
LSL

2023 Preliminary Results Strategic Transformation Driving Growth

25 April 2024

■ Growth
Focus
Execution
Technology
People





Agenda

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Highlights

02

Financial and Operating Performance

03

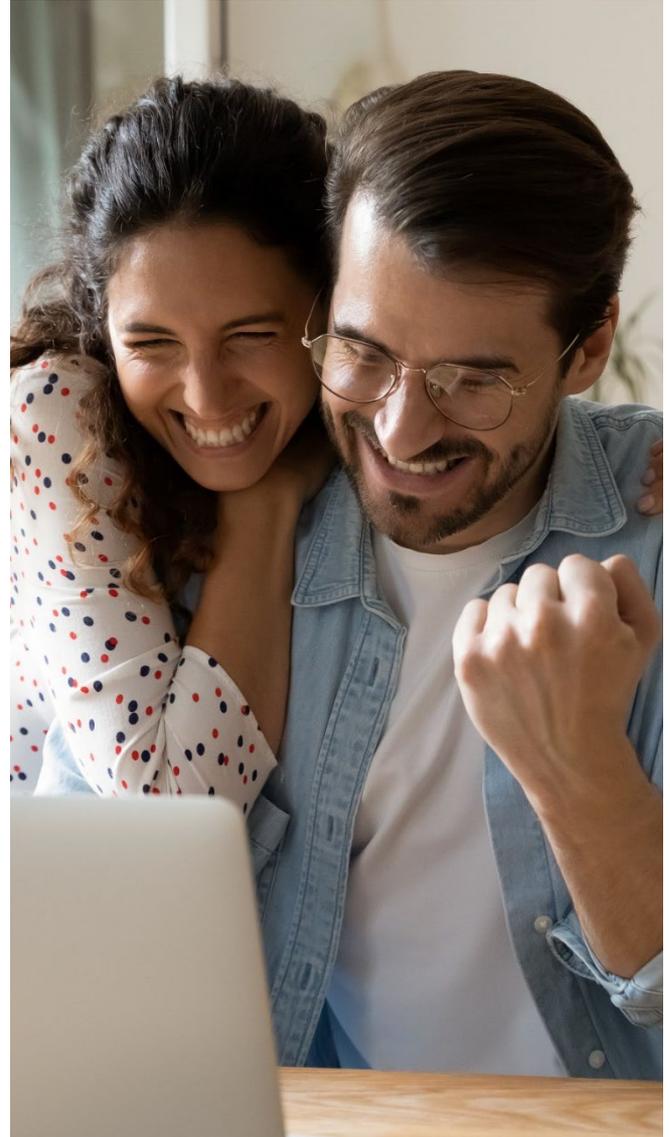
Looking Forward

04

Summary and Outlook

01

Highlights



Driving performance following transformation completed in difficult markets



Strategic transformation delivered in 2023

Group

Financial Services

Surveying & Valuation

Estate Agency Franchising

FOCUS ON BUSINESS-TO-BUSINESS SERVICES



RESTRUCTURING BUSINESS

Conversion of Estate Agency network to franchise model with c.£110m annualised cost savings

Sale of non-core Estate Agency assets

Sale of Financial Services D2C businesses to Pivotal Growth with c.£30m cost savings

BUSINESS DEVELOPMENT

Extension of contract with Lloyds Banking Group to 2028

DLPS quote service developed to be delivered H1 2024

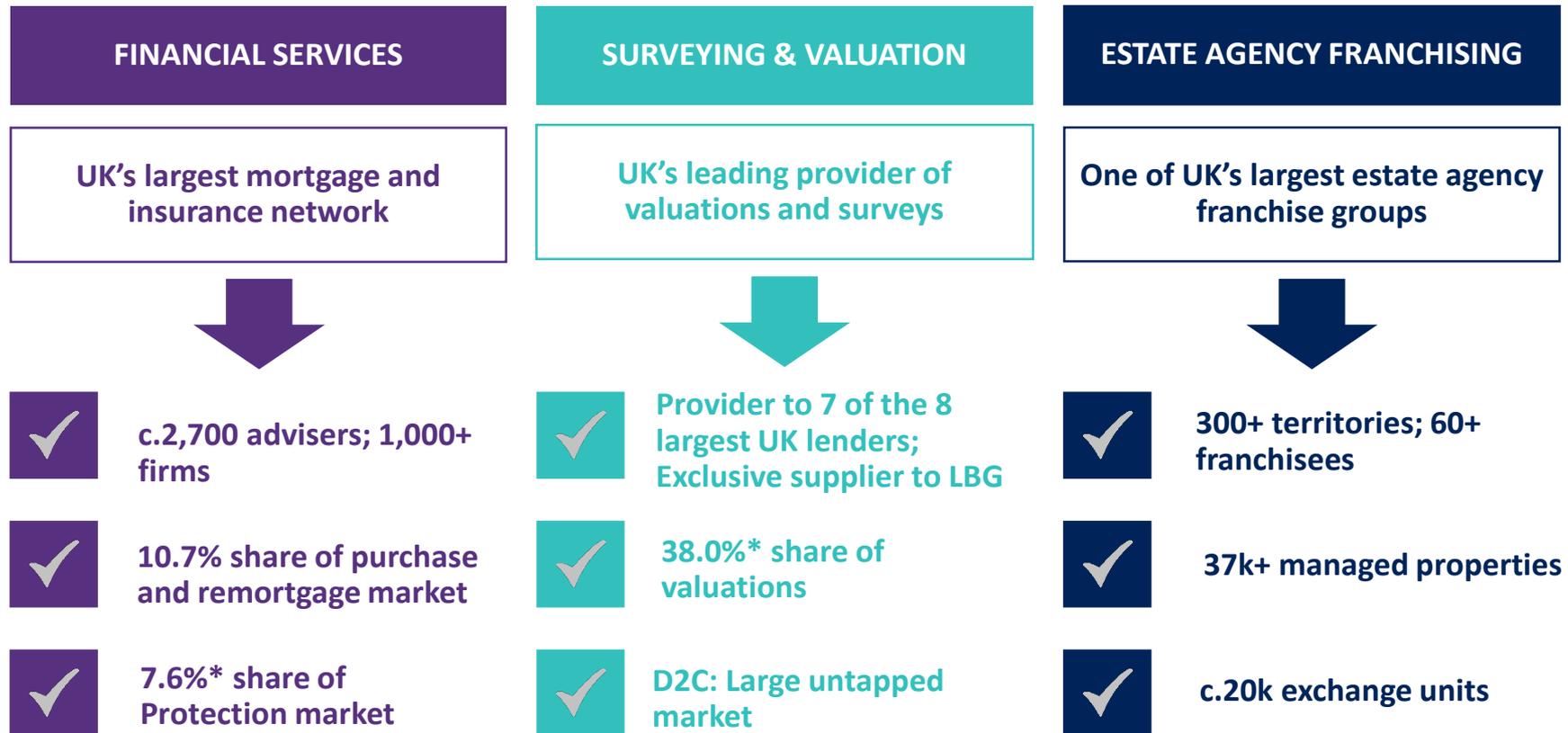
Senior recruitment incl. FS MD, EA Franchise Operations & Propositions Director and S&V Head of Marketing

INVESTMENT IN GROWTH

Acquisition of TenetLime network, comprising c.250 advisers and £3.4bn lending

Further development of data and Home Survey business lines

A streamlined, agile group with strong market share



A strong start to 2024

Q1 '24 Operating Profit materially ahead of Q1 '23

EA Franchising division profitable in Q1, with front end metrics improving

Retained surveying capacity for normalised markets, now fully deployed

Further increase in FY24 expectations

LSL is now a lower volatility, lower capital intensity, higher return business

FOCUS ON SCALABLE, LOW CAPITAL B2B BUSINESSES AND PLATFORMS



FINANCIAL SERVICES

Scale from TenetLime

Disposal of B2C business reduced fixed cost base by c.£30m

Integration of technology businesses in Network, with DLPS quote service being delivered in Q2 24

SURVEYING & VALUATION

Extension of contract with Lloyds Banking Group to 2028

Optimised headcount

Progression on data and Home Surveys

ESTATE AGENCY FRANCHISING

c.£110m annual cost savings; reduced capital expenditure

Profitable in January 2024 for only 2nd time ever, with strong Q1 24 performance

NPV on cashflows higher than owner/operator model

More efficient capital structure and disciplined capital allocation

TARGETED NET CASH POSITION OF c.£10M

EXCESS CASH TO BE RETURNED TO SHAREHOLDERS

1

Organic
Growth

FINANCIAL SERVICES

SURVEYING & VALUATION

ESTATE AGENCY
FRANCHISING

2

Clear hurdle
rates

Target risk-adjusted returns well ahead of 12% Group WACC

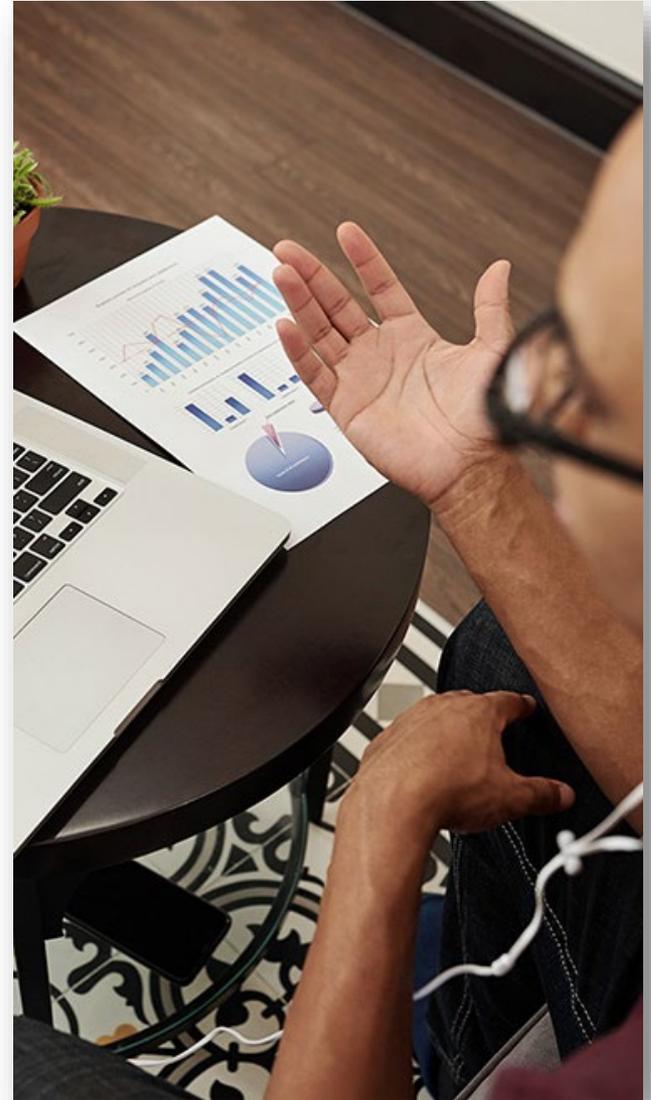
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Shareholder
Distribution

Maintained current level of dividend at 11.4p for FY 2023
Implementation of Share Buy Back programme

02

Financial and Operating Performance



Resilient performance in heavily disrupted markets. Underlying Operating profit slightly ahead of expectations following a more positive final quarter in 2023

Group

- LFL revenue resilient at -10% in disrupted markets (H1: -17%, H2: -3%)
- Markets particularly impacted Surveying results
- More positive Q4: FY results slightly ahead of expectations
- 25%+ operating margins in EA franchise since transformation in May 2023
- £140m annualised Group cost savings achieved
- Full Year Dividend maintained and Share Buy Back programme announced
- PY results included material non-cash Goodwill w/o
- Loss from discontinued operations relates to owned estate agency network

| FY Highlights (£m) | 2023 | 2022 ¹ | Var. |
|---|---------------|-------------------|-------|
| Group Revenue ² | 176.8 | 321.7 | (45)% |
| Group Underlying Operating Profit (total) | 9.3 | 35.8 | (74)% |
| Net Exceptional Costs | (4.4) | (47.6) | (91)% |
| Group Operating Profit / (Loss) | 3.7 | (21.7) | 117% |
| Loss from discontinued operations | (45.3) | (34.3) | (32)% |
| Adjusted Basic Earnings per Share (pence) | 7.6 | 27.6 | (73)% |
| Net Cash | 35.0 | 40.1 | (13)% |
| Full Year Dividend (Pence) | 11.4 | 11.4 | - |

¹ 2022 numbers re-stated primarily due to reassessment of prior year franchising transaction and prior policy to capitalise SaaS customisation costs

² Stated on a total operations basis

Resilient FS performance in difficult market conditions with mortgage market share gains

Financial Services

- Purchase lending -31%, remortgage lending -25% whilst product transfer lending +21% triggered by the sharp increase in interest rates impacting mortgage affordability
- Record mortgage market share of 10.7% (excl. PTs)
- Increased market share of PTs to 7.4% (2022: 6.4%)
- Network profit reflects revenue impact from market dynamics and increased costs e.g. emerging regulatory requirement, inflationary salary increases targeted at lower paid employees and executive team restructuring
- Robust Network Protection performance: revenue +2%
- Firm numbers held broadly flat. Network firms remained cautious on adviser levels
- Financial Services Other revenue impacted by disposals to Pivotal Growth
- From 1 Jan 24 we will report 2 business lines: Financial Services Network (PRIMIS & TMA mortgage club) and our equity share of PAT of Pivotal Growth

| FY Financial Services P&L (£m) | 2023 | 2022* | Var. |
|---|--------------|--------------|--------------|
| FS Network Gross Revenue | 284.6 | 316.6 | (10)% |
| FS Network Net Revenue | 39.5 | 41.6 | (5)% |
| FS Other | 12.2 | 40.1 | (69)% |
| Total Revenue | 51.7 | 81.7 | (37)% |
| FS Network Business | 10.0 | 15.5 | (35)% |
| FS Other | (3.0) | (2.6) | (13)% |
| Underlying Operating Profit | 7.0 | 12.8 | (45)% |
| <i>FS Network Underlying Operating Margin</i> | 25% | 37% | (1190)Bps |
| <i>Underlying Operating Margin</i> | 14% | 16% | (210)bps |
| KPIs | | | |
| Total Firms | 1,000 | 1,005 | (0)% |
| Total Advisers | 2,661 | 2,867 | (7)% |
| Mortgage Lending Market (excl. PTs) (£bn) | 223.5 | 313.2 | (29)% |
| LSL Mortgage Lending (£bn) | 41.7 | 45.6 | (8)% |
| <i>LSL Purchase & Remo Lending (£bn)</i> | 23.9 | 32.9 | (27)% |
| <i>LSL Product Transfer Lending (£bn)</i> | 17.8 | 12.7 | 41% |
| Market Share (excl. PTs) | 10.7% | 10.5% | 20bps |

Surveying & Valuation performance impacted by market disruption

Surveying & Valuation

- Very challenging markets with increased PTs, where no lender valuation is needed, and reduced activity in purchase market, equity release & buy-to-let sectors
- Revenue down 27% YoY, returning to YoY growth in Q4 2023 as markets recovered and benefit of improved terms on contract renewals
- Market share of valuation instructions increased to 38%
- Cost measures taken including a reduction in surveyor numbers whilst carrying excess costs to retain sufficient capacity for normal market conditions
- Q2 2023 profit materially improved on Q1 2023 and exiting the half with June in-line against a strong 2022, benefiting from improving trading and the benefit of cost actions
- Q3 2023 financials impacted by the larger than expected increase in the Bank of England base rate in June, with Q4 2023 profit improving
- Profit in Q1 2024 greater than FY 2023 as we benefited from recovering markets, improved contract terms and renewals, as well as the decision to retain excess capacity during 2023

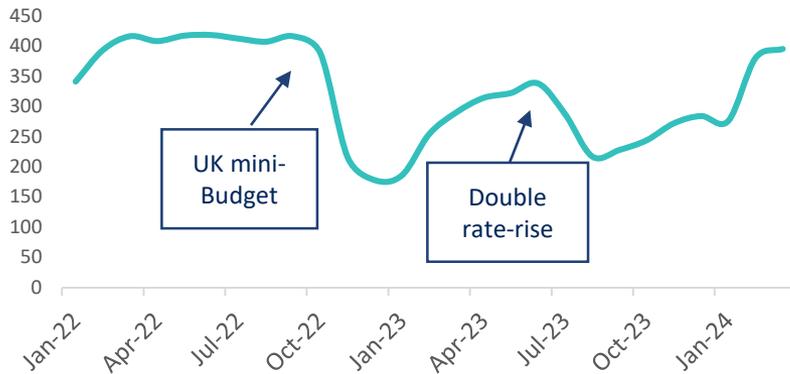
| FY S&V P&L (£m) | 2023 | 2022 | Var. |
|--|-------------|-------------|--------------|
| B2B – Valuations | 64.1 | 89.4 | (28)% |
| Private Survey and Data Income | 3.8 | 3.8 | (2)% |
| Total Revenue | 67.8 | 93.2 | (27)% |
| Underlying Operating Profit | 5.4 | 20.4 | (74)% |
| <i>Underlying Operating Margin</i> | 8% | 22% | <i>nm</i> |
| KPIs | | | |
| Jobs Performed ('000s) | 389 | 532 | (27)% |
| Remote Valuations as % of Total | 13% | 15% | (220)bps |
| Jobs per Average Surveyor | 782 | 1,066 | (27)% |
| Income per Job (£) | 174 | 175 | (1)% |
| Operational Surveyors at 31 December (FTE) | 472 | 512 | (8)% |
| Market Share | 38% | 37% | +140bps |



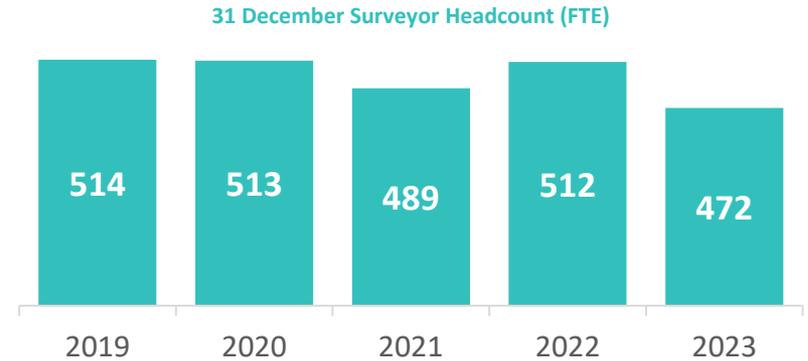
Retained sufficient capacity to meet demand of more normal market conditions

Surveying & Valuation

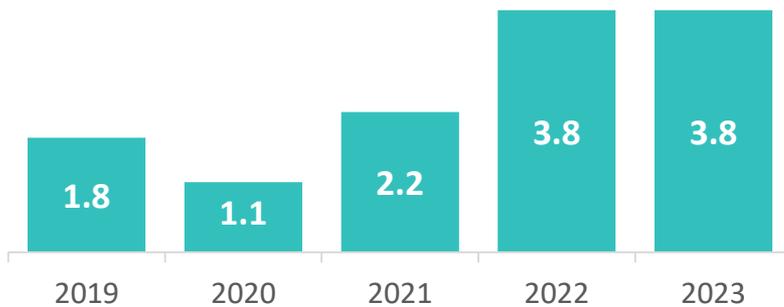
Income per day ('000s) recovered during H1 2023 before a drop triggered by larger than expected BoE base rate increase. Q4 stabilised with growth YTD 2024



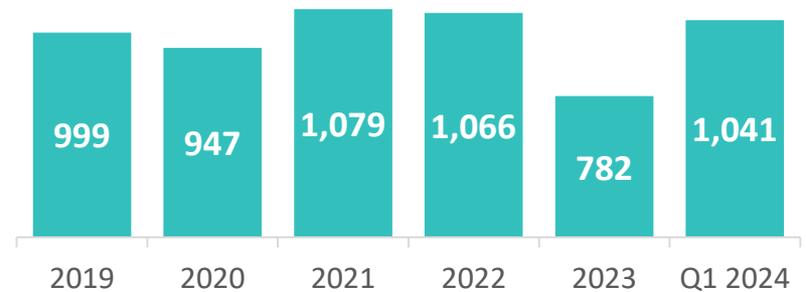
Surveyor headcount reduced in response to market conditions, whilst maintaining excess capacity to take advantage of expected market recovery



Income (£m) from Private Surveys & Data up by over 100% since 2019. Unchanged YoY in difficult markets



Jobs per surveyor impacted by market activity and surplus capacity retained, subsequently deployed in Q1 2024



Franchise conversion results in LSL becoming one of the UK's leading providers of estate agency franchise services

Estate Agency Franchising

- Conversion of 183 branches to franchisees and disposal of Marsh & Parsons leads to divisional annualised cost savings of £110m
- Benefits of new business model demonstrated with profit of c.£5m in the 8-month period since the franchising change in May 2023, with operating margins of 25%+. This compares to loss of around £0.3m for the first 4 months of the year under old business model
- Stock of managed properties up 1%
- From 1 January 2024, Asset Management business will be reported in the Surveying & Valuation Division, as key commercial relationships are with major lenders. Profit generated was £1.3m in 2023

| FY EA Franchise P&L (£m) | 2023 | 2022* | Var. |
|---|---------------|--------------|---------------|
| Total Revenue | 57.2 | 146.8 | (61)% |
| Continued Operations (LFL) | 23.5 | 10.8 | 116% |
| Discontinued & Disposed ¹ | 33.8 | 136.0 | (75)% |
| Underlying Operating Profit / (Loss) | 4.7 | 9.9 | (53)% |
| Continued Operations (LFL) | 6.0 | 2.4 | 152% |
| Discontinued & Disposed | (1.4) | 7.5 | (118)% |
| Underlying Operating Margin | 8% | 7% | 140bps |
| Franchise KPIs | | | |
| HMRC Transactions ('000s) | 1,019 | 1,258 | (19)% |
| Exchange Units ² | 18,603 | 23,969 | (22)% |
| Managed Properties | 37,502 | 37,177 | 1% |
| Number of Territories ³ | 308 | 308 | - |

¹ Includes the discontinued Estate Agency business that existed prior to the move to a wholly franchised business model and Marsh & Parsons, disposed of in January 2023

² excludes Marsh & Parsons

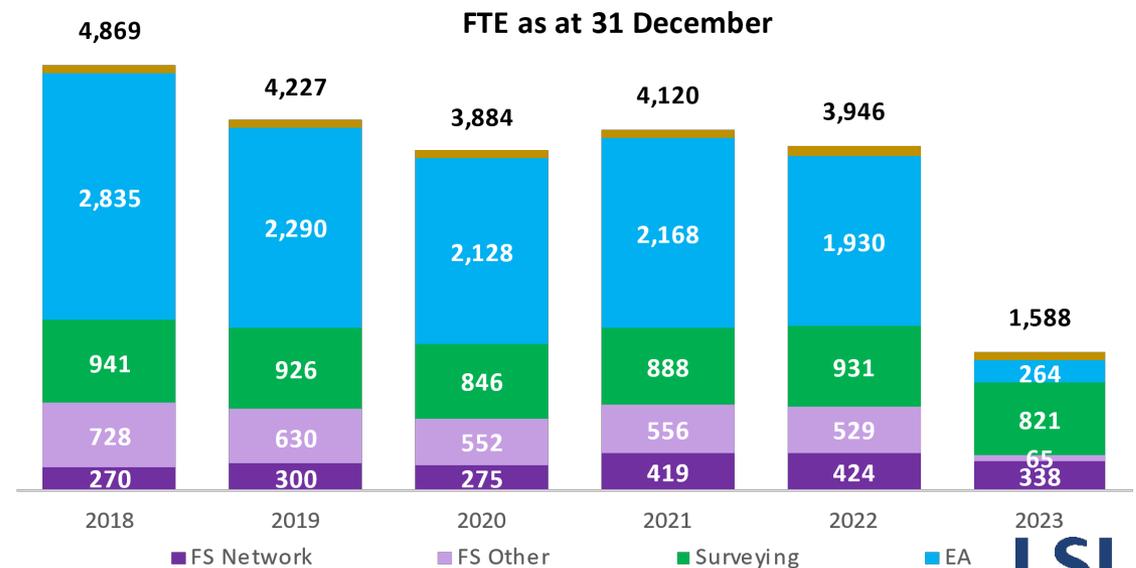
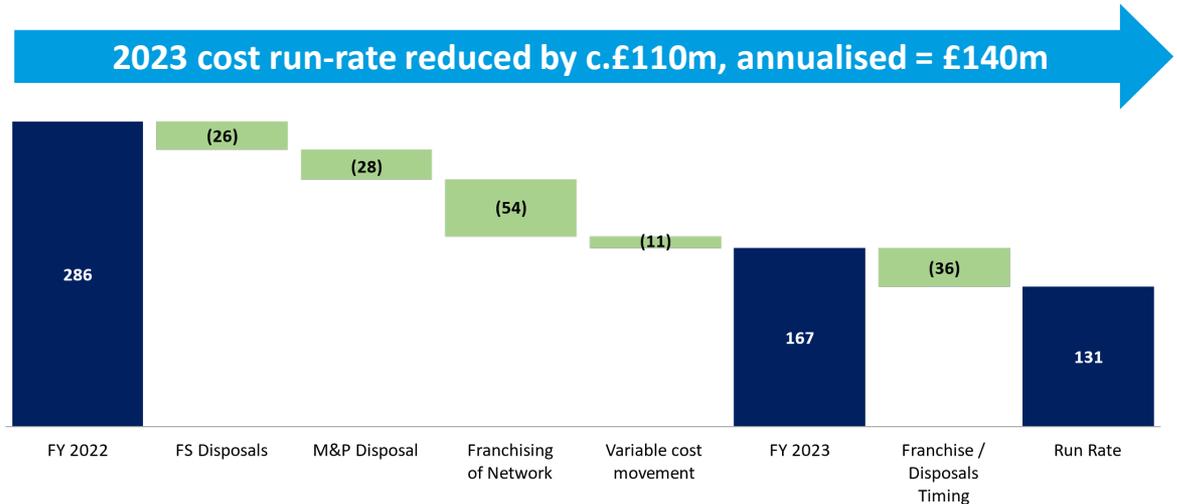
³ Territories quoted for 2022 is from the commencement of the wholly franchised Estate Agency business in May 2023

*Note: 2022 numbers re-stated due to reassessment of prior year franchising transaction and prior policy to capitalise SaaS customisation costs

Significant annualised cost reduction of c.£140m through execution of strategic business restructure during H1 2023

Group

- Annualised cost reduction of c.£140m as the Financial Services and Franchise businesses continue to realise efficiency benefits of the new operating model
- Material fixed cost reduction in H1 from disposal of Marsh & Parsons and D2C brokerages, and franchising of 183 Estate Agency branches
- Significantly lower Group headcount with a reduction in all Divisions and Central



Strong Balance Sheet

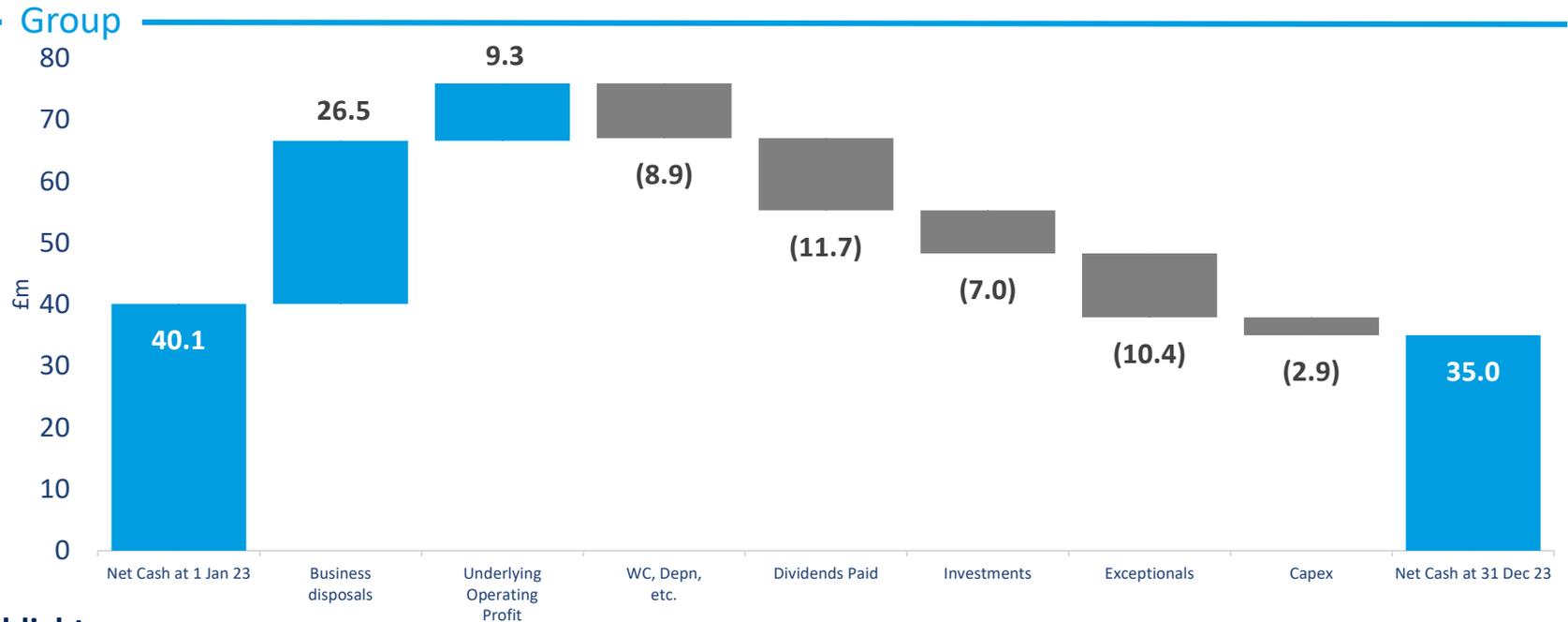
Group

- Strong cash position - excess cash to be returned to shareholders
- Banking facility renewed in February 2023, with maturity date of May 2026 (£60m RCF)
- Contingent consideration (liabilities); mainly new build brokerage settled prior to disposal
- Small Goodwill balance remaining following disposal of businesses and franchising of owned estate agency network
- Asset now recognised for franchise agreements. Will be amortised in future periods
- Contingent consideration (assets) mainly for disposals of brokerages during the period, expected during 2025
- Equity accounting for Pivotal Growth comprised £4.7m investment and £0.4m share of losses

| Balance Sheet extracts (£m) | 2023 | 2022* |
|--|-------------|--------------|
| Net Cash | 35.0 | 40.1 |
| Commission refund liability (Financial Services) | 2.9 | 5.2 |
| PI Costs Provision (Surveying) | 2.4 | 2.3 |
| Contingent Consideration (liabilities) | 0.1 | 2.3 |
| Goodwill | 16.9 | 55.0 |
| Intangible Franchise Agreements | 11.7 | 1.5 |
| Financial Assets & JVs | 15.1 | 6.1 |
| <i>Pivotal Growth JV</i> | 9.4 | 5.1 |
| <i>Contingent Consideration (assets)</i> | 5.1 | - |
| <i>Yopa</i> | - | 0.0 |
| <i>Other</i> | 0.6 | 1.0 |

**Note: 2022 numbers re-stated primarily due to reassessment of prior year franchising transaction (goodwill and intangible franchise assets) and prior policy to capitalise SaaS customisation costs*

Strong Net Cash position supports capital allocation policy

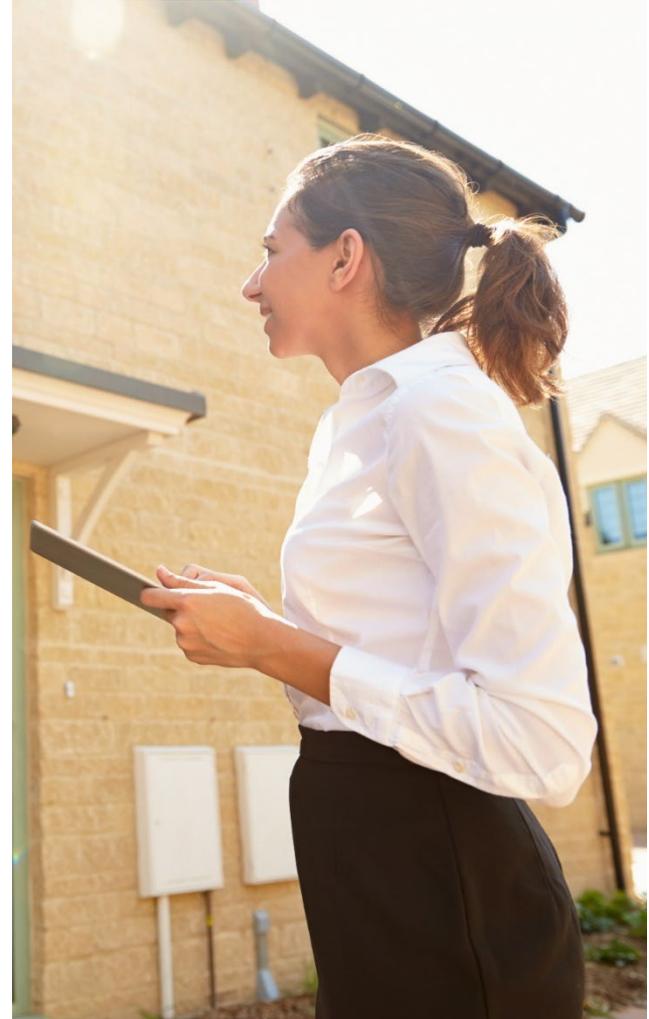


Highlights:

- £26.5m cash proceeds from sale of Marsh & Parsons, net of cash disposed, and disposal of D2C businesses to Pivotal Growth
- Working capital outflows reflect the various strategic restructuring across the Group, including franchisee and AR working capital support and the stronger Y-o-Y Q4 revenue performance in Surveying
- Investments include contributions to Pivotal Growth and final earn-out for new-build brokerage prior to disposal
- Exceptional costs of £10.4m, mainly restructure costs associated with EA franchise conversion and Surveying redundancies
- Capital light business mode with lower levels of Capex requirements in the short to medium-term
- Future cash requirements such as contingent consideration for TenetLime, Estate Agency restructuring costs, and further investment in Pivotal Growth, will be funded by free cash flow

03

Looking Forward: Positioned for Growth



Group: Strategic framework

Our purpose

**To help people safely buy
and be better off in their homes**

Our vision

A leading B2B service provider to the property market

Our strategy

**Enhance market leading positions in
3 divisions**

**Reduce earnings volatility and
increase capital efficiency**

Create scalable platforms

**Support advisers to deliver broader
product range
S&V Technical leadership and best in
class services
Develop EA network/services**

**Cost optimisation
Lower fixed costs
New and more non-cyclical
revenue streams**

**Technology
Operating process efficiency
Enhance partner productivity**

Underpin

Invest at risk adjusted returns in excess of WACC to create shareholder value

Rewards

Maintain attractive dividend and return any excess capital to shareholders

ESG

Our Living Responsibly Programme is embedded in how we operate

Financial Services: Enhance adviser productivity

Financial Services

FINANCIAL SERVICES

UK's largest mortgage and insurance network



Strengthen network

- Strengthen reputation through enhanced services and product support
- Focus on 'sweet spot' adviser firms
- 'Go to' network for adviser firms seeking to maximise productivity

Manage cyclicalality

- Optimise adviser value
- Increase protection penetration for Life, IP and GI
- Develop presence in specialist markets
- Cost optimisation and operating model evolution

Enhance customer experience and reduce cost base

- Tech enabled, gated advice process to drive broader advice model
- Automation of operating processes
- Risk based compliance

Surveying & Valuation: Maintain market leadership and develop new services

Surveying & Valuation

SURVEYING & VALUATION

UK's leading provider of valuations and surveys



Grow market share

- Win increased instructions with major lenders
- Enhance market reputation through data driven solutions and operational excellence
- Lead in growth and specialist markets such as equity release

Manage cyclical

- Variable resourcing strategy
- Advanced robotics process automation
- Build out non-cyclical revenue streams
- Consumer home surveys including dynamic pricing

Develop new segments through innovation

- Data strategy (AVM + data sets)
- Consumer Home Surveys
- New Build lender property risk services

Estate Agency Franchising: Build out franchise services to drive growth

— Estate Agency Franchising

ESTATE AGENCY FRANCHISING

One of UK's largest estate agency franchise groups



Manage cyclicalty

- Expand lettings business
- Operating cost discipline
- Referral of Group businesses such as Homefast
- Support franchisee expansion

Embed new financial and operating model

- Demonstrate financial model and improved margins
- Strengthen leadership team further
- Enhance franchisee proposition, including new franchisee tools and re-sale model

Develop growth drivers

- Lettings book rollup
- Leverage strength of Your Move and Reed Rains brands into territory expansion
- Develop new franchise service

Pivotal Growth JV: approaching critical mass and on track to deliver investment hurdle rates comfortably above company WACC

Financial Services



PIVOTAL GROWTH

Invest in growing, profitable mortgage and protection brokerages to help them build long term sustainable value

| Value creation drivers | Target markets | Completed transactions (400+ advisers) |
|---|--------------------|--|
| Integrated technology | Mainstream | Q4 2021 |
| Economies of scale | Buy to Let | Q1 2022 |
| Synergies between acquired companies | New Build | Q3 2022 |
| Increased penetration of protection and insurance | Later Life Lending | Q1 2023 |
| | Specialist | Q2 2023 |
| | | Q4 2023 |
| | | Q1 2024 |

04 Summary and Outlook

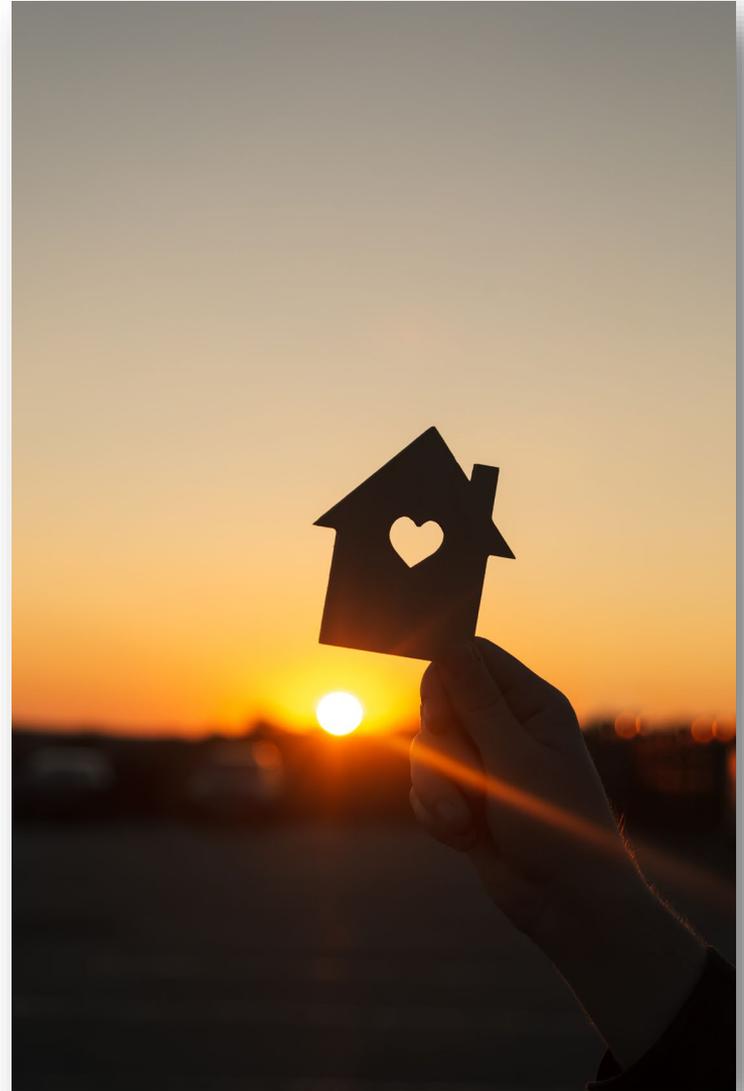


Summary and Outlook: Continued momentum

Group

- Completed significant restructuring of Group in challenging market conditions
- Benefits of new business model seen in 2024 Q1, reinforced by improving market conditions
- Remortgage to Product Transfer mix starting to normalise
- Surveying average income per day back at 2022 levels, underpinned by contract renewal with LBG & Santander
- EA division delivered only second ever profit in January, Q1 adjusted operating margin of over 22% and will strengthen over remainder of the year
- Q1 2024 Underlying Operating Profit was materially ahead of the equivalent period in 2023
- Further increase the Board's expectations for full year
- Clear operational levers to drive further growth in future years as we focus on maximising performance of our market leading businesses and benefit from expected recovering of markets

Appendices



Our Living Responsibly Programme is embedded in how we operate

Group

LIVING RESPONSIBLY

The right people, doing the right things

In the right way

Responsible with our people

Responsible in our communities

Responsible in our environment

Responsible in the way we work

Increasing the diversity of our workforce



Four Group-wide community initiatives, including British Heart Foundation CPR campaign

Re-baselined our emissions in the light of strategic changes including calculating Scope 3

Group-wide focus on governance, including developing a supply chain governance framework

Established colleague forums and launched LSL Voices, our colleague affinity network

£150k+ charitable donations, including new matched funding pilot

Embedded processes for identifying and managing climate-related risks

3rd Living Responsibly report to be published alongside our Annual Report

Colleague dialogue through Colleague Engagement, Inclusion & Diversity and Community Forums

FORWARD LOOKING STATEMENTS

This document contains certain statements that are forward-looking statements. They appear in a number of places throughout this document 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 document and, unless otherwise required by applicable law, LSL undertakes no obligation to update or revise these forward-looking statements. Nothing in this document should be construed as a profit forecast. LSL and its Directors accept no liability to third parties in respect of this document save as would arise under English law. This presentation contains brands that are trademarks and are registered and/or otherwise protected in accordance with applicable law.

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