has been provided is 25% (2023: 25%).

10. Intangible assets

On 2 February 2024, the Group acquired the entire issued share capital of TenetLime Limited (TenetLime), a subsidiary of Tenet Group Limited (Tenet Group).

The Group's motivation for purchasing TenetLime was to expand its existing Financial Services Network by increasing the number of appointed representatives (ARs) using LSL's PRIMIS Network. The Group acquired contracts with 153 AR firms through the acquisition of TenetLime and immediately transferred those firms onto the PRIMIS Network.

Management performed a concentration test (IFRS 3) to determine whether substantially all the fair value of the gross assets acquired was concentrated in a single identifiable asset. The test indicated that substantially all the value acquired was attributable to TenetLime's contractual relationships with the AR firms. Based on the assessment performed, management concluded that the Group did not acquire a business as part of the transaction and therefore the acquisition is not a business combination.

However, the Group did acquire an intangible asset, being the acquired contracts with each of the respective AR firms which have been assigned a value based on the transaction price excluding the cash acquired. The cost paid for the relationship intangible asset represents initial consideration of £5.7m and contingent consideration of £3.6m.

The contingent consideration will be payable one year after completion and will be calculated by reference to each AR firm's turnover in 2022 and AR firm retention at the payment date. The Group have assumed an AR firm attrition rate of 7.6% which has been calculated using actual attrition rates experienced in the PRIMIS Network over a five-year period. The contingent consideration has been discounted at a rate of 4.3%, in line with the Group's cost of debt and a finance cost of £0.1m has been recognised in the period from acquisition to 30 June 2024 ('the period'). The AR relationship asset has a useful life of 12 years, which is also based on PRIMIS Network attrition and amortisation of £0.3m has been recognised in the period.

11. Financial assets

	Unaudited	Audited
	June 2024	Year Ended December 2023
	£'000	£'000
(a) Financial assets at fair value through other comprehensive income (FVOCI)		
Unquoted shares at fair value	-	-
(b) Financial assets at fair value through income statement (FVPL)		
Unquoted shares at fair value (Openwork units and Twenty7Tec)	717	399
Contingent consideration receivable	5,317	5,062
(c) Financial assets at amortised cost		

Investment in sublease	1,879	3,338
Loans to franchisees and appointed representatives	1,527	2,099
	<u>9,440</u>	<u>10,898</u>
Non-current assets	2,737	8,818
Current assets	6,703	2,080
	<u>9,440</u>	<u>10,898</u>

(a) Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income (FVOCI) include unlisted equity instruments which are carried at fair value and measured using level 3 valuation techniques. During 2023, the Group revalued its investment in Global Property Ventures to £nil and there has been no further change. The Group also holds an equity instrument in NBC Property Master Limited which is carried at £nil value.

(b) Financial assets at fair value through income statement

Financial assets through profit or loss (FVPL) include unquoted units in Twenty7Tec Group Limited and Openwork Partnership LLP, and contingent consideration receivable which are carried at fair value and measured using level 2 and 3 valuation techniques. During the period, the following gains/(losses) were recognised in the income statement:

	June 2024	December 2023
	£'000	£'000
Fair value gains/(losses) on equity investments at FVPL recognised in other operating costs	318	(279)
Net fair value (losses) on contingent consideration recognised as exceptional	(13)	(4,093)
Finance income recognised on contingent consideration receivable	382	986

Openwork units

During the period the fair value of units held in The Openwork Partnership LLP remained at £0.4m (31 December 2023: £0.4m). Our valuation is based on an estimated strike price which has been calculated using the average strike price from recently executed trading windows.

Twenty7Tec

The Group holds an equity instrument in Twenty7Tec Group Limited which was historically valued at £nil. In H1 2024 the value of the Group's shareholding was increased to £0.3m, this is based on a recent external valuation of the business and is therefore indicative of a fair value.

Contingent consideration receivable

Contingent consideration receivable of £5.1m relates to EFS, Group First and RSC which were sold in H1 2023 to Pivotal Growth. The consideration receivable will be 7x the combined EBITDA in calendar year 2024, subject to working capital adjustments and is payable in H1 2025. The fair value of the contingent consideration receivable has been calculated for each of the three disposals based on forecast profitability in calendar year 2024, discounted at 13.5% (Financial Services Division's weighted average cost of capital for a 12-month period).

The future cash flow and discount rate assumptions are key to the calculation, if full year 2024 profitability was to reduce by 10% this would result in a reduction in the receivable of £0.5m, if profitability were to increase, this would result in an increase in the receivable of the same amount. If the discount rate were to increase by 1%, the receivable would decrease by £0.1m, and if the discount rate were to reduce by 1%, this would result in an increase in the receivable of the same amount.

The remaining £0.2m of contingent consideration receivable relates to amounts due from disposed lettings books, amounts are receivable in December 2024 and November 2025.

Fair values of financial assets

There is no difference in the book amounts and fair values of all the Group's financial assets that are carried in these Interim Condensed Consolidated Group Financial Statements.

Fair value hierarchy

As at 30 June 2024, the Group held the following financial assets measured at fair value. The Group uses the following hierarchy for determining and disclosing the fair value of the financial assets by valuation technique:

- Level 1: quoted (unadjusted) prices in active markets for identical assets;
- Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and
- Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

Unaudited - 30 June 2024	Total	Level 1	Level 2	Level 3
	£'000	£'000	£'000	£'000
Assets measured at fair value				
Financial assets	6,034	-	318	5,716
Audited - 31 December 2023				
	Total	Level 1	Level 2	Level 3
	£'000	£'000	£'000	£'000
Assets measured at fair value				
Financial assets	5,461	-	-	5,461

(c) Financial assets measured at amortised cost

Financial assets measured at amortised cost include investment in subleases and loans to franchisees and appointed representatives.

Investment in subleases

The Group recognises an investment in sublease in scenarios where it is an intermediate lessor, and the sublease is classified as finance lease. On recognition, the investment in sublease is valued as the remaining fixed payments due from the sublessor, discounted at the discount rate implicit in the headlease. The Group recognises finance income over the remaining life of the leases. An expected credit loss has been provided against the investment in sublease of £0.1m, applying a 12-month expected credit loss model.

Loans to franchisees and appointed representatives

The loans to franchisees and appointed representatives balance includes loans to franchisees in the Estate Agency Franchising segment and loans to appointed representatives in Financial Services.

The franchisee loans reflect drawdowns on agreed facilities which have availability over a range of periods from 31 December 2024 to 31 December 2025, are repayable in full within 24 months from the respective period end and bear fixed rate interest at 8.5%. The Group has issued franchisee loans of £0.2m during the period and has received principal repayments of £0.1m, an expected credit loss has been provided against the facility of £0.1m applying a 12-month expected credit loss model.

The Group issues loans to appointed representatives in the normal course of business and on standard terms, the duration is typically three years and the loans are offered on an interest-free basis. The Group has issued loans to appointed representatives of £0.2m during the period and received principal repayments of £0.8m. An expected credit loss has been provided against the remaining facility of £0.2m, applying a 12-month expected credit loss model.

12. Cash and cash equivalents

Bank overdrafts reflect the aggregate overdrawn balances of Group companies (even if those companies have other positive cash balances). The overdrafts are held with the Group's relationship banks.

For the purpose of the statement of cash flows, the Group's cash and cash equivalents position is presented net, as shown below:

	Unaudited	Audited
	June 2024	Year Ended December 2023
	£'000	£'000
Cash and cash equivalents	71,165	58,110
Bank overdrafts	(38,700)	(23,139)
Cash and cash equivalents	32,465	34,971

13. Financial liabilities

	Unaudited	Audited
	30 June 2024	Year Ended 31 December 2023
	£'000	£'000
Current		
IFRS 16 lease financial liabilities	2,076	3,255
Contingent consideration liabilities	3,664	65
	<u>5,740</u>	<u>3,320</u>
Non-current		
IFRS 16 lease financial liabilities	4,439	5,085
	<u>4,439</u>	<u>5,085</u>

Contingent consideration liabilities:

	Unaudited	Audited
	30 June 2024	Year Ended 31 December 2023
	£'000	£'000
TenetLime	3,664	-
DLPS	-	65
	<u>3,664</u>	<u>65</u>
Opening balance	65	2,311
Cash paid	(65)	(2,280)
Acquisition of relationship asset	3,600	-
Amounts recorded though income statement	64	34
Closing balance	<u>3,664</u>	<u>65</u>

Direct Life and Pensions Services Limited

£0.07m of contingent consideration relates to DLPS, acquired in January 2021, and paid in February 2024.

TenetLime Limited

On 2 February 2024, the Group acquired the entire issued share capital of TenetLime Limited ("TenetLime"), a subsidiary of Tenet Group Limited ("Tenet Group"). The value of the company was concentrated in the contracts with the appointed representative firms. Consequently, the transaction has been accounted for as an asset acquisition. A relationship intangible asset of £9.3m has been

recognised, please refer to note 10. The cost paid for the relationship intangible asset represents initial consideration of £5.7m and contingent consideration of £3.6m. The Group expects to pay the contingent consideration in H1 2025. The contingent consideration is based on the retention rate of firms within LSL's PRIMIS network 12 months after the transaction completed.

As part of the purchase agreement, Tenet Group agreed to provide a number of services to LSL after the transaction. Subsequent to the purchase, LSL was notified that Tenet Group Limited entered administration on 5 June 2024. As at the 30 June 2024, there are no additional liabilities to recognise as a result of the administration. We are in the process of assessing the future costs which will fall to LSL as a consequence of Tenet Group Limited entering administration. Further, we are in discussions with the administrators to offset these amounts against the deferred consideration payable.

Risk management

The financial risks the Group faces, and the methods used to manage these risks have not changed since 31 December 2023. Further details of the risk management policies of the Group are disclosed in note 32 of the Group's Financial Statements for the year ended 31 December 2023.

The business is cash generative with a low level of maintenance capital expenditure requirement. In addition, the Group's other main priority is to generate cash to support its operations and to fund any strategic acquisitions.

Fair values of financial liabilities

There is no difference in the book amounts and fair values of all the Group's financial liabilities that are carried in these Interim Condensed Consolidated Group Financial Statements.

Fair value hierarchy

As at 30 June 2024, the Group held the following financial liabilities measured at fair value. The Group uses the following hierarchy for determining and disclosing the fair value of the financial instruments by valuation technique:

- Level 1: quoted (unadjusted) prices in active markets for identical liabilities;
- Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and
- Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

Unaudited - 30 June 2024	Total	Level 1	Level 2	Level 3
	£'000	£'000	£'000	£'000
Liabilities measured at fair value				
Contingent consideration	3,664	-	-	3,664
Audited - 31 December 2023				
	Total	Level 1	Level 2	Level 3
	£'000	£'000	£'000	£'000
Liabilities measured at fair value				
Contingent consideration	65	-	-	65

14. Prior period restatement

Customisation costs in computing arrangements

For the year ended 31 December 2023, the Group revisited its accounting policy in relation to customisation costs incurred in implementing Software as a Service (SaaS) arrangements. The Group's accounting policy has historically been to capitalise costs directly attributable to the customisation of SaaS platforms (typically the cost of employees), as intangible assets on the balance sheet. The Group reviewed its SaaS arrangements during the second half of 2023 prompted by the significant restructuring earlier in the year. The Group concluded that the policy to capitalise SaaS customisation costs, which was considered appropriate at the time,

should be revised, and restated prior period comparatives in the Group Financial Statements for the year ended 31 December 2023. Refer to note 36 in the aforementioned Financial Statements for further information on the Group's updated policy.

The cumulative impact of the historic adjustment on retained earnings on 1 January 2023 was a reduction of £2.6m with a corresponding adjustment to intangible assets. The impact to the income statement for the period ended 30 June 2023, was an increase in other operating costs of £0.2m, decrease in amortisation charge of £0.1m, and an increase in exceptional gains of £0.5m in relation to the Group's disposal of First2Protect Limited. The adjustment was not cash adjusting.

Earnings per share

Basic and diluted earnings per share for June 2023 have also been restated, as a result of the customisation costs in computing arrangements restatement. For the period to 30 June 2023, the amount of the correction for total basic earnings per share was an increase of 0.4 pence, total diluted earnings per share was an increase of 0.9 pence.

Income statement (extract)

	Reported six months ended 30 June 2023 £'000	Customisation costs £'000	Restated six months ended 30 June 2023 £'000	Continuing operations £'000	Discontinued operations £'000
Other operating costs	(26,608)	(157)	(26,765)	(15,256)	(11,509)
Amortisation of intangible assets	(1,389)	121	(1,268)	(941)	(327)
Exceptional gains	8,583	457	9,040	9,040	-
Profit/(loss) for the year	(37,918)	421	(37,497)	5,368	(42,865)

15. Related party transactions

The Group is party to one joint venture partner, Mottram TopCo Limited.

Transactions with Mottram TopCo and its subsidiaries

	Unaudited Six Months Ended	
	30 June 2024 £'000	30 June 2023 £'000
Gross commission received	8,898	6,796
Commissions paid to broker businesses	(7,232)	(4,506)
Revenue recognised	1,666	2,290
Receivable / (payable)	465	(1,614)

16. Events after the reporting period

Firstly, in July 2024, the Group invested an additional £2.2m into Pivotal Growth to continue to support its buy and build strategy.

Secondly, subsequent to 30 June 2024, the Group's PRIMIS Network served notice to one of its protection only appointed representative (AR) firms, made up of two trading entities. The Group is responsible for the future reimbursements of commissions received from product providers in the event that policies are cancelled during an indemnity period, which is a maximum of 4 years. The Group has agreements in place with its AR firms and certain advisers to recover their contractual liability in respect of these

amounts. In light of the trading position of these AR firms, following notice being given, the PRIMIS Board considers it is not likely to recover all future reimbursement of commissions incurred.

At the date these Interim Condensed Consolidated Financial Statements were issued, the Group estimates the maximum cancellable commissions relating to relevant policies sold by these ARs is £3.4m. This potential exposure will continue to reduce materially over time as active policies go beyond the indemnity period, combined with the significant reduction in activity in the latter months of the firms trading.

Forward-Looking Statements

This announcement contains certain statements that are forward-looking statements. They appear in a number of places throughout this announcement and include statements regarding our intentions, beliefs or current expectations and those of our officers, directors and employees concerning, amongst other things, our results of operations, financial condition, liquidity, prospects, growth, strategies and the business we operate. By their nature, these statements involve uncertainty since future events and circumstances can cause results and developments to differ materially from those anticipated. The forward-looking statements reflect knowledge and information available at the date of preparation of this update and, unless otherwise required by applicable law, LSL undertakes no obligation to update or revise these forward-looking statements. Nothing in this update should be construed as a profit forecast. LSL and its Directors accept no liability to third parties in respect of this update save as would arise under English law.

Any forward-looking statements in this update speak only at the date of this document and LSL undertakes no obligation to update publicly or review any forward-looking statement to reflect new information or events, circumstances or developments after the date of this document.

Conclusion

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2024 which comprises the Interim Group Income Statement, the Interim Group Statement of Comprehensive Income, the Interim Group Balance Sheet, the Interim Group Statement of Cash Flows, the Interim Group Statement of Changes in Equity and the related Notes 1 to 16. We have read the other information contained in the half yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2024 is not prepared, in all material respects, in accordance with UK adopted International Accounting Standard 34 and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Basis for Conclusion

We conducted our review in accordance with International Standard on Review Engagements 2410 (UK) "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" (ISRE) issued by the Financial Reporting Council. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

As disclosed in Note 1, the annual financial statements of the group are prepared in accordance with UK adopted international accounting standards. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with UK adopted International Accounting Standard 34, "Interim Financial Reporting".

Conclusions Relating to Going Concern

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis for Conclusion section of this report, nothing has come to our attention to suggest that management have inappropriately adopted the going concern basis of accounting or that management have identified material uncertainties relating to going concern that are not appropriately disclosed.

This conclusion is based on the review procedures performed in accordance with this ISRE, however future events or conditions may cause the entity to cease to continue as a going concern.

Responsibilities of the directors

The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

In preparing the half-yearly financial report, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the review of the financial information

In reviewing the half-yearly report, we are responsible for expressing to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report. Our conclusion, including our Conclusions Relating to Going Concern, are based on procedures that are less extensive than audit procedures, as described in the Basis for Conclusion paragraph of this report.

Use of our report

This report is made solely to the Company in accordance with guidance contained in International Standard on Review Engagements 2410 (UK) "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Financial Reporting Council. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company, for our work, for this report, or for the conclusions we have formed.

Ernst & Young LLP

London

17 September 2024