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LSL Property Services PLC
13 April 2023

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LSL Property Services plc (LSL or Group)
FULL YEAR RESULTS FOR THE YEAR ENDED 31 DECEMBER 2022

RESILIENT TRADING AND STRONG BALANCE SHEET TO SUPPORT FUTURE GROWTH

LSL has today released its Preliminary Results for the year ended 31 December 2022.

David Stewart, Group CEO, commented:

"I am pleased to report that LSL is in good shape. In 2022, the Group traded well in challenging market conditions, whilst making substantial progress in the execution of our strategy to grow and to become a B2B financial services provider. As a result, we remain well-placed to deliver on our strategy and capitalise on the significant opportunities we see available."

Highlights

- All Divisions traded well and gained market share
- FY22 performance in line with the Board's November guidance
- Group Revenue resilient at £321.7m (2021: £326.8m)
- Group Underlying Operating Profit[1] of £36.9m (2021: £49.3m), impacted by smaller purchase market and adverse effect of mini-budget on our Surveying & Valuation business in Q4 2022
- Group operating loss of £56.7m (2021: £72.6m profit) after the Board reduced the carrying value of goodwill by £87.2m. This is a non-cash item reflecting the impact of more conservative mid-term housing market assumptions, higher discount rates and the disposal of non-core businesses. In 2021, the statutory operating profit was boosted by a £29.4m gain on the disposal of interests in joint ventures, which was also part of our strategy to exit from non-core businesses
- The Group is highly cash-generative with £35.2m generated from operations in FY22
- Share of UK purchase and re-mortgage market increased to a record 10.4%[2] (2021: 9.6%)
- Surveying & Valuation performed strongly, delivering resilient margins and profits
- Estate Agency retained local market share gains made in 2021, and slightly increased national market share[3]
- Significant strategic progress to simplify the Group and focus on business-to-business services (B2B), with the disposal of direct-to-consumer (D2C) financial services businesses to our Pivotal Growth joint venture and the Marsh & Parsons disposal
- Very strong balance sheet with Net Cash[4] of £40.1m at 31 December 2022 (2021: £48.5m)
- Full year dividend maintained at 11.4p
- Improved trading momentum in challenging markets, with higher levels of activity in all divisions, will support stronger performance expected in the second half of 2023

Outlook

- We expect market conditions to remain challenging during H1 but to improve in H2 and thereafter, supported by a strong re-mortgage market, and further improvements in consumer confidence and transaction levels assisted by recent reductions in mortgage rates
- Trading in our Financial Services Network and Estate Agency businesses is in line with expectations, with signs of increasing momentum
- In Surveying & Valuation, valuations in more specialist areas such as equity release and buy-to-let have recovered less quickly after the rise in interest rates and market disruption which followed the 2022 mini-budget, with these segments still trending significantly below 2022
- We will manage costs pro-actively as market conditions evolve
- Planned investment for the longer term will continue, underpinning confidence for the future
- LSL remains very well-placed to benefit as market conditions improve

Notes:
1 Group Underlying Operating Profit is before exceptional items, contingent consideration, amortisation of intangible assets and share-based payments (see note 5 of the Financial Statements)
2 Mortgage lending excluding product transfers - New mortgage lending by purpose of loan, UK (BOE) - Table MM23 (published 31 January 2023)
3 Number of residential property transaction completions with value £40,000 or above, HMRC (published 24 January 2023)
4 Refer to note 11 to the Financial Statements for the calculation

FINANCIAL RESULTS

Full Year	2022	2021	Var
Group Revenue (£m)	321.7	326.8	(2)%
Group Underlying Operating Profit[1] (£m)	36.9	49.3	(25)%
Group Underlying Operating margin (%)	*11%*	*15%*	*(370)bps*
Exceptional Gains (£m)	0.7	31.1	(98)%
Exceptional Costs (£m)	(88.9)	(2.0)	nm
Group operating (loss)/profit (£m)	(56.7)	72.6	(178)%
(Loss)/Profit before tax (£m)	(59.1)	69.9	(185)%
Basic Earnings per Share[2] (pence)	(62.3)	59.6	(205)%

Adjusted Basic Earnings per Share[2] (pence)	28.4	37.7	(25)%
Net Cash[3] at 31 December (£m)	40.1	48.5	(17)%
Final Proposed dividend (pence)	7.4	7.4	-
Full Year Dividend (pence)	11.4	11.4	-

Notes:
1 Group Underlying Operating Profit is before exceptional costs, contingent consideration, amortisation of intangible assets and share-based payments (as set out in note 5 of the Financial Statements)
2 Refer to note 6 of the Financial Statements for the calculation
3 Refer to note 11 of the Financial Statements for the calculation
nm not meaningful

GROUP CHIEF EXECUTIVE'S REVIEW

Review of 2022 Performance
I am pleased to confirm that LSL remains in good shape and is well-positioned to grow once market conditions improve.

Although the mortgage and housing markets have been adversely impacted by economic and political uncertainty, the Group has continued to trade well and backed by a strong balance sheet, we expect to remain resilient throughout 2023 in what are anticipated to be difficult, but steadily improving, market conditions.

Furthermore, we have made very substantial progress in executing our Financial Services-led growth strategy, significantly reducing our exposure to housing market cycles. With a strong balance sheet, including Net Cash[1] balances of £40.1m at the year end, and a business model that remains highly cash-generative, LSL is well placed to benefit as soon as market conditions normalise.

Group Revenue was broadly in line with 2021 at £321.7m. This included record revenue of £81.7m in Financial Services, and a very strong H1 2022 performance in Surveying & Valuation, which was subsequently impacted by the significant and unexpected market disruption resulting from economic and political uncertainty in Q4 2022.

Group Underlying Operating Profit[2] was down 25% compared to 2021 at £36.9m, which is mostly attributable to reduced volumes in Surveying & Valuation during Q4 2022 and the impact of a slowdown in the residential sales market in Estate Agency. On a statutory basis, the Group operating loss was £(56.7)m, after the Board reduced the carrying value of goodwill by £87.2m. This is a non-cash item reflecting the impact of more conservative mid-term housing assumptions, higher discount rates and the disposal of non-core businesses, including Marsh & Parsons. In 2021, the Group reported a statutory operating profit of £72.6m, which was boosted by a £29.4m gain on the disposal of interests in joint ventures, which was also part of our strategy to exit from non-core businesses.

In Financial Services, the Underlying Operating Profit[2] of our Network business was £15.5m, ahead of the record result in 2021 (£14.4m). Although member firms were naturally cautious about adviser numbers in H2, there was also modest further year-on-year growth in the number of advisers, bringing the year-end total to 2,867. In addition, more than 700 other firms submitted business through LSL's mortgage club, further boosting our market share.

The Financial Services Division as a whole secured an 11% increase in overall lending, well ahead of the whole market which had only modest growth of 1.9%. This resulted in a substantial market share improvement to 10.4%[3] from 9.6% in 2021.

Underlying Operating Profit[2] for the Financial Services Division as a whole reduced by £1.5m, as the Group's D2C advice businesses were impacted by lower levels of activity in the new build market in particular, and the house purchase market in general. Our direct-to-consumer financial services businesses were transferred during the early part of 2023 to our joint venture with Pollen Street Capital, Pivotal Growth, in line with LSL's strategy to focus its activities on B2B services. We believe Pivotal Growth, in which the Group has a 48% equity share, is better placed to take these businesses forward for the benefit of our shareholders.

Surveying & Valuation traded very strongly through to the end of Q3 2022, capitalising on recent contract wins and increased allocations as well as further growth of 73% in D2C and data revenues. Its excellent performance was interrupted by the market-wide hiatus in mortgage activity in October and November, as lenders remained cautious whilst the political and economic impact of the events that followed September's mini-budget became clearer. This is estimated to have directly reduced H2 Underlying Operating Profit in the Surveying & Valuation Division by at least £5m.

Nevertheless, the Surveying & Valuation Division still reported Underlying Operating Profit[2] of £20.4m, down £3.2m on 2021, but still £4.1m or 25% higher than the pre-COVID-19 performance of £16.3m reported in 2019. Despite the market pressure, the Underlying Operating Profit margin[2] remained resilient at 22%. Income-per-job increased slightly to £175, £2 up on 2021.

Estate Agency revenues were down 5% on 2021, when performance was boosted substantially by the extension of the stamp duty holiday. H2 2022 improved materially year-on-year on the back of the pipeline built up in H1. Lettings revenue was resilient and increased by 4%, on a like for like basis, over the prior year.

Estate Agency retained the residential sales market share gains made in its core catchment areas in 2021, and as a result slightly increased its national market share[4] to 1.30% (2021: 1.28%). Conversion of its exchange pipeline remained slow throughout the year, impacting H1 performance in particular. H2 2022 saw fewer new properties coming to market and fewer sales agreed but the strong pipeline built in H1 secured an operating profit double the size of H2 2021. Unsurprisingly, given increased economic and housing market uncertainty, there was a trend towards more fall-throughs, largely affecting more recently agreed sales, both of which will impact performance in Q1 2023.

Lettings revenue was resilient, increasing by 4%, on a like for like basis, over 2021. The impact of slow exchange speeds, reduced house purchase activity and a solid lettings performance combined to produce Underlying Operating Profit[2] for the Estate Agency Division of £10.5m, £7.9m below the performance in 2021 which had benefited significantly from the extension of the stamp duty holiday to 30 June 2021. The performance during H2 was 4% ahead of H2 2021.

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

In January 2023, we announced the disposal of our London estate agency business, Marsh & Parsons, to Dexters for a consideration of £29m. Marsh & Parsons, which contributed £1.5m to 2022 Underlying Operating Profit, has a relatively low volume, high fee business model when compared to the rest of the Estate Agency Division, and was particularly exposed to London housing market cycles giving rise to a relatively volatile earnings profile. Other steps to simplify the Group include the disposal of our small property management business PRSim and the consolidation of our asset management operations within our Surveying & Valuation Division.

Throughout 2022 we maintained our level of investment in Mortgage Gym and DLPS, the technology businesses acquired in April 2021 to support our Financial Services growth plans. Work continued to adapt and develop the technology with a view to deployment across our Financial Services Network, with the first stage of this work to be completed during 2023. This technology investment helps our Network members become more efficient as well as generating additional income for them and the Group.

In 2023, we will complete our work to re-focus these businesses, which will be absorbed into the Financial Services Network reflecting what is now their predominant business focus.

Our Financial Services led growth plans are centred on the B2B service offered to our Network members where we believe there are significant opportunities to grow further by expanding the number of advisers and the product range they distribute. The Network business offers a highly scalable, low-cost platform through which strong margins can be sustained in different market conditions and is consistent with our vision of LSL as a B2B service provider.

We previously concluded that it would be better to pursue the considerable opportunities in the D2C mortgage broking market under a different ownership structure to that of the Group, so that significant capital could be deployed and entrepreneurs incentivised appropriately through different economic cycles. This led to the announcement in 2021 of our Pivotal Growth "buy-and-build" joint venture with Pollen Street Capital.

Pivotal Growth has now acquired eight businesses, comprising around 330 advisers, including the Group First and RSC, Embrace Financial Services and First2Protect direct-to-consumer businesses transferred from LSL. The consideration for RSC, Group First and Embrace Financial Services will be based on their financial performance in 2024.The consideration for F2P is payable at completion.

I believe this is an exciting move for both Pivotal Growth and LSL, providing increased scale for Pivotal Growth and the right environment for these businesses to grow further. It has also helped simplify the LSL Group considerably, substantially reducing our cost base and exposure to housing market cycles whilst also reducing management stretch to enable us to focus on the substantial opportunity to grow the remaining Financial Services Network, Surveying & Valuation and Estate Agency businesses.

In Surveying & Valuation we have continued to diversify our revenue streams. In May 2022, we launched a consumer-facing website to support the growth of our enhanced direct-to-consumer proposition, where we achieved a 60% increase in revenue year-on-year. Providing data services to lenders has strengthened our relationships and helped secure contract wins and increased allocations of valuation instructions, whilst we have established a strong position in the equity release valuation segment, a sector we expect to grow significantly over the medium term. Equity release instructions accounted for approximately 16% of revenue in 2022 (2021: 12%).

Strong balance sheet

Our cash generation in the year resulted in a Net Cash balance of £40.1m. This was boosted further in January 2023 following the disposal of Marsh & Parsons for a consideration of £29m. Our strong balance sheet and continuing strong cash generation enables us to invest with confidence throughout the economic cycle, including restructuring the Group to deliver our ambitious growth strategy. In 2023, we will continue to invest in capability and technology, support Pivotal Growth in its acquisition of D2C brokerages, and consider potential acquisition targets to build our Financial Services Network business. The Board will continue to actively review its capital allocation policy to ensure we maintain an efficient balance sheet.

To provide further flexibility to our balance sheet, during February 2023 we agreed an amended and restated 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.

Dividend

The Board has considered the proposed dividend in light of the Group's policy to pay out 30% of Group Underlying Operating Profit 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.

Although economic conditions have affected current earnings, we have made significant progress in executing our strategic shift to develop a business that is less exposed to the housing market cycle.

As part of that shift and the associated rationalisation of certain businesses such as the recent sale of Marsh & Parsons, we have built significant Net Cash balances, which at 31 December 2022 and prior to the disposal of Marsh & Parsons, stood at £40.1m. In light of this exceptionally strong cash position and the Board's confidence in the future prospects of the Group, the Board recommends a final dividend of 7.4 pence. If approved, this would give a total dividend of 11.4 pence per share, unchanged from last year.

The ex-dividend date is 27 April 2023 with a record date of 28 April 2023 and a payment date of 2 June 2023. Shareholders can elect to reinvest their cash dividend and purchase additional shares in LSL through a dividend reinvestment plan. The election date is 11 May 2023.

The Board continues to keep its capital allocation policy and balance sheet structure under close review to ensure it is fit for purpose for our evolving business model and will seek to update shareholders on this as appropriate.

Living Responsibly

The Board believes that success is measured by 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, 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 to achieve this by a number of independent colleague forums and working groups which provide additional insight in key areas. Further information on these, including the establishment in 2023 of *LSL Voices* is also set out 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 equally grateful for the hard work and commitment of all our staff during what has been a hugely challenging period and which has 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.

Looking Ahead
We have made significant progress in re-shaping the Group in line with our strategy and each of our core businesses are performing well. After a strong start to 2022 which saw us build substantial pipelines in Estate Agency and Financial Services, market conditions deteriorated as a result of political instability and sharply rising interest rates and although we expect to see a steady improvement in activity over the course of the year, it is clear that conditions will remain challenging throughout 2023.

However, LSL remains well-positioned for future growth. Independent mortgage brokers typically perform well in challenging markets, being agile and close to their client's needs, and this will help ensure our Financial Services Network businesses will remain resilient. In addition, although some areas of the valuation market remain depressed following the market uncertainty which followed the 2022 mini-budget, our Surveying & Valuation business remains very well-placed for medium-term growth, helped by recent contract wins and good progress made in developing new income streams.

We have made substantial progress in restructuring and re-focusing the Group's activities and will continue this work in 2023. Our very strong balance sheet allows us to continue to invest for the future with confidence, and I am excited about the Group's potential and look forward to reporting growth in 2024 and beyond.

David Stewart
Group Chief Executive Officer
12 April 2023

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Notes on LSL
LSL is one of the largest providers of services to mortgage intermediaries and mortgage and protection advice to estate agency customers, completing around £46bn of mortgages in 2022. It represents over 10% of the total purchase and re-mortgage market with almost 2,900 financial advisers. PRIMIS was named Best Network, 300+ appointed representatives at the 2022 Mortgage Strategy Awards.

LSL is one of the UK's largest providers of surveying and valuation services, supplying seven out of the ten largest lenders in the UK, employing around 500 operational surveyors, and performing over 500,000 valuations and surveys per annum for key lender clients. e.surv was named Best Surveying Firm at the 2022 Mortgage Finance Gazette Awards and Best Surveyor at the 2022 Equity Release Awards with Mortgage Solutions.

LSL also operates a network of 182 owned and 127 franchised estate agency branches.

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

Notes:
1 Refer to note 11 to the Financial Statements for the calculation
2 Refer to note 5 of the Financial Statements for reconciliation of Group and Divisional Underlying Operating Profit to statutory operating (loss)/profit
3 Mortgage lending excluding product transfers - New mortgage lending by purpose of loan, UK (BOE) - Table MM23
4 Number of residential property transaction completions with value £40,000 or above, HMRC

P&L (£m)	**2022**	**2021**	**Var**
Divisional Group Revenue			
Financial Services Network (net revenue)	*41.6*	*38.3*	*9%*
Financial Services Other	*40.0*	*40.2*	*(0)%*
Financial Services	81.7	78.5	4%
Surveying & Valuation	93.2	93.7	(1)%
Estate Agency	146.8	154.6	(5)%
Group Revenue	**321.7**	**326.8**	**(2)%**

Divisional Underlying Operating Profit[1]			
Financial Services Network	*15.5*	*14.4*	*8%*
Financial Services Other	*(2.3)*	*0.4*	*nm*
Financial Services	13.3	14.8	(10)%
Surveying & Valuation	20.4	23.6	(14)%
Estate Agency	10.5	18.4	(43)%
Unallocated Central Costs	(7.3)	(7.5)	3%
Group Underlying Operating Profit	**36.9**	**49.3**	**(25)%**

P&L (£m)	2022	2021	Var
Divisional operating (loss)/profit[1]			
Financial Services	(6.8)	10.0	(169)%
Surveying & Valuation	20.8	24.7	(16)%
Estate Agency	(61.8)	46.5	(233)%
Unallocated Central Costs	(8.8)	(8.6)	(3)%
Group operating (loss)/profit	**(56.7)**	**72.6**	**(178)%**

Notes:
1 Refer to note 5 of the Financial Statements for reconciliation of Group and Divisional Underlying Operating Profit to statutory operating (loss)/profit
nm Not meaningful

FINANCIAL REVIEW

Overview

Group summary (P&L)
Group Revenue of £321.7m was 2% below the record revenue last year (2021: £326.8m), with Financial Services Division revenue up 4%, Surveying & Valuation revenue down 1% and Estate Agency revenue down 5%.

In the Financial Services Division, Financial Services Network revenue increased by 9% which was a positive performance in a broadly flat mortgage market. Financial Services Other revenue was in line with prior year as our D2C businesses were impacted by slower residential activity, offset by re-mortgage activity. Surveying & Valuation revenue was impacted in the aftermath of the UK mini-budget, illustrated by October YTD revenue running at 9% ahead of prior year whilst 1% back for the full year. Estate Agency revenue was back 5% in a market with purchase activity 15% lower.

Group Underlying Operating Profit[1] was £36.9m compared to the record results posted last year (2021: £49.3m) and in line with 2019, the most recent comparable market. The Group Underlying Operating Profit of £22.7m in H2 was 3% above last year (2021: £22.0m), despite the adverse market impact on the Q4 Surveying & Valuation Revenue, as the Group returned to a more normalised profit profile with 62% of operating profit delivered in H2, in line with the pre-COVID-19 levels. During H2 the residential exchange pipeline converted as expected however front-end activity was materially lower, impacted by the UK mini-budget, resulting in the closing pipeline being below expectations.

Our strategic focus is on the Financial Services Network where Underlying Operating Profit[1] increased by 8%. Financial Services Other posted a loss, impacted by lower activity in the purchase and new build markets, and included continued technology investment. Estate Agency Underlying Operating Profit was down against prior year due mainly to the impact of the smaller purchase transaction market. Unallocated central costs of £7.3m reduced by 3%.

On a statutory basis, Group operating loss was £(56.7)m (2021: profit £72.6m). The 2022 results include a £87.2m non-cash impairment charge for goodwill and other intangibles following the annual impairment review, as detailed later in this Financial Review, and 2021 results included the gain on sale of our holdings in two joint venture businesses sold during the year.

Operating expenditure
Total adjusted operating expenses[2] increased by 2% to £285.7m (2021: £280.2m) with costs managed carefully, mitigating the impact of the inflationary cost environment with H2 2022 costs 5% below H1. Our emoluments increased by 2% in 2022, with annual pay and NI increases, and a cost of living award for lower paid staff, mitigated by headcount reductions in H2 2022 in response to market conditions. Property and related costs increased by 12%, reflecting energy price inflation which drove utilities costs up by £1.6m and prior year business rates relief. Other material costs, including IT, were largely protected by previously negotiated fixed-price long-term contracts.

Other operating income
Total other operating income was £1.3m (2021: £0.9m). Of this, rental income was £0.7m (2021: £0.9m), reducing year-on-year following the disposal during 2021 of several freehold properties previously leased out.

The fair value of units held in The Openwork Partnership LLP was reassessed to £0.7m and is recognised in other operating income. In 2021, there was a gain on sale of £1.1m generated from the disposal of the freehold properties.

(Loss) / income from joint ventures and associates
Losses from joint ventures and associates of £0.5m (2021: £0.7m profit) primarily relate to our equity share of Pivotal Growth which is still in a growth phase. The prior year income comprised our share of LMS and TM Group profits prior to the disposal of our shares in these investments and our share of set up costs of Pivotal Growth.

Share-based payments
The share-based payment charge of £2.0m (2021: £1.9m) consists of a charge in the period of £3.1m, offset by lapses and adjustments for leavers and options exercised in the period. The prior year included a lower charge of £2.6m, offset by lower lapse and leaver adjustments.

Amortisation of intangible assets
The amortisation charge for 2022 was £4.1m (2021: £4.5m). The year-on-year decrease was as a result of some lettings books acquisitions and intangible software investments becoming fully amortised during 2021.

Exceptional items
The exceptional gain of £0.7m (2021: £31.1m) relates to a release in the PI costs provision, as we continue to make progress with settling historic PI claims where actual settlement costs have been lower than expected. The prior year exceptional gain included the gains on disposals of the Group's joint venture holdings in LMS and TM Group.

Exceptional costs of £88.9m (2021: £2.0m), related principally to the outcome of the annual impairment review, which led to non-cash goodwill and other intangibles impairment of £87.2m (2021: £nil) in a number of subsidiaries[3]: Your Move and Reeds Rains (£42.0m), Marsh & Parsons (£27.7m), DLPS (£1.1m), Group First (£10.3m) and RSC (£6.1m).

The non-cash goodwill impairments result from the deterioration in the near-term outlook for cash flows due to market conditions and the significant increase in discount rates since the previous review, impacting Your Move and Reeds Rains and DLPS, and the strategic decision to sell Marsh & Parsons, Group First and RSC. The disposals of Marsh & Parsons, Group First and RSC were announced in January 2023.

Further exceptional costs of £1.7m (2021: £nil) were recognised as a result of 12 branch closures, as part of a restructuring programme in the Estate Agency Division.

Contingent consideration
The credit to the income statement in 2022 of £0.7m (2021: credit £0.7m), relates to the reduction of the contingent consideration liability for RSC and DLPS, based on revisions to profit forecasts.

Net finance costs
Net finance costs amounted to £2.4m (2021: £2.7m) and related principally to unwinding of the IFRS 16 lease liability of £1.4m (2021: £1.5m) and commitment and non-utilisation fees on the revolving credit facility of £1.0m (2021: £1.0m). Finance income increased to £0.1m (2021: £nil) resulting from increased interest received on funds held on deposit.

Loss before tax
Loss before tax was £59.1m (2021: profit before tax of £69.9m). The year-on-year movement is due to the non-cash impairments to goodwill and other intangibles during 2022, the lower Group Underlying Operating Profit, and the prior year exceptional gain of £29.4m on the sale of the investments in the LMS and TM Group joint ventures.

Taxation
The tax charge of £4.9m (2021: £8.0m) represents an effective tax rate of (8.3)%, which is higher than the headline UK tax rate of 19% largely as a result of the inclusion within the loss before tax of exceptional impairments to subsidiaries, which are not deductible for corporation tax purposes. Deferred tax assets and liabilities are measured at 25% (2021: 25%), the tax rate effective from 1 April 2023.

Earnings per Share[4]
Basic Earnings per Share was (62.3) pence (2021: 59.6 pence), with diluted Earnings per Share of (62.3) pence (2021: 59.2 pence). The Adjusted Basic Earnings per Share was 28.4 pence (2021: 37.7 pence), a decrease of 25%, with adjusted diluted Earnings per Share of 28.1 pence (2021: 37.4 pence).

Notes:
1 Refer to note 5 of the Financial Statements for reconciliation of Group and Divisional Underlying Operating Profit to statutory operating (loss)/profit
2 Total adjusted operating expenses include employee costs, depreciation and other operating costs as shown in Group Income Statement
3 Refer to note 10 of the Financial Statements
4 Refer to note 6 of the Financial Statements for the calculation

DIVISIONAL REVIEW

Financial Services Division

Highlights
- Record Financial Services Network Underlying Operating Profit[1] of £15.5m (2021: £14.4m) up 8%
- Record total lending of £45.6bn, up 11% (2021: £41.1bn)
- Further increase in share of UK purchase and re-mortgage market to 10.4%[2] (2021: 9.6%), reflecting strength of Network mortgage advisers in re-mortgages, a segment we expect to increase further in importance in 2023
- Gross revenue per adviser[3] up 4%
- Total LSL advisers increased to 2,867 (2021: 2,858)
- Total Financial Services Division Underlying Operating Profit[1] was £13.3m (2021: £14.8m) reflecting further investment in technology and impact of lower purchase market on D2C brokerages subsequently sold to Pivotal Growth

Financial overview
Total revenue reported was up 4% to £81.7m (2021: £78.5m). Core Financial Services Network Revenue grew by 9% year-on-year benefiting from higher adviser numbers and strong renewal volumes. Financial Services Other revenue was in line with last year due to stronger H2 (£1m ahead of 2021) in line with increased market activity. Financial Services Division Underlying Operating Profit was £13.3m (2021: £14.8m). On a statutory basis, operating loss was £6.8m (2021: profit £10.0m).

The Division's revenue mix by product continues to highlight the significance of our insurance business and its success in arranging insurance products both on a standalone basis and when needed at the time of a mortgage being arranged. In 2022, there remained a broadly equal split between mortgage related and insurance related revenue. The split of revenue by product type in 2022 was £36.5m for mortgage fees (2021: £33.7m), £34.2m for protection and insurance fees (2021: £35.2m) and £10.9m in other fees (2021: £9.6m).

Financial Services Network business

Financial Services Network business
Gross purchase and re-mortgage completion lending increased by 11% to £32.7bn (2021: £29.5bn) representing an increased share of the lending market excluding product transfers to 10.4% (2021: 9.6%). Including product transfers, total gross mortgage lending was £45.6bn in 2022 (2021: £41.1bn). Gross revenues generated by the Financial Services Network business (including the TMA mortgage club) increased by 7% to £316.6m (2021: £295.9m).

Gross revenue per average adviser in 2022 was £93.9k (2021: £90.1k). Whilst AR firms in the network have been understandably cautious about growing adviser numbers in the midst of the economic and political uncertainty, and as a result the Financial Services Network business saw modest growth in adviser numbers, this indicates that through the turnover of advisers, there is a net improvement in the most productive.

Financial Services Network business focused heavily on helping member firms look after the mortgage needs of their existing customers during 2022, particularly during periods of rapidly changing interest rates. This deliberate focus helped member firms grow their revenue through increased volumes of re-mortgage and product switches, despite the decline in the housing market.

Underlying Operating Profit increased 8% to £15.5m (2021: £14.4m) with Underlying Operating margin decreasing marginally to 37% (2021: 38%) as we continue to invest in our businesses and some cost categories returned to levels more in line with pre-COVID-19 periods e.g. broker events and marketing support.

Financial Services Other
Financial Services Other generated an Underlying Operating Loss of £2.3m (2021: profit £0.4m), which is stated after our continued investment in the businesses that make it up, including costs of the TPFG contract and the Pivotal Growth joint venture.

As well as continued investment in the Mortgage Gym platform, we continued to invest in the Financial Services Network business technology platform (Toolbox), to deliver benefits to firms and their advisers and create further efficiencies and improved functionality. Financial Services Other D2C businesses were impacted by lower activity levels in the new purchase market but took advantage of the increased refinancing activity which peaked in H2 and was impacted in part by the UK mini-budget.

The Pivotal Growth joint venture was established in April 2021, with a net loss in 2022 of £0.5m after acquisition costs and overheads. The slower than expected momentum in acquisitions means it is still in the investment phase, and we expect a positive contribution in 2023.

Notes:
1 Refer to note 5 of the Financial Statements for reconciliation of Group and Divisional Underlying Operating Profit to statutory operating (loss)/profit
2 Mortgage lending excluding product transfers - New mortgage lending by purpose of loan, UK (BOE) - Table MM23
3 Gross revenue per adviser is calculated as Financial Services Network gross revenue (excluding the TMA mortgage club) per active adviser

Surveying & Valuation Division

Highlights
- Surveying & Valuation Division once again performed strongly
- Despite the sudden and unexpected market disruption, Underlying Operating margin[1] remained resilient at 22% (2021: 25%), and well ahead of the pre-COVID-19 period (2019: 19%)
- Underlying Operating Profit[1] of £20.4m (2021: £23.6m), despite an estimated £5m profit impact from Q4 market disruption
- D2C and data services income increased by 73% to £3.8m
- Jobs performed was broadly in line with FY21 at 532k despite market disruption

Summary
The Surveying & Valuation Division's Underlying Operating Profit reduced by 14% compared to 2021, materially impacted by the disruption to mortgage lending in Q4 2022 as a result of political and economic uncertainty. Revenue growth for the first three quarters of FY22, immediately prior to the Government's mini-budget was 9% year-on-year against broadly flat lending market growth of 2%.

Surveyor capacity utilisation remains above historic levels, with the slight reduction compared to the prior year resulting from the market slowdown in Q4 with record levels of capacity utilisation to that point. Jobs per average Surveyor reduced slightly in the period to 1,065 (2021: 1,079) due mainly to the H2 graduate intake which is expected to drive a benefit in 2023 as these surveyors become fully operational. Underlying Operating margin reduced to 22% (2021: 25%), largely as a result of a 4% increase in operating costs linked to strategic headcount investment and inflationary cost pressures.

We estimate that we increased market share in 2022, while maintaining operational resilience and providing high-quality service. We were named Best Surveying Firm at the 2022 Mortgage Finance Gazette Awards and Best Surveyor at the 2022 Equity Release Awards with Mortgage Solutions. During the 12 months to 31 December 2022, one key supplier contract was renewed in addition to one renewal at the end of December 2021, increasing valuation instruction allocations. We also achieved increases in allocations from some existing lender clients. Almost two thirds of our total annual volume is currently secured for at least 18 months. Significant further progress was made with our strategic objective of developing income from private surveys and data, which increased by 73% to £3.8m.

Financial overview
Revenue reduced by 1% to £93.2m (2021: £93.7m), impacted by a material market slowdown in Q4. Surveying & Valuation Division revenue YTD October was 9% above the same period in 2021. Underlying Operating Profit reduced by 14% to £20.4m (2021: £23.6m). On a statutory basis, operating profit was £20.8m (2021: £24.7m).

Income per job increased by 1% to £175 (2021: £173), with the higher volume of jobs performed reflecting the improved capacity management with similar levels of operational surveyors. During 2022, 72% of the Division's jobs derived from its top five lender clients. This is broadly consistent with the concentration of mortgage lending in the UK, where it is estimated that the six largest lenders collectively account for around 70% of the market. The total number of jobs performed during the period was 532,000, which was 2% lower than in 2021.

At 31 December 2022, the total provision for professional indemnity (PI) costs was £2.3m (31 December 2021: £3.9m). The Group continued to make positive progress in addressing historic PI claims and the number of new valuation claims provided for in the year remained very low.

The number of operational surveyors employed[2] at 31 December 2022 was 512, which was an increase on 31 December

2021 at 489. Our graduate and trainee mentoring programmes continue to provide new productive surveyors, to alleviate any capacity constraints in the market.

Notes:
1 Refer to note 5 of the Financial Statements for reconciliation of Group and Divisional Underlying Operating Profit to statutory operating (loss)/profit
2 Full Time Equivalent (FTE)

Estate Agency Division

Highlights
- Estate Agency national market share[1] increased to 1.30% (2021: 1.28%)
- Estate Agency Underlying Operating Profit[2] of £10.5m (2021: £18.4m) in a reduced purchase market
- Underlying Operating Profit in H2 of £11.5m materially ahead of prior year (H2 2021: £5.9m)

Summary
As a result of the marginal increase in national market share, the residential sales income reduction was 12% compared to the prior year in a market that was 15% lower, with the higher pipeline entering the year also supporting the performance. H2 exchanges were in line with our previous expectations after the delays to pipeline conversion experienced in H1.

However, market activity slowed further in H2, driven by affordability issues. As a result, the residential sales pipeline entering 2023 of £15.3m has reduced materially from the record high in June of £26.7m and is 26% lower than the pipeline on 31 December 2021 (£20.7m). Lettings income increased 2% compared to the prior year and represented 43% (2021: 40%) of total Estate Agency Division income, due to an improved average rent in a market where the supply of new stock remained limited.

Financial overview
Revenue for the year of £146.8m was 5% behind prior year (2021: 154.6m), with residential sales income 12% below what was a year of unusually high activity due to the temporary reductions of stamp duty. Underlying Operating Profit was £10.5m, reflecting the lower residential market activity and inflationary costs pressures within the branch network, specifically higher energy costs and business rates now at pre-COVID-19 levels, with no rates relief in 2022. On a statutory basis, operating loss was £61.8m (2021: profit £46.5m) due to exceptional goodwill impairment charges of £71.4m in the period and gains from the sale of joint ventures during 2021 of £29.4m.

Residential Sales
Residential Sales exchange income decreased by 12% to £63.5m (2021: £71.7m). The Estate Agency Division consolidated the market share gains made during 2021, broadly maintaining share of instructions in the locations we trade, and with marginal growth of our market share of housing transactions on a national level. The residential sales pipeline (including Marsh & Parsons) decreased to £15.3m at 31 December 2022 (31 December 2021: £20.7m).

Conversion of the residential exchange pipeline remained slow throughout the year, impacting H1 2022 performance in particular. H2 2022 saw fewer new properties coming to market and lower levels of sales agreed. There was also a trend towards an increase in the number of fall-throughs, largely affecting more recently agreed sales, both of which will impact performance in Q1 2023.

Lettings
In the Lettings market there has been a very limited supply of new instructions. Our focus has therefore been on reletting and retaining our managed property portfolio. The total number of managed properties at 31 December 2022 was 23,881, slightly below the 24,372 at same date in 2021. Stronger average rental prices resulted in like-for-like lettings income up 4% year-on-year at £63.3m.

Other income
Other income was down 4% to £20.1m (2021: £20.8m) reflecting the impact of the lower exchange volumes on conveyancing and financial services income directly linked to exchange volumes. Asset management was 17% ahead of 2021. However market repossession volumes remain low, albeit ahead of the exceptionally low market in 2021 which was severely impacted by COVID-19.

Notes:
1 Number of residential property transaction completions with value £40,000 or above, HMRC
2 Refer to note 5 of the Financial Statements for reconciliation of Group and Divisional Underlying Operating Profit to statutory operating (loss)/profit

Balance Sheet Review
Goodwill
The carrying value of goodwill is £56.5m[1] (31 December 2021: £160.9m) reflecting the non-cash impairment of £87.0m in Your Move and Reeds Rains, Marsh & Parsons, Group First, RSC, and DLPS at 31 December 2022. During December 2022 the Group made the strategic decision to sell both Group First and RSC to its joint venture Pivotal Growth and separately made the decision to sell Marsh & Parsons to Dexters. This resulted in the reclassification of these businesses as held for sale, with a reduction of £17.3m in goodwill. The sales of all three businesses were announced in January 2023.

Other intangible assets and property, plant and equipment
Total capital expenditure in the year amounted to £4.9m (2021: £6.9m), primarily reflecting the continued investment in technology in the year, including £2.0m (2021: £2.2m) for further development of the Toolbox platform and other technologies in the Financial Services Division. The higher prior-year expenditure also reflectedinvestment by the Estate Agency Division in third-party property software, IT infrastructure investment, and an element of spend deferred from 2020, when cash conservation measures had been taken.

Financial assets and investments in joint ventures and associates
Financial assets
Financial assets of £1.0m at 31 December 2022 (2021: £5.7m) comprise investments in equity instruments in unlisted companies. The carrying value of the Group's investment in Yopa at 31 December 2022 has been

assessed as £nil (2021: £4.5m), with the reduction recognised through the Statement of Comprehensive Income. In determining the carrying value the Group considered both the historic and current trading performance of Yopa, which continued to be loss making and the general market share decline of hybrid estate agencies. In January 2023, the Group agreed to sell its shares in Yopa for £nil consideration based on third party valuations provided to the existing shareholders.

The carrying value of the Group's investment in VEM at 31 December 2022 has been assessed as £0.2m (2021: £0.7m). Our valuation is based on a four-year weighted EBITDA multiple applied to actual and forecast profits, with the reduction recognised through the Statement of Comprehensive Income. In March 2023, the Group agreed to sell its shares in VEM for £0.2m consideration.

During the period the fair value of units held in The Openwork Partnership LLP was reassessed to £0.7m (31 December 2021: £nil), with the gain recognised in other operating income.

Joint ventures
In April 2021 theGroup established the Pivotal Growth joint venture and holds a 47.8% interest at 31 December 2022. The joint venture is accounted for using the equity method and is held on the balance sheet at £5.1m at 31 December 2022 (31 December 2021: £1.6m), representing the Group's equity investment in Pivotal Growth during the period, less our share of losses after tax for the period.

During 2021, we disposed of our entire holding in both non-core businesses LMS (May 2021) and TM Group (July 2021) for total proceeds of £41.3m.

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 UK 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 31 December 2022, Net Cash was £40.1m (31 December 2021: Net Cash £48.5m).The net decrease in cash and cash equivalents of £8.4m in 2022 included further investment in Pivotal Growth (£4.0m), capital expenditure of £4.9m (2021: £6.9m), a share buyback programme (£4.0m), the loan of £5.0m to the EBT for the acquisition of LSL shares to satisfy employee share schemes, payment of the 2021 final and 2022 interim dividends of £11.8m (2021: £4.2m dividends paid) and reduced corporation tax payments of £6.1m (2021: £8.5m). Provisions also decreased by £0.8m (2021: decrease of £3.2m), due to the positive progress in addressing historic PI claims.

The Group generated adjusted cash from operations[2] of £28.8m (2021: £37.7m). After adjusting for tax payment deferrals agreed with HMRC relating to 2020, the cash flow conversion[3] rate was 78%. The 2021 conversion of 106% was supported by significantly higher Estate Agency revenues, with high immediate cash drop-through.

The Financial Services Network business has a regulatory capital requirement associated with its regulated revenues. The regulatory capital requirement was £5.9m at 31 December 2022 (31 December 2021: £4.9m), with a surplus of £24.9m (31 December 2021: £14.2m).

Contingent consideration liabilities
Contingent consideration liabilities at 31 December 2022 were £2.3m (31 December 2021: £3.0m). Contingent consideration liabilities relate primarily to the cost of acquiring the remaining shares in RSC. The year-on-year reduction reflects an update to forecasts in both RSC and Direct Life Quote Holdings Limited, and a small part-settlement of the latter. Ahead of the disposal of RSC in January 2023, we settled the contingent consideration of £2.3m.

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 the Annual Report and Accounts.

International Accounting Standards (IAS)
The Financial Statements have been prepared in accordance with UK-adopted IAS.

Notes:

1 Refer to note 10 of the Financial Statements
2 Adjusted cash flow from operations is defined as cash generated from operations, less the repayment of lease liabilities, plus the utilisation of PI provisions.
3 Adjusted cash flow conversion defined as cash generated from operations (pre PI and post lease liabilities) divided by Group Underlying Operating Profit

Group Income Statement
for the year ended 31 December 2022

	Note	2022 £'000	2021 £'000
Continuing Operations:			
Revenue	3	**321,738**	326,832
Employee costs		**(206,569)**	(202,269)
Depreciation on property, plant and equipment		**(11,629)**	(12,500)
Other operating costs		**(67,500)**	(65,410)
Other operating income		**1,334**	937
Gain on sale of property, plant and equipment and right-of-use assets		**8**	1,061
Share of post-tax (loss)/profit from joint ventures and associates		**(494)**	668
Share-based payments		**(1,977)**	(1,916)
Amortisation of intangible assets		**(4,112)**	(4,534)
Exceptional gains	7	**694**	31,050
Exceptional costs	7	**(88,898)**	(2,045)
Contingent consideration		**696**	710
Group operating (loss)/profit		**(56,709)**	72,584
Finance income		**80**	14
Finance costs		**(2,497)**	(2,709)
Net finance costs		**(2,417)**	(2,695)
(Loss)/profit before tax		**(59,126)**	69,889
Taxation charge	9	**(4,891)**	(7,985)
(Loss)/profit for the year		**(64,017)**	61,904
Attributable to:			
Owners of the parent		**(63,924)**	61,941
Non-controlling interest		**(93)**	(37)
Earnings per share (expressed in pence per share):			
Basic	6	**(62.3)**	59.6
Diluted	6	**(62.3)**	59.2

Group Statement of Comprehensive Income
for the year ended 31 December 2022

	2022 £'000	2021 £'000
(Loss)/profit for the year	**(64,017)**	61,904
Items not to be reclassified to profit and loss in subsequent periods:		
Revaluation of financial assets not recycled through income statement	**(5,096)**	(1,557)
Tax on revaluation	**130**	(132)
	(4,966)	(1,689)
Total other comprehensive loss for the year, net of tax	**(4,966)**	(1,689)
Total comprehensive (loss)/income for the year, net of tax	**(68,983)**	60,215
Attributable to:		
Owners of the parent	**(68,890)**	60,252
Non-controlling interest	**(93)**	(37)

Group Balance Sheet
as at 31 December 2022

as at 31 December 2022

	Note	2022 £'000	2021 £'000
Non-current assets			
Goodwill	10	**56,530**	160,865
Other intangible assets		**15,747**	29,604
Property, plant and equipment and right-of-use assets		**15,570**	37,070
Financial assets		**1,045**	5,748
Investments in joint ventures and associates		**5,068**	1,610
Contract assets		**431**	733
Total non-current assets		**94,391**	235,630
Current assets			
Trade and other receivables		**26,608**	33,829
Contract assets		**348**	424
Current tax assets		**3,063**	1,142
Cash and cash equivalents		**36,755**	48,464
		66,774	83,859
Assets held for sale		**56,437**	-
Total current assets		**123,211**	83,859
Total assets		**217,602**	319,489
Current liabilities			
Financial liabilities		**(6,949)**	(8,523)
Trade and other payables		**(47,030)**	(64,206)
Provisions for liabilities		**(660)**	(775)
		(54,639)	(73,504)
Liabilities held for sale		**(21,930)**	-
Total current liabilities		**(76,569)**	(73,504)
Non-current liabilities			
Financial liabilities		**(6,277)**	(22,602)
Deferred tax liability		**(2,008)**	(2,073)
Provisions for liabilities		**(1,695)**	(3,191)
Total non-current liabilities		**(9,980)**	(27,866)
Total liabilities		**(86,549)**	(101,370)
Net assets		**131,053**	218,119
Equity			
Share capital		**210**	210
Share premium account		**5,629**	5,629
Share-based payment reserve		**5,331**	5,263
Shares held by employee benefit trust		**(5,457)**	(3,063)
Treasury shares		**(3,983)**	-
Fair value reserve		**(20,239)**	(15,273)
Retained earnings		**149,134**	224,832
Total equity attributable to owners of the parent		**130,625**	217,598
Non-controlling interest		**428**	521
Total equity		**131,053**	218,119

Group Statement of Cash Flows
for the year ended 31 December 2022

	Note	2022 £'000	2021 £'000
(Loss)/profit before tax		**(59,126)**	69,889
Adjustments for:			
Exceptional operating items		**88,204**	(29,005)
Contingent consideration	7	**(696)**	(710)
Depreciation of tangible assets		**11,629**	12,500
Amortisation of intangible assets		**4,112**	4,534
Share-based payments		**1,977**	1,916
Profit on disposal of property, plant and equipment and right-of-use assets		**(8)**	(1,061)
Loss/(profit) from joint ventures		**494**	(668)
Recognition of investments at fair value through the income statement		**(678)**	-
Decrease in contract assets		**378**	471
Finance income		**(80)**	(14)
Finance costs		**2,497**	2,709
Operating cash flows before movements in working capital		**48,703**	60,561
Movements in working capital			
Increase in trade and other receivables		**(1,491)**	(3,911)
Decrease in trade and other payables		**(11,243)**	(8,919)
Decrease in provisions		**(799)**	(3,213)
		(13,533)	(16,043)
Cash generated from operations		**35,170**	44,518
Interest paid		**(2,342)**	(2,554)
Income taxes paid		**(6,109)**	(8,528)
Exceptional costs paid		**(384)**	(2,045)

	Note		
Exceptional costs paid		**(584)**	(2,045)
Net cash generated from operating activities		**26,335**	31,391
Cash flows used in investing activities			
Acquisitions of subsidiaries and other businesses, net of cash acquired		**-**	(730)
Payment of contingent consideration		**(76)**	(2,462)
Investment in joint venture		**(3,952)**	(2,477)
Investment in financial assets		**-**	(14)
Dividend received from joint venture		**-**	1,178
Cash received on sale of joint venture		**-**	41,349
Receipt of lease income		**68**	20
Purchase of property, plant and equipment and intangible assets		**(4,907)**	(6,902)
Proceeds from sale of property, plant and equipment		**1,304**	431
Net cash (expended)/generated on investing activities		**(7,563)**	30,393
Cash flows used in financing activities			
Repayment of loans		**-**	(13,000)
Payment of deferred consideration		**-**	(122)
Purchase of LSL shares by the employee benefit trust		**(5,026)**	-
Repurchase of treasury shares		**(3,983)**	-
Proceeds from exercise of share options		**825**	1,447
Payment of lease liabilities		**(7,170)**	(8,922)
Dividends paid	8	**(11,773)**	(4,166)
Net cash expended in financing activities		**(27,127)**	(24,763)
Net (decrease)/increase in cash and cash equivalents		**(8,355)**	37,021
Cash and cash equivalents at the end of the year		**40,109**	48,464

Closing cash and cash equivalents includes £3.4m (2021: £nil) presented in assets held for sale on the Group Balance Sheet (see note 11).

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
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
At 1 January 2022	**210**	**5,629**	**5,263**	**(3,063)**	**-**	**(15,273)**	**224,832**
Loss for the year	-	-	-	-	-	-	(63,924)
Revaluation of financial assets	-	-	-	-	-	(5,096)	-
Tax on revaluations	-	-	-	-	-	130	-
Total comprehensive loss for the year	**-**	**-**	**-**	**-**	**-**	**(4,966)**	**(63,924)**
Shares repurchased into Treasury	-	-	-	-	(3,983)	-	-
Shares repurchased into EBT	-	-	-	(5,026)	-	-	-
Exercise of options	-	-	(1,806)	2,632	-	-	(1)
Dividend paid	-	-	-	-	-	-	(11,773)
Share-based payments	-	-	1,977	-	-	-	-
Tax on share-based payments	-	-	(103)	-	-	-	-
At 31 December 2022	**210**	**5,629**	**5,331**	**(5,457)**	**(3,983)**	**(20,239)**	**149,134**

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.

Group Statement of Changes in Equity
for the year ended 31 December 2021

	Share capital	Share premium account	Share- based payment reserve	Shares held by EBT	Fair value reserve	Retain
	£'000	£'000	£'000	£'000	£'000	
At 1 January 2021	**210**	**5,629**	**3,942**	**(5,012)**	**(13,584)**	
Profit for the year	-	-	-	-	-	
Revaluation of financial assets	-	-	-	-	(1,557)	
Tax on revaluations	-	-	-	-	(132)	
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**(1,689)**	
Acquisition of subsidiary	-	**-**	**-**	**-**	**-**	
Exercise of options	-	-	(990)	1,949	-	
Dividend paid	-	-	-	-	-	
Share-based payments	-	-	1,916	-	-	
Tax on share-based payments	-	-	395	-	-	
At 31 December 2021	**210**	**5,629**	**5,263**	**(3,063)**	**(15,273)**	

During the year ended 31 December 2021, the Trust acquired nil LSL Shares. During the period, 555,824 share options were exercised relating to LSL's various share option schemes resulting in the Shares being sold by the Trust. LSL received £1.4m on exercise of these options.

Notes to the Preliminary Results Announcement

The above results and the accompanying notes do not constitute statutory accounts within the meaning of Section 435 of the Companies Act 2006.

Statutory financial statements for this year will be filed following the 2023 AGM and will be available on LSL's website: lslps.co.uk. The auditors have reported on these Financial Statements. Their report was unqualified and did not contain a statement under section 498 (2), (3) or (4) of the Companies Act 2006.

1. Directors' responsibility statement

Each of the Directors confirm that, to the best of their knowledge, the Financial Statements, prepared in accordance with UK-adopted IAS, give a fair, balanced and understandable view of the assets, liabilities, financial position and profit or loss of the issuer and the undertakings included in the consolidation taken as a whole; and the Directors' Report includes a fair review of the development and performance of the business and the position of the issuer and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

2. Basis of preparation

The Financial Statements have been prepared on a going concern basis and on a historical cost basis, except for certain debt and equity financial assets that have been measured at fair value. The accounting policies applied by the Group in these consolidated preliminary results are the same as those applied by the Group in the LSL annual Financial Statements for the year ended 31 December 2021. The Group's Financial Statements are presented in pound sterling and all values are rounded to the nearest thousand pounds (£'000) except when otherwise indicated.

Going Concern

The Directors have considered the Group's current and future prospects, principal risks and uncertainties set out in the risk management objectives and policies, and its availability of financing, and are satisfied that the Group can continue to pay its liabilities as they fall due for the period to 30 April 2024. For this reason, the Directors continue to adopt the going concern basis of preparation for these financial statements. Further detailed information is provided in the going concern statement in the *Directors' Report* in the *Annual Report and Accounts 2022*.

In preparing the Group Financial Statements Management has considered the impact of climate change, taking into account the relevant disclosures in the Strategic Report, including those made in accordance with the recommendations of the *Taskforce on Climate-related Financial Disclosures*. Recognising that the environmental impact of the Group's operations is relatively low, no issues were identified that would impact the carrying values of the Group's assets or have any other impact on the Financial Statements.

3. Revenue

The Group's operations and main revenue streams are those described in the latest annual Financial Statements.

Disaggregation of revenue

Set out below is the disaggregation of the Group's revenue from contracts with customers:

Year ended 31 December 2022

Year ended 31 December 2022

	Financial Services £'000	Surveying & Valuation £'000	Residential Sales exchange £'000	Lettings £'000	Asset Management £'000	Other £'000	Total £'000
Timing of revenue recognition							
Services transferred at a point in time	87,437	93,228	63,473	60,941	2,811	10,361	318,251
Services transferred over time	-	-	-	2,337	1,150	-	3,487
Total revenue from contracts with customers	**87,437**	**93,228**	**63,473**	**63,278**	**3,961**	**10,361**	**321,738**

Year ended 31 December 2021

	Financial Services £'000	Surveying & Valuation £'000	Residential Sales exchange £'000	Lettings* £'000	Asset Management £'000	Other £'000	Total £'000
Timing of revenue recognition							
Services transferred at a point in time	84,818	93,699	71,737	59,885	2,217	11,162	323,518
Services transferred over time	-	-	-	2,166	1,148	-	3,314
Total revenue from contracts with customers	**84,818**	**93,699**	**71,737**	**62,051**	**3,365**	**11,162**	**326,832**

	2022 £'000	2021 £'000
Revenue from services	321,738	326,832
Operating revenue	**321,738**	326,832
Rental income	656	937
Gain on fair value	678	-
Other operating income	**1,334**	937
Total revenue	**323,072**	327,769

*2021 lettings revenue has been restated to reclassify £27.7m of revenue from services transferred over time to services transferred at a point in time. There has been no change in the Group's accounting policy in the prior or current period.

4. Segment analysis of revenue and operating profit

For the year ended 31 December 2022 LSL has reported three operating segments: Financial Services; Surveying & Valuation; and Estate Agency:

- The Financial Services segment arranges mortgages for a number of lenders and arranges pure protection and general insurance policies for a panel of insurance companies. Embrace Financial Services and First2Protect, subsidiaries within the Financial Services Division, make a commercially agreed introducers fee to the Estate Agency Division;

- The Surveying & Valuation segment provides a valuations and professional surveying service of residential properties to both lenders and individual customers, as well as data services to lenders; and

- The Estate Agency segment provides services related to the sale and letting of residential properties. It operates a network of high street branches. As part of this process, the Estate Agency Division also provides marketing and arranges conveyancing services. In addition, it provides repossession and asset management services to a range of lenders. Embrace Financial Services and First2Protect, subsidiaries within the Financial Services Division, make a commercially agreed introducers fee to the Estate Agency Division.

Operating segments

The Management Team monitors the operating results of its segments 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.

Reportable segments

The following table presents revenue and profit information regarding the Group's reportable segments for the financial year ended 31 December 2022 and financial year ended 31 December 2021 respectively.

Year ended 31 December 2022

Income statement information	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**
Segmental result:					
- Group Underlying Operating Profit	13,260	20,378	10,546	(7,296)	**36,888**
- Operating Profit/(Loss)	(6,839)	20,799	(61,847)	(8,822)	**(56,709)**
Finance income					**(2,497)**
Finance costs					**80**
Loss before tax					**(59,126)**
Taxation					**(4,891)**
Loss for the year					**(64,017)**

Balance sheet information

Segment assets - intangible	11,932	11,217	49,056	72	**72,277**
Segment assets - other	24,182	9,236	66,950	44,957	**145,325**
Total segment assets	36,114	20,453	116,006	45,029	**217,602**
Total segment liabilities	(20,983)	(14,926)	(46,440)	(4,200)	**(86,549)**
Net assets / (liabilities)	**15,131**	**5,527**	**69,566**	**40,829**	**131,053**

Other segment items

Capital expenditure including intangible assets	(2,307)	(736)	(1,521)	(343)	**(4,907)**
Depreciation	(810)	(1,755)	(7,759)	(1,305)	**(11,629)**
Amortisation of intangible assets	(2,625)	(36)	(1,451)	-	**(4,112)**
Exceptional gains	-	694	-	-	**694**
Exceptional costs	(17,458)	-	(71,440)	-	**(88,898)**
Share of results in joint ventures and associate	(494)	-	-	-	**(494)**
PI Costs provision	-	2,341	-	-	**2,341**
Onerous leases provision	-	-	14	-	**14**
Share-based payment	(16)	(237)	(197)	(1,527)	**(1,977)**

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

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.

Year ended 31 December 2021

Income statement information	Financial Services £'000	Surveying & Valuation £'000	Estate Agency £'000	Unallocated £'000	Total £'000
Revenue from external customers	84,818	93,699	148,315	-	326,832
Introducers fee	(6,287)	-	6,287	-	-
Total revenue	78,531	93,699	154,602	-	326,832
Segmental result:					
- Group Underlying Operating Profit	14,787	23,609	18,430	(7,507)	**49,319**
- Operating Profit	9,976	24,721	46,464	(8,577)	**72,584**
Finance income					**14**
Finance costs					**(2,709)**

Profit before tax					**69,889**
Taxation					**(7,985)**
Profit for the year					**61,904**

Balance sheet information

Segment assets - intangible	20,779	11,086	158,531	73	**190,469**
Segment assets - other	9,891	12,772	55,046	51,311	**129,020**
Total segment assets	30,670	23,858	213,577	51,384	**319,489**
Total segment liabilities	(25,343)	(20,621)	(50,130)	(5,276)	**(101,370)**
Net assets / (liabilities)	**5,327**	**3,237**	**163,447**	**46,108**	**218,119**

Other segment items

Capital expenditure including intangible assets	(1,086)	(657)	(5,157)	(2)	**(6,902)**
Depreciation	(824)	(1,926)	(9,746)	(4)	**(12,500)**
Amortisation of intangible assets	(2,496)	(382)	(1,656)	-	**(4,534)**
Exceptional gains	-	1,641	29,409	-	**31,050**
Exceptional costs	(714)	-	-	(1,331)	**(2,045)**
Share of results in joint ventures and associate	(869)	-	1,537	-	**668**
PI Costs provision	-	3,907	-	-	**3,907**
Onerous leases provision	-	-	59	-	**59**
Share-based payment	(270)	(147)	(430)	(1,069)	**(1,916)**

In the year the Group sold its interests in the two joint ventures recorded in the Estate Agency Division, results for these joint ventures are recorded to their disposal dates. The Group acquired an interest in a joint venture in the Financial Services Division during April 2021.

Unallocated net assets comprise intangible assets and plant and equipment £0.1m, other assets £3.0m, cash £48.5m, accruals and other payables £3.4m current and deferred tax liabilities £2.1m. Unallocated result comprises costs relating to the parent company.

5. Group and Divisional Underlying Operating Profit

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.

Year ended 31 December 2022

	Financial Services £'000	**Surveying & Valuation £'000**	**Estate Agency £'000**	**Unallocated £'000**	**Total £'000**
(Loss)/profit before tax	**(6,843)**	**20,921**	**(63,102)**	**(10,102)**	**(59,126)**
Net finance cost	4	(122)	1,255	1,280	**2,417**
Operating (loss)/profit per income statement	**(6,839)**	**20,799**	**(61,847)**	**(8,822)**	**(56,709)**
Operating Margin	*(7.8%)*	*22.3%*	*(42.1%)*	-	***(17.6%)***
Share-based payments	16	237	197	1,527	**1,977**
Amortisation of intangible assets	2,625	36	1,451	-	**4,112**
Exceptional gains	-	(694)	-	-	**(694)**
Exceptional costs	17,458	-	71,440	-	**88,898**
Contingent consideration	-	-	(696)	-	**(696)**
Underlying Operating Profit/(Loss)	**13,260**	**20,378**	**10,546**	**(7,296)**	**36,888**
Underlying Operating Margin	***16.2%***	***21.9%***	***7.2%***	**-**	***11.4%***

Year ended 31 December 2021

	Financial Services £'000	**Surveying & Valuation £'000**	**Estate Agency £'000**	**Unallocated £'000**	**Total £'000**
(Loss)/profit before tax	9,934	24,714	45,001	(9,760)	69,889
Net finance cost	42	7	1,463	1,183	2,695
Operating (loss)/profit per income statement	9,976	24,721	46,464	(8,577)	72,584
Operating Margin	*12.7%*	*26.4%*	*30.0%*	-	*22.2%*
Share-based payments	270	147	430	1,069	1,916
Amortisation of intangible assets	2,496	382	1,656	-	4,534
Exceptional gains	-	(1,641)	(29,409)	-	(31,050)
Exceptional costs	2,045	-	-	-	2,045
Contingent consideration credit	-	-	(710)	-	(710)
Underlying Operating Profit/(Loss)	14,787	23,609	18,430	(7,507)	49,319
Underlying Operating Margin	*18.8%*	*25.2%*	*11.9%*	-	*15.1%*

6. Earnings per share (EPS)

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

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 year 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.

	Loss after tax £'000	**Weighted average number of shares**	**2022 Per share amount pence**	**Profit after tax £'000**	**Weighted average number of shares**	**2021 Per share amount pence**
Basic EPS	(63,924)	102,659,027	(62.3)	61,941	103,912,148	59.6
Effect of dilutive share options	-	-			688,806	
Diluted EPS	**(63,924)**	**102,659,027**	**(62.3)**	61,941	104,600,954	59.2

The Directors (who were members of the Board at 31 December 2022) consider that the adjusted earnings shown below give a better and more consistent indication of the Group's underlying performance:

	2022	2021
	£'000	£'000
Group Underlying Operating Profit	**36,888**	49,319
Loss attributable to non-controlling interest	**93**	37
Net finance costs (excluding exceptional and contingent consideration items and discounting on lease liabilities)	**(968)**	(1,047)
Normalised taxation (tax rate 19% 2021:19%)	**(6,843)**	(9,171)
Adjusted profit after tax attributable to owners of the parent	**29,170**	39,138

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 19.0% (31 December 2021: 19.0%).

Adjusted basic and diluted EPS

	Adjusted profit after tax £'000	**Weighted average number of shares**	**2022 Per Share amount pence**	**Adjusted profit after tax £'000**	**Weighted average number of shares**	**2021 Per Share amount pence**
Adjusted basic EPS	**29,170**	**102,659,027**	**28.4**	39,138	103,912,148	37.7
Effect of dilutive share options		**1,275,216**			688,806	
Adjusted diluted EPS	**29,170**	**103,934,243**	**28.1**	39,138	104,600,954	37.4

7. Exceptional items

	2022	2021
	£'000	£'000
Exceptional costs:		
Goodwill and intangible asset impairment (note 10)	**87,158**	-
Estate Agency restructuring costs	**1,740**	-
Costs relating to investment in joint venture	**-**	1,179
Financial Services restructuring costs	**-**	714
Dissolution and impairment of associate Mortgage Gym	**-**	152
	88,898	2,045
Exceptional gains:		
Exceptional gain in relation to historic PI Costs	**(694)**	(1,641)
Exceptional gain in relation to sale of joint ventures	**-**	(29,409)
	(694)	(31,050)

Exceptional costs

Goodwill and Intangible asset impairment

During the period there has been an impairment to goodwill of £87.0m (2021: £nil) and an impairment to other intangible assets of £0.1m (2021: £nil), refer to note 10 for further detail.

Estate Agency restructuring costs

The Group initiated a branch closure programme in the Estate Agency Division in response to challenging trading conditions during the year. As a result of the programme the Group incurred non-recurring exceptional costs of £1.7m (2021: £nil).

Exceptional Gains

Provision for professional indemnity (PI) claims and insurance claim notification

The Group continued to make positive progress in settling historic PI claims, in which actual settlement costs have been lower than expected, and therefore there has been a release of £0.7m in 2022 (December 2021: £1.6m) in relation to exceptional PI claims. The treatment of historic PI claims (relating to the 2004 to 2008 high risk lending period) as exceptional is consistent with the original recognition of the provision.

8. Dividends paid and proposed

	2022	2021
	£'000	£'000
Declared and paid during the year:		
2022 Interim: 4.0 pence per share (2021 Interim: 4.0 pence)	**4,084**	4,166
	4,084	4,166
Dividends on Ordinary Shares proposed (not recognised as a liability as at 31 December):		
Equity dividends on shares:		
Dividend: 7.4 pence per share (2021: 7.4 pence)	**7,616**	7,689

9. Taxation

The major components of income tax charge in the Group Income Statement are:

	2022	2021
	£'000	£'000
UK corporation tax - current year	**5,783**	7,873
- adjustment in respect of prior years	**(824)**	(251)
	4,959	7,622
Deferred tax:		
Origination and reversal of temporary differences	**(176)**	(179)
Changes in tax rates	**(56)**	562
Adjustment in respect of prior year	**164**	(20)
Total deferred tax (credit)/charge	**(68)**	363
Total tax charge in the income statement	**4,891**	7,985

Corporation tax is recognised at the headline UK corporation tax rate of 19% (2021: 19%).

The opening and closing deferred tax balances in the financial statements were measured at 25%. This is in line with rates enacted by the Finance Act 2021 which was enacted on 10 June 2021 and comes into effect from 1 April 2023.

The effective rate of tax for the year was (8.3%) (2021: 11.4%). The effective tax rate for 2022 is higher than the headline UK tax rate of 19% largely as a result of the inclusion within the loss before tax of exceptional impairments to subsidiaries, which are not deductible for corporation tax purposes.

Deferred tax credited directly to other comprehensive income is £0.1m (2021: £0.1m). Income tax debited directly to the share-based payment reserve is £0.1m (2021: £0.4m).

There is a prior year adjustment of £0.2m in relation to deferred tax, the majority of this adjustment relates to a lower tax base being attributable to intangible asset than anticipated at the tax provisioning stage.

10. Goodwill

Goodwill

	£'000
Cost	
At 1 January 2021	159,863
Arising on acquisitions	1,002
At 31 December 2021	160,865
Impairment	**(87,041)**
Reclassified as held for sale	**(17,294)**
At 31 December 2022	**56,530**
Net book value	
At 31 December 2022	**56,530**
At 31 December 2021	160,865

The carrying amount of goodwill by CGU is summarised below:

	2022	2021
	£'000	£'000
Financial Services		
Group First (reclassified as held for sale)	-	13,913
RSC New Homes (reclassified as held for sale)	-	7,128
First Complete	**3,998**	3,998
Advance Mortgage Funding	**2,604**	2,604
Personal Touch Financial Services	**348**	348
Direct Life and Pension Services (DLPS)	-	1,002
	6,950	28,993
Surveying & Valuation segment company		
e.surv	**9,569**	9,569
Estate Agency segment companies		
Your Move & Reeds Rains	**16,815**	58,800
Marsh & Parsons (reclassified as held for sale)	-	40,307

LSLi	**22,512**	22,512
Templeton LPA	**336**	336
Others	**348**	348
	40,011	122,303
Total	**56,530**	160,865

Impairment of goodwill and other intangibles with indefinite useful lives

The Group tests goodwill and the indefinite life intangible assets annually for impairment, or more frequently if there are indicators of impairment. Goodwill and brands acquired through business combinations have been allocated for impairment testing purposes to statutory companies or Groups of statutory companies which are managed as one CGU as follows:

- Financial Services companies
  - Group First
  - RSC New Homes (RSC)
  - First Complete
  - Advance Mortgage Funding which includes BDS
  - Personal Touch Financial Services
  - Direct Life and Pensions Services Limited (DLPS)

- Surveying & Valuation Services company
  - e.surv

- Estate Agency companies
  - Your Move and Reeds Rains (including its share of cash flows from LSL Corporate Client Department)
  - Marsh & Parsons (M&P)
  - LSLi
  - Templeton LPA
  - St Trinity

Recoverable amount of companies

The recoverable amount of the Financial Services, Surveying & Valuation and Estate Agency companies has been determined based on a value-in-use (VIU) calculation using cash flow projections based on financial budgets and forecasts approved by the Board and in the three-year plan. Where cash generating units have been designated as held for sale at the balance sheet date the recoverable amount has been calculated as the CGUs fair value less costs to sell (FVLCTS). The fair value of Group First, RSC and Marsh & Parsons has been determined using the arm's length sales price for each business, which is the equivalent of the consideration we expect to receive (discounted where appropriate) less transaction costs. This is a level 3 measurement per the fair value hierarchy, based on a combination of earnings multiples and unobservable inputs. The key assumptions are discount rate and earnings. The impairment review of Group First, RSC and Marsh & Parsons was triggered by the Group's decision to sell these CGUs. The discount rate applied to cash flow projections used in the VIU models is 14.2% (2021: 12.2%) and cash flows beyond the three-year plan are extrapolated using a 2.0% growth rate (2021: 2.0%).

Following the impairment review, an impairment loss on goodwill of £87.0m (2021: £nil) was recognised in the income statement. The impairment loss was split between Financial Services £17.3m and Estate Agency £69.7m and further disaggregated by CGU as follows; Your Move and Reeds Rains (£42.0m), Marsh & Parsons (£27.7m), DLPS (£1.0m), Group First (£10.3m) and RSC (£6.0m). There were no impairment reversals during the period.

During December 2022 the Group made the strategic decision to sell both Group First and RSC to its joint venture partner Pivotal Growth and separately made the decision to sell Marsh & Parsons. The decision to sell Group First and RSC is consistent with the Group's wider strategic objectives to simplify the Group structure and grow the Financial Services business, Pivotal Group's focus is on the development of D2C mortgage brokering and as such they are better placed to maximise the value of the companies. The sale of Group First and RSC completed on 13 January 2023. Similar to Group First and RSC, the decision to sell Marsh & Parsons was made to further simplify the Group structure and focus on core opportunities in Financial Services, whilst also reducing exposure to the volatile London housing market.

In respect of Your Move and Reeds Rains and DLPS, changes in market conditions have resulted in a downwards revisions to future cash flow forecasts in comparison to December 2021 and this has been further exacerbated by a significant increase in discount rates.

11. Net Cash/ Bank 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 Bank Cash/Debt is defined as follows:	**2022**	2021
	£'000	£'000
Interest-bearing loans and borrowings (including loan notes, overdraft, IFRS 16 Leases, contingent and deferred consideration)		
- Current	**6,949**	8,523
- Non-current	**6,277**	22,602
	13,226	31,125
Less: cash and short-term deposits	**(36,755)**	(48,464)
Less: IFRS 16 lessee financial liabilities	**(10,915)**	(28,117)
Less: deferred and contingent consideration	**(2,311)**	(3,008)
Less: cash included in held for sale	**(3,355)**	-
Net Bank Cash/Debt	**(40,109)**	(48,464)

12. Events after the reporting period

On 13 January 2023, the Group announced the sale of Group First Limited (Group First) and RSC New Homes Limited (RSC) to Pivotal Growth Limited (Pivotal Growth), the Group's joint venture with Pollen Street Capital. 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. The contingent consideration relating to the Group's original acquisition of RSC of £2.3m was settled prior to the disposal.

On 26 January 2023, the Group announced the sale of Marsh & Parsons (Holdings) Limited and its subsidiary Marsh & Parsons Limited, together "Marsh & Parsons" to a subsidiary of Dexters London Limited for a consideration of £29m payable on completion, subject to working capital adjustments.

In February 2023, the Group amended and restated its banking facility which runs to May 2026 with a new limit of £60m; this replaced the previous RCF which had a maturity date of May 2024 and credit limit of £90m.

On 30 March 2023 the Group sold its 15.37% shareholding in VEM to Connells for a consideration of £0.2m, at 31 December 2022 the Group held its investment in VEM at a fair value of £0.2m.

On 11 April 2023, the Group announced the disposal of two further subsidiaries, Embrace Financial Services (EFS) and First 2 Protect (F2P) to Pivotal Growth, in line with the Group's objective to simplify its structure and focus on the development of B2B opportunities in Financial Services. 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 is £7.8m, which is 7x 2022 EBITDA and is payable on completion.

In April 2023, the Group invested an additional £0.2m into Pivotal Growth to continue to support its buy and build growth strategy.

The accounting for all disposals noted above will be included in the 2023 Interim Financial Statements.

Forward-Looking Statement

This announcement may contain certain statements that are forward-looking statements. They appear in a number of places throughout this announcement and include statements regarding LSL's intentions, beliefs or current expectations and those of its officers, directors and employees concerning, amongst other things, LSL's results of operations, financial condition, liquidity, prospects, growth, strategies and the business it operates. 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 announcement should be construed as a profit forecast. LSL and its Directors accept no liability to third parties in respect of this announcement save as would arise under English law.

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Any forward-looking statements in this announcement speak only at the date of this announcement 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 announcement.