27 September 2023

LSL Property Services plc ("LSL" or "Group")
HALF YEAR RESULTS TO 30 JUNE 2023

SIGNIFICANT STRATEGIC PROGRESS MADE TOWARDS CREATING A SIMPLER, HIGHER MARGIN PLATFORM BUSINESS

LSL reports its results for the six month period ended 30 June 2023 during which it made significant strategic progress towards creating a higher margin, higher cash converting business that will perform more consistently through market cycles. The Group has a strong balance sheet with a net cash position of £36.3m at 30 June 2023, and the Board has maintained the interim dividend at 4p per share.

David Stewart, Group Chief Executive commented:

"It has been a period of significant strategic progress to simplify the Group and create a more focused business that will perform more consistently through market cycles. I'm proud of how the team has worked tirelessly to reshape LSL while navigating significant macroeconomic headwinds and thank them for their focus and dedication - it is a significant achievement.

"During the period we have successfully executed the transition of Estate Agency to a Franchise business. We have similarly focused our Financial Services Division to become an exclusively business-to-business service provider, completing the transfer of each of our direct-to-consumer businesses to Pivotal Growth. In August, we also announced the acquisition of TenetLime, which adds up to 278 advisers to our network, subject to FCA approval.

"Our strong balance sheet continues to provide opportunities to consider value-enhancing M&A and invest in organic growth initiatives in our core segments, whilst maintaining our interim dividend at 4p per share."

STRATEGIC PROGRESS

- **Focusing of our Financial Services Division exclusively on business-to-business services**, reducing costs and operating a scalable platform business
- **Sale of our four direct-to-consumer financial service advice businesses to Pivotal Growth,** our joint venture with Pollen Street Capital **was completed in April 2023**
- Announced **acquisition of TenetLime network in August 2023**, subject to FCA approval, **adding up to 278 advisers** to our Financial Services network
- **Conversion of entire owned estate agency network of 183 branches to franchisees announced on 4 May 2023**. LSL is now one of the leading providers of estate agency franchise services in the UK, supplying services to a network of over 300 branches
- **Disposal of Marsh & Parsons in January 2023 for £29m gross proceeds[1]**, boosting further LSL's already strong balance sheet, **which at 30 June 2023 included Net Cash of £36.3m** (H1 2022: £30.7m)

FINANCIAL HIGHLIGHTS

The strategic transformation of the Group means that our financial results are less directly comparable against the same period in 2022. Our key financial highlights are:

H1 financial metrics	2023	2022	Var
Group Revenue (£m)	72.5	110.2	(34)%
Group Underlying Operating Profit from continuing operations[2,3] (£m)	4.3	14.7	(71)%
Group Underlying Operating Profit from total operations[2,3] (£m)	3.3	14.2	(76)%

Group Underlying Operating margin (%)	*3%*	*9%*	*(560)bps*
Exceptional Gains (£m)	8.6	-	nm
Exceptional Costs (£m)	(4.3)	(2.0)	(116)%
Group statutory operating profit (£m)	7.2	9.9	(27)%
Profit before tax (£m)	7.1	8.9	(20)%
Loss from discontinued operations[3]	(42.9)	(1.7)	nm
Basic Earnings per Share[4] (pence)	5.0	7.3	(32)%
Adjusted Basic Earnings per Share[4] (pence)	2.7	10.7	(75)%
Net Cash[5] at 30 June (£m)	36.3	30.7	18%
Interim Dividend (pence)	4.0	4.0	-

Notes:
1 Refer to note 8 and 18 to the Financial Statements
2 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 of the Financial Statements for reconciliation of Group and Divisional Underlying Operating Profit to statutory operating (loss)/profit for continuing, discontinued and total operations
3 Following the conversion of the entire owned estate agency network to franchises in H1 2023, this was classified as a discontinued operation and is now presented as such in the Financial Statements. Refer to notes 2 and 6 to the Financial Statements
4 Refer to note 7 to the Financial Statements for the calculation
5 Refer to note 5 to the Financial Statements for the calculation
nm not meaningful

- **Group Statutory Operating Profit was £7.2m** (H1 2022: £9.9m)
- **Group Underlying Operating Profit from continuing operations[1,2] was £4.3m** (H1 2022: £14.7m)
- **Group Underlying Operating Profit from total operations was £3.3m** (H1 2022: £14.2m), broadly in line with our expectations as reported in the pre-close trading update on 7 August 2023
- **Group Underlying Operating Loss from discontinued operations was £1.0m** (H1 2022: £0.5m loss)
- **Unallocated central costs reduced** by 14% to £3.5m (H1 2022: £4.0m)
- **Net Exceptional gains[3] of £4.3m were recognised during the first half of the year,** including the net gain on disposals of £7.2m partly offset by re-structuring activity and non-recurring corporate costs of £2.9m
- **Net Cash[4] of £36.3m at 30 June 2023**
- **Agreed new RCF of £60m,** extending maturity two years to May 2026, with existing mainstream UK lenders, providing further financial flexibility to the Group

DIVISIONAL PERFORMANCE

Financial Services Division

- **Financial Services Network business traded resiliently** in difficult market conditions and more heavily weighted than usual to product transfers, reporting Underlying Operating Profit[2] of £5.5m (H1 2022: £7.5m)
- **Performance of independent mortgage broker firms that are members of LSL's FS Network was particularly strong**, increasing share of the purchase and remortgage market from 6.2% to 6.6%. The combined distribution of LSL's previously owned direct-to-consumer businesses, which are now owned by Pivotal Growth but still members of the LSL network, and LSL's mortgage club, was stable at 3.8%. Overall share[5] of the UK purchase and remortgage market was 10.4% (H1 2022: 10.1%)
- **LSL's network protection sales were robust** despite the market conditions and the squeeze on household incomes, with revenue unchanged compared to H1 2022
- The challenging market background led to caution by network members on adviser levels, and adviser numbers fell by 5% during the period (from 2,867 to 2,718). However, **the recruitment pipeline at 30 June was the highest since September 2021**, which will benefit future periods, as will the acquisition of TenetLime, following FCA approval
- Share of losses of Pivotal Growth was £0.2m (H1 2022: £0.2m loss), reflecting the smaller UK mortgage market and continuing investment to build the business. Following the transfer of LSL assets, **Pivotal Growth has achieved critical mass with over 300 advisers**, the majority of which operate within our

Financial Services network

Surveying & Valuation Division

- **Surveying & Valuation Division performance was impacted by significant reductions in valuation instructions across the market** due to the interest rate environment significantly increasing the proportion and volume of Product Transfers (which do not require a lender valuation) and the disproportionate impact of higher interest rates on specialist markets such as buy-to-let and equity release. As a result, Underlying Operating Profit[2] fell to £3.4m (H1 2022: £13.1m)
- **Self-help cost measures were put in place in the Surveying & Valuation Division**, including a modest reduction in the number of employed surveyors since the year end, achieved by way of voluntary redundancy. However, **our principal focus remains to retain sufficient capacity to meet the requirements of more normal market conditions**, which means that the business continues to carry material excess costs over the current level of demand, with a consequent impact on profitability in H2

Estate Agency Division

- **Estate Agency performance reflects the market-wide reduction of 18% in house sales** and the conversion of the 183 owned branches to franchisees which was announced on 4 May 2023. Underlying Operating Profit from continuing operations[1,2] for the Division was £0.6m (H1 2022: £0.4m loss). We expect Estate Agency to report a profit in H2
- Operating margins following the strategic change **have been above 25%**, with the transformation and cost programme ahead of schedule

ECONOMIC AND MARKET ENVIRONMENT

- Market conditions during H1 were challenging, with the expected improvements in consumer confidence hindered by stubbornly high inflation and interest rate increases
- The mortgage lending market[5] remained suppressed in H1, purchase lending fell by 30% compared to H1 2022, while remortgage lending decreased by 21%. We estimate there was a 28% increase in product transfer cases. LSL's total lending was 4% lower than H1 2022, reflecting an increased market share in each of the purchase, remortgage and product transfer markets, and more heavily weighted than usual to product transfers. LSL's share of the total purchase and remortgage market was 10.4%[5] (H1 2022: 10.1%)
- Total market mortgage approvals[6] were 31% lower than H1 2022, with the shift to product transfer business particularly affecting our Surveying business. Total jobs performed by our Surveying & Valuation Division fell by 27%, which reflects a small increase in market share[5]
- Total UK HMRC recorded transactions were 18% lower in H1 2023 at 482k (H1 2022: 591k). Our Estate Agency national market share remained broadly flat at 1.9%[7] (H1 2022: 2.0%)
- The unexpectedly high interest rate rise in June has been followed by a further increase in product transfer mortgages and reduced levels of purchase and remortgage activity. The more specialised equity release and buy-to-let segments continue to lag materially behind 2022. The effect of these market developments is most pronounced in Surveying, with a lesser impact on Financial Services

OUTLOOK

As we noted in our Trading Update issued on 7 August, changes in the supply and demand of mortgage products have had a significant impact on parts of our business, most notably in Surveying but also Financial Services. Since then, trading has stabilised, and the recent decision to hold base rates unchanged is expected to provide further stability and the steadying of market sentiment. The Board currently expects Underlying Operating Profit for FY 2023 to be in line with its expectations as revised at the time of the Trading Update on 7 August.

The independent mortgage broker business model continues to demonstrate resilience and agility, with LSL members increasing their share in each of the sub-segments of the mortgage market during H1, as well as performing strongly in protection advice. Our Estate Agency Franchise business is performing well and is expected to contribute a profit in the second half of the year, which represents an improvement under current market conditions when compared to our expectations for the previous, predominantly wholly-owned model.

The Group has made significant progress to date in 2023, and although market conditions remain challenging, our strong balance sheet gives the ability to invest for future growth. LSL remains very well-positioned to benefit when market conditions improve, and the Board remains confident of our profitability over the business cycle.

H1 non-financial metrics	2023	2022	Var
UK Lending Market excl. Product Transfers (£bn)	110.5	150.6	(27)%
LSL Lending Market Share[5]	10.4%	10.1%	+30bps
LSL Network Advisers at June 30	2,718	2,930	(7)%
Mortgage Approvals Market excl. AVMs ('000s)	537	776	(31)%
LSL Surveying Jobs Market Share[6]	39.4%	37.1%	+230bps
LSL Operational Surveyors at June 30	510	497	3%
UK Residential Transactions ('000s)[7]	482	591	(18)%
LSL Exchanges Market Share[7]	1.9%	2.0%	(10)bps
Number of operational territories	308	318	(3)%

Notes:
1 Following the conversion of the entire owned estate agency network to franchises in H1 2023, this was classified as a discontinued operation and is now presented as such in the Financial Statements. Refer to notes 2 and 6 to the Financial Statements
2 Group Underlying Operating Profit is including discontinued operations, before exceptional costs, contingent consideration assets & liabilities, amortisation of intangible assets and share-based payments (as set out in note 5 to the Financial Statements)
3 Refer to note 8 to the Financial Statements
4 Refer to note 5 to the Financial Statements for the calculation
5 Mortgage lending excluding product transfers - New mortgage lending by purpose of loan, UK (BOE) – Table MM23
6 Number of Approvals for lending secured on dwellings, BoE via UK Finance
7 Number of residential property transaction completions with value £40,000 or above, HMRC

For further information, please contact:

David Stewart, Group Chief Executive Officer	
Adam Castleton, Group Chief Financial Officer	
LSL Property Services plc	investorrelations@lslps.co.uk
Helen Tarbet	
Simon Compton	
George Beale	
Buchanan	0207 466 5000 / LSL@buchanan.uk.com

Notes on LSL

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

Its c.2,700 advisers represent around 10% of the total purchase and remortgage market. PRIMIS was named Best Network, 300+ appointed representatives at the 2022 Mortgage Strategy Awards.

Its 61 estate agency franchisees operate in 308 territories making it one of the leading providers of estate agency franchise services in the UK with leading local brands.

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. e.surv was named Best Surveying Firm at the 2022 Mortgage Finance Gazette Awards.

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

GROUP CHIEF EXECUTIVE'S REVIEW

The first six months of the year mark a period of significant progress by the Group in its transformation to a higher margin, lower capital intensity business that will perform more consistently through market cycles. We have delivered significant restructuring in both our Financial Services Network and our Estate Agency Divisions which are now exclusively focused on business-to-business services with a significantly lower cost base. We estimate that this transformation has resulted in annual cost savings of c.£140m.

Through this transformation, we have strengthened our balance sheet and enhanced our financial flexibility, with disposal proceeds and put in place a new bank facility.

Against a difficult market backdrop of rapidly increasing interest rates and higher mortgage costs which reduced the number of housing transactions, our financial performance was adversely affected. However, our strong financial position will allow us to take advantage of opportunities arising from market disruption. For example, in August we announced the acquisition of TenetLime, subject to FCA approval, and we will continue to assess other opportunities to grow our Financial Services Network business.

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

Strategic priorities and developments

The Group has made substantial progress implementing the strategy we set out in 2020 to simplify the business, reduce our exposure to future housing market cycles, and focus investment on high-growth areas, notably our Financial Services Network business.

Whilst our Estate Agency Division has successfully gained market share over recent years, its high fixed cost base meant that it remained exposed to even relatively small changes in the number of housing transactions, giving rise to a cyclical business model that was constraining shareholder value.

The Board undertook a detailed review that considered a range of options and concluded that the optimum strategy would be to convert our owned estate agency network to franchises. Operating a franchise network offers significant advantages, including:

- A higher-margin business with a significantly smaller fixed cost base, resulting in improved and substantially less volatile earnings through housing market cycles
- The continued distribution of related products and services, including long-term provision of financial services
- The potential to grow network footprint without significant additional investment by supporting the expansion of franchisees and recruiting new franchisees.
- The opportunity to benefit from the entrepreneurship and agility of independent franchisees, resulting in a more productive, flexible and resilient business model

We decided to dispose of our Marsh & Parsons London estate agency, in view of its size and the relatively low penetration of financial services products. This plan was completed on 26 January 2023 when we announced its sale to Dexters London Limited for gross proceeds of £29m[1]. Marsh & Parsons contributed an Underlying Operating Profit of £1.6m in the 2022 financial year.

The conversion of the remaining owned estate agency network of 183 branches to franchises was announced on 4 May 2023. This represented the culmination of a major programme of work with the newly franchised branches being supplemented by the existing network of 120 franchise branches, making LSL one of the largest providers of property franchise services in the UK. The new franchise agreements were negotiated with existing LSL franchisees and experienced senior members of the LSL Estate Agency management team, and we believe they are well-placed to be successful.

This programme allowed us to realise significant cost reductions immediately with further savings to be made over time, although the net impact on 2023 Underlying Operating Profit[3] from total operations was expected to be neutral. The recent deterioration in market conditions will increase the advantage of the franchise model in H2. We expect the change will be accretive to Group profits through housing market cycles from the beginning of 2024 onwards. Average operating profit margins from Estate Agency franchises since the conversion have been over 25%.

Franchising the owned branches allows us to rationalise central functions. These changes will continue during 2023 and 2024, delivering incremental phased benefits. We estimate that this change in business model, combined with the sale of Marsh & Parsons, eliminates over £110m of a cost base of c.£125m that supported the Estate Agency Division, with the largest reduction taking place immediately.

The first half of 2023 also saw us complete the disposal of our four direct-to-consumer financial services brokerages: RSC, Group First, Embrace Financial Services ("EFS") and First2Protect, to Pivotal Growth, our joint venture. The disposal of these direct-to-consumer financial services businesses collectively will allow us to realise further cost reductions of c.£32m, in addition to those gained through the restructure of Estate Agency, with a total annualised cost reduction of c.£140m.

The transfer of these businesses to Pivotal Growth continues the steps taken to simplify the Group in line with our strategy to focus financial services activity on business-to-business services, through LSL's PRIMIS mortgage network through which we distribute over 10% of all new mortgages in the UK.

We also believe that Pivotal Growth is better placed to increase the value of these businesses, whilst the transactions have substantially increased the number of Pivotal Growth advisers and established a significant presence in the new build and estate agency sectors and provided additional capability in the general insurance market. LSL will retain the ability to capitalise on opportunities in direct-to-consumer financial services through its 47.8% equity share in Pivotal Growth.

More recently, in August 2023 we announced the acquisition of TenetLime from the Tenet Group, subject to FCA approval, in a deal that would add up to 278 advisers working in 157 firms to our Financial Services Network business.

Alongside our strategic change activities, a significant programme of work was also completed during H1 as part of the preparation for the implementation of the FCA's Consumer Duty on 31 July 2023. Our teams have engaged closely with members of the PRIMIS network and collaborated with industry bodies as part of this delivery. The Board and relevant governance committees have also monitored the progress of this work to ensure readiness for this implementation. We believe that the Consumer Duty initiative will provide long term benefits to the financial services industry as a whole, by raising industry standards and improving customer confidence.

Following completion of these strategic projects, our Estate Agency and Financial Services businesses are now well-placed to deliver margins that are structurally higher than delivered historically, whilst significantly reducing their exposure to future housing and mortgage market cycles.

Divisional Performance Review

The first half of 2023 was a period of significant change for LSL. Given the significantly challenging economic and market backdrop, I am pleased to confirm that the Group traded resiliently and profitably, maintaining, and improving its position in key markets.

The restructuring activity undertaken does mean that our financial results are less directly comparable against the same period in 2022.

Financial Services Network & Financial Services Other

The Financial Services Network business is at the heart of the Group's growth strategy, and I am pleased to report continuing growth in market share and resilient financial performance.

It is in more challenging market conditions that the advantages of the small independent client-focused broker business model are best demonstrated. The services provided by our Financial Services Network help our member firms respond quickly to changing market conditions, by providing added-value solutions to clients and maximising the income opportunities available.

Evidence for this can be seen in the market share gains achieved. Our advisers increased their share of each of the purchase, remortgage and product transfer markets, with total mortgage completion lending reducing only slightly to £19.6bn (H1 2022: £20.5bn) whilst recording a record market share[2] of 10.4% (H1 2022: 10.1%). Also encouraging has been the robust performance in protection cases, with the Network increasing by 1% to c.64k with average premium also up by 2%.

The rise in mortgage rates has resulted in an increase in lower margin product transfer cases, as lenders remain conservative with respect to new borrowers, and this has naturally had some impact on Revenue and Profits. Financial Services Network Revenue totalled £19.6m (H1 2022: £20.5m) and Underlying Operating Profit[3] was £5.5m (H1 2022: £7.5m).

Financial Services Other performance was in-line with our expectations as we continue to re-focus our Mortgage Gym and DLPS technology businesses with work ongoing to adapt and develop their technology capability for deployment across our Financial Services Network.

Financial Services highlights include:

- Total Financial Services Division **reported revenue** was £28.0m (H1 2022: £39.8m), **with core Financial Services Network Revenue down 4%** year-on-year despite a significant change in market dynamics towards lower margin Product Transfers with insurance related product revenues +1%
- **Financial Services Other revenue** was 56% below H1 2022. After adjusting for disposal of the direct-to-consumer businesses, revenue in the remaining businesses was 3% below last year
- **Network Underlying Operating Profit[3]** was £5.5m (H1 2022: £7.5m), impacted by the increase in lower margin product transfers which were 48% higher than H1 2022
- **Total Financial Services Division Underlying Operating Profit[3]** was £3.8m (H1 2022: £6.1m), which included £0.6m losses within the D2C businesses, impacted particularly by the lower purchase market, prior to their sale to Pivotal Growth
- **Total lending** of £19.6bn, down 4% (H1 2022: £20.5bn) with 41% of mortgage businesses being lower margin Product Transfers (H1 2022: 27%), the increased proportion being driven by cost of living and affordability criteria
- **Gross purchase and remortgage completion lending** reduced by 23% to £11.5bn (H1 2022: £15.1bn)
- Further increase in **share of UK purchase and remortgage market** to 10.4%[2] (H1 2022: 10.1%), reflecting strength of Network mortgage advisers in remortgages
- **Product transfer volumes** deliver significantly lower margin than purchase and remortgage activity, resulting in overall margin reduction, with gross revenues generated by the Financial Services Network business (including the TMA mortgage club) 8% lower than H1 2022 at £134.2m (H1 2022: £146.1m)
- **Gross revenue per adviser[4]** down 1% with completions per adviser +16% above H1 2022 driven by the material increase in margin dilutive product transfer volumes
- Total **LSL advisers** reduced by 7% to 2,718 (H1 2022: 2,930) as network firms remained cautious about growing adviser numbers during a time of economic and political uncertainty, instead focusing on productivity

- We expect adviser numbers to start to increase as a result of the **largest adviser pipeline at 30 June 2023 since September 2021** and the TenetLime acquisition

Surveying & Valuation

The Surveying & Valuation market has been particularly affected by reduced appetite on the part of lenders, with the most significant impacts being felt in equity release and buy-to-let instructions, sectors where both supply and demand have been reduced by the rapid rise in interest rates. I can, however, report that the Group increased further its share of lender valuations[5], which is a testament to the quality of service provided by our team.

Surveying & Valuation Revenue fell to £35.5m (H1 2022: £50.5m) and Surveying & Valuation Underlying Operating Profit to £3.4m (H1 2022: £13.1m). Self-help measures were put in place, including a modest reduction in the number of employed surveyors. However, our principal focus remains to retain sufficient capacity to meet the requirements of more normal market conditions, which means that we continue to carry material excess costs over the current level of demand, with a consequent anticipated impact on profitability in H2.

We have identified medium-term opportunities to increase our diversification and reduce reliance on lender valuations and our exposure to mortgage market cycles, by growing our revenue streams from new products such as direct-to-consumer services. H1 2023 income of £1.8m for these revenue streams grew slightly, in difficult markets, and have increased 100% since H1 2019.

Surveying & Valuation highlights include:

- **Revenue of £35.5m** (H1 2022: £50.5m) was 30% down compared to prior year, but as the half progressed, volumes strengthened, with the exit run rate at the end of June on an upward trajectory as we increased our market share during the period[5]
- The total number of jobs performed during the period was 212,000 which was 27% lower than in H1 2022, with Q1 36% lower and Q2 improving to 17% lower
- **Underlying Operating Profit[3]** of £3.4m (H1 2022: £13.1m) with Q2 materially higher than Q1 and exiting the half with June in-line with prior year, benefiting from improving trading and the benefit of cost actions taken during the period
- **Income per job** reduced by 4% to £168 (H1 2022: £175), due to volume within the higher margin specialist sector disproportionately impacted by the change in market conditions

Estate Agency

The comparative performance of Estate Agency was significantly impacted by the completion of the strategic restructuring projects during the first half of 2023. We announced on 4 May that the entire owned estate of 183 branches would be converted to franchises. This announcement followed the disposal in January of our London estate agent, Marsh & Parsons, for gross consideration of £29m[1].

Trading within the business was impacted by the market-wide fall of 18% in house sales and by the temporary disruption and additional costs arising from the conversion of the owned branches to franchisees. Against this backdrop, we experienced only a very small reduction in national market share[8] which reduced slightly to 1.9% (H1 2022: 2.0%).

On a reported continuing basis, Estate Agency and Franchise business revenue was £9.0m (H1 2022: £19.9m) and Underlying Operating Profit[3] from continuing operations was £0.6m (H1 2022: £0.4m loss). The revenue comparison primarily reflects the disposal of Marsh & Parsons in the period, and the conversion of owned branches to franchises announced towards the end of the period. Estate Agency and Franchise business revenue including discontinued operations was £41.3m, and Underlying Operating Loss from total Estate Agency operations was £(0.3)m (H1 2022: £1.0m loss).

Estate Agency highlights include:

- Following the conversion of 183 owned branches to franchisees **LSL is one of the leading providers of estate agency franchise services in the UK**, supplying services to a network of just over 300 branches
- Disposal of London estate agent, Marsh & Parsons, for gross **consideration of £29.0m**[1]
- Annualised **cost reduction of c.£110m** due to disposals and franchising of 183 branches
- Underlying Operating Profit on continuing operations[3,7] of £0.6m (H1 2022: £0.4m loss) in a reduced purchase market with **May and June c.£1m ahead of operating profit from same period in prior year** after the franchising of the branch Network
- Estate Agency national market share[8] reduced slightly to 1.9% (H1 2022: 2.0%)
- **Strong lettings performance with c.10% increase** in average income per managed property

Pivotal Growth Joint Venture

The first half of 2023 also saw us complete the disposal of our four direct-to-consumer financial services brokerages: RSC, Group First, EFS and First2Protect, to Pivotal Growth, our joint venture. The disposal of our direct-to-consumer financial services businesses collectively will enable us to realise further cost reductions of c.£32m, in addition to those gained through the restructure of Estate Agency. Following the transfer of these businesses, Pivotal Growth has now achieved critical mass with over 300 advisers, improving its ability to win new distribution agreements and making it a more compelling proposition for future acquisition partners.

Strong balance sheet

Our balance sheet remains strong as at 30 June 2023, including in a Net Cash[9] balance of £36.3m, supported by proceeds received of £35.4m during the period for disposals made. The strength of our balance sheet together with continuing strong cash generation over the financial year enables us to continue to invest with confidence throughout the economic cycle. During the remainder of 2023, we will continue to invest in capability and technology, consider potential acquisition targets to build our Financial Services Network business, as well as support Pivotal Growth in its acquisition of D2C brokerages.

To provide further flexibility to our balance sheet, during February 2023 we agreed a new banking facility with a maturity date of May 2026, arranged on materially the same terms, replacing the previous £90m with a £60m revolving credit facility with major mainstream UK lenders, available on request at any time, subject to meeting drawdown requirements of the facility.

The Board will continue to actively review its capital allocation policy considering economic conditions and the risk of further deterioration, whilst noting the greater resilience of its restructured Group.

Dividend

The Board has considered the interim dividend considering the Group's policy to pay out 30% of Group Underlying Operating Profit[3] after finance and normalised tax charges, such that dividend cover is held at approximately three times earnings over the business cycle. This policy was designed to provide clarity to shareholders and ensure the Group retained a strong balance sheet for all market conditions.

As part of our strategic shift and the associated rationalisation of certain businesses such as the sales of Marsh & Parsons and First2Protect during the period, we have built significant Net Cash balances, which at 30 June 2023, stood at £36.3m. Considering this very strong cash position and reflecting the Board's confidence in the future prospects of the Group, the Board has declared an interim dividend of 4.0 pence per share, unchanged from last year.

The ex-dividend date for the interim dividend is 5 October 2023 with a record date of 6 October 2023 and a payment date of 10 November 2023. Shareholders can elect to reinvest their cash dividend and purchase additional shares in LSL through a dividend reinvestment plan. The election date is 20 October 2023.

Living Responsibly

The Board is clear that success is about more than just profits and our Living Responsibly programme is at the centre of our sustainability strategy. Put simply, our objective is to have a positive effect on the communities in which we operate, whether that is measured by the impact we have on the environment, the opportunities we provide to colleagues, the way we serve our customers or the work we undertake in our communities.

In our ESG and our Living Responsibly reports published in April 2023, we set out some of the steps we have taken to limit our environmental impact, help ensure LSL is a supportive and inclusive workplace, and provide support to good causes.

It is vital that our Living Responsibly programme has real substance and is reflected in everything we do. We are helped in achieving this by a number of independent colleague forums and working groups which provide additional insight in key areas. Steps taken in 2023 include the establishment of *LSL Voices,* a colleague driven initiative to provide help and support to colleagues right across the Group. Further information on this important development is included in our Living Responsibly Report. I am grateful to the very many colleagues who have willingly given their time and energy to support this work. I am also pleased to report that all colleagues receive at least the Real Living Wage.

I am equally grateful for the hard work and commitment of all our colleagues during what has been a hugely challenging period. They have helped ensure LSL is well-positioned to thrive in all market conditions and would like to take this opportunity to thank them for their effort and support.

Outlook

As we noted in our Trading Update issued on 7 August, changes in the supply and demand of mortgage products have had a significant impact on parts of our business, most notably in Surveying but also Financial Services. Since then, trading has stabilised, and the recent decision to hold base rates unchanged is expected to provide further stability and the steadying of market sentiment. The Board currently expects Underlying Operating Profit for FY 2023 to be in line with its expectations as revised at the time of the Trading Update on 7 August.

The independent mortgage broker business model continues to demonstrate resilience and agility, with LSL members increasing their share in each of the sub-segments of the mortgage market during H1, as well as performing strongly in protection advice. Our Estate Agency Franchise business is performing well and is expected to contribute a profit in the second half of the year, which represents an improvement under current market conditions when compared to our expectations for the previous predominantly wholly-owned model.

The Group has made significant progress to date in 2023, and although market conditions are more challenging than previously expected, our strong balance sheet gives the ability to invest for future growth. LSL remains very well-positioned to benefit when market conditions improve, and the Board remains confident of our profitability over the business cycle.

David Stewart
Group Chief Executive Officer
26 September 2023

Notes:
1 Refer to note 8 and 18 to the Financial Statements
2 Mortgage lending excluding product transfers - New mortgage lending by purpose of loan, UK (BOE) – Table MM23
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 of the Financial Statements for reconciliation of Group and Divisional Underlying Operating Profit to statutory operating (loss)/profit for continuing, discontinued and total operations
4 Gross revenue per adviser is calculated as Financial Services Network gross revenue (excluding the TMA mortgage club) per active adviser
5 Number of Approvals for lending secured on dwellings, BoE via UK Finance
6 Full Time Equivalent (FTE)
7 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 notes 2 and 6 to the Financial Statements
8 Number of residential property transaction completions with value £40,000 or above, HMRC

9 Refer to note 5 to the Financial Statements for the calculation

H1 P&L (£m)	2023	2022	Var
Divisional Group Revenue			
Financial Services Network (net revenue)	*19.6*	*20.5*	*(4)%*
Financial Services Other	*8.4*	*19.3*	*(56)%*
Financial Services	28.0	39.8	(30)%
Surveying & Valuation	35.5	50.5	(30)%
Estate Agency	9.0	19.9	(55)%
Group Revenue	**72.5**	**110.2**	**(34)%**
Estate Agency - discontinued operations	*32.3*	*50.7*	*(36)%*
Group Revenue (incl. discontinued operations)	**104.8**	**160.9**	**(35)%**
Divisional Underlying Operating Profit[1]			
Financial Services Network	*5.5*	*7.5*	*(27)%*
Financial Services Other	*(1.7)*	*(1.3)*	*(30)%*
Financial Services	3.8	6.1	(38)%
Surveying & Valuation	3.4	13.1	(74)%
Estate Agency	0.6	(0.4)	248%
Unallocated Central Costs	(3.5)	(4.0)	14%
Group Underlying Operating Profit from continuing operations	**4.3**	**14.7**	**(71)%**
Estate Agency - discontinued operations	(1.0)	(0.5)	(81)%
Group Underlying Operating Profit from total operations	**3.3**	**14.2**	**(76)%**

H1 P&L (£m)	2023	2022	Var
Divisional statutory operating (loss)/profit[1]			
Financial Services	9.9	4.9	103%
Surveying & Valuation	1.3	12.9	(90)%
Estate Agency	(0.3)	(3.1)	90%
Unallocated Central Costs	(3.7)	(4.7)	+21%
Group statutory operating (loss)/profit	**7.2**	**9.9**	**(27)%**

Notes:

1 Refer to note 5 of the Financial Statements for reconciliation of Group and Divisional Underlying Operating Profit to statutory operating (loss)/profit

FINANCIAL REVIEW

Group Highlights

- **Group Revenue** from continuing operations[3] was £72.5m (H1 2022: £110.2m) on a reported basis. After adjusting for disposals and discontinued operations in Estate Agency, revenue was 17% below prior year in a housing market 18% lower and in a smaller lending market. Including discontinued operations[1] in Estate Agency, adjusted revenue was £104.8m (H1 2022: £160.9m)
- **Group Underlying Operating Profit from total operations[2]** of £3.3m includes c.£2m from losses in businesses disposed of in the period and a cost-of-living payment for lower-paid staff. Group Underlying Operating Profit from continued operations was £4.3m (H1 2022: £14.7m)
- **Operating costs** were c.30% lower in H1 compared to prior year, exiting the period over 50% lower than prior year, reflecting an annualised cost reduction of c.£140m following the execution of all the strategic programmes and also very careful cost management particularly in the Surveying & Valuation Division where headcount was reduced
- **Loss on discontinued operations[3] of £42.9m** (net of tax) in relation to the previously owned network (H1 2022: £1.7m), including exceptional restructuring costs in relation to the conversion of the Estate Agency network (£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. The discontinued operations in Estate Agency contributed an Underlying Operating Loss of £1.0m during the period

Financial Statements Review

Income Statement

Revenue & Operating profit

Group Revenue from continuing operations for the 6 months to 30 June 2023 of £72.5m was 34% below last year (H1 2022: £110.2m) on a reported basis. Like for like revenue[1] after adjusting for disposals and franchising of the Estate Agency branch Network was 17% below prior year with the housing market 18% lower and a smaller lending market. Including discontinued operations in Estate Agency, adjusted revenue was £104.8m (H1 2022: £160.9m) reflecting the previously owned network revenues.

Group Underlying Operating Profit from total operations[2,3] for the 6 months to 30 June 2023 of £3.3m (H1 2022: £14.2m), after charging £1.0m losses from businesses which were disposed in the period and a one-off £0.9m cost of living award to lower-paid staff.

On a statutory continuing basis[3], Group operating profit was £7.2m (H1 2022: £9.9m) including the net gain on disposals of £7.2m, offset in part by £2.9m of exceptional costs primarily relating to restructuring activity and corporate costs.

Other operating income

Total other operating income was £0.3m (H1 2022: £1.1m).

(Loss) / income from joint ventures and associates

Losses from our equity share of Pivotal Growth was £0.2m (H1 2022: £0.2m loss).

Share-based payments

The share-based payment charge of £0.4m (H1 2022: £1.5m) consists of a charge in the period of £1.5m, offset by lapses and adjustments for leavers and options exercised in the period. The prior year included a higher charge of £1.8m, offset by lower lapse and leaver adjustments.

Amortisation of intangible assets

The amortisation charge for H1 2023 was £1.0m (H1 2022: £1.4m) being amortisation of intangible software investment and amortisation of franchise agreements.

Exceptional items[4]
The exceptional gain of £8.6m (H1 2022: £nil) relates to the gain on disposal during the period of the Embrace Financial Services and First2Protect businesses to Pivotal Growth. Consideration of £9.3m was received on completion of First2Protect, with contingent consideration to be received in 2025 for Embrace Financial Services based upon 7x 2024 EBITDA performance.

Exceptional costs of £4.3m (H1 2022: £2.0m), primarily 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.

Contingent consideration
There was £nil contingent consideration recognised in the period (H1 2022: £0.1m).

Net finance costs
Finance income increased to £0.8m (H1 2022: £nil) resulting from increased interest received on funds held on deposit. Net finance costs amounted to £0.9m (H1 2022: £1.1m) and related principally to the unwinding of the IFRS 16 lease liability of £0.4m (H1 2022: £0.7m), which reduced as a result of the disposal of Marsh & Parsons, and commitment and non-utilisation fees on the revolving credit facility of £0.5m (H1 2022: £0.5m).

Profit before tax
Profit before tax was £7.1m (H1 2022: profit before tax of £8.9m). The year-on-year movement is primarily due to the lower Group Underlying Operating Profit offset in part by the net exceptional gain in the period.

Taxation
The tax charge of £2.1m (H1 2022: £1.4m) represents an effective tax rate of 29%, which is slightly higher than the headline UK tax rate of 25%. Deferred tax assets and liabilities are measured at 25% (2022: 25%), the tax rate that came into effect from 1 April 2023.

Discontinued operations[3]
The loss on discontinued operations of £42.9m (net of tax) (H1 2022: £1.7m), was in relation to the previously owned Estate Agency network, including exceptional restructuring costs in relation to the conversion of the Estate Agency network (£12.7m) and write down of associated disposed goodwill (£38.1m), offset by the exceptional gain on recognition of intangible franchise agreements of £10.7m.

Earnings per Share[5]
Basic Earnings per Share from total operations was a loss of (36.8) pence (H1 2022: 5.6 pence), with diluted Earnings per Share from total operations being a loss of (36.8) pence (H1 2022: 5.6 pence). Basic Earnings per Share from continuing operations was 5.0 pence (H1 2022: 7.3 pence), with diluted Earnings per Share from continuing operations of 4.9 pence (H1 2022: 7.3 pence). Basic Earnings per Share from discontinued operations was a loss of (41.7) pence (H1 2022: loss of (1.7) pence), with diluted Earnings per Share from continuing operations being a loss of (41.7) pence (H1 2022: loss of (1.7) pence). The Adjusted Basic Earnings per Share from total operations was 2.7 pence (H1 2022: 10.7 pence) and adjusted diluted Earnings per Share from total operations was 2.7 pence (H1 2022: 10.7 pence).

Balance Sheet
Goodwill[6]
The carrying value of goodwill is £16.9m (31 December 2022: £55.0m[7], H1 2022: £153.7m[7]). Following the conversion of the entire owned Estate Agency network to franchises during the period, and its classification as a discontinued operation, the goodwill associated with Your Move, Reeds Rains and LSLi owned branches (£38.1m) has been disposed and reduced to £nil. Goodwill previously included within held for sale assets of £17.3m was disposed as part of the sales of Marsh & Parsons (£12.6m), Group First (£3.6m) and RSC (£1.1m) which completed in January 2023.

Other intangible assets[8] **and property, plant and equipment**

Total capital expenditure in the first half of the year amounted to £1.6m (H1 2022: £2.2m), primarily reflecting ongoing investment in Financial Services and Surveying, and a reduction in Estate Agency following the franchising transformation during the period. The capital expenditure includes £1.1m in intangible software development, particularly in Financial Services. New intangible franchise agreements of £10.7m were recognised during the period following the conversion of the entire owned Estate Agency network to franchises. The fair value of all franchise agreements[7] was £12.2m at 30 June 2023 ((31 December 2022: £1.5m[7], H1 2022: £1.6m[7]).

Prior year restatements[7]

Franchising of previously owned branches

During the current period, the Group franchised its entire owned estate agency network (183 branches). In accounting for this significant transaction, the Group re-examined the accounting treatment that had been applied to a much smaller transaction in H1 2019, when 39 owned estate agency branches were franchised. The impact of this was to restate the goodwill associated with these owned branches written down by £5.2m and to recognise a franchise intangible of £2.1m, with the cumulative non-cash impact on retained earnings at 1 January 2022 of £4.0m.

Adjustments to assets held for sale

At 31 December 2022 the Group reported Marsh & Parsons as held for sale. Marsh & Parsons was written down to its fair value less cost to sell (FVLCTS), which was calculated as the initial consideration received less transaction costs (£28.9m). The Group has re-examined the judgements made and has determined that an adjustment to consideration for debt-like items of £2.0m could have been reliably estimated at 31 December 2022. Rather than recognising this adjustment as an increase in the loss on disposal in H1 of 2023, the prior year financial information has been restated, in accordance with IAS 8.

Financial assets and investments in joint ventures

Financial assets

Financial assets of £8.5m at 30 June 2023 (31 December 2022: £1.0m, H1 2022: £6.1m) comprise investments in equity instruments in unlisted companies and contingent consideration assets. The fair value of units held in The Openwork Partnership LLP was reassessed at 30 June 2023 as £0.5m (31 December 2022: £0.7m, H1 2022: £0.8m).

In January 2023, the Group agreed to sell its shares in Yopa for £nil consideration, which was in line with its carrying value as at 31 December 2022.

In March 2023, the Group agreed to sell its shares in VEM for £0.2m consideration, received on completion, which was in line with its carrying value as at 31 December 2022.

Contingent consideration assets

During the period, the Group disposed of the Group First, RSC and EFS businesses to Pivotal Growth, its joint venture, with contingent consideration receivable in 2025 based upon 7x 2024 EBITDA performance. As at 30 June 2023, this is recorded at £8.0m (31 December 2022: £nil, H1 2022: £nil).

Joint ventures

In April 2021 the Group established the Pivotal Growth joint venture and holds a 47.8% interest at 30 June 2023. The joint venture is accounted for using the equity method and is held on the balance sheet at £9.6m as at 30 June 2023 (31 December 2022: £5.1m, H1 2022: £2.3m), representing the Group's equity investment in Pivotal Growth during the period, less our share of losses after tax for the period.

Loans to franchisees

As part of the initial support provided to the new franchisees of the previously owned Estate Agency branches, working capital loan facility agreements were put in place, of which £1.3m had been drawn down as at 30 June 2023 (31 December 2022: £nil, 30 June 2022: £nil).

Financial liabilities

Contingent consideration liabilities

Contingent consideration liabilities at 30 June 2023 were £0.03m (31 December 2022: £2.3m, H1 2022: £2.9m). Contingent consideration liabilities relate solely to the cost of acquiring the remaining shares in Direct Life Quote Holdings Limited. The year-on-year reduction reflects an update to forecasts in both RSC and Direct Life Quote Holdings Limited, and the full settlement of the contingent consideration liability of £2.3m in RSC ahead of its disposal in January 2023.

Bank facilities/ Liquidity

In February 2023, LSL agreed an amendment and restatement of our banking facility, with a £60m committed revolving credit facility, and a maturity date of May 2026, which replaced the previous £90m facility due to mature in May 2024. The terms of the facility have remained materially the same as the previous facility. The facility is provided by the same syndicate members as before, namely Barclays Bank plc, NatWest Bank plc and Santander UK plc.

In arranging the banking facility, the Board took the opportunity to review the Group's borrowing requirements, considering our strong cash position and the Group's aim of reducing its reliance on the housing market. We therefore reduced the size of the committed facility and the costs associated with it. To provide further flexibility to support growth, the facility retains a £30m accordion, to be requested by LSL at any time, subject to bank approval.

At 30 June 2023, Net Cash[9] was at a record high at a half year at £36.3m (31 December 2022: Net Cash £40.1m, H1 2022: £30.7m), providing flexibility to make further investments to support growth. The net decrease in cash and cash equivalents of £3.8m during H1 2023 included further investment in Pivotal Growth (£4.7m), capital expenditure of £1.6m (H1 2022: £2.2m), exceptional costs in relation to divisional restructure and transformation programmes of £3.8m and payment of the 2022 final dividend of £7.6m (H1 2021: £7.7m dividends paid) and the settlement of contingent consideration in RSC of £2.3m ahead of its disposal to Pivotal Growth. There were reduced corporation tax payments (£nil) as a result of the loss before tax position (H1 2022: £4.1m). Marsh & Parsons and First2Protect businesses were sold for net consideration received during the period of £26.1m and £9.3m respectively, with contingent consideration for the disposals of Group First, RSC and EFS receivable in 2025 based upon 7x 2024 EBITDA performance. Total cash balances in the disposed businesses at the point of sale were £9.0m.

The Financial Services Network business has a regulatory capital requirement associated with its regulated revenues. The regulatory capital requirement was £6.1m at 30 June 2023 (31 December 2022: £5.9m, H1 2022: £5.9m), with a surplus of £24.4m (31 December 2022: £24.9m, H1 2022: £13.4m).

Treasury and Risk Management

We have an active debt management policy. The Group does not hold or issue derivatives or other financial instruments for trading purposes. Further details on the Group's financial commitments, as well as the Group's treasury and risk management policies, are set out in our Annual Report and Accounts 2022.

International Accounting Standards (IAS)

The Interim Condensed Consolidated Group Financial Statements for the period ended 30 June 2023 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 Like for like revenue: £66.3m in H1 2023 with statutory revenue of £72.5m less £6.2m revenue from businesses disposed in H1 2023, as compared to £79.5m in H1 2022 with statutory revenue of £110.2m less £30.7m revenue from businesses disposed in H1 2023

2 Refer to note 5 of the Financial Statements for reconciliation of Group and Divisional Underlying Operating Profit to statutory operating (loss)/profit for continuing, discontinued and total operations

3 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 notes 2 and 6 to the Financial Statements

4 Refer to note 8 of the Financial Statements
5 Refer to note 7 of the Financial Statements for the calculation
6 Refer to note 12 of the Financial Statements
7 Refer to note 18 of the Financial Statements
8 Refer to note 11 of the Financial Statements
9 Refer to note 5 of the Financial Statements for the calculation

---

Principal Risks and Uncertainties

The principal risks and uncertainties relating to the Group's operations remain consistent with those disclosed on pages 25 to 28 of the Group's Annual Report and Accounts 2022 (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 2022.

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 2023 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
26 September 2023

Adam Castleton
Director, Group Chief Financial Officer
26 September 2023

Interim Group Income Statement

for the six months ended 30 June 2023

Continuing operations	Note	30 June 2023 £'000	Unaudited Six Months Ended Restated* 30 June 2022 £'000	Audited Year Ended Restated * 31 December 2022 £'000
Revenue	4	72,494	110,173	217,472
Operating expenses:				
Employee costs		(51,534)	(73,616)	(145,325)
Depreciation on property, plant and equipment and right-of-use assets		(1,644)	(3,851)	(7,612)
Other operating costs		(15,099)	(18,868)	(35,083)
Other operating income		264	1,085	1,334
Loss on sale of property, plant and equipment		-	(2)	-
Share of post-tax loss from joint ventures and associates		(167)	(208)	(494)
Share-based payments		(377)	(1,456)	(1,860)
Amortisation of intangible assets		(987)	(1,428)	(2,866)
Exceptional gains	8	8,583	-	694
Exceptional costs	8	(4,317)	(2,000)	(48,316)
Contingent consideration	14	1	115	696
Group operating profit/(loss)		7,217	9,944	(21,360)
Finance income		752	6	76
Finance costs		(884)	(1,075)	(2,147)
Net finance costs		(132)	(1,069)	(2,071)
Profit/(loss) before tax from continuing operations		7,085	8,875	(23,431)
Taxation charge	10	(2,063)	(1,384)	(3,020)
Profit/(loss) for the period from continuing operations		5,022	7,491	(26,451)
Discontinued operations				
Loss for period from discontinued operations	6	(42,940)	(1,718)	(36,026)
(Loss)/profit for the period		(37,918)	5,773	(62,477)
Attributable to:				
Owners of the parent		(37,842)	5,824	(62,384)
Non-controlling interest		(76)	(51)	(93)
		(37,918)	5,773	(62,477)
(Loss)/earnings per share from total operations (expressed as pence per share):				
Basic	7	(36.8)	5.6	(60.8)
Diluted	7	(36.8)	5.6	(60.8)
(Loss)/earnings per share from continuing operations (expressed as pence per share):				
Basic	7	5.0	7.3	(25.7)
Diluted	7	4.9	7.3	(25.7)

**See note 18 for details regarding the restatement.*

Interim Group Statement of Comprehensive Income

for the six months ended 30 June 2023

	Note	30 June 2023 £'000	Unaudited Six Months Ended Restated * 30 June 2022 £'000	Audited Year Ended Restated * 31 December 2022 £'000
Loss/(profit) for the period		(37,918)	5,773	(62,477)
Items not to be reclassified to profit and loss in subsequent periods:				
Revaluation of financial assets not recycled through income statement	13	(116)	(370)	(5,096)
Tax on revaluation		(1)	-	130
		(117)	(370)	(4,966)
Total comprehensive (expense) / income, net of tax		(38,035)	5,403	(67,443)
Attributable to:				
Owners of the parent		(37,959)	5,454	(67,350)
Non-controlling interest		(76)	(51)	(93)
		(38,035)	5,403	(67,443)

**See note 18 for details regarding the restatement.*

Interim Group Balance Sheet

as at 30 June 2023

	Note	Unaudited 30 June 2023 £'000	Unaudited Restated * 30 June 2022 £'000	Audited Restated* 31 December 2022 £'000
Non-current assets				
Goodwill	12	16,855	153,654	54,997
Other intangible assets	11	26,010	30,389	17,280
Property, plant and equipment		6,295	33,550	15,570
Financial assets	13	8,488	6,095	1,045
Investment in sublease		2,256	-	-
Investments in joint venture	16	9,582	2,338	5,068
Contract assets		409	521	431
Loans to franchisees	13	1,335	-	-
Total non-current assets		71,230	226,547	94,391
Current assets				
Trade and other receivables		32,032	38,944	26,608
Contract assets		219	424	348
Investment in sublease		2,152	-	-
Current tax asset		-	3,499	3,063
Cash and cash equivalents		36,300	30,708	36,755
		70,703	73,575	66,774
Assets held for sale		-	-	54,402
Total current assets		70,703	73,575	121,176
Total assets		141,933	300,122	215,567
Current liabilities				
Financial liabilities	14	(3,170)	(10,462)	(6,949)
Trade and other payables		(35,777)	(58,380)	(47,030)
Current tax liabilities		(292)	-	-
Provisions for liabilities	15	(3,987)	(870)	(660)
		(43,226)	(69,712)	(54,639)
Liabilities held for sale		-	-	(21,930)
Total current liabilities		(43,226)	(69,712)	(76,569)
Non-current liabilities				
Financial liabilities	14	(5,274)	(18,088)	(6,277)
Deferred tax liability		(2,549)	(2,334)	(2,392)
Provisions for liabilities	15	(6,890)	(3,037)	(1,695)
Total non-current liabilities		(14,713)	(23,459)	(10,364)
Total liabilities		(57,939)	(93,171)	(86,933)
Net assets		83,994	206,951	128,634
Equity				
Share capital		210	210	210
Share premium account		5,629	5,629	5,629
Share-based payment reserve		6,264	5,830	5,331

Shares held by EBT	(5,404)	(6,814)	(5,457)
Treasury shares	(3,983)	(1,767)	(3,983)
Fair value reserve	(385)	(15,643)	(20,239)
Retained earnings	81,986	219,036	146,715
Equity attributable to the owners of the parent	84,317	206,481	128,206
Non-controlling interest	(323)	470	428
Total Equity	83,994	206,951	128,634

**See note 18 for details regarding the restatement.*

Interim Group Cash Flow Statement

for the six months ended 30 June 2023

	Note	Unaudited Six Months Ended 30 June 2023 £'000	Unaudited Six Months Ended Restated * 30 June 2022 £'000	Audited Year Ended Restated* 31 December 2022 £'000
Profit / (loss) before tax from continuing operations		7,085	8,875	(23,431)
Loss before tax from discontinued operations	6	(41,647)	(1,511)	(34,189)
(Loss) / profit before tax		(34,562)	7,364	(57,620)
Adjustments for:				
Exceptional costs		44,422	2,000	87,255
Exceptional gains		(8,583)	-	(694)
Contingent consideration		(1)	(115)	(696)
Depreciation of tangible assets		2,794	5,871	11,629
Amortisation of intangible assets		1,389	2,120	4,249
Share-based payments		432	1,500	1,977
Loss /(profit) on disposal of fixed assets		(2)	2	(8)
Loss/(profit) from joint ventures		167	208	494
Recognition of investments at fair value through the income statement		180	-	(678)
Decrease in contract assets		151	-	378
Finance income		(752)	(6)	(80)
Finance costs		994	1,310	2,497
Operating cash flows before movements in working capital		6,629	20,254	48,703
Movements in working capital				
Increase in trade and other receivables		(7,066)	(5,653)	(1,491)
(Decrease) / increase in trade and other payables		(6,663)	(5,486)	(11,243)
Increase / (decrease) in provisions		158	(59)	(799)
		(13,571)	(11,198)	(13,533)
Cash (used in) / generated from operations		(6,942)	9,056	35,170
Interest paid		(244)	(1,277)	(2,342)
Income taxes paid		0	(4,052)	(6,109)
Exceptional costs paid		(3,780)	-	(384)
Net cash generated (used in) / generated from operating activities		(10,966)	3,727	26,335
Cash flows generated from / (used in) in investing activities				
Disposal of businesses, net of cash disposed		26,537	-	-
Payment of contingent consideration	14	(2,280)	(76)	(76)
Investment in joint venture		(4,681)	(936)	(3,952)
Proceeds from sale of financial assets	13	206	-	-
Receipt of lease income		116	33	68
Purchase of property, plant and equipment and intangible assets		(1,575)	(2,231)	(4,907)
Proceeds from sale of property, plant and equipment		-	6	1,304
Franchisee loans granted		(1,335)	-	-
Net cash generated / (expended) on investing activities		16,988	(3,204)	(7,563)
Cash flows used in financing activities				
Purchase of LSL shares by the EBT		-	(5,026)	(5,026)
Purchase of treasury shares		-	(1,767)	(3,983)
Proceeds from the exercise of share options		20	263	825
Payments of lease liabilities		(2,250)	(4,095)	(7,170)
Dividends paid		(7,601)	(7,654)	(11,773)
Net cash used in financing activities		(9,831)	(18,279)	(27,127)
Net (decrease) / increase in cash and cash equivalents		(3,809)	(17,756)	(8,355)

Cash and cash equivalents at the beginning of the period / year	40,109	48,464	48,464
Cash and cash equivalents at the end of the period / year	36,300	30,708	40,109

The closing cash and cash equivalents for the year ended 31 December 2022 includes £3.4m which is presented in assets held for sale on the Group Balance Sheet. Total cash and cash equivalents less assets held for sale was £36.8m.

**See note 18 for details regarding the restatement.*

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 EBT	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
Other comprehensive (expense) / income for the period										
Loss for the year	-	-	-	-	-	-	(37,842)	(37,842)	(76)	(37,918)
Revaluation of financial assets	-	-	-	-	-	(116)	-	(116)	-	(116)
Tax on revaluations	-	-	-	-	-	(1)	-	(1)	-	(1)
Total comprehensive (expense) / income for the period	**-**	**-**	**-**	**-**	**-**	**(117)**	**(37,842)**	**(37,959)**	**(76)**	**(38,035)**
Acquisition of subsidiary							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	**210**	**5,629**	**6,264**	**(5,404)**	**(3,983)**	**(385)**	**81,986**	**84,317**	**(323)**	**83,994**

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 £20,000 on exercise of these options.

Interim Group Statement of changes in equity

Unaudited – for the six months ended 30 June 2022

	Share capital	Share premium account	Share-based payment reserve	Shares held by EBT	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 2022	210	5,629	5,263	(3,063)	-	(15,273)	224,832	217,598	521	218,119
Prior year restatements (net of tax), note 18	-	-	-	-	-	-	(3,959)	(3,959)	-	(3,959)
Restated total equity at the beginning of the financial period	**210**	**5,629**	**5,263**	**(3,063)**	**-**	**(15,273)**	**220,873**	**213,639**	**521**	**214,160**
Revaluation of financial assets	-	-	-	-	-	(370)	-	(370)	-	(370)
Profit for the period (restated)	-	-	-	-	-	-	5,824	5,824	(51)	5,773
Total comprehensive income for the period (restated)	**-**	**-**	**-**	**-**	**-**	**(370)**	**5,824**	**5,454**	**(51)**	**5,403**
Shares repurchased into Treasury	-	-	-	-	(1,767)	-	-	(1,767)	-	(1,767)
Shares repurchased into EBT	-	-	-	(5,026)	-	-	-	(5,026)	-	(5,026)
Exercise of options	-	-	(1,005)	1,275		-	(7)	263	-	263
Dividend paid	-	-	-	-	-	-	(7,654)	(7,654)	-	(7,654)
Share-based payments	-	-	1,500	-	-	-	-	1,500	-	1,500
Tax on share-based payments	-	-	72	-	-	-	-	72	-	72
At 30 June 2022 (restated)	**210**	**5,629**	**5,830**	**(6,814)**	**(1,767)**	**(15,643)**	**219,036**	**206,481**	**470**	**206,951**

During the six-month period to 30 June 2022 a total of 431,336 share options were exercised relating to LSL's various share option schemes resulting in the shares being sold by the Trust. LSL received £263,000 on exercise of these options.

Group Statement of Changes in Equity
for the year ended 31 December 2022

	Share capital	Share premium account	Share-based payment reserve	Shares held by EBT	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 2022	210	5,629	5,263	(3,063)	-	(15,273)	224,832	217,598	521	218,119
Prior year restatements (net of tax), note 18	-	-	-	-	-	-	(3,959)	(3,959)	-	(3,959)
Restated total equity at the beginning of the financial year	**210**	**5,629**	**5,263**	**(3,063)**	**-**	**(15,273)**	**220,873**	**213,639**	**521**	**214,160**
Loss for the year (restated)	-	-	-	-	-	-	(62,384)	(62,384)	(93)	(62,477)
Revaluation of financial assets	-	-	-	-	-	(5,096)	-	(5,096)	-	(5,096)
Tax on revaluations	-	-	-	-	-	130	-	130	-	130
Total comprehensive income for the year (restated)	**-**	**-**	**-**	**-**	**-**	**(4,966)**	**(62,384)**	**(67,350)**	**(93)**	**(67,443)**
Shares repurchased into treasury	-	-	-		(3,983)	-	-	(3,983)	-	(3,983)
Shares repurchased into EBT	-	-	-	(5,026)	-	-	-	(5,026)	-	(5,026)
Exercise of options	-	-	(1,806)	2,632	-	-	(1)	825	-	825
Dividend paid	-	-	-	-	-	-	(11,773)	(11,773)	-	(11,773)
Share-based payments	-	-	1,977	-	-	-	-	1,977	-	1,977
Tax on share-based payments	-	-	(103)	-	-	-	-	(103)	-	(103)
At 31 December 2022 (restated)	**210**	**5,629**	**5,331**	**(5,457)**	**(3,983)**	**(20,239)**	**146,715**	**128,206**	**428**	**128,634**

During the year ended 31 December 2022, the Trust acquired 1,351,000 LSL Shares. During the period, 890,146 share options were exercised relating to LSL's various share option schemes resulting in the Shares being sold by the Trust. LSL received £0.8m 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 2023 were approved by the LSL Board on 26 September 2023. The interim Financial Statements are not the statutory accounts. The financial information for the year ended 31 December 2022 is extracted from the audited statutory accounts for the year ended 31 December 2022, which have been filed with the Registrar of Companies. The auditor's report on those 2022 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 2023 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 2022 which are included in LSL's Annual Report and Accounts 2022. The Group's annual Financial Statements for the year ending 31 December 2023 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 2023: £36.3m). The Group's banking facility, a £60 million committed revolving credit facility has a maturity date of May 2026, having been amended and restated in February 2023. As shown in Note 5 to these interim condensed consolidated Group Financial Statements, 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 under the base case and downside scenarios the full facility would not be available within the going concern period.

LSL has continued to run a variety of scenario models throughout the year to help the ongoing assessment of risks and opportunities. The Group considered both current trading and external reference points in developing a base case forecast and has assumed inflation and interest rates of 5% and 5.5% respectively in 2024. The base case forecast prudently assumes a continuation of current trading throughout the going concern period to 31 December 2024. A severe downside scenario has been modelled as part of the Going Concern assessment, which includes the pessimistic assumption that there is a significant reduction in market transaction volumes reducing below the low point experienced during the Global Financial Crisis and in turn reducing Group revenue by over 25%. The scenario modelling includes certain mitigating actions, within the Group's control, however there are further cost mitigations that could be applied in such a severe scenario. Underpinned by LSL's strong balance sheet and multiple business revenue streams, the severe downside financial scenario modelling confirmed that the Group's current liquidity position would enable the Group to operate under this scenario to 31 December 2024 within the terms of its current facilities with no breach of banking covenants and therefore it is appropriate to use the Going Concern basis of preparation for this financial information.

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 2024. 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 2022, with the exception of the following amended and new accounting policies:

Investment in subleases (new)

In scenarios where the Group is an intermediate lessor, the sublease is classified as a finance lease if substantially all of the risk and rewards incidental to the ownership of the leased asset have transferred to the sublessee, otherwise the sublease is classified as an operating lease. The Group accounts for finance subleases by derecognising the existing right-of-use asset at the effective date of the sublease and recognising a receivable for the Group's net investment in the sublease, with any resultant gain/(loss) recognised in the income statement. The net investment in the leases equals remaining fixed payments, discounted at the interest rate implicit in the lease. After initial recognition, the Group recognising finance income over the remaining lease using the amortised cost method. The net investment in sublease is subsequently reviewed for impairment under IFRS 9.

Loans to franchisees (new)

The Group issues loans to its franchisees, the Group's objective is to hold these loans to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. They are initially recognised at fair value plus transaction costs that are directly attributable to their issue, and are subsequently carried at amortised cost, less provision for impairment.

Impairment provisions against loans to franchisees are recognised based on an expected credit loss model. The methodology used to determine the amount of provision is based on whether there has been a significant increase in credit risk since initial recognition of these financial assets and is calculated by considering the cash shortfalls that would be incurred and probability of these cash shortfalls using the Group's model. Where a significant increase in credit risk is identified, lifetime expected credit losses are recognised; alternatively, if there has not been a significant increase in credit risk, a twelve-month expected credit loss is recognised. Such provisions are recorded in a separate allowance account with the loss being recognised within operating expenses in the statement of comprehensive income. On confirmation that the franchisee loan will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Gain or loss on disposal to a joint venture (new)

In circumstances where a former subsidiary is sold to a joint venture through a downstream transaction, the Group recognises a full gain or loss in the Income Statement, consistent with IFRS 10. The resultant gain or loss is calculated as consideration received less the net assets of the subsidiary.

Discontinued operations (new)

The Group has classified its previously owned network of estate agency branches as a discontinued operation for the reporting period ending 30 June 2023. A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which:

- represent a separate major line of business or geographic area of operations;
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographic area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held for sale. When an operation is classified as a discontinued operation, the comparative income statement and statement of comprehensive income are presented as if the operation had been discontinued from the start of the earliest comparative period disclosed.

Discontinued operations are presented in the Group Income Statement as a single line which comprises the post-tax profit or loss of the discontinued operation along with the post-tax gain or loss recognised on the re-measurement to fair value less costs to sell on disposal of the assets or disposal groups constituting discontinued operations.

Franchise intangible assets (new)

Franchise agreements entered into by the Group (as franchisor) as part of contractual arrangements concerning the disposal of previously owned branches are recognised as intangible assets. Franchise intangible assets are initially recognised at fair value, level 3 and subsequently amortised on a straight line basis over their useful economic lives, being the term of the agreement. The agreements are being written off over a remaining life of 15 years as based on the agreements, this is the most likely minimum term. The life of the relationship is assessed annually. Refer to note 6 for disclosure on assumptions and valuations inputs.

3. Judgements and estimates

The preparation of financial information in conformity with UK adopted International Accounting Standards and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority requires management to make judgements, estimates and assumptions that affect the application of policies and reporting amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next six months are the same as those as at 31 December 2022 (as disclosed in the Group's 2022 Annual Report and Accounts) with the exception of new sources of estimation uncertainty detailed below:

Judgements and estimates

- Exceptional items (judgement)
- Deferred tax (judgement and estimate)
- Carrying value of goodwill and intangible assets (estimate)
- Valuation of financial assets (estimate)
- Lapse provision (estimate)
- Professional Indemnity (PI) claims (estimate)
- Contingent consideration assets (estimate)
- Income tax (estimate)
- Valuation of franchise intangible assets (new)

When valuing franchise intangible assets associated with the franchising of previously owned estate agency branches, management estimate the expected future cash flows under the agreement and choose a suitable discount rate to calculate the present value of those cash flows. The budgets and forecasts are based on various assumptions relating to the future performance of franchised branches including assumptions relating to market outlook and observable trends. A sensitivity analysis has been performed allowing for possible changes to assumptions in the valuation of franchise intangible assets, see notes 6 and 18 for details.

- Dilapidation provisions (new)

When valuing dilapidation provisions the Group estimates the potential future liability based on an average dilapidations rate per square foot or a cost estimate provided for each property which has satisfied the Group's recognition criteria. The future liability is then discounted to present value based on the estimated timing of the outflow. A sensitivity analysis has been performed allowing for possible changes to assumptions in the dilapidation provision, see note 15 for details.

4. Segment analysis of revenue and operating profit

LSL reports three segments: Financial Services, Surveying and Valuation, and Estate Agency:

- The Financial Services segment provides services to mortgage intermediaries through PRIMIS, one of the UK's largest mortgage and insurance networks, and TMA;

- The Surveying & Valuation segment provides valuations and surveys of residential properties to UK mortgage lenders and individual customers;

- The Estate Agency segment provides services to a network of estate agency franchisees. The segment previously operated a network of both owned and franchised branches before transitioning to a fully franchised model during 2023.

The Management Team monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects, as explained in the table below, is measured differently from operating profit or loss in the Group Financial Statements. Head Office costs, Group financing (including finance costs and finance income) and income taxes are managed on a Group basis and are not allocated to operating segments.

Operating segments

The following tables presents revenue followed by profit information regarding the Group's operating segments for the six months ended 30 June 2023, for the six months ended 30 June 2022 and for the year ended 31 December 2022.

Revenue by Stream:

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* (EA) £'000	Lettings* (EA) £'000	Franchise Income (EA) £'000	Asset Management (EA) £'000	Other (EA) £'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**

*Continuing operations residential and lettings revenues include Marsh & Parsons prior to sale, and revenue from the Land & New Homes business

Unaudited - Six months ended 30 June 2022

	Revenue Split by Stream - Unaudited - Six Months ended 30 June 2022							
	Financial Services £'000	Surveying & Valuation £'000	Residential Sales exchange (EA) £'000	Lettings (EA) £'000	Franchise Income (EA) £'000	Asset Management (EA) £'000	Other (EA) £'000	Total £'000
Timing of revenue recognition								
Services transferred at a point in time	39,814	50,451	7,900	7,601	1,265	1,318	81	**108,430**
Services transferred over time	-	-	-	1,150	-	593	-	**1,743**
Total revenue from contracts with customers	39,814	50,451	7,900	8,751	1,265	1,911	81	**110,173**

Audited – Year ended 31 December 2022

	Revenue Split by Stream - Audited - Year ended 31 December 2022							
	Financial Services £'000	Surveying & Valuation £'000	Residential Sales exchange (EA) £'000	Lettings (EA) £'000	Franchise Income (EA) £'000	Asset Management (EA) £'000	Other (EA) £'000	Total £'000
Timing of revenue recognition								
Services transferred at a point in time	81,681	93,228	15,532	16,876	2,656	2,811	1,201	**213,985**
Services transferred over time	-	-	-	2,337	-	1,150	-	**3,487**
Total revenue from contracts with customers	81,681	93,228	15,532	19,213	2,656	3,961	1,201	**217,472**

Revenue and Operating Profit by segment:

Unaudited - Six months ended 30 June 2023

Income statement information	**Financial Services £'000**	**Surveying & Valuation £'000**	**Estate Agency £'000**	**Unallocated £'000**	**Total £'000**
Revenue from external customers	29,619	35,508	39,709	-	**104,836**
Introducers fee	(1,592)	-	1,592	-	**-**
Total revenue	28,027	35,508	41,301	-	**104,836**
Discontinued operations:					
Revenue from external customers	-	-	(30,759)	-	**(30,759)**
Introducers fee	-	-	(1,583)	-	**(1,583)**
Total revenue	28,027	35,508	8,959	-	**72,494**
Segmental result:					
Underlying Operating Profit	3,764	3,367	643	(3,460)	**4,314**
Operating profit / (loss)	9,928	1,282	(261)	(3,732)	**7,217**
Finance income					**752**
Finance costs					**(884)**
Profit before tax					**7,085**
Loss before tax from discontinued operations					**(41,647)**
Loss before tax					**(34,562)**
Taxation					**(3,356)**
Loss for the period					**(37,918)**

Group Underlying Operating Profit is as defined in note 5 to these condensed financial statements.

Balance sheet information	**Financial Services £'000**	**Surveying & Valuation £'000**	**Estate Agency £'000**	**Unallocated £'000**	**Total £'000**
Segment assets – intangible	11,417	11,397	19,979	71	**42,864**
Segment assets – other	27,194	13,329	17,982	40,564	**99,069**
Total Segment assets	38,611	24,726	37,961	40,635	**141,933**
Total Segment liabilities	(12,537)	(13,446)	(22,600)	(9,356)	**(57,939)**
Net assets	26,074	11,280	15,361	31,279	**83,994**

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

Unallocated net assets comprise other intangibles £0.1m, PPE £0.8m, cash £36.0m, other assets £3.7m, accruals £(6.6)m, payables £(0.1)m, and current and deferred tax £(2.7)m. Unallocated result comprises costs relating to the Parent Company.

Unaudited - Six months ended 30 June 2022

Income statement information (restated)	Financial Services £'000	Surveying & Valuation £'000	Estate Agency £'000	Unallocated £'000	Total £'000
Revenue from external customers	42,646	50,451	67,772	-	**160,869**
Introducers fee	(2,832)	-	2,832	-	**-**
Total revenue	39,814	50,451	70,604	-	**160,869**
Discontinued operations:					
Revenue from external customers	-	-	(47,946)	-	**(47,946)**
Introducers fee	-	-	(2,750)	-	**(2,750)**
Total revenue	39,814	50,451	19,908	-	**110,173**
Segmental result:					
Underlying Operating Profit	6,104	13,066	(433)	(4,024)	**14,713**
Operating profit / (loss)	4,890	12,865	(3,101)	(4,710)	**9,944**
Finance income					**6**
Finance costs					**(1,075)**
Profit before tax					**8,875**
Loss before tax from discontinued operations					**(1,511)**
Profit before tax					**7,364**
Taxation					**(1,591)**
Profit for the period					**5,773**

Balance sheet information (restated)	Financial Services £'000	Surveying &Valuation £'000	Estate Agency £'000	Unallocated £'000	Total £'000
Segment assets – intangible	20,328	11,116	152,527	72	**184,043**
Segment assets – other	11,322	15,148	51,077	38,532	**116,079**
Total Segment assets	31,650	26,264	203,604	38,604	**300,122**
Total Segment liabilities	(21,385)	(20,219)	(46,791)	(4,776)	**(93,171)**
Net assets	10,265	6,045	156,813	33,828	**206,951**

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

Unallocated net assets comprise other intangibles £0.1m, PPE £2.8m, cash £30.7m, other assets £1.6m, current tax £3.5m, accruals £(2.4)m, payables £(0.1)m and deferred tax £(1.9)m. Unallocated result comprises costs relating to the Parent Company.

Audited – Year ended 31 December 2022

Income Statement information (restated)	Financial Services £'000	Surveying & Valuation £'000	Estate Agency £'000	Unallocated £'000	Total £'000
Revenue from external customers	87,437	93,228	141,073	-	**321,738**
Introducers fee	(5,756)	-	5,756	-	**-**
Total revenue	81,681	93,228	146,829	-	**321,738**

Discontinued operations:					
Revenue from external customers	-	-	(98,680)	-	**(98,680)**
Introducers fee	-	-	(5,586)	-	**(5,586)**
Total revenue	81,681	93,228	42,563	-	**217,472**
Segmental result:					
Underlying Operating Profit	13,260	20,378	3,949	(7,295)	**30,292**
Operating profit / (loss)	(6,839)	20,799	(26,822)	(8,498)	**(21,360)**
Finance Income					**76**
Finance costs					**(2,147)**
Loss before tax					**(23,431)**
Loss before tax from discontinued operations					**(34,189)**
Loss before tax					**(57,620)**
Taxation					**(4,857)**
Loss for the year					**(62,477)**

Balance sheet information (restated)	**Financial Services** £'000	**Surveying & Valuation** £'000	**Estate Agency** £'000	**Unallocated** £'000	**Total** £'000
Segment assets – intangible	11,932	11,217	49,056	72	**72,277**
Segment assets – other	24,182	9,236	64,915	44,957	**143,290**
Total Segment assets	36,114	20,453	113,971	45,029	**215,567**
Total Segment liabilities	(20,983)	(14,926)	(46,824)	(4,200)	**(86,933)**
Net assets	15,131	5,527	67,147	40,829	**128,634**

Unallocated net assets comprise intangible assets and plant and equipment £2.0m, other assets £6.2m, cash £36.8m, accruals and other payables £2.2m, current and deferred tax liabilities £2.0m. Unallocated result comprises costs relating to the Parent Company.

5. Adjusted performance measures

Group and Divisional Underlying Operating Profit are alternative performance measures (APMs) used by the Directors and Group Management to monitor performance of operating segments against budget. It is calculated as profit/(loss) before tax adjusted for the items set out below.

Period ended 30 June 2023

	Financial Services £'000	**Surveying & Valuation** £'000	**Estate Agency** £'000	**Unallocated** £'000	**IFRS reported total from continuing operations** £'000	**Discontinued Operations** £'000	**Total including discontinued operations** £'000
Profit/(loss) before tax	10,242	1,545	(371)	(4,331)	**7,085**	(41,647)	(34,562)
Net finance cost	(314)	(263)	110	599	**132**	110	242
Operating profit/(loss) per income statement	9,928	1,282	(261)	(3,732)	**7,217**	(41,537)	(34,320)
Operating Margin	35.4%	3.6%	(2.9%)	-	**10%**	(128.4)%	(32.7)%
Adjustments:							

Share-based payments	25	81	(2)	273	**377**	55	432
Amortisation of intangible assets	908	10	69	-	**987**	402	1,389
Exceptional gains	(8,583)	-	-	-	**(8,583)**	-	(8,583)
Exceptional costs	1,486	1,994	837	-	**4,317**	40,105	44,422
Contingent consideration	-	-	-	(1)	**(1)**	-	(1)
Underlying Operating profit/(loss)	3,764	3,367	643	(3,460)	**4,314**	(975)	3,339
Underlying Operating Margin	13.4%	9.5%	7.2%	-	**5.9%**	(3.0)%	3.2%

Period ended 30 June 2022

	Financial Services	**Surveying & Valuation**	**Estate Agency**	**Unallocated**	**IFRS reported total from continuing operations**	**Discontinued Operations**	**Total including discontinued operations**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Profit/(loss) before tax	4,881	12,880	(3,529)	(5,357)	**8,875**	(1,511)	7,364
Net finance cost	9	(15)	428	647	**1,069**	235	1,304
Operating profit/(loss) per income statement	4,890	12,865	(3,101)	(4,710)	**9,944**	(1,276)	8,668
Operating Margin	12.3%	25.5%	(15.6%)	-	**9.0%**	(2.5)%	5.4%
Adjustments:							
Share-based payments	(95)	185	656	710	**1,456**	44	1,500
Amortisation of intangible assets	1,308	16	104	-	**1,428**	692	2,120
Exceptional gains	-	-	-	-	**-**	-	-
Exceptional costs	-	-	2,000	-	**2,000**	-	2,000
Contingent consideration	-	-	(92)	(23)	**(115)**	-	(115)
Underlying Operating profit/(loss)	6,103	13,066	(433)	(4,023)	**14,713**	(540)	14,173
Underlying Operating Margin	15.3%	25.9%	(2.2%)	-	**13.4%**	(1.1)%	8.8%

Year ended 31 December 2022

	Financial Services	**Surveying & Valuation**	**Estate Agency**	**Unallocated**	**IFRS reported total from continuing operations**	**Discontinued Operations**	**Total including discontinued operations**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Profit/(loss) before tax	(6,843)	20,921	(27,731)	(9,778)	**(23,431)**	(34,189)	(57,620)
Net finance cost	4	(122)	909	1,280	**2,071**	346	2,417
Operating profit/(loss) per income statement	(6,839)	20,799	(26,822)	(8,498)	**(21,360)**	(33,843)	(55,203)
Operating Margin	(8.4%)	22.3%	(63.0%)	-	**(9.8%)**	(32.5)%	(17.2)%
Adjustments:							
Share-based payments	16	237	80	1,527	**1,860**	117	1,977
Amortisation of intangible assets	2,625	36	205	-	**2,866**	1,383	4,249
Exceptional gains	-	(694)	-	-	**(694)**	-	(694)
Exceptional costs	17,458	-	30,858	-	**48,316**	38,939	87,255
Contingent consideration	-	-	(372)	(324)	**(696)**	-	(696)
Underlying Operating profit/(loss)	13,260	20,378	3,949	(7,295)	**30,292**	6,596	36,888

Underlying Operating Margin	16.2%	21.9%	9.3%	-	**13.9%**	6.3%	11.5%

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 in IFRS measures, are included below.

The Group reports the following APMs:

a) Group and Divisional Underlying Operating Profit

Underling 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 assets and liabilities. This is the measure reported to the Directors as it considered to give a better and more consistent indication of both Group and Divisional underlying performance.

The closest equivalent IFRS measure Underlying Operating Profit is profit/(loss) before tax. Refer to note 5 for a reconciliation between profit/(loss) before tax and Group and Divisional Underlying Operating Profit.

b) Group and Divisional Underlying Operating Margin

Underlying Operating Margin is defined as Underlying Operating Profit divided by revenue. Refer note to 5 for the calculation of both Group and Divisional Underling Operating Margin. The closest equivalent IFRS measure to Underlying Operating Margin is Operating Margin, refer to note 5 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. Refer to note 7 for a reconciliation between earnings/(loss) per share and adjusted earnings per share.

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 better and more consistent indication of the Group's underlying operating expenditure.

	30 June 2023	**30 June 2022**	**31 December 2022**
	£'000	**£'000**	**£'000**
Total operating expenditure	(65,277)	(100,229)	(238,832)
Add back:			
Other operating income	(264)	(1,085)	(1,334)
Gain/(loss) on sale of property, plant and equipment	-	2	-
Share of post-tax (loss)/profit from joint ventures and associates	167	208	494
Share-based payments	377	1,456	1,860
Amortisation of intangible assets	987	1,428	2,866
Exceptional gains	(8,583)	-	(694)
Exceptional costs	4,317	2,000	48,316
Contingent consideration	(1)	(115)	(696)

Adjusted operating expenditure from continuing operations	(68,277)	(96,335)	(188,020)
Discontinued operations	(33,320)	(51,236)	(97,678)
Adjusted operating expenditure	(101,597)	(147,571)	(285,698)

e) Net cash/debt

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

Net Cash:	**30 June 2023**	**30 June 2022**	**31 December 2022**
	£'000	**£'000**	**£'000**
Interest-bearing loans and borrowings (including loan notes, overdraft, IFRS 16 Leases, contingent and deferred consideration)			
- Current	3,170	10,462	6,949
- Non-current	5,274	18,088	6,277
	8,444	28,550	13,226
Less: cash and short term deposits	(36,300)	(30,708)	(36,755)
Less: IFRS 16 lessee financial liabilities	(8,412)	(25,700)	(10,915)
Less: deferred and contingent consideration	(32)	(2,851)	(2,311)
Less: cash included in held for sale	-	-	(3,355)
Net Cash	(36,300)	(30,709)	(40,110)

6. Discontinued operations

On 4 May 2023, the Group announced that its entire owned estate agency network of 183 branches would become franchises. The operations of the previously owned network were franchised to a combination of new and existing franchisees between 4 May and 31 May. The operations of the branches were sold to the franchisees through either asset or share sales.

Following completion of these franchise agreements, LSL became one of the largest providers of estate agency franchise services in the UK, supplying services to a network of just over 300 branches. The Group previously operated both franchised and owned branch business models, and by disposing of all owned branches the Group now no longer operates as a principal in an estate agency business and has changed to solely operating as the franchisor of estate agents.

The disposal of the remaining owned estate agency network meets the definition of a discontinued operation because it was a component of the Group. Further, the owned estate agency network constituted a separate major line of business which has been discontinued.

At 30 June 2023, the owned branch network of estate agencies was classified as a discontinued operation and presented as such within the financial statements. The financial performance and cash flow information presented here are for the five months ended 31 May 2023, the six months ended 30 June 2022 and year ended 31 December 2023.

Financial performance and cash flow information

	Period ended 30 June		For the year ended 31 December
	2023	2022	2022
	£'000	£'000	£'000
Revenue	32,342	50,696	104,266
Operating expenses:			
Employee and subcontractor costs	(20,660)	(31,235)	(61,244)
Depreciation on property, plant and equipment	(1,150)	(2,020)	(4,017)
Other operating costs	(11,509)	(17,981)	(32,417)
(Loss) / gain on sale of property, plant and equipment	2	-	8
Share-based payments	(55)	(44)	(117)
Amortisation of intangible assets	(402)	(692)	(1,383)
Exceptional costs*	(6,097)	-	(38,939)
Group operating (loss)/profit	(7,529)	(1,276)	(33,843)
Finance income	-	-	4
Finance costs	(110)	(235)	(350)
Net finance costs	(110)	(235)	(346)
Loss before tax	(7,639)	(1,511)	(34,189)
Taxation credit/(charge)	(1,255)	(207)	(1,837)
Loss for the year	(8,894)	(1,718)	(36,026)
Loss on sale of discontinued operation	(34,008)		
Attributable tax expense	(38)		
Loss on sale of discontinued operation	(34,046)		
Loss after tax for the period from discontinued operation	(42,940)		

The net cash flows generated/(incurred) by discontinued operations are, as follows:

	Period ended 30 June		For the year ended 31 December
	2023	2022	2022
	£'000	£'000	£'000
Operating	(1,973)	(639)	7,087
Investing	(122)	(399)	(672)
Financing	(935)	(1,590)	(2,887)
Net cash inflow/(outflow)	**(3,030)**	**(2,628)**	**3,528**

Loss on disposal

Details of the sale of the operations:

	Period ended 30 June
	2023
	£'000
Consideration received or receivable:	
Cash	144
Franchise intangible	10,707

Directly attributable costs	(2,587)
Total disposal consideration	**8,264**
Carrying amount of net assets sold	(42,272)
Loss on sale before tax	**(34,008)**
Tax	**(38)**
Loss on sale after tax	**(34,046)**

The net cash flows generated from the of discontinued operations are, as follows:	**£'000**
Cash received from sale of the discontinued operations	144
Cash sold as a part of discontinued operations	(693)
Disposal costs paid	(153)
Net cash outflow on date of disposal	**(702)**

The total disposal consideration recognised includes cash of £0.1m, a franchise intangible asset of £10.7m, less directly attributable costs of £2.6m. A franchise intangible asset of £10.7m has been calculated using expected future cash flows that will be generated from the agreement, discounted using a post-tax discount rate of 11.8%. A term of 15 years has been applied to the cash flows, consistent with managements estimate of most likely minimum term per the franchise agreement. Market growth assumptions have been applied to 2024 and 2025, with a long-term growth rate of 2.0% applied thereafter.

The directly attributable costs incurred of £2.6m, including legal, advisory and support costs of £1.2m (of which £0.9m relates to a provision for the novation of property leases to new franchisees) and committed branch works costs of £1.0m, plus other provisions of £0.2m.

The carrying amount of net assets sold relates mostly to the goodwill associated with Your Move and Reeds Rains (£15.3m), LSLi (£22.5m) and other (£0.3m). The entire balance of goodwill held by Your Move and Reeds Rains and LSLi and other related to the owned branch network and has therefore been disposed of as part of the transition to a fully franchised business model. The loss also included the disposal of assets with a net book value of £1.9m and lettings contracts of £1.2m relating to asset sales and net assets of £0.5m associated with share sales.

**Restated – refer to note 18*

Franchise intangible – sensitivity analysis

The fair value of franchise intangible assets are calculated based on a discounted future cash flow model, the cash flows are based on management's future assumptions of franchise performance and considers market outlook and observable trends. If the discount rate was to be increased by 1%, this would result in a decrease in the asset of £0.6m, similar if the rate was to decrease by 1%, this would result in an increase in the franchise intangible of the same amount. If the net cash flows from future franchise operations were to decrease by 10% this would result in a reduction in the asset of £1.1m, if they were to increase by 10% this would result in a increase in the value of the same amount. A reasonable change in the long-term growth rate would not result in a material difference to the value of the franchise intangible.

Exceptional costs

	Period ended		**Audited Year ended**
	30 June 2023	**30 June 2022**	**31 December 2022**
	£'000	**£'000**	**£'000**
Exceptional costs:			
Estate Agency restructuring costs	6,097	-	632
Goodwill and intangible asset impairment*	-	-	38,307
	6,097	-	38,939

Estate Agency restructuring costs

The Group has provided for future dilapidation costs of £4.4m related to previously owned branches, consistent with the recognition criteria per the Group's accounting policy, please refer to note 15 for detail of how the provision has been calculated. The other costs incurred are redundancy and office closure costs totalling £1.8m offset by a gain of £0.4m recognised on derecognition of the right-of-use for previously owned branches and recognition of investment in sublease.

Investment in sublease

As part of franchising the Group's remaining owned estate agency branches, where the Group has disposed of a branch through an asset sale it has become the intermediate lessor, maintaining the head lease with original lessor, and entering a sublease with the franchisee until the headlease transfers or expires.

The Group, in its capacity as lessor, has determined that the subleases with franchisees are finance leases and on the commencement date of the sublease, the Group has derecognised the right-of-use assets previously associated with these leases and has recognised a net investment in the sublease.

7. Earnings per share (EPS)

Basic EPS amounts are calculated by dividing net profit for the period attributable to ordinary equity holders of the parent by the weighted average number of Ordinary Shares outstanding during the period.

Diluted EPS amounts are calculated by dividing the net profit attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the period plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

Total EPS:

Unaudited - Six months ended 30 June

	Loss after tax £'000	**Weighted average number of shares**	**2023 Per share amount** ***Pence***	**Profit after tax (restated) £'000**	**Weighted average number of shares**	**2022 Per share amount** ***Pence (restated)***
Basic EPS	(37,842)	102,937,398	(36.8)	5,824	103,099,292	5.6
Effect of dilutive share options		-			401,613	
Diluted EPS	(37,842)	102,937,398	(36.8)	5,824	103,500,905	5.6

Audited - Year ended 31 December 2022

	Loss after tax (restated) £'000	**Weighted average number of shares**	**2022 Per share Amount (restated)** ***Pence***
Basic EPS	(62,384)	102,659,027	(60.8)
Effect of dilutive share options		-	
Diluted EPS	(62,384)	102,659,027	(60.8)

Total EPS from continuing operations:

Unaudited - Six months ended 30 June

	Profit after tax £'000	**Weighted average number of shares**	**2023 Per share amount** ***Pence***	**Profit after tax £'000**	**Weighted average number of shares**	**2022 Per share amount** ***Pence***
Basic EPS	5,098	102,937,398	5.0	7,542	103,099,292	7.3
Effect of dilutive share options		1,250,962			401,613	
Diluted EPS	5,098	104,188,360	4.9	7,542	103,500,905	7.3

Audited - Year ended 31 December 2022

	Loss after tax £'000 (restated)	Weighted average number of shares	2022 Per share amount *Pence* *(restated)*
Basic EPS	(26,358)	102,659,027	(25.7)
Effect of dilutive share options		-	
Diluted EPS	(26,358)	102,659,027	(25.7)

Total EPS from discontinued operations:

Unaudited - Six months ended 30 June

	Loss after tax £'000	Weighted average number of shares	2023 Per share amount *Pence*	Loss after tax £'000	Weighted average number of shares	2022 Per share amount *Pence*
Basic EPS	(42,940)	102,937,398	(41.7)	(1,718)	103,099,292	(1.7)
Effect of dilutive share options						
Diluted EPS	(42,940)	102,937,398	(41.7)	(1,718)	103,099,292	(1.7)

Audited - Year ended 31 December 2022

	Loss after tax £'000 (restated)	Weighted average number of shares	2022 Per share amount *Pence* *(restated)*
Basic EPS	(36,026)	102,659,027	(35.1)
Effect of dilutive share options		-	
Diluted EPS	(36,026)	102,659,027	(35.1)

Adjusted basic and diluted EPS

The Directors consider that the adjusted earnings shown below give a better and more consistent indication of the Group's underlying performance:

	Unaudited Six months ended 30 June 2023 £'000	Unaudited Six months ended 30 June 2022 £'000	Audited Year Ended 31 December 2022 £'000
Group Underlying Operating Profit from total operations	3,339	14,173	36,888
Loss attributable to non-controlling interest	76	51	93
Net finance costs (excluding exceptional items, contingent consideration items and discounting on lease liabilities)	203	(549)	(968)
Normalised taxation (tax rate 23.5% (2022: 19%))	(850)	(2,599)	(6,843)
Adjusted profit after tax before exceptional items, share-based payments and amortisation	2,768	11,076	29,170

Unaudited - Six months ended 30 June

	Adjusted profit after tax £'000	Weighted average number of shares	2023 Per share amount *Pence*	Adjusted profit after tax £'000	Weighted average number of shares	2022 Per share amount *Pence*
Adjusted basic EPS	2,768	102,937,398	2.7	11,076	103,099,292	10.7
Effect of dilutive share options	-	1,250,962			401,613	
Adjusted diluted EPS	2,768	104,188,360	2.7	11,076	103,500,905	10.7

Audited - Year ended 31 December 2022

	Adjusted profit after tax £'000	Weighted average number of shares	2022 Per share amount *Pence*
Adjusted basic EPS	29,170	102,659,027	28.4
Effect of dilutive share options		1,275,216	
Adjusted diluted EPS	29,170	103,934,243	**28.1**

This represents adjusted profit after tax attributable to equity holders of the parent. Tax has been adjusted to exclude the prior year tax adjustments, and the tax impact of exceptional items, amortisation, and share-based payments. The effective tax rate used is 23.5% (30 June 2022: 19.00% and 31 December 2022: 19.00%).

8. Exceptional items

	Unaudited Six months ended		Audited Year ended
	30 June 2023	30 June 2022	31 December 2022
	£'000	£'000	£'000
Exceptional costs:			
Estate Agency restructuring costs	-	-	1,108
Surveying restructuring costs	1,993	-	-
Financial Services restructuring costs	906	-	-
Loss on sale of disposal groups	1,418	-	-
Goodwill and intangible asset impairment	-	2,000	47,208
	4,317	2,000	48,316
Exceptional gains:			
Gain on sale of disposal groups	8,583	-	-
Exceptional gain in relation to historic PI costs	-	-	694
	8,583	-	694

Gain or Loss on sale of disposal groups

	Group First	RSC	M&P	EFS	F2P	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Goodwill	3,638	1,064	10,557	-	-	15,259
Other Intangible assets	396	43	12,070	-	461	12,970
Property, plant and equipment and RoU assets	294	71	15,704	57	301	16,427
Trade and other receivables	231	220	6,332	462	893	8,138
Bank balances and cash	1,438	986	1,494	2,652	1,733	8,303
Deferred tax asset/(liability)	14	14	47	-	(3)	72
Current tax asset/(liability)	(379)	(197)	94	171	(328)	(639)
Trade and other payables	(846)	(663)	(4,928)	(3,115)	(430)	(9,982)
Financial Liabilities	-	(74)	(14,668)	-	(275)	(15,017)
Net assets disposed	**4,786**	**1,464**	**26,702**	**227**	**2,352**	**35,531**
Consideration						
Cash and cash equivalents	-	-	26,100	-	9,289	35,389
Deferred consideration	4,367	1,454	-	2,404	-	8,225
Disposal costs	(75)	(75)	(230)	(501)	(31)	(912)
Total consideration (less transaction costs)	**4,292**	**1,379**	**25,870**	**1,903**	**9,258**	**42,702**
Gain/loss on disposal	**(494)**	**(85)**	**(832)**	**1,676**	**6,906**	**7,171**
Net cash inflow arising on disposal:						
Consideration received in cash and cash equivalents	-	-	26,100	-	9,289	35,389
Less: cash and cash equivalents disposed	(1,438)	(986)	(1,494)	(2,652)	(1,733)	(8,303)
Less: disposal costs paid	(75)	(75)	(230)	(496)	(31)	(907)
Cash inflow/(outflow)	**(1,513)**	**(1,061)**	**24,376**	**(3,148)**	**7,525**	**26,179**

Exceptional costs:

Estate Agency restructuring costs

The costs incurred as a result of estate agency restructuring during 2023 are included within discontinued operations. The costs included in continuing operations in 2022 relate to the closure of branches in Marsh & Parsons.

Surveying & Valuation restructuring costs

The Group initiated a restructuring program in response to the difficult market conditions which followed the UK mini-budget Q3 2022. The exceptional costs related to redundancy costs £1.8m and office closure costs £0.2m.

Financial Services restructuring costs

Financial Services restructuring costs relate to corporate activity.

Loss on sale of disposal groups

The loss on disposal groups relates to the sale of Marsh & Parsons, Group First and RSC during January 2023.

Group First & RSC

The Group announced the sale of Group First and RSC on 13 January 2023 to Pivotal Growth for consideration payable of 7x the combined Group First and RSC EBITDA in calendar year 2024, subject to working capital adjustments, capped at a maximum of £20m. Group First & RSC were classified as held for sale at 31 December 2022 and were written down to their fair value less cost to sell (FVLCTS) of £5.3m, calculated as the present value of consideration receivable less costs to dispose. The Group recognised losses on the disposal of Group First and RSC of £0.5m and £0.1m respectively as a result of adverse working capital adjustments during the period 1 January 2023 to 13 January 2023 and an update to expected consideration of £0.3m.

Marsh & Parsons

The Group announced the sale of Marsh & Parsons on 26 January 2023 to Dexters for an initial consideration of £29.0m, subject to adjustments for working capital and debt-like items. Marsh & Parsons was classified as held for sale at 31 December 2022 and was written down to its fair value less cost to sell (FVLCTS) of £26.9m*, calculated as consideration received (£29.0m), less estimated adjustments for debt-like items (£2.0m) and costs to sell (£0.1m). A loss on disposal of £0.8m has been recognised at 30 June 2023 and this is a result of adverse working capital movements during the period 1 January 2023 to 26 January 2023 of £0.3m and an additional adjustments to consideration of £0.3m.

**Restated – refer to note 18*

Exceptional gains:

Gain on sale of disposal groups

On 11 April 2023, the Group announced the disposal of two further subsidiaries, Embrace Financial Services ("EFS") and First2Protect (F2P) to Pivotal Growth. The consideration payable for EFS will be 7x the EBITDA in calendar year 2024, subject to working capital adjustments, capped at a maximum of £10m and payable in H1 2025. The consideration for F2P was £7.8m. The Group recognised a on gain disposal of EFS and F2P of £2.1m and £6.9m respectively. This EFS gain has been calculated as contingent consideration of £2.4m less transaction costs of £0.05m and net assets disposed of £0.3m. The gain recognised on F2P has been calculated as consideration received of £9.3m, less transaction costs of £0.05m and net assets disposed of £2.3m.

9. Dividends paid and declared

A final dividend in respect of the year ended 31 December 2022 at 7.4 pence per share (December 2021: £7.4 pence per share) was paid in the period ended 30 June 2023. An interim dividend has been announced amounting to 4.0 pence per share (June 2022: 4.0 pence per share). Interim dividends are recognised when paid.

10. Taxation

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

	Unaudited Six Months Ended 30 June 2023 £'000	Unaudited Six Months Ended 30 June 2022 £'000	Audited Year Ended 31 December 2022 £'000
UK corporation tax:			
– current year charge	4,661	1,480	3,959
– adjustment in respect of prior years	-	-	(788)
	4,661	1,480	3,171

Deferred tax:			
Origination and reversal of temporary differences	(2,024)	(78)	(218)
Adjustment in respect of prior year	-	(18)	126
Changes in tax rates	(574)	-	(59)
Deferred tax disposed of	-	-	-
	(2,598)	(96)	(151)
Total tax charge in the income statement	2,063	1,384	3,020

The headline UK rate of corporation tax for the period is 23.5% (2022: 19%), and the rate at which deferred tax has been provided is 25% (2022: 25%). The expected impact on deferred tax balances of the rate increase is estimated to be £(0.1)m.

Deferred tax charged directly to other comprehensive income relating to the revaluation of financial assets is £nil. In the six months ended 30 June 2022 £nil and year ended 31 December 2022 credit of £0.1m.

During the period the Group franchised its owned branches. An intangible asset of £10.7m has been recognised in relation to the Franchise agreement. This has resulted in a deferred tax liability of £2.7m being recognised in the period. In addition, the 2022 accounts have been restated to recognise an intangible asset of £1.5m in relation to owned branches which were franchised in 2019. This has resulted in a deferred tax liability of £0.4m being recognised.

11. Other intangible assets

	Brand names £'000	Customer contracts £'000	Lettings contracts £'000	Software £'000	Franchise agreements £'000	Total £'000
Cost						
At 1 January 2022	19,265	625	21,770	22,558	-	**64,218**
Additions	-	-	-	2,881	-	**2,881**
Reclassified as HFS	(12,163)	-	-	(1,128)	-	**(13,291)**
Disposals	-	-	-	-	-	**-**
At December 2022 (as previously reported)	7,102	625	21,770	24,311	-	**53,808**
Restated	-	-	-	-	2,059	**2,059**
At January 2023 (Restated)	7,102	625	21,770	24,311	2,059	**55,867**
Additions	-	-	-	1,068	10,707	**11,775**
Disposals	-	-	(21,770)	-	-	**(21,770)**
Reclassified as held for sale	-	-	-	(493)	-	**(493)**
At 30 June 2023	7,102	625	-	24,886	12,766	**45,379**
Amortisation and impairment						
At 1 January 2022	191	286	19,037	15,100	-	**34,614**
Amortisation	-	313	1,163	2,636	-	**4,112**
Other Intangible Impairment	-	-	-	117	-	**117**
Reclassified as HFS	-	-	-	(782)	-	**(782)**
At December 2022 (previously reported)	191	599	20,200	17,071	-	**38,061**
Restated					526	**526**
At 1 January 2023 (restated)	191	599	20,200	17,071	526	**38,587**
Amortisation	-	26	283	1,011	69	**1,389**
Held for Sale Adjustment	-	-	-	(115)	-	**(115)**
Disposals	-	-	(20,483)	(9)	-	**(20,492)**
At 30 June 2023	191	625	-	17,958	595	**19,369**
Net book value						
At 30 June 2023	6,911	-	-	6,928	12,171	**26,010**

At 31 December 2022 (previously reported)	6,911	26	1,570	7,240	-	**15,747**
At 31 December 2022 (restated)	6,911	26	1,570	7,240	1,533	**17,280**

Other intangible assets have been restated to include £1.5m of intangible assets associated with franchise agreement, refer to note 18 for further information. Further franchise intangible assets (£10.7m) have been recognised during H1 relating to the Group's remaining owned estate agency branch network, refer to note 6 for detail of how the franchise intangibles recognised have been valued.

12. Goodwill

	£'000
Cost	
At 1 January 2022 (As previously reported)	160,865
Restatement	(5,211)
At 1 January 2022 (restated)	155,654
Impairment (restated)	(83,363)
Reclassified as HFS	(17,294)
At 31 December 2022 (restated)	54,997
Disposed	(38,142)
At 30 June 2023	16,855
Net book value	
At 30 June 2023	16,855
At 31 December 2022 (restated)	54,997

The carrying amount of goodwill by cash generating unit is given below:

	2023	**(Restated) 2022**
	£'000	**£'000**
Financial Services		
Group First	-	-
RSC New Homes	-	-
First Complete	3,998	3,998
Advance Mortgage Funding	2,604	2,604
Personal Touch Financial Services	348	348
Direct Life and Pension Services	-	-
	6,950	6,950
Surveying and Valuation segment company		
e.surv	9,569	9,569
Estate Agency segment companies		
Your Move & Reeds Rains (restated)	-	15,282
Marsh & Parsons	-	-
LSLi	-	22,512
Templeton LPA	336	336
Others	-	348
	336	38,478
Total	16,855	54,997

Impairment of goodwill

Goodwill has been allocated for impairment testing purposes to statutory companies or Groups of statutory companies which are managed as one cash generating unit as follows:

- Financial Services companies
  - First Complete
  - Advance Mortgage Funding
  - Personal Touch Financial Services
  - Direct Life and Pensions Services Limited

- Surveying & Valuation company
  - e.surv

- Estate Agency companies
  - Templeton LPA

During the period to 30 June 2023, goodwill associated with Your Move, Reeds Rains, LSLi and other (£38.1m) has been disposed and reduced to nil. Goodwill previously included within held for sale assets of £17.3m was disposed as part of the sales of Marsh & Parsons (£12.6m), Group First (£3.6m) and RSC (£1.1m) which completed in January 2023.

The remaining goodwill balance of £16.9m relates primarily to the Surveying (£9.6m) and Financial Services (£7.0m) divisions, with a small amount remaining in Estate Agency. The recoverable amount of the Surveying Financial Services and Estate Agency companies has been determined based on financial budgets approved by the Board and in the three-year plan. The discount rate applied to cash-flow projections is 15.6% for Financial Services and Surveying (December 2022: 14.2%) and 15.8% for Estate Agency (December 2022: 14.2%), on a pre-tax basis and cash-flows beyond the three-year plan are extrapolated using a 2.0% growth rate (2022: 2.0%).

Key assumptions used in value-in-use calculations
The calculation of value-in-use for each of the Financial Services, Surveying and Valuation Services and Estate Agency companies is most sensitive to the following assumptions:

- Discount rates.
- Performance in the market.

Discount rates
Reflect Management's experts estimate of the post-tax Weighted Average Cost of Capital (WACC) of the Group and this is grossed up to arrive at a pre-tax discount rate (using a tax rate of 25.0%) of 15.6%-15.8% (2022: 14.2% - applied to all CGUs).

Performance in the market
Reflects how the Management Team believes the business will perform over the three-year period and is used to calculate the value-in-use of the CGUs.

13. Financial assets

	Unaudited Six Months Ended 30 June 2023 £'000	Unaudited Six Months Ended 30 June 2022 £'000	Audited Year Ended 31 December 2022 £'000
Investment in equity instruments – at fair value			
Unquoted shares at fair value (FVOCI)	-	5,049	322
Unquoted shares at fair value (FVPL)	498	751	678
IFRS 16 lessor financial assets	7	295	45
Contingent consideration receivable	7,983	-	-
Loans to franchisees	1,335	-	-
Total Financial Assets	9.823	6,095	1,045
Opening balance	1,045	5,748	5,748

Additions	9,560	-	678
Fair value adjustment (OCI)	(116)	(370)	(5,096)
Fair value adjustment (P&L)	(460)	751	(68)
Disposals	(206)	(34)	(217)
Closing balance	9,823	6,095	1,045
Non-current assets	9,823	6,095	1,045
Current assets	-	-	-
	9,823	6,095	1,045

Contingent Consideration Receivable

£4.2m and £1.4m of contingent consideration relates to Group First and RSC New Homes respectively, which were both sold in January 2023. The consideration payable will be 7x the combined Group First and RSC EBITDA in calendar year 2024, subject to working capital adjustments, capped at a maximum of £20m and payable in H1 2025.

£2.4m of contingent consideration relates to EFS, which was sold in April 2023. The consideration payable for EFS will be 7x the EBITDA in calendar year 2024, subject to working capital adjustments, capped at a maximum of £10m and payable in H1 2025. All three entities were sold to the Group's joint venture, Pivotal Growth Limited.

The value of the contingent consideration receivable has been calculated for each of the three disposals noted above based on forecast profitability in calendar year 2024, discounted at 15.7% (the Group weighted average cost of capital). The future cash flow and discount rate assumptions are key to the calculation, if FY24 profitability was to reduce by 10% this would result in a reduction in the receivable of £0.7m, if profitability was to increase, this would result in an increase in the receivable of the same amount. If the discount rate was to increase by 1%, the receivable would decrease by £0.1m, and if the discount rate was to reduce by 1%, this would result in an increase in the receivable of the same amount.

Loans to franchisees

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 interest at 8.5%.

Investment in equity instruments

The financial assets include unlisted equity instruments which are carried at fair value. Fair value is judgemental given the assumptions required and have been valued using a level 3 valuation techniques (see Note 32 to the December 2022 Group Financial Statements).

Vibrant Energy Matters Limited (VEM)

LSL sold the shareholding of VEM in H1 2023 for £206,000, which was the carrying value at 31 December 2022 (June 2022: £729,000)

NBC Property Master Limited

The carrying value of the Group's investment at 30 June 2022 has been assessed as £nil (June 2022: £78,000 and December 2022: £nil).

Global Property Ventures Limited

The carrying value of the Group's investment in Global Property Ventures Limited at 30 June 2023 has been assessed as £nil (June 2022: £0.1m and December 2022: £0.1m).

Yopa Property Limited

During H1, the Group sold its shares in Yopa for £nil consideration based on third party valuations provided to the existing shareholders. (June 2022: £4.1m and December 2022: £nil).

Openwork Units

The carrying value of the units held in The Openwork Partnership LLP was reassessed as £498,000 (31 December 2022: £678,000, 30 June 2022: £751,000).

14. Financial liabilities

	Unaudited Six Months Ended 30 June 2023	Unaudited Six Months Ended 30 June 2022	Audited Year Ended 31 December 2022
	£'000	£'000	£'000
Current			
IFRS 16 lessee financial liabilities	3,170	7,925	4,669
Contingent consideration liabilities	-	2,537	2,280
	3,170	10,462	6,949
Non-current			
IFRS 16 lessee financial liabilities	5,242	17,775	6,246
Contingent consideration liabilities	32	313	31
	5,274	18,088	6,277

Contingent consideration liabilities-

	Unaudited Six Months Ended 30 June 2023	Unaudited Six Months Ended 30 June 2022	Audited Year Ended 31 December 2022
	£'000	£'000	£'000
RSC	-	2,537	2,280
DLPS	32	313	31
	32	2,850	2,311
Opening balance	2,311	3,008	3,008
Cash paid	(2,280)	(76)	(76)
Acquisition	-	-	-
Amounts recorded though income statement	1	(82)	(621)
Closing balance	32	2,850	2,311

£32,000 of contingent consideration liability relates to Direct Life and Pension Services Limited, acquired in January 2021. The additional consideration will be calculated using earnings multiples of between five and six times EBITA and has been capped at a maximum of £1.5m.

In the period ending 30 June 2023 £2,280,000 (June 2022: £76,000 and December 2022: £76,000) of contingent consideration was paid to former shareholders.

The table below shows the allocation of the contingent consideration liabilities balance and income charge between the various categories:

Contingent consideration liabilities balances relating to amounts accounted for as:	Unaudited Six Months Ended 30 June 2023	Unaudited Six Months Ended 30 June 2022	Audited Year Ended 31 December 2022
	£'000	£'000	£'000
Arrangement under IFRS 3	(1)	(115)	(696)
Unwinding of discount on contingent consideration	2	33	75
Charge / (credit)	1	(82)	(621)

The contingent consideration charged to the Income Statement in the period relates to previous acquisitions and relates to the acquisition of RSC New Homes credit of £nil (June 2022: credit £92,000 and December 2022: credit £371,000) and Direct Life and Pension Services credit of £1,000 (June 2022: credit £23,000 and December 2022: credit £324,000).

15. Provisions for liabilities

2023

	PI claim provision £'000	Onerous Lease £'000	Dilapidation Provision £'000	Restructuring Provision £'000	Total £'000
Balance at 1 January	2,341	14	-	-	2,355
Additional provision in the year	-	-	4,485	3,752	8,237
Amount utilised	(207)	(51)	-	-	(258)
Amount released	382	127	34	-	543
Balance at 30 June	**2,516**	**90**	**4,519**	**3,752**	**10,877**
Current liabilities	717	85	466	2,719	3,987
Non-current liabilities	1,799	5	4,053	1,033	6,890
	2,516	**90**	**4,519**	**3,752**	**10,877**

2022

	PI claim provision £'000	Onerous leases £'000	Total £'000
Balance at 1 January	3,907	59	3,966
Amount utilised	(762)	(38)	(800)
Amount released	(804)	(7)	(811)
Provided in financial year	-	107	107
Reclassified to held for sale	-	(107)	(107)
Balance at 31 December	**2,341**	**14**	**2,355**
Current liabilities	647	13	660
Non-current liabilities	1,694	1	1,695
	2,341	**14**	**2,355**

The Group has recognised a dilapidations provision relating to the branches in the Estate Agency network which are being occupied by franchisees as a result of the disposal during the year. The calculation of the Group's future dilapidation provision is based on an average rate per square foot depending on the dilapidation obligation and is discounted using a risk free discount rate based on term. If the average rates applied were to increase by 10% this would result in an increase in the overall provision of £0.4m, if they were to decrease by 10% this would result in a reduction of the same amount. If the discount rate was to increase by 1.0% this would result in a decrease in the provision of £0.1m, if the discount rate was to decrease by 1.0% this would result in an increase in the provision of the same amount.

The restructuring provision recognised relates to costs associated with the disposal of the owned branch network (£2.2m), including committed branch works (£1.0m), legal costs for the novation of leases to franchisees (£0.9m) and other provisions (£0.3m), plus a provision for corporate activity of £0.7m. The provision also includes £0.6m which was reported in accruals as at 31 December 2022, the amount relates to an indemnity provision the Group provided on the sale of a former subsidiary, see further detail below.

Claims indemnity provision and contingency

Included in the sale agreement of LMS was a claims indemnity of £2.0m, for which the Company has provided £0.6m, which it considers to be the most likely outcome. Further cases exist and are considered possible, not probable, therefore no further provision has been made for these cases in the Financial Statements. Should these claims succeed the estimated further costs would be £1.4m.

16. Investments in joint ventures and associates

	30 June 2023	30 June 2022	31 December 2022
	£'000	£'000	£000
Investment in joint ventures and associates	9,582	2,338	5,068
Investment in joint ventures			
Opening balance (1 January)	5,068	1,610	1,610
Equity investment in Pivotal Growth	4,681	936	3,952
Equity accounted (loss) / profit	(167)	(208)	(494)
Closing balance	9,582	2,338	5,068

During H1 2023, the group invested a further £4.7m, in Pivotal Growth and maintains a 47.8% holding in the entity.

17. Financial Instruments

Risk management

The financial risks the Group faces, and the methods used to manage these risks have not changed since 31 December 2022. 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 2022.

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 assets and financial liabilities

There is no difference in the book amounts and fair values of all the Group's financial instruments that are carried in these interim condensed consolidated Group Financial Statements

Fair value hierarchy

As at 30 June 2023, the Group held the following financial instruments 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 assets or 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 2023	**Total**	**Level 1**	**Level 2**	**Level 3**
	£'000	**£'000**	**£'000**	**£'000**
Assets measured at fair value				
Financial assets	8,668	-	-	8,668
Liabilities measured at fair value				
Contingent consideration	32	-	-	32

Unaudited - 30 June 2022	**Total**	**Level 1**	**Level 2**	**Level 3**
	£'000	**£'000**	**£'000**	**£'000**
Assets measured at fair value				
Financial assets	6,095	-	751	5,344
Liabilities measured at fair value				

Contingent consideration	2,851	-	-	2,851

Audited - 31 December 2022	**Total**	**Level 1**	**Level 2**	**Level 3**
	£'000	**£'000**	**£'000**	**£'000**
Assets measured at fair value				
Financial assets	1,045	-	-	1,045
Liabilities measured at fair value				
Contingent consideration	2,311	-	-	2,311

Of the investments totalling £8,668,000, the entire total is valued using Level 3 valuation techniques. The Directors reviewed the fair value of the financial assets at 30 June 2023. The underlying value of the investments will be driven by the profitability of these businesses.

The contingent consideration amounts rate mostly to contingent consideration receivable (£8.7m), with a small amount (£0.03)m which relates to contingent consideration payable. Key assumptions and sensitivity analysis for contingent consideration receivable has been disclosed in note 13.

18. Prior year restatements

Franchising of previously owned branches

During the current period, the Group franchised its entire owned estate agency network (183 branches). In accounting for this significant transaction, the Group re-examined the accounting treatment that had been applied to a much smaller transaction in H1 2019, when 39 owned estate agency branches were franchised. The Group has re-examined certain judgements made in accounting for the 2019 transaction, which were deemed appropriate at the time, and has determined that restatement of the prior year financial information, in accordance with IAS 8, is appropriate. The cumulative impact on retained earnings on 1 January 2022 was a reduction of £4.0m and was not cash-adjusting. The restatements are discussed in points 1-3 below:

1. Disposal of goodwill

When the transaction in 2019 was originally accounted for, it was considered not necessary to dispose of goodwill associated with the previously owned branches which were franchised. Having re-examined the accounting treatment applied; the Group has determined that goodwill of £5.2m, associated with the previously owned Your Move and Reeds Rains branches, should have been derecognised in 2019. Restatement of the prior year financial information in this regard results in a decrease in non-current assets only and has no impact on cash.

2. Recognition of franchise intangible and subsequent amortisation

The franchise agreements entered upon disposal of the previously owned branches were not considered to represent assets of the Group and were not recognised in 2019 when the transaction was accounted for. Having re-examined the accounting treatment applied; the Group has determined that an intangible asset of £2.1m, associated with the franchise agreements, will be retrospectively recognised in 2019. Restatement of the prior year financial information in this regard results in an increase in non-current assets and subsequent amortisation and has no impact on cash.

The fair value of the franchise intangible asset has been calculated based on the assumptions that would have been made had it been determined in 2019. This was calculated using the expected future cashflows (at the date of the agreement), discounted using a post-tax discount rate of 8.2% (the Group's WACC at the date of the agreement). A term of 15 years has been applied, consistent with managements estimate of most likely minimum term per the franchise agreement. Market growth rates, consistent with the Group's assumptions in 2019 were applied to 2020 and 2021, with a long-term growth rate of 1.8% applied thereafter.

3. Revision to goodwill impairments

In light of point 1 above, the impairment charged to the goodwill of Your Move and Reeds Rains at 31 December 2022 (£42.0m) has been re-examined to take account of the restated disposal of goodwill in 2019, resulting in increased headroom. The impact of this assessment is a reduction to the impairment charge of £3.7m. Restatement of the prior year financial information in this regard results in an increase in non-current asset and has no impact on cash.

Adjustments to assets held for sale

At 31 December 2022 the Group reported Marsh & Parsons, a single CGU as held for sale. Marsh & Parsons was written down to its fair value less cost to sell (FVLCTS), which was calculated as the initial consideration received less transaction costs (£28.9m). The sale agreement included provisions for adjustments to the initial consideration for debt-like items and working capital adjustments. Such amounts were subject to negotiation and judgement and were not reflected in the fair value assessment at 31 December 2022. The Group has re-examined the judgements made and has determined that an adjustment to consideration for debt-like items of £2.0m could have been reliably estimated at 31 December 2022. Rather than recognising this adjustment as an increase in the loss on disposal in H1 of 2023, the prior year financial information has been restated, in accordance with IAS 8. Restatement of the prior year financial information in this regard results in a decrease in current assets, an increase in exceptional costs and has no impact on cash.

Earnings per share

Basic and diluted earnings per share for prior periods have also been restated, as a result of the items above. On a continuing operations basis, for the year to 31 December 2022, the amount of the correction for both basic and diluted earnings per share was an increase of 1.5 pence. For the six months to 30 June 2022, the amount of the correction for both basic and diluted earnings per share was a decrease of 0.1 pence.

Balance sheet (extract)

	Reported year ended 31 December 2021	1. Disposal of goodwill	2. Recognition of franchise intangible and subsequent amortisation	Restated year ended 31 December 2021	Reported six months ended 30 June 2022	1. Disposal of goodwill	2. Recognition of franchise intangible and subsequent amortisation	Restated six months ended 30 June 2022
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Non-current assets								
Goodwill	160,865	(5,211)	-	155,654	158,865	(5,211)	-	153,654
Franchise intangible	-	-	1,670	1,670	-	-	1,601	1,601
Current assets								
Assets held for sale	-	-	-	-	-	-	-	-
Non-current liabilities								
Deferred tax liability	(2,073)	-	(418)	(2,491)	(1,933)	-	(401)	(2,334)
Net assets	**218,119**	**(5,211)**	**1,252**	**214,160**	**210,962**	**(5,211)**	**1,200**	**206,951**
Equity								
Retained earnings	224,832	(5,211)	1,252	220,873	223,047	(5,211)	1,200	219,036
Total equity	**218,119**	**(5,211)**	**1,252**	**214,160**	**210,962**	**(5,211)**	**1,200**	**206,951**

	Reported year ended 31 December 2022	1. Disposal of goodwill	2. Recognition of franchise intangible and subsequent amortisation	3. Revision of goodwill impairments	4. Adjustments to assets held for sale	Restated year ended 31 December 2022
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Non-current assets						
Goodwill	56,530	(5,211)	-	3,678	-	54,997
Franchise intangible	-	-	1,533	-	-	1,533
Current assets						
Assets held for sale	56,437	-	-	-	(2,035)	54,402
Non-current liabilities						
Deferred tax liability	(2,008)	-	(384)	-	-	(2,392)
Net assets	**131,053**	**(5,211)**	**1,149**	**3,678**	**(2,035)**	**128,634**
Equity						
Retained earnings	149,134	(5,211)	1,149	3,678	(2,035)	146,715
Total equity	**131,053**	**(5,211)**	**1,149**	**3,678**	**(2,035)**	**128,634**

Income statement (extract)

	Reported six months ended 30 June 2022	2. Recognition of franchise intangible and subsequent amortisation	Restated six months ended 30 June 2022	*Continuing operations*	*Discontinued operations*	Reported year ended 31 December 2022	2. Recognition of franchise intangible and subsequent amortisation	3. Revision of goodwill impairments	4. Adjustments to assets held for sale	Restated year ended 31 December 2022	*Continued operations*	*Discontinued operations*
	£'000	**£'000**	**£'000**	***£'000***	***£'000***	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	***£'000***	***£'000***
Amortisation of intangible assets	(2,051)	(69)	(2,120)	*(1,428)*	*(692)*	(4,112)	(137)	-	-	(4,249)	*(2,866)*	*(1,383)*
Exceptional costs	(2,000)	-	(2,000)	*(2,000)*	*-*	(88,898)	-	3,678	(2,035)	(87,255)	*(48,316)*	*(38,939)*
Group operating profit / (loss)	8,737	(69)	8,668	*9,944*	*(1,276)*	(56,709)	(137)	3,678	(2,035)	(55,203)	*(21,360)*	*(33,843)*
Taxation charge	(1,608)	17	(1,591)	*(1,384)*	*(207)*	(4,891)	34	-	-	(4,857)	*(3,020)*	*(1,837)*
Profit / (loss) for the year	5,825	(52)	5,773	*7,491*	*(1,718)*	(64,017)	(103)	3,678	(2,035)	(62,477)	*(26,451)*	*(36,026)*

Statement of comprehensive income (extract)

Profit / (loss) for the year	5,825	(52)	5,773		(64,017)	(103)	3,678	(2,035)	(62,477)
Other comprehensive income / (expense) for the period, net of tax	(370)	-	(370)		(4,966)	-	-	-	(4,966)
Total comprehensive income / (loss) for the period, net of tax	5,455	(52)	5,403		(68,983)	(103)	3,678	(2,035)	(67,443)

19. Related Party Transactions

LSL have one joint venture partner, Pivotal Growth (Pivotal).

Transactions with Pivotal Growth and its subsidiaries

	Unaudited		Audited
	Six Months Ended		Year end
	30 June 2023 £'000	30 June 2022 £'000	31 December 2022 £'000
Gross commission received	5,608	1,736	3,833
Commissions paid to broker businesses	(4,506)	(1,551)	(3,421)
Sales	1,188	-	-
Revenue recognised	2,290	186	412
Creditor	1,614	17	(3)

20. Events after the reporting period

On 21 August 2023, the Group announced it had agreed to acquire TenetLime Limited ("TenetLime") from Tenet Group Limited, subject to FCA approval. TenetLime operates a network providing services to 231 mortgage and protection advisers, operating within 133 appointed representative (AR) firms, the acquisition advances the Group's strategy to develop our Financial Services Network business. TenetLime's advisers will join the PRIMIS network and the increased membership will allow the Group to further invest in its service offering and deliver economies of scale.

The consideration payable is expected to be up to £12.9m and will include: an initial payment of up to £5.6m, calculated by reference to the number of appointed representative (AR) firms at completion and their 2022 turnover; a further payment of up to £4.5m, calculated by reference to the number AR firms 12 months following completion and their 2022 turnover and an expected payment of £2.8m for assets which form part of TenetLime's regulatory capital. The total consideration payable on completion will be subject to adjustments based on the net asset value of TenetLime at the completion date.

The Group will begin the process of allocating the purchase price consideration in accordance with IFRS 3 once FCA approval has been obtained.

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.

Definitions

Definitions for words and expressions referred to and included in this statement which are not expressly defined within, can be found in LSL's Annual Report and Accounts 2022 (a copy of which is available on LSL's website at: www.lslps.co.uk). All references to 'note(s)' in this statement are, unless expressly stated otherwise, references to the 'Notes to the Interim Condensed Group Financial Statements' included in this statement.

INDEPENDENT REVIEW REPORT TO LSL PROPERTY SERVICES PLC

Conclusion

We have been engaged by the Company to review the condensed set of consolidated financial information in the half-yearly financial report for the six months ended 30 June 2023 which comprises the Interim Group Income Statement, the Interim Group Statement of Comprehensive Income, the Interim Group Balance Sheet, the Interim Group Cash Flow Statement, the Interim Group Statement of Changes in Equity and the related Notes 1 to 20. 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 consolidated financial information.

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of consolidated financial information in the half-yearly financial report for the six months ended 30 June 2023 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 consolidated financial information 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 consolidated financial information 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

26 September 2023