Foxtons Group plc
("Foxtons" or the "Group")
INTERIM RESULTS FOR THE HALF YEAR ENDED 30 JUNE 2024
30 July 2024

Double-digit revenue and earnings growth as the Group continues to deliver on its turnaround plan.

Foxtons Group plc (LSE:FOXT), London's leading estate agency, delivered both revenue and earnings growth in H1 2024, with significant sales market share gains[1], alongside driving Lettings new business volumes and delivering returns from acquisitions. The Group's expectation for the full year remains unchanged and the Group is on-track to deliver its medium-term target of £25m to £30m adjusted operating profit.

	H1 2024	H1 2023	Change
Revenue	**£78.5m**	£70.9m	+11%
Adjusted EBITDA[2]	**£10.5m**	£8.4m	+25%
Adjusted operating profit[3]	**£8.5m**	£6.8m	+24%
Profit before tax	**£7.5m**	£6.1m	+24%
Adjusted earnings per share (basic)[4]	**1.9p**	1.4p	+36%
Earnings per share (basic)	**1.9p**	1.4p	+36%
Net free cash flow[5]	**(£0.9m)**	(£4.3m)	+80%
Interim dividend per share	**0.22p**	0.20p	+10%

Strategic highlights:

- 24% growth in adjusted operating profit underpinned by continued strategic progress:
  - 6% Lettings organic revenue CAGR since H1 2022, ahead of the Group's target of 3% to 5%[6].
  - 25% average return on Lettings acquisitions, ahead of the Group's target of 20%[7].
  - 5.1% of sales exchange market share (2023: 3.9%), ahead of the Group's target of at least 4.5%.
  - c.70% of revenue from non-cyclical and recurring revenue streams[8].

Financial highlights:

- Revenue up 11% to £78.5m as all three businesses delivered growth in the half:
  - Lettings revenue up 5% to £52.4m.
  - Sales revenue up 28% to £21.6m.
  - Financial Services revenue up 7% to £4.5m.
- Adjusted EBITDA up 25% to £10.5m, adjusted operating profit up 24% to £8.5m and profit before tax up 24% to £7.5m.
- Net free cash outflow of £0.9m in-line with expected seasonality. Improved cash generation versus H1 2023 and more normalised working capital movements as the impact of shorter landlord billing eases.
- RCF increased from £20m to £30m and maturity extended to June 2027 to support the Group's organic and inorganic growth strategy.
- Interim dividend increased 10% to 0.22p per share (2023: 0.20p per share), as a result of strategic progress, improved earnings and in-line with the Group's progressive dividend policy.

Operational highlights:

- Reinforced number 1 estate agency position in London[9]. Largest lettings estate agency brand in the UK[10].
- Double-digit growth in Lettings new business volumes offset an expected temporary reduction in the volume of existing tenancies re-transacting in H1 2024, following longer tenancy terms signed across 2022 and 2023. Average tenancy lengths have increased by c.20% since 2022 as part of the Group's strategy to improve client retention and grow its portfolio of recurring revenues.

- Ludlow Thompson acquisition integrated into Foxtons, with synergies delivered ahead of schedule. Improved landlord retention rates across the more recently acquired portfolios versus pre-2022 acquisitions.
- Sales revenue growth driven by significant market outperformance, with 30% increase in the market share of exchanges with H1 market share of 5.1% (2023: 3.9%), exceeding the Group's medium-term target of 4.5%. Revenue growth delivered despite a backdrop of flat year-on-year London exchange volumes.
- Year-on-year growth in sales instruction market share through increased lead generation. Growing instruction levels underpins future delivery of exchange market share growth.
- Fee earner headcount has been rebuilt and broadly at the right levels to drive further profit growth.
- Productivity growth driven by improved rates of staff retention and average tenure, a comprehensive programme of ongoing training and a return to Foxtons unique high-performance culture. Average revenue per fee earner up 6% and average revenue per branch up 15% versus the prior year.
- Additional operational upgrades delivered in H1 to further strengthen the Foxtons Operating Platform. Focus on continuing to drive lead opportunities, alongside service and productivity levels. Highlights include:
    - AI-driven lead-scoring platform to drive lead generation across the branch network.
    - New marketing analytics and reporting data suite to forensically review marketing effectiveness.
    - New customer service system implemented to gather real-time feedback. Process upgrades being delivered, alongside linking staff remuneration to service delivery, to improve customer retention.
    - Introduced new thematic marketing campaigns to drive customer engagement and reinforce the brand's value proposition.

July trading and outlook

- July trading in-line with expectations, with little change in customer behaviour or market dynamics since the General Election at the beginning of the month.
- In Lettings, market dynamics are expected to remain consistent with the first half, with rental levels expected to remain broadly flat. Healthy stock levels support the Group's focus on driving new business volumes which help mitigate the temporary reduction in existing tenancies re-transacting due to longer tenancy lengths. The November 2023 Ludlow Thompson acquisition will also provide further incremental revenues in the second half.
- At 30 June, the Sales under-offer pipeline was 21% higher than the prior year and at its highest value since the Brexit vote in 2016. This pipeline, and continued growth in our market share of instructions, is expected to deliver further year-on-year Sales revenue growth in H2. Further growth in buyer activity is likely if we begin to see a reduction in inflation feeding through into lower interest rates.
- Financial Services refinance activity is expected to remain resilient, whilst demand for new purchase mortgages should track the performance of the wider sales market.
- Through continued market outperformance, the Group's expectations for the full year remain unchanged and the Group is on-track to deliver its medium-term target of £25m to £30m adjusted operating profit.

Guy Gittins, Chief Executive Officer, said:
"The strong momentum we started the year with has continued, with double-digit revenue and earnings growth and our position as London's largest Lettings and Sales agency reinforced.

"Despite macro headwinds and the election interruption, we continued to outperform the market, delivering strong Sales revenue growth of 28% and market share growth of 30%. Growth was also delivered in Lettings, with a double-digit increase in new business volumes, further bolstered by the acquisitions we made in 2023.

"This growth is the result of the significant gains we have delivered in our market share of sales instructions, alongside the strengthening of our Foxtons Operating Platform and improvements to our market-leading data capabilities following considerable reengineering of the business over the last 18 months.

"When I joined the business in 2022, I knew there was a significant amount of work to unlock the vast amount of value within the business. Two years on, and we are making great progress thanks to the collective effort of the Foxtons team. The work we did to rebuild the business' foundations continues to deliver progress; we are growing the non-cyclical and recurring Lettings business, our Sales under-offer pipeline is at a record level since the Brexit vote in 2016, and we are on track to deliver against our medium-term target of £25m to £30m adjusted operating profit.

"Momentum can be felt across every aspect of the business and I am very excited about the second half and beyond as we work hard to deliver excellent results for the property owners of London and our shareholders."

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The Company will present a live webcast at 9:00am (BST) for analysts and investors. To access you will be required to pre-register using the following link: https://secure.emincote.com/client/foxtons/foxtons007

The presentation will also be broadcast via conference call. To access you will be required to pre-register using the following link: https://secure.emincote.com/client/foxtons/foxtons007/vip_connect

[1] Share of sales exchanges in Foxtons' core addressable markets. Source: TwentyCi.
[2] Adjusted EBITDA represents the profit before tax before finance income, non-IFRS 16 finance costs, other gains, depreciation of property, plant and equipment (but after IFRS 16 depreciation), amortisation, share-based payment charges and adjusted items
[3] Adjusted operating profit is defined as profit before tax for the period before finance income, finance cost, other gains and adjusted items.
[4] Adjusted earnings per share is defined as earnings per share excluding the impact of adjusted items. Refer to Note 7 of the condensed financial statements for a reconciliation between earnings per share and adjusted earnings per share.
[5] Net free cash flow is defined as net cash from operating activities less repayment of IFRS 16 lease liabilities and net cash generated/used in investing activities, excluding the acquisition of subsidiaries (net of any cash acquired), divestments and purchases of investments.
[6] 2022 is considered the base period for growth calculations, being the last year before the introduction of the operational turnaround plan.
[7] Defined as return on invested capital.
[8] Defined as revenue from Lettings and refinance activities within Financial Services.
[9] Share of estate agent lettings and sales instructions. Source: TwentyCi.
[10] Share of estate agent lettings instructions. Source: TwentyCi.

About

Founded in 1981, Foxtons is London's leading estate agency and largest lettings agency brand, with a portfolio of over 28,000 tenancies. The Group operates from a network of interconnected, single-brand branches and offers a range of residential property services across three business segments: Lettings, Sales and Financial Services.

The Group's strategy is to accelerate growth, and deliver against its medium-term target of £25m to £30m adjusted operating profit, by focusing on non-cyclical and recurring revenues from Lettings and Financial Services refinance activities, supplemented by market share growth in Sales.

Growth is underpinned by the Foxtons Operating Platform, the most comprehensive and advanced platform in UK estate agency. The platform was strengthened through 2023 and leverages the Group's competitive advantages in data and technology; the Foxtons brand, its hub and spoke operating model and, its people, culture and training.

By fully leveraging the platform, the Group will drive significant growth; both organically through market share gains and by strengthening Foxtons' position as an effective sector consolidator, to deliver significant profit growth and value for shareholders. The Group's strategic priorities are:

- **Lettings organic growth**: Focus on winning new property instructions, with speed to market and high quality landlord service to drive revenue growth.
- **Lettings acquisitive growth**: Acquire, integrate and service high quality lettings portfolios.
- **Sales market share growth**: Reinvigorating the Foxtons brand to grow addressable market share.
- **Financial Services revenue growth**: Increasing adviser headcount, with improving productivity and cross sell to drive revenue growth.

To find out more, please visit www.foxtonsgroup.co.uk

PERFORMANCE AT A GLANCE

Half year ended 30 June	2024	2023	Change
Income statement			
Revenue	**£78.5m**	£70.9m	+11%
Adjusted EBITDA[1]	**£10.5m**	£8.4m	+25%
Adjusted operating profit[1]	**£8.5m**	£6.8m	+24%
Adjusted operating profit margin[1]	**10.8%**	9.6%	+120bps
Profit before tax	**£7.5m**	£6.1m	+24%
Earnings per share			
Basic earnings per share	**1.9p**	1.4p	+36%
Adjusted basic earnings per share[1]	**1.9p**	1.4p	+36%
Dividends			
Interim dividend per share	**0.22p**	0.20p	+10%
Cash flow and net debt			
Net cash from operating activities	**£6.7m**	£3.2m	+108%
Net free cash flow[1]	**(£0.9m)**	(£4.3m)	+80%
Net debt[1,2]	**(£11.3m)**	(£2.1m)	n/a
Segmental metrics			
Lettings revenue	**£52.4m**	£49.8m	+5%
Lettings volumes[3]	**9,495**	9,361	+1%
Average revenue per Lettings transaction[3]	**£5,515**	£5,316	+4%
Sales revenue	**£21.6m**	£16.9m	+28%
Sales volumes[3]	**1,655**	1,293	+28%
Average revenue per Sales transaction[3]	**£13,060**	£13,084	-
Financial Services revenue	**£4.5m**	£4.2m	+7%
Financial Services volumes[3]	**2,599**	2,411	+8%
Average revenue per Financial Services transaction[3]	**£1,750**	£1,755	-

[1] These measures are APMs used by the Group and are defined, and purpose explained, within Note 15.
[2] For comparison purposes, net debt at 31 December 2023 was £6.8m.
[3] These segmental metrics are defined within Note 15.

CHIEF EXECUTIVE'S REVIEW

The Group has continued its recent positive momentum into the first half of 2024, with double-digit revenue and earnings growth as the Group continues to deliver on its turnaround plan, against a backdrop of flat year-on-year London sales exchange volumes. This growth has been enabled through the transformational operational changes made over the last 18 months, resulting in significant sales market share gains, including the milestone of breaking through the 5% exchange market share threshold in the first half.

As reported in the full year 2023 results, we rebuilt and strengthened the Foxtons Operating Platform over the course of last year. I also outlined the industry-leading nature of the platform and my belief that it will underpin market share and profit growth as demonstrated in the first half of this year.

At the start of 2023, I set out my vision to once again make Foxtons London's go-to agent and deliver against our medium-term target of £25m to £30m adjusted operating profit. We are making excellent progress and are on-track as we execute against our organic and acquisitive growth strategies.

H1 2024 market conditions

The Lettings market in London remains attractive, as high levels of demand underpin rents and create a valuable non-cyclical and recurring source of revenue. Following a period of supply and demand imbalance over the past few years, and subsequent rental price growth, lettings market dynamics are continuing to normalise in London. Supply levels have grown, allowing us to win new business to deliver organic growth, whilst rental prices were flat compared to the prior year.

Sales market dynamics were more mixed with exchange volumes across London remaining subdued and flat compared to the prior year. Encouragingly, buyer activity picked up significantly in the half, with sales agreed in our markets up 18% compared to the prior year. As property transactions typically take an average of 3 to 4 months to exchange following a successful offer, this growth in market sales agreed is expected to drive year-on-year growth in market exchange volumes in the second half.

It is worth noting the growth in buyer activity was sustained due to pent-up demand in the market despite little change in mortgage rates over the period and the political uncertainty following the announcement of the General Election in May.

Financial results

Revenue for the half was up 11% to £78.5m, adjusted operating profit up 24% to £8.5m and profit before tax up 24% to £7.5m.

Lettings revenue was up 5% to £52.4m, including £2.2m of incremental revenues from 2023 acquisitions and £1.1m of additional interest on client monies.

Sales revenue grew 28% to £21.6m as the business significantly outperformed the market, growing exchange market share by 30% to 5.1% (2023: 3.9%) against a backdrop of flat year-on-year London exchange volumes.

Financial Services revenue grew 7% to £4.5m as improved productivity meant the business was able to deliver revenue growth despite continued weakness in the mortgage market.

Operational highlights

The significant investments made into rebuilding the Foxtons Operating Platform through 2023 have supported good levels of operational performance in the half.

In Lettings, we delivered double-digit new business volume growth which demonstrates the attractiveness of the Foxtons brand and our market-leading data and technology capabilities which drive lead opportunities and convert these opportunities to deals. Build to Rent volumes contributed to this organic growth with deal volumes doubling year-on-year as we successfully won new mandates from institutional clients. This growth offset an expected temporary reduction in the volume of existing tenancies re-transacting in the half, following longer tenancy terms signed across 2022 and 2023. Average tenancy lengths have increased by c.20% since 2022 as part of the Group's strategy to improve client retention and grow its portfolio of recurring revenues.

Sales growth is being propelled by market share growth, and with now over 5% market share of exchanges, the business is enjoying good momentum. Another half of growth in our market share of instructions was delivered and leaves the business well positioned to deliver further exchange market share growth in the future. Sales operating losses are expected to continue to narrow with further benefit from any improvement in market conditions.

We have continued to deliver upgrades to the Foxtons Operating Platform in the half, with a focus on driving levels of lead generation, customer service and staff productivity.

Fee earner headcount has been rebuilt, 5% higher than the prior year, and are now at broadly appropriate levels to continue to deliver growth. In addition, fee earner retention levels have also continued to improve, with improved tenure and experience of our staff, a comprehensive programme of ongoing training and a return to Foxtons' unique high-performance culture which is key to driving productivity growth across the business.

Property instructions are the life-blood of estate agency and many of the upgrades we made in the half are focussed on driving higher levels of lead opportunities and improving the conversion of these leads to instructions.

A new AI-driven lead-scoring platform has been developed and deployed across the branch network to drive lead generation levels from front office teams. The platform complements and builds on the lead-scoring software deployed in 2023 within our dedicated customer prospecting centre. By expanding the ability to generate quality leads more widely across the business we are able to further grow instruction levels.

Marketing upgrades have been implemented in the half to further support lead generation. A comprehensive new data and reporting suite has been created driving forensic insight into our marketing activities and reinforcing our data-driven approach to marketing. The new systems allow improved customer targeting and will also drive improved returns on future marketing spend.

Our website, www.foxtons.co.uk, is the most visited estate agent website in the UK by a significant margin, even against national operators, and is a key source of new customer leads. We have modernised the underlying website architecture to ensure the site remains best-in-class and future-fit. And, through leveraging our new data capabilities, we have reworked and optimised customer journeys, to improve the customer experience. Early progress is promising, including a 34% increase in website visibility and 30% increase in user engagement on the website in June, versus the prior year.

Finally, we overhauled our approach to customer-facing marketing by implementing a new programme of marketing campaigns to drive customer engagement and reinforce the brand's value proposition. The campaigns are thematic in nature and are refreshed regularly. This refreshed marketing strategy further sets the Foxtons' brand apart in the highly competitive estate agency sector and is already driving increased brand consideration.

To date in 2024, we have launched three campaigns including "Grab January by the Foxtons" to drive engagement in the new year, "Spring into Action" during the spring months and "Ready, Set, Foxtons" to coincide with summer sporting events including: Wimbledon; the British Grand Prix; Euro 2024; and the Olympics. These campaigns have supported our organic volume growth in the half and contributed to a 27% increase in customer brand preference in Q2 2024 versus the prior year.

In addition to improving lead generation levels, we have enhanced our customer service and staff productivity over the past 6 months. At the beginning of the year we embedded a new real-time customer experience feedback system to better understand our customers' requirements and challenges. Feedback is being regularly collated across our various customer segments and we are actively overhauling our processes to better reflect our customers' preferences.

Improving service levels in property management is key to driving improved landlord retention and we continue to develop our new out-of-London lettings property management hub to create a centre of excellence.

Finally, a new real-time productivity reporting system has been created and deployed across the business. The new system increases the transparency of productivity at all levels of the business, highlights best practices and allows the business to further align incentivisation to desired behaviours.

Delivering our strategic priorities

Our strategy is to deliver long-term growth by decoupling earnings from sales market cycles, through a focus on non-cyclical and recurring revenues, and deliver against our medium-term adjusted operating profit target of £25m to £30m.

In H1 2024, the Group continued to make good progress against its strategic priorities:

1. Lettings organic growth: *6% organic revenue CAGR since H1 2022[1].*

(Medium-term target: 3% - 5% revenue CAGR)

2. Lettings acquisitions: Integrated the November 2023 acquisition of Ludlow Thompson into Foxtons, with delivery of synergies ahead of schedule. Prior acquisitions continue to perform well, delivering 25% average annual return since acquisition.

(Medium-term target: 20%+ return on capital)

3. Sales: Grew sales exchange market share by 30% to 5.1% (2023: 3.9%) against a backdrop of flat and historically depressed London exchange volumes.

(Medium-term target: At least 4.5% exchange market share in more normalised market conditions)

4. Financial Services: 7% revenue increase in H1 2024. (3%) revenue CAGR since H1 2022, reflecting a turbulent mortgage market over the last 18 months.

(Medium-term target: 7% - 10% revenue CAGR)

General Election 2024

Labour's victory in the General Election on 4 July 2024 should prove positive for the property market over the long run. Labour's manifesto demonstrated a strong focus on business and economic growth, and we especially welcome the new government's commitment to building 1.5 million new homes across the country. In addition, we welcome any initiatives that support both first time buyers and home-movers to create a more liquid market and support home ownership levels. Finally, the government must ensure there is a healthy and robust lettings market, with appropriate levels of supply to meet tenant demand levels. A strong and well-functioning property market is vital to underpinning the country's economic ambitions over the coming years.

July trading and outlook

July trading is in-line with our expectations, with little change in customer behaviour or market dynamics observed during the period of campaigning before the General Election or in the weeks following.

Lettings market dynamics are expected to remain consistent with the first half, with rental levels expected to remain broadly flat. Healthy stock levels support the Group's focus on driving new business volumes which help mitigate the temporary reduction in existing tenancies re-transacting due to longer tenancy lengths. The November 2023 Ludlow Thompson acquisition will also provide further incremental revenues in the second half.

At 30 June, the Sales under-offer pipeline was 21% higher than the prior year and at its highest value since the Brexit vote in 2016. This pipeline, and continued growth in our market share of instructions, is expected to deliver further year-on-year Sales revenue growth in the second half. Furthermore, additional growth in buyer activity is likely if we begin to see a reduction in inflation feeding through into lower interest rates.

And finally in Financial Services, we expect mortgage refinancing to remain resilient while new mortgage volumes should track the performance of the wider sales market.

In summary, we will continue to drive growth through leveraging the Foxtons Operating Platform and driving new business volumes across the business. Improving market conditions will aid performance and support the delivery of our medium-term £25m to £30m adjusted operating profit target.

Guy Gittins
Chief Executive Officer
29 July 2024

[1] 2022 is considered the base period for growth calculations, being the last year before the introduction of the operational turnaround plan.

FINANCIAL REVIEW

	H1 2024 £m	H1 2023 £m	Change
Revenue and profit measures			
Revenue	**78.5**	70.9	+11%
Contribution[1]	**51.0**	44.5	+15%
Contribution margin[1]	***65.0%***	*62.7%*	*+230bps*
Adjusted EBITDA[1]	**10.5**	8.4	+25%
Adjusted EBITDA margin[1]	***13.4%***	*11.8%*	*+160bps*
Adjusted operating profit[1]	**8.5**	6.8	+24%
Adjusted operating profit margin[1]	***10.8%***	*9.6%*	*+120bps*
Profit before tax	***7.5***	6.1	+24%
Profit after tax	**5.9**	4.1	+43%
Earnings per share			
Adjusted earnings per share (basic)[1]	**1.9p**	1.4p	+36%
Earnings per share (basic)	**1.9p**	1.4p	+36%
Cash flow and net debt			
Net free cash flow[1]	**(0.9)**	(4.3)	+80%
Net debt as at 30 June[1]	**(11.3)**	(2.1)	n/a
Dividends			
Interim dividend per share	**0.22p**	0.20p	+10%

[1]APMs are defined, purpose explained and reconciled to statutory measures within Note 15 of the condensed financial statements.

Note: Values in tables may have been rounded and totals may therefore not be the sum of presented values in all instances.

FINANCIAL OVERVIEW

As presented in the table above, key financial performance measures include:

- Revenue increased by 11% to £78.5m (2023: £70.9m), with Lettings revenue up 5%, Sales revenue up 28% and Financial Services revenue up 7%.
- Adjusted EBITDA increased by 25% to £10.5m (2023: £8.4m) and adjusted operating profit increased by 24% to £8.5m (2023: £6.8m).
- Profit before tax increased by 24% to £7.5m (2023: £6.1m) and profit after tax increased by 43% to £5.9m (2023: £4.1m).
- Basic adjusted earnings per share was 1.9p (2023: 1.4p) and basic earnings per share was 1.9p (2023: 1.4p).
- Net free cash flow was a £0.9m outflow (2023: £4.3m outflow) and net debt at 30 June was £11.3m (31 December 2023: £6.8m; 30 June 2023: £2.1m).
- The Board has declared an interim dividend of 0.22p per share (2023: interim dividend of 0.20p per share).

In May 2024, the Board increased and extended the Group's revolving credit facility (RCF). The size of the committed facility increased from £20m to £30m and the facility was extended by a year to June 2027, with an option to extend for a further year. The facility also includes a £10m accordion option which can be requested at any time subject to bank approval. The RCF supports the Group's inorganic and organic growth strategy.

REVENUE

	Revenue			Volumes[1]			Revenue per transaction[1]		
	H1 2024 £m	H1 2023 £m	Change	**H1 2024**	H1 2023	Change	**H1 2024 £**	H1 2023 £	Change
Lettings	**52.4**	49.8	+5%	**9,495**	9,361	+1%	**5,515**	5,316	+4%
Sales	**21.6**	16.9	+28%	**1,655**	1,293	+28%	**13,060**	13,084	-
Financial Services	**4.5**	4.2	+7%	**2,599**	2,411	+8%	**1,750**	1,755	-
Total	**78.5**	70.9	+11%						

[1]'Volumes' and 'Revenue per transaction' are defined in Note 15 of the condensed financial statements.

The Group consists of three operating segments: Lettings, Sales and Financial Services. Lettings represents 67% (2023: 70%), Sales 28% (2023: 24%) and Financial Services 6% (2023: 6%) of Group revenue. Non-cyclical and recurring revenue streams, generated by Lettings and refinance activity within Financial Services, represents 69% (2023: 73%) of Group revenue.

Lettings revenue

Lettings revenue increased by 5% to £52.4m (2023: £49.8m), including £2.2m of incremental acquisition revenues (2 additional months of trading from Atkinson McLeod, acquired March 2023, and 6 additional months of trading from Ludlow Thompson, acquired November 2023). Transaction volumes increased by 1% and average revenue per transaction increased by 4%.

Double-digit growth in new business volumes offset an expected temporary reduction in the volume of existing tenancies re-transacting in H1 2024, following longer tenancy terms signed across 2022 and 2023. Average tenancy lengths have increased by c.20% since 2022 as part of the Group's strategy to improve client retention and grow its portfolio of recurring revenues.

As expected, rental prices for new deals completed in the period were flat as year-on-year rental growth moderated as supply and demand dynamics continue to normalise, but with rental prices remaining at elevated levels.

Lettings revenue includes £3.4m (2023: £2.3m) of interest earned on client monies which supports the operating costs of managing client money, such as staff costs, bank and card fees, and compliance costs.

Sales revenue

Sales revenue increased by 28% to £21.6m (2023: £16.9m), with the increase driven by a 28% increase in Sales exchange volumes compared to H1 2023 against a backdrop of flat year-on-year London exchange volumes. Market share of exchange volumes increased by 30% to 5.1% (2023: 3.9%).

Average revenue per transaction was flat against 2023. The average price of properties sold (H1 2024: £581,000; 2023: £584,000) was flat in-line with the wider market, whilst commission rates remained robust at 2.16% (2023: 2.17%).

Financial Services revenue

Financial Services revenue increased by 7% to £4.5m (2023: £4.2m) driven by an 8% increase in volumes. Average revenue per transaction was flat as a 2% increase in average loan size was partially offset by adverse product mix with the number of product transfers continuing to grow. In H1 2024, £2.0m (44% of revenue) was generated from non-cyclical and recurring refinance activity and £2.5m (56% of revenue) from purchase activity and other revenue sources.

CONTRIBUTION AND CONTRIBUTION MARGIN

	H1 2024		H1 2023	
	£m	**margin**	£m	margin
Lettings	**39.3**	**75.0%**	37.4	75.1%
Sales	**9.8**	**45.3%**	5.5	32.7%
Financial Services	**2.0**	**43.1%**	1.6	37.2%
Total	**51.0**	**65.0%**	44.5	62.7%

Contribution, defined as revenue less direct salary costs of front office staff and bad debt charges, increased to £51.0m (2023: £44.5m) with growth across all segments. Contribution margin for the period increased to 65.0% (2023: 62.7%) reflecting the following segmental margin changes:

- Lettings contribution margin remained flat at 75.0% (2023: 75.1%) with growth in higher margin revenues, such as property management services, cross-sell of ancillary services and interest on client monies, offset by 6% year-on-year growth in Lettings fee earner headcount.
- Sales contribution margin increased to 45.3% (2023: 32.7%) due to growth in transaction volumes and the inherent operating leverage in the business.
- Financial Services contribution margin increased to 43.1% (2023: 37.2%) due to higher revenues and improved productivity.

Total average fee earner headcount across Lettings, Sales and Financial Services was up 5% at 851 (2023: 812) due to acquired staff and additional hires in specific markets to drive organic growth. The average tenure of fee earners continued to improve which will drive further productivity growth.

ADJUSTED OPERATING PROFIT AND ADJUSTED OPERATING PROFIT MARGIN

	H1 2024		H1 2023	
	£m	**margin**	£m	Margin
Lettings	**12.9**	**24.7%**	14.1	28.4%
Sales	**(3.7)**	**(17.3%)**	(6.4)	(37.6%)
Financial Services	**0.6**	**13.0%**	0.2	4.7%
Corporate costs	**(1.3)**	**n/a**	(1.2)	n/a
Total	**8.5**	**10.8%**	6.8	9.6%

Adjusted operating profit for the period was £8.5m (2022: £6.8m) and adjusted operating margin increased to 10.8% (2023: 9.6%). Refer to Note 2 of the condensed financial statements for a reconciliation of adjusted operating profit to the closest equivalent IFRS measure.

Consistent with prior periods, for the purposes of segmental reporting, shared costs relating to the estate agency businesses are allocated between Lettings and Sales with reference to relevant cost drivers, such as front office headcount in the respective business. Corporate costs are not allocated to the operating segments and are presented separately.

Lettings adjusted operating profit reduced by £1.2 to £12.9m, Sales adjusted operating loss improved by £2.6m to £3.7m and Financial Services adjusted operating profit increased by £0.4m to £0.6m.

Within adjusted operating profit, £3.2m (2023: £2.6m) of non-cash charges were incurred relating to depreciation, amortisation and share-based payments:

	H1 2024 £m	H1 2023 £m
Depreciation – property, plant and equipment	**1.2**	1.2
Amortisation – non-acquired intangibles	**0.1**	0.2
Amortisation – acquired intangibles	**1.0**	0.6
Share-based payments[1]	**0.9**	0.6
Total non-cash charges	**3.2**	2.6

[1] Including National Insurance contributions payable in connection with the schemes.

ADJUSTED EBITDA AND ADJUSTED EBITDA MARGIN

	H1 2024		H1 2023	
	£m	**margin**	£m	margin
Adjusted EBITDA	**10.5**	**13.4%**	8.4	11.8%

Adjusted EBITDA increased by 25% to £10.5m (2023: £8.4m) and Adjusted EBITDA margin increased to 13.4% (2023: 11.8%). Adjusted EBITDA, which excludes non-cash depreciation, amortisation and share-based payment charges, is defined on a basis consistent with that of the Group's RCF covenants. Since the metric includes IFRS 16 lease depreciation and IFRS 16 lease finance costs the measure fully reflects the Group's lease cost base. Refer to Note 15 of the condensed financial statements for a reconciliation of adjusted EBITDA to the closest equivalent IFRS measure.

ADJUSTED ITEMS

A net adjusted items credit of £0.1m (2023: nil) was incurred in the period. Adjusted items, due to their size and incidence require separate disclosure in the financial statements to reflect management's view of the underlying performance of the Group and allow comparability of performance from one period to another. The table below provides detail of the adjusted items in the period.

	H1 2024 £m	H1 2023 £m
Net property related reversal[1]	**(0.1)**	(0.1)
Transaction related costs[2]	**-**	0.1
Total net adjusted items credit	**(0.1)**	-

[1] Net property related reversal relates to the net of a charge for re-estimation of the provision for adjusted items, a net gain on the disposal of IFRS 16 balances and other charges relating to vacant property (including, in H1 2023, £0.2m of costs relating to the closure of three Atkinson McLeod branches with business now being served out of the existing Foxtons branch network).
[2] Transaction related costs relate to the acquisition of Atkinson McLeod Limited in H1 2023.

PROFIT BEFORE TAX AND ADJUSTED PROFIT BEFORE TAX

	H1 2024 £m	H1 2023 £m
Adjusted operating profit	**8.5**	6.8
Add: adjusted items	**0.1**	-
Operating profit	**8.6**	6.8
Less: Net finance costs and other income	**(1.0)**	(0.8)
Profit before tax	**7.5**	6.1
Deduct: adjusted items credit	**(0.1)**	-
Adjusted profit before tax	**7.4**	6.1

Profit before tax has increased by 24% to £7.5m (2023: £6.1m) after charging £1.0m (2023: £0.8m) of net finance costs and other income, primarily relating to IFRS 16 lease finance costs. Adjusted profit before tax, which excludes adjusted items, is £7.4m (2023: £6.1m).

PROFIT AFTER TAX

	H1 2024 £m	H1 2023 £m
Profit before tax	**7.5**	6.1
Less: current tax charge	**(2.0)**	(1.9)
Less: deferred tax credit	**0.4**	-
Profit after tax	**5.9**	4.1

The Group has a low-risk approach to its tax affairs and all business activities are within the UK and are UK tax registered and fully tax compliant. The Group does not have any complex tax structures in place and does not engage in any aggressive tax planning or tax avoidance schemes. The Group is transparent, open and honest in its dealings with tax authorities.

Profit after tax of £5.9m (2023: £4.1m) is after a total tax charge of £1.7m (2023: £1.9m), of which £0.4m (2023: £nil) relates to a non-cash deferred tax accounting credit and £2.0m (2023: £1.9m) relates to a current tax charge. The effective tax rate for the period was 22.0% (2023: 32.0%), which compares to the statutory corporation tax rate of 25% (2023: 25%). The 2024 effective tax rate is lower than the statutory corporation tax rate due to adjustments in respect of prior periods.

Net deferred tax liabilities totalled £25.4m (2023: £26.1m), which comprise £28.0m (2023: £27.6m) of deferred tax liabilities relating to the Group's intangible assets, offset by deferred tax assets of £2.6m (2023: £1.6m). The deferred tax assets mainly relate to share based payments, property, plant and equipment and tax losses brought forward which are expected to be recovered through future taxable profits.

The Group received no tax refunds during the year (2023: £0.3m).

ADJUSTED OPERATING COST BASE

The Group defines its adjusted operating cost base as the difference between revenue and adjusted operating profit, excluding depreciation of property, plant and equipment and amortisation of intangible assets. The reconciliation of the adjusted operating cost base measure is presented below:

	H1 2024 £m	H1 2023 £m
Revenue	**78.5**	70.9
Less: Adjusted operating profit	**(8.5)**	(6.8)
Difference between revenue and adjusted operating profit	**70.0**	64.1
Less: Property, plant and equipment depreciation	**(1.2)**	(1.2)
Less: Amortisation	**(1.1)**	(0.8)
Adjusted operating cost base	**67.7**	62.1

The table below analyses the adjusted operating cost base into five categories. The adjusted operating cost base increased by £5.6m to £67.7m (2023: £62.1m), with £2.0m attributable to incremental acquisition related operating costs.

	H1 2024 £m	H1 2023 £m
Direct costs[1]	**27.5**	26.5
Branch operating costs[2]	**17.0**	15.7
Centralised revenue generating operating costs[3]	**8.3**	7.0
Revenue generating operating costs	**52.9**	49.2
Central overheads[4]	**13.5**	11.7
Corporate costs[5]	**1.3**	1.2
Adjusted operating cost base	**67.7**	62.1

[1] Direct salary costs of branch fee earners and bad debt charges.
[2] Branch related operating costs shared between Lettings and Sales.
[3] Centralised fee earners, lead generation staff and Lettings property management staff.
[4] Central overhead costs supporting branch operations.
[5] Corporate costs not attributed directly to the operating activities of the operating segments.

Key movements in the adjusted operating cost base in 2024 versus 2023 are as follows:

- Direct costs increased by £1.0m due to a 5% investment in fee earner headcount and increased variable pay reflecting revenue growth, net of lower bad debt charges.
- Branch operating costs increased by £1.3m primarily due to additional marketing spend to drive organic growth.
- Centralised revenue generating operating costs increased by £1.3m due to investment in centralised Lettings and lead generation functions.
- Central overheads increased by £1.8m, which includes incremental acquisition overheads, increased IT spend to drive competitive advantage and centralised salary inflation.

EARNINGS PER SHARE

	H1 2024 £m	H1 2023 £m
Profit after tax	**5.9**	4.1
(Deduct)/Add back: adjusted items (net of tax)	**(0.1)**	0.1
Adjusted earnings for the purposes of adjusted earnings per share	**5.8**	4.2
Earnings per share (basic)	**1.9p**	1.4p
Earnings per share (diluted)	**1.9p**	1.3p
Adjusted earnings per share (basic)	**1.9p**	1.4p
Adjusted earnings per share (diluted)	**1.8p**	1.3p

CASH FLOW FROM OPERATING ACTIVITIES AND NET FREE CASH FLOW

	H1 2024 £m	H1 2023 £m
Operating cash flow before movements in working capital	**16.6**	13.3
Working capital outflow	**(7.1)**	(9.0)
Income taxes paid	**(2.8)**	(1.1)
Net cash from operating activities	**6.7**	3.2
Repayment of IFRS 16 lease liabilities	**(6.5)**	(6.3)
Net cash used in investing activities[1]	**(1.0)**	(1.3)
Net free cash flow	**(0.9)**	(4.3)

[1] Excludes £1.3m (2023: £6.3m) of cash outflows relating to the acquisition of subsidiaries (net of any cash acquired).

Operating cash flow before movements in working capital increased by £3.3m to £16.6m (2023: £13.3m). Net cash from operating activities increased by £3.5m to £6.7m (2023: £3.2m) due to the increased operating cashflows and more normalised working capital movements as the impact of shorter landlord billing terms, highlighted in the prior year, eases. Net free cash flow was a £0.9m outflow (2022: £4.3m outflow).

NET DEBT

Net debt at 30 June 2024 was £11.3m (30 June 2023: £2.1m; 31 December 2023: £6.8m). The net debt position reflects £1.3m of acquisition related spend (2023: £6.3m), £7.1m of working capital outflows (2023: £9.0m), £1.8m of capital expenditure (2023: £1.5m) and £2.1m of dividends paid (2023: £2.1m).

REVOLVING CREDIT FACILITY

In May 2024, the Board increased and extended the Group's RCF. The size of the RCF was increased from £20m to £30m and the facility was extended by a year to June 2027, with an option to extend for a further year. The facility also includes a £10m accordion option which can be requested at any time subject to bank approval. The RCF supports the Group's Lettings portfolio acquisition strategy and working capital management. Drawdowns on the facility accrue interest at SONIA +1.65%.

The RCF is subject to a leverage covenant (net debt to EBITDA not to exceed 1.75) and an interest cover covenant (EBITDA to interest not to be less than 4) as defined in the facility agreement. Both covenants are calculated using pre-IFRS 16 accounting principles. At 30 June 2024 the leverage ratio was 0.6x and the interest cover ratio was 28x.

OTHER BALANCE SHEET POSITIONS

At 30 June 2024 the significant balance sheet positions were:

- Goodwill of £40.7 m (2023: £31.7m) and other intangible assets of £114.7 m (2023: £111.8m), with the increase in goodwill and other intangible assets due to the acquisition of Ludlow Thompson which contributed £9.0m of goodwill and £3.2m of customer contracts and relationships.
- Trade and other receivables of £20.3m (2023: £18.6m) and trade and other payables of £20.0m (2023: £18.3m).
- Total contract assets of £22.0m (2023: £13.3m) and total contract liabilities of £10.9m (2023: £10.0m). The increase in contract assets was driven by a focus on securing longer tenancy terms and shortening billing periods for landlords opting to agree to longer tenancy terms.
- Lease liabilities of £45.5m (2023: £45.8m) and right-of-use assets of £40.4m (2023: £42.7m).
- Intangible assets under construction of £2.4m (2023: £1.4m) with the increase reflecting additional capital technology development.

DIVIDEND POLICY AND CAPITAL ALLOCATION

As reported in the full year 2023 results, for 2024, the Board has adopted a progressive dividend policy. The policy aims to provide a more reliable and growing income stream to investors, as well as enabling the Group to pursue its strategic growth objectives, whilst maintaining strong dividend cover.

The Group's approach to capital allocation, which includes the progressive dividend policy, aims to support long-term growth and shareholder returns. The Group's capital allocation priorities are set out below:

- Maintain balance sheet strength to enable the Group to meet its operational cash requirements and manage through cyclical sales markets.
- Invest in areas that drive organic growth and rebuild our competitive advantages.
- Pay a progressive ordinary dividend.
- Deploy capital to acquire high quality lettings portfolios to drive inorganic lettings growth.
- Return excess capital, not used for profitable growth, to shareholders.

The Board has declared an interim dividend of 0.22p per share (2023: interim dividend of 0.20p per share). Payment will be made on 16 September 2024 to shareholders on the register at close of business on 9 August

2024. The shares will be quoted ex-dividend on 8 August 2024. The Company operates a Dividend Reinvestment Plan ("DRIP"), which is managed by its registrar, Link Group. For shareholders who wish to receive their dividend in the form of shares, the deadline to elect for the DRIP is 23 August 2024.

SHARE BUY BACK

No shares were bought back in the period (2023: £1.1m). The Board will continue to keep share buybacks under review in the context of other potential uses of capital.

RELATED PARTY TRANSACTIONS

Related party transactions are disclosed in Note 13 of the condensed financial statements. There have been no material changes to the related party transactions described in the 2023 Annual Report and Accounts.

TREASURY MANAGEMENT

The Group seeks to ensure it has sufficient funds for day-to-day operations and to enable strategic priorities to be pursued. Financial risk is managed by ensuring the Group has access to sufficient borrowing facilities to support working capital demands and growth strategies, with cash balances held with major UK based banks. The Group has no foreign currency risk and as a consequence has not entered into any financial instruments to protect against currency risk.

PENSIONS

The Group does not have any defined benefit schemes in place but is subject to the provisions of auto-enrolment which require the Group to make certain defined contribution payments for our employees.

RISK MANAGEMENT

The Group has identified its principal risks and uncertainties and they are regularly reviewed by the Board and Senior Management. Refer to pages 16 and 17 for details of the Group's risk management framework and principal risks and uncertainties.

GOING CONCERN

The financial statements of the Group have been prepared on a going concern basis as the Directors have satisfied themselves that, at the time of approving the financial statements, the Group will have adequate resources to continue in operation for a period of at least 12 months from the date of approval of the financial statements. Refer to Note 1 of the financial statements for details of the Group's going concern assessment and the going concern statement.

Chris Hough
Chief Financial Officer
29 July 2024

PRINCIPAL RISKS

Risk management

The Board is responsible for establishing and maintaining the Group's system of risk management and internal control, with the aim of protecting its employees and customers and safeguarding the interests of the Group and its shareholders in the constantly changing environment in which it operates. The Board, through the Audit Committee, regularly reviews the principal risks facing the Group, together with the relevant mitigating controls, and undertakes a robust risk assessment. In reviewing the principal risks, the Board considers emerging risks, including climate-related risks, and changes to existing risks. In addition, the Board has set guidelines for risk appetite as part of the risk management process against which risks are monitored.

The identification of risks is undertaken by specific executive risk committees that analyse the risk universe by risk type across four key risk types: strategic risks, financial risks, operational risks and compliance risks. A common risk register is used across the Group to monitor gross and residual risk, with the results assessed by the Audit Committee and Board. The Audit Committee monitors the effectiveness of the risk management system through management updates, output from the various executive risk committees and reports from internal audit.

The principal risks do not comprise all of the risks that the Group may face and are not listed in any order of priority. Additional risks and uncertainties not presently known to management, or deemed to be less material at the date of this report, may also have an adverse effect on the Group.

Risk	Impact on the Group
Market risk	The key factors driving market risk are: • Affordability, including ongoing cost of living increases, which in turn may reduce transaction levels; • The market being reliant on the availability of affordable mortgage finance, a deterioration in availability or an increase in borrowing rates may adversely impact the performance of the Sales business. In 2023, borrowing rates increased reflecting increases in the Bank of England base rate. Since the start of 2024, there is improved stability of borrowing rates, with rates beginning to fall which may support additional market activity; • The market being impacted by changes in government policy such as renters reform or changes in stamp duty legislation; • A reduction in London's standing as a major financial city caused by the macro-economic and political environment; and • Heightened geopolitical risk which may increase market uncertainty and customer confidence.
Competitor challenge	The Group operates in a highly competitive marketplace and there is a risk the Group could lose market share. Market share loss could be the result of competitors scaling up (organically or through acquisition), developing new customer service propositions, changing pricing structures or launching alternative business models to drive a competitive advantage.
Compliance with the legal and regulatory environment	Breaches of laws or regulations could lead to financial penalties and reputational damage. Our estate agency business operates under a range of legal and regulatory requirements, such as complying with certain money laundering regulations and protecting client money in-line with the relevant regulations. Our Financial Services business is authorised and regulated by the Financial Conduct Authority (FCA) and could be subject to sanctions for non-compliance. During periods of interest rate volatility there is an increased risk of compliance issues arising which require specific management.

Risk	Impact on the Group
IT systems and cyber risk	Our business operations are dependent on sophisticated and bespoke IT systems which could fail or be deliberately targeted by cyber attacks leading to interruption of service, corruption of data or theft of personal data. Such a failure or loss could also result in reputational damage, fines or other adverse consequences.
People	There is a risk the Group may not be able to recruit or retain quality staff to achieve its operational objectives or mitigate succession risk. As experienced in the current labour market, increased competition for talent leads to a reduction in the available talent pool and an increased cost of labour. Additional risk could arise in the event there are changes in our industry or markets that result in less attractive career opportunities.
Reputation and brand	Foxtons is an iconic estate agency brand with high levels of brand recognition. Maintaining a positive reputation and the prominence of the brand is critical to protecting the future prospects of the business. There is a risk our reputation and brand could be damaged through negative press coverage and social media due to customer service falling below expectations or because our actions are considered to be inappropriate. We recognise the need to maintain our reputation and protect our brand by delivering consistently high levels of service and maintaining a culture which encourages our employees to act with the highest ethical standards.

FORWARD LOOKING STATEMENTS

This interim results announcement contains certain forward-looking statements with respect to the financial condition and results of operations of Foxtons Group plc. These statements and forecasts involve risk and uncertainty because they relate to events and depend upon circumstances that will occur in the future. There are a number of factors that could cause actual results or developments to differ materially from those expressed or implied by these forward-looking statements and forecasts. The forward-looking statements are based on the Directors' current views and information known to them at 29 July 2024. The Directors do not make any undertakings to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Nothing in this statement should be construed as a profit forecast.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

We confirm that to the best of our knowledge:

(a) The condensed set of financial statements has been prepared in accordance with IAS 34 'Interim Financial Reporting';
(b) The interim management report includes a fair review of the information required by DTR 4.2.7R (indication of important events during the first six months and description of principal risks and uncertainties for the remaining six months of the year); and
(c) The interim management report includes a fair review of the information required by DTR 4.2.8R (disclosure of related parties' transactions and changes therein).

By order of the Board

Guy Gittins
Chief Executive Officer
29 July 2024

Chris Hough
Chief Financial Officer
29 July 2024

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Six months ended 30 June 2024

Continuing operations	Notes	H1 2024 (unaudited) £'000	H1 2023 (unaudited) £'000
Revenue	2	**78,515**	70,933
Direct operating costs		**(27,510)**	(26,456)
Other operating costs		**(42,416)**	(37,629)
Operating profit		**8,589**	6,848
Other gains		**260**	-
Finance income		**166**	221
Finance costs		**(1,474)**	(1,008)
Profit before tax		**7,541**	6,061
Tax charge	4	**(1,656)**	(1,939)
Profit and total comprehensive income for the period		**5,885**	4,122

Earnings per share

Basic earnings per share	6	**1.9p**	1.4p
Diluted earnings per share	6	**1.9p**	1.3p

Adjusted measures

Adjusted EBITDA[1,4]	15	**10,517**	8,383
Adjusted operating profit[2,4]	2	**8,458**	6,824
Adjusted profit before tax[1,4]	15	**7,410**	6,037
Adjusted basic earnings per share[3,4]	6	**1.9**	1.4p

[1] Adjusted EBITDA and Adjusted profit before tax are APMs and are reconciled to the nearest statutory measure in Note 15. Both measures exclude £0.1m of adjusted item charges (2023: £nil) which are detailed in Note 3.
[2] Adjusted operating profit is an APM and is reconciled to statutory profit before tax in Note 2. The measure excludes £0.1m of adjusted items (2023: £nil) which are detailed in Note 3.
[3] Adjusted basic earnings per share is an APM and is reconciled to statutory earnings per share in Note 6.
[4] Further details of the APMs are provided in Note 15.

The notes on pages 23 to 35 form part of this condensed consolidated financial information.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

	Notes	**30 June 2024 (unaudited) £'000**	30 June 2023 (unaudited) £'000	31 December 2023 (audited) £'000
Non-current assets				
Goodwill	7	**40,709**	31,663	40,709
Other intangible assets	7	**114,714**	111,820	114,897
Property, plant and equipment		**9,130**	10,885	9,459
Right-of-use assets	8	**40,412**	42,728	42,471
Contract assets		**5,666**	3,004	4,748
Investments		**31**	31	31
Deferred tax assets		**2,563**	1,563	1,905
		213,225	201,694	214,220
Current assets				
Trade and other receivables		**20,305**	18,639	17,432
Contract assets		**16,311**	10,291	14,256
Current tax assets		**804**	-	-
Cash and cash equivalents		**1,813**	3,006	4,989
Assets classified as held for sale		**-**	-	450
		39,233	31,936	37,127
Total assets		**252,458**	233,630	251,347
Current liabilities				
Trade and other payables		**(19,998)**	(18,261)	(21,303)
Current tax liabilities		**-**	(225)	(79)
Borrowings	11	**(13,132)**	(4,846)	(11,682)
Lease liabilities	8	**(11,029)**	(10,147)	(10,686)
Contract liabilities		**(10,466)**	(9,611)	(11,770)
Provisions		**(1,167)**	(541)	(1,609)
		(55,792)	(43,631)	(57,129)
Net current liabilities		**(16,559)**	(11,695)	(20,002)
Non-current liabilities				
Lease liabilities	8	**(34,423)**	(35,657)	(36,915)
Borrowings	11	**-**	(115)	(98)
Contract liabilities		**(480)**	(410)	(439)
Provisions		**(3,111)**	(2,012)	(3,008)
Deferred tax liabilities		**(27,963)**	(27,627)	(28,153)
		(65,977)	(65,821)	(68,613)
Total liabilities		**(121,769)**	(109,452)	(125,742)
Net assets		**130,689**	124,178	125,605
Equity				
Share capital		**3,301**	3,301	3,301
Merger reserve		**20,568**	20,568	20,568
Other reserves		**2,653**	2,653	2,653
Own shares reserve	12	**(11,180)**	(12,092)	(12,092)
Retained earnings		**115,347**	109,748	111,175
Total equity		**130,689**	124,178	125,605

The notes on pages 23 to 35 form part of this condensed consolidated financial information.

These unaudited condensed consolidated interim financial statements for the 6 months ended 30 June 2024 were approved by the Board on 29 July 2024.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Six months ended 30 June 2024

	Notes	Share capital £'000	Merger reserve £'000	Other reserves £'000	Own shares reserve £'000	Retained earnings £'000	Total equity £'000
Balance at 1 January 2024		**3,301**	**20,568**	**2,653**	**(12,092)**	**111,175**	**125,605**
Total comprehensive income for the period		**-**	**-**	**-**	**-**	**5,885**	**5,885**
Dividends	5	**-**	**-**	**-**	**-**	**(2,119)**	**(2,119)**
Credit to equity for share-based payments		**-**	**-**	**-**	**-**	**1,388**	**1,388**
Own shares acquired in the period	12	**-**	**-**	**-**	**-**	**-**	**-**
Settlement of share incentive plan	12	**-**	**-**	**-**	**912**	**(982)**	**(70)**
Balance at 30 June 2024 (unaudited)		**3,301**	**20,568**	**2,653**	**(11,180)**	**115,347**	**130,689**

	Notes	Share capital £'000	Merger reserve £'000	Other reserves £'000	Own shares reserve £'000	Retained earnings £'000	Total equity £'000
Balance at 1 January 2023		3,301	20,568	2,653	(10,993)	107,139	122,668
Total comprehensive income for the period		-	-	-	-	4,122	4,122
Dividends	5	-	-	-	-	(2,122)	(2,122)
Own shares acquired in the period	12	-	-	-	(1,112)	-	(1,112)
Credit to equity for share-based payments		-	-	-	-	622	622
Settlement of share incentive plan		-	-	-	13	(13)	-
Balance at 30 June 2023 (unaudited)		3,301	20,568	2,653	(12,092)	109,748	124,178

(audited)	Notes	Share capital £'000	Merger reserve £'000	Other reserves £'000	Own shares reserve £'000	Retained earnings £'000	Total equity £'000
Balance at 1 January 2023		3,301	20,568	2,653	(10,993)	107,139	122,668
Total comprehensive income for the year		-	-	-	-	5,490	5,490
Dividends	5	-	-	-	-	(2,725)	(2,725)
Own shares acquired in the period	12	-	-	-	(1,112)	-	(1,112)
Credit to equity for share-based payments		-	-	-	-	1,284	1,284
Settlement of share incentive plan		-	-	-	13	(13)	-
Balance at 31 December 2023		3,301	20,568	2,653	(12,092)	111,175	125,605

The notes on pages 23 to 35 form part of this condensed consolidated financial information.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

Six months ended 30 June 2024

	Notes	**H1 2024 (unaudited) £'000**	H1 2023 (unaudited) £'000
Operating activities			
Operating profit	2	**8,589**	6,848
Operating profit		**8,589**	6,848
Adjustments for:			
Depreciation of property, plant and equipment and right-of-use assets		**6,633**	6,385
Amortisation of intangible assets		**1,087**	834
Gain on disposal of lease liability		**(72)**	(617)
Sub-lease asset impairment		**-**	190
Loss on disposal of property, plant and equipment and right-of-use assets		**15**	26
Decrease in provisions		**(339)**	(896)
Settlement of share incentive plan		**(70)**	-
Share-based payment charges		**766**	522
Operating cash flows before movements in working capital		**16,609**	13,292
Increase in receivables and contract assets		**(5,896)**	(8,723)
Decrease in payables and contract liabilities		**(1,221)**	(234)
Cash generated by operations		**9,492**	4,335
Income taxes paid		**(2,766)**	(1,102)
Net cash from operating activities		**6,726**	3,233
Investing activities			
Interest received		**166**	221
Proceeds on disposal of property, plant and equipment		**570**	-
Purchases of property, plant and equipment		**(930)**	(792)
Purchases of intangibles		**(917)**	(698)
Purchases of investments	9	**-**	(25)
Proceeds from sale of shares		**91**	-
Acquisition of subsidiaries (net of cash acquired)	10	**(1,301)**	(6,328)
Net cash used in investing activities		**(2,321)**	(7,622)
Financing activities			
Proceeds from borrowings		**8,800**	4,800
Repayment of borrowings		**(7,428)**	-
Dividends paid	5	**(2,119)**	(2,122)
Interest on borrowings		**(458)**	(38)
Interest on lease liabilities		**(1,038)**	(970)
Repayment of lease liabilities		**(5,432)**	(5,318)
Sub-lease receipts		**94**	128
Purchase of own shares	12	**-**	(1,112)
Net cash used in financing activities		**(7,581)**	(4,632)
Net decrease in cash and cash equivalents		**(3,176)**	(9,021)
Cash and cash equivalents at beginning of period:		**4,989**	12,027
Cash and cash equivalents at end of period		**1,813**	3,006

The notes on pages 23 to 35 form part of this condensed consolidated financial information.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT

1. ACCOUNTING POLICIES, JUDGEMENTS AND ESTIMATES

1.1 General Information

Foxtons Group plc ("the Company") is a company incorporated in the United Kingdom under the Companies Act 2006. The address of the Company's registered office is Building One, Chiswick Park, 566 Chiswick High Road, London W4 5BE. The principal activity of the Company and its subsidiaries (collectively, "the Group") is the provision of services to the residential property market in the UK.

These condensed interim financial statements are presented in pounds sterling which is the currency of the primary economic environment in which the Group operates.

1.2 Basis of preparation

These condensed interim financial statements do not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006. Statutory accounts for the year ended 31 December 2023 were approved by the Directors on 4 March 2024 and delivered to the Registrar of Companies. The report of the auditors on those accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under section 498 of the Companies Act 2006. The condensed interim financial statements have been reviewed, not audited.

This condensed consolidated interim financial report for the half-year reporting period ended 30 June 2024 has been prepared in accordance with the UK-adopted International Accounting Standard 34, 'Interim Financial Reporting' and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

1.3 Going concern

Going concern assessment

The condensed interim financial statements of the Group have been prepared on a going concern basis as the Directors have satisfied themselves that, at the time of approving the condensed interim financial statements, the Group will have adequate resources to continue in operation for a period of at least 12 months from the date of approval of the condensed consolidated interim financial statements. The assessment has taken into consideration the Group's financial position, liquidity requirements, recent trading performance and the outcome of reverse stress testing. At 30 June 2024, the Group was in a net debt position of £11.3m (31 December 2023: £6.8m net debt) and a net current liability position of £16.6m (31 December 2023: £20.0m), both of which include the £13.3m drawdown on the Group's £30.0m revolving credit facility ('RCF') used to fund the Group's acquisition strategy and working capital requirements. The facility is available for use until June 2027 and has an option to extend for a further year to June 2028. For RCF terms refer to Note 11.

Reverse stress scenario

In assessing the Group's ability to continue as a going concern, the Directors have stress tested the Group's cash flow forecasts using a reverse stress scenario which incorporates a severe deterioration in market conditions. Reverse stress testing seeks to determine the point at which the Group could be considered to fail without taking further mitigating actions or raising additional funds. For the purposes of the reverse stress test, the point of failure has been defined as the point at which the Group breaches its RCF covenants.

The reverse stress scenario has taken into consideration the revenue characteristics of the Group, specifically the transactional nature of Sales revenue, which contrasts to the recurring and non-cyclical nature of Lettings revenue. The scenario assumes a severe macro-economic downturn from July 2024 to December 2025 which heavily impacts Sales and Financial Services revenues since these streams are most sensitive to the macro-economic environment. Additionally, Lettings revenues have been assumed to be impacted despite their resilient nature. The key assumptions are summarised below:

- A 30% reduction in sales market transactions and a 19% reduction in Lettings units compared in 2022. For context, a 30% reduction in sales market transactions would see transaction volumes fall c.10% compared to those levels seen in 2009 following the Global Financial Crisis.

- Additionally, the scenario incorporates a 10% reduction in house prices and a 15% reduction in Lettings average revenue per transaction from current levels, further reducing revenues.

- Under the reverse stress scenario, Sales revenue would be 20% lower than 2023 and Lettings revenue would be 13% lower than 2023. Noting that 2023 Sales revenues were already at a depressed level, a further fall of 20% in improving market conditions is considered to be unlikely.

- Under the scenario, it is assumed management would take mitigating action to reduce discretionary spending and right size fee earner headcount to reflect market conditions. The modelled actions include: reducing front office headcount in line with the revenue reductions; reducing discretionary spend such as marketing; and deferring management bonuses.

In the unlikely event of the reverse stress scenario, the Group forecasts it would breach the RCF's leverage covenant (refer to Note 11 for details of the covenants) in December 2025. Under such a scenario, further mitigating actions that could be taken, but not included in the reverse stress scenario, include further reducing discretionary spend, further rationalising headcount, pausing capital expenditure, seeking agreement to defer lease payments or raising additional funds.

1.4 Accounting policies, interpretations and amendments adopted by the Group

The accounting policies applied in these interim statements are the same as those applied in the Group's 2023 Annual Report and Accounts, with the exception of certain new interpretations and amendments adopted in the current period which had no significant effect on the Group's results.

1.5 Alternative performance measures

In reporting financial information the Group presents APMs which are not defined or specified under the requirements of IFRS. The Group believes that the presentation of APMs provides stakeholders with additional helpful information on the performance of the business, but does not consider them to be a substitute for or superior to IFRS measures. APMs are also used to enhance the comparability of information between reporting periods, by adjusting for uncontrollable factors which affect IFRS measures, to aid users in understanding the Group's performance. The Group's APMs are defined, and purpose explained, within Note 15.

1.6 Critical accounting judgements and key sources of estimation uncertainty

The Group's critical accounting judgements and key sources of estimation uncertainty are consistent with those described in the Group's 2023 Annual Report and Accounts.

2. BUSINESS AND GEOGRAPHICAL SEGMENTS

Products and services from which reportable segments derive their revenues

Management has determined the operating segments based on the monthly management pack reviewed by the Directors, which is used to assess both the performance of the business and to allocate resources within the Group. Management has identified that the Board is the Chief Operating Decision Maker ('CODM') in accordance with the requirements of IFRS 8 'Operating Segments'.

The operating and reportable segments of the Group are (i) Lettings, (ii) Sales and (iii) Financial Services.

(i) Lettings generates commission from the letting and management of residential properties and income from interest earned on client monies.
(ii) Sales generates commission on sales of residential property.
(iii) Financial Services generates commission from the arrangement of mortgages and related products under contracts with financial service providers and receives administration fees from clients.

All revenue for the Group is generated from within the UK and there is no intra-group revenue.

Segment assets and liabilities, including depreciation, amortisation and additions to non-current assets, are not reported to the Board on a segmental basis and are therefore not disclosed. Goodwill and intangible assets have been allocated to reportable segments as described in Note 7.

The segmental disclosures include two APMs as defined below. Further details of the APMs is provided in Note 15.

Contribution and contribution margin

Contribution is defined as revenue less direct operating costs (being salary costs of front office staff and costs of bad debt). Contribution margin is defined as contribution divided by revenue. These measures indicate the profitability and efficiency of the segments before the allocation of shared costs.

Adjusted operating profit and adjusted operating profit margin

Adjusted operating profit represents the profit before tax for the period before adjusted items (defined below), finance income and finance cost and other gains/losses. Adjusted operating profit margin is defined as adjusted operating profit divided by revenue. As explained in Note 15, these measures are used by the Board to measure delivery against the Group's strategic priorities, to allocate resource and to assess segmental performance.

Adjusted items

Adjusted operating profit, adjusted operating profit margin, adjusted EBITDA, adjusted EBITDA margin and adjusted earnings per share, exclude adjusted items. Adjusted items include costs or revenues which due to their size and incidence require separate disclosure in the condensed interim financial statements to reflect management's view of the underlying performance of the Group and allow comparability of performance from one period to another. Items include restructuring and impairment charges, significant acquisition costs and any other significant exceptional items. Refer to Note 3 for further information of the adjusted items recognised in the period.

Segment revenues and results

The following is an analysis of the Group's continuing operations results by reportable segment for the half year ended 30 June 2024:

	Notes	**Lettings £'000**	**Sales £'000**	**Financial Services £'000**	**Corporate costs £'000**	**Consolidated £'000**
Revenue		**52,356**	**21,610**	**4,549**	n/a	**78,515**
Contribution	15	**39,265**	**9,779**	**1,961**	n/a	**51,005**
Contribution margin	*15*	***75.0%***	***45.3%***	***43.1%***	*n/a*	***65.0%***
Adjusted operating profit/(loss)	15	**12,941**	**(3,742)**	**592**	**(1,333)**	**8,458**
Adjusted operating profit margin	*15*	***24.7%***	***(17.3%)***	***13.0%***	*n/a*	***10.8%***
Adjusted items	3					**131**
Operating profit						**8,589**
Other income						260
Finance income						166
Finance costs						(1,474)
Profit before tax						**7,541**

	Lettings £'000	**Sales £'000**	**Financial Services £'000**	**Corporate costs £'000**	**Consolidated £'000**
Depreciation[1]	**4,124**	**2,501**	**8**	–	**6,633**
Amortisation from non-acquired intangibles	**47**	**30**	**29**	–	**106**
Amortisation from acquired intangibles	**820**	**161**	–	–	**981**
Total	**4,991**	**2,692**	**37**	–	**7,720**

[1] Total depreciation of £6.6m consists of £1.2m of property, plant and equipment depreciation and £5.4m of IFRS 16 lease depreciation (refer to Note 8)

The following is an analysis of the Group's continuing operations results by reportable segment for the half year ended 30 June 2023:

	Notes	Lettings £'000	Sales £'000	Financial Services £'000	Corporate costs £'000	Consolidated £'000
Revenue		49,768	16,933	4,232	n/a	70,933
Contribution	15	37,362	5,540	1,575	n/a	44,477
Contribution margin	*15*	*75.1%*	*32.7%*	*37.2%*	*n/a*	*62.7%*
Adjusted operating profit/(loss)	15	14,145	(6,364)	199	(1,156)	6,824
Adjusted operating profit margin	*15*	*28.4%*	*(37.6%)*	*4.7%*	*n/a*	*9.6%*
Adjusted items	3					24
Operating profit						6,848
Finance income						221
Finance costs						(1,008)
Profit before tax						6,061

	Lettings £'000	Sales £'000	Financial Services £'000	Corporate costs £'000	Consolidated £'000
Depreciation[1]	3,918	2,459	8	–	6,385
Amortisation from non-acquired intangibles	113	70	43	–	226
Amortisation from acquired intangibles	608	–	–	–	608
Total	4,639	2,529	51	–	7,219

[1] Total depreciation of £6.4m consists of £1.2m of property, plant and equipment depreciation and £5.2m of IFRS 16 lease depreciation (refer to Note 8)

3. ADJUSTED ITEMS

Adjusted operating profit, adjusted operating profit margin, adjusted EBITDA, adjusted EBITDA margin, adjusted profit before tax, adjusted earnings per share, exclude adjusted items. These APMs are defined, purpose explained and reconciled to statutory measures in Note 2, Note 6 and Note 15.

	H1 2024 £'000	H1 2023 £'000
Net property related reversal[1]	**(131)**	(148)
Transaction related costs[2]	**-**	124
	(131)	(24)

[1] Net property related reversal relates to the net of a charge for re-estimation of the provision for adjusted items, a net gain on the disposal of IFRS 16 balances and other charges relating to vacant property (including, in H1 2023, £0.2m of costs relating to the closure of three Atkinson McLeod branches with business now being served out of the existing Foxtons branch network).
[2]Transaction related costs relate to the acquisition of Atkinson McLeod Limited in H1 2023.

4. TAXATION

The components of the income tax charge recognised in the Group income statement are:

	H1 2024 £'000	H1 2023 £'000
Current tax charge	**2,022**	1,915
Deferred tax (credit)/charge	**(366)**	24
Tax charge on profit on ordinary activities	**1,656**	1,939

The tax charged within the 6 months ended 30 June 2024 has been calculated by applying the effective rate of tax which is expected to apply to the Group for the year ending 31 December 2024 using rates substantively enacted as at 30 June 2024 as required by IAS 34 'Interim Financial Reporting'.

Deferred tax assets/liabilities have been recognised at 25% reflecting the prevailing UK corporate tax rate.

5. DIVIDENDS

	H1 2024 £'000	H1 2023 £'000
Amounts recognised as distributions to equity holders in the period:		
Final dividend for the year ended 31 December 2023: 0.7p (31 December 2022: 0.7p) per ordinary share	**2,119**	2,122
	2,119	2,122

For 2024, the Board has declared an interim dividend of 0.22p (2023: 0.20p) per ordinary share to be paid in September 2024. The condensed interim financial statements do not reflect the dividend payable.

6. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit for the period attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the financial period, excluding own shares held.

Diluted earnings per share is calculated by dividing the earnings attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the financial period, excluding own shares held, plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares. The Company's potentially dilutive ordinary shares are in respect of share options granted to employees.

	H1 2024 £'000	H1 2023 £'000
Profit for the purposes of basic and diluted earnings per share	**5,885**	4,122
Adjusted items (including associated taxation)[1]	(95)	60
Adjusted earnings for the purposes of adjusted earnings per share	**5,790**	4,182
Number of shares	**H1 2024**	H1 2023
Weighted average number of ordinary shares for the purposes of basic earnings per share	**302,097,591**	302,815,955
Effect of potentially dilutive ordinary shares	**12,613,971**	11,723,508
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**314,711,562**	314,539,463
Earnings per share (basic)	**1.9p**	1.4p
Earnings per share (diluted)	**1.9p**	1.3p
Adjusted earnings per share (basic)	**1.9p**	1.4p
Adjusted earnings per share (diluted)	**1.8p**	1.3p

[1]Net adjusted items credit of £131k (2023: £24k), plus associated tax charge of £36k (2023: £84k), resulting in an after tax adjusted items credit of £95k (2023: £60k charge). Refer to Note 3 for details on adjusted items.

7. GOODWILL AND OTHER INTANGIBLE ASSETS

At 30 June 2024, goodwill and other intangible assets total £155.4m (30 June 2023: £143.5m) as detailed below:

	30 June 2024 £'000	30 June 2023 £'000	31 December 2023 £'000
Goodwill	**40,709**	31,663	40,709
Brand	**99,000**	99,000	99,000
Software	**724**	228	814
Customer contracts and relationships	**12,615**	11,147	13,596
Assets under construction	**2,375**	1,445	1,487
Other intangible assets	**114,714**	111,820	114,897
Goodwill and other intangible assets	**155,423**	143,483	155,606

Assets under construction represent the amount of expenditure recognised in the course of an asset's construction. Development costs that are directly attributable to the design and testing of identifiable software products controlled by the Group are recognised as intangible assets when the project or process is technically and commercially feasible. Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads.

a) Review for indicators of impairment at 30 June 2024

Under IAS 36 'Impairment of Assets', the Group is required to:

- review its intangible assets in the event of a significant change in circumstances that would indicate potential impairment; and
- review and test its goodwill and indefinite-life intangible assets annually or in the event of a significant change in circumstances.

At 30 June 2024, the Group has assessed for indicators of impairment of the Group's goodwill and brand asset. Following consideration of both internal and external impairment indicators, including 2024 year-to-date trading performance, no indicators of impairment have been identified.

b) Sensitivity analysis

Sensitivity analysis was performed as part of the impairment review for the year ended 31 December 2023 to assess whether the carrying value of the Foxtons brand asset is sensitive to reasonable possible changes in key assumptions and whether any changes in key assumptions would materially change the carrying value. Lettings goodwill showed significant headroom against all sensitivity scenarios, whilst the brand asset was sensitive to reasonable possible changes in key assumptions.

The key assumption used in the 2023 brand asset impairment assessment was the forecast revenues for the sales and lettings businesses. The carrying value of the brand asset was not highly sensitive to changes in discount rates or long-term growth rates.

As disclosed in Note 10 of the 2023 Annual Report and Accounts, the impairment model indicated brand asset headroom of £60.4m or 38% of the carrying value under test. Cash flows are from the Group's Board approved plan while also complying with the requirements of the relevant accounting standard. The key assumptions were as follows:

- Sales revenue increases by a CAGR (compound average growth rate) of 10.7% as the market recovers 5% in 2024 and 2.5% annually from there and market share growth continues.
- Within the Sales revenue assumption, house prices are assumed to fall 2% in 2024 before increasing 2.5% annually from 2026.
- Lettings revenue is assumed to grow at a CAGR of 3.4% over the forecast period, excluding future Lettings portfolio acquisitions that must be excluded from forecast cash flows under the relevant accounting standard.

It was disclosed that assuming no changes in other elements of the plan, the brand asset headroom would reduce to zero if the combined revenue CAGR over the forecast period reduces from 5.5% to 3.4%. Under a reasonably possible downside scenario, in which Sales revenue only fully recovers to 2022 levels by 2028, Lettings revenue growth is limited to 2.2% and the Group takes appropriate mitigating actions, such as reducing discretionary spend and direct costs, the brand asset headroom would be reduced to £1.1m. At 30 June 2024, consideration of the latest economic and geo-political conditions have been made, and there have been no significant changes to this reasonable possible downside scenario.

The Group will complete a full annual impairment review, as required under IAS 36, for the goodwill and brand assets in the second half of the year.

8. LEASES

Right-of-use assets

The carrying amounts of the right-of-use assets recognised and the movements during the period are outlined below:

	30 June 2024 £'000	30 June 2023 £'000	31 December 2023 £'000
Opening balance	**42,471**	42,570	42,570
Additions	**2,979**	6,633	13,532
Acquired through business combinations	**-**	-	1,891
Lease modifications	**579**	67	(298)
Disposals	**(228)**	(1,330)	(2,340)
Depreciation	**(5,389)**	(5,212)	(10,511)
Impairment charge	**-**	-	(2,373)
Closing balance	**40,412**	42,728	42,471

Lease liabilities

The carrying amounts of lease liabilities recognised and the movements during the period are outlined below:

	30 June 2024 £'000	30 June 2023 £'000	31 December 2023 £'000
Opening balance	**47,601**	46,461	46,461
Additions	**2,985**	6,590	13,440
Acquired through business combinations	**-**	-	1,891
Lease modifications	**579**	67	(574)
Disposals	**(281)**	(1,996)	(3,063)
Interest charge	**1,038**	970	1,971
Payments	**(6,470)**	(6,288)	(12,525)
Closing balance	**45,452**	45,804	47,601
Current	**11,029**	10,147	10,686
Non-current	**34,423**	35,657	36,915

At the balance sheet date, continuing operations had outstanding commitments for future minimum lease payments which fall due as follows:

	30 June 2024 £'000	30 June 2023 £'000	31 December 2023 £'000
Maturity analysis - contractual undiscounted cash flows from continuing operations			
Within one year	**12,837**	11,874	12,488
In the second to fifth years inclusive	**29,555**	30,917	31,007
After five years	**8,970**	9,145	10,357
	51,362	51,936	53,852

9. FINANCIAL INSTRUMENTS

Categories of financial instruments

The categories of financial instruments, including contact assets and liabilities, held by the Group are as follows:

	30 June 2024 £'000	30 June 2023 £'000	31 December 2023 £'000
Financial assets			
FVOCI financial assets	**31**	31	31
Cash and cash equivalents	**1,813**	3,006	4,989
Financial assets recorded at amortised cost	**39,189**	28,935	31,304
Financial liabilities			
Financial liabilities recorded at amortised cost	**(22,997)**	(21,461)	(27,112)
Borrowings	**(13,132)**	(4,961)	(11,780)
Lease liabilities	**(45,542)**	(45,804)	(47,601)

Management considers that the book value of financial assets and liabilities recorded at amortised cost and their fair value are approximately equal.

Fair value hierarchy

The Group uses the following hierarchy for determining the fair value of the financial instruments held:

- Level 1 – Quoted market prices
- Level 2 – Valuation techniques (market observable)
- Level 3 – Valuation techniques (non-market observable)

At 30 June 2024, the Group does not hold any financial instruments categorised as Level 1 or 2 by IFRS 13 (31 December 2023: £nil, 30 June 2023: £nil). The Level 3 financial instruments held by the Group relate solely to unlisted equity shares.

The following table shows the changes in Level 3 financial assets for the six months ended 30 June:

	2024 £'000	**2023 £'000**
Opening balance 1 January	**31**	6
Additions	**-**	25
Closing balance 30 June	**31**	31

There were no transfers between the levels during the period.

Financial risk factors

The Group's activities expose it to a variety of financial risks including, interest rate risk, credit risk and liquidity risk. The condensed interim financial statements do not include all financial risk management information and disclosures as required in the annual financial statements; they should be read in conjunction with the information included in Note 24 of the 2023 Annual Report and Accounts. There have been no changes in any risk management policies since the year end.

10. BUSINESS COMBINATIONS

2023 acquisitions

As disclosed in Note 13 of the 2023 Annual Report and Accounts, on 3 March and 6 November 2023 respectively the Group acquired 100% of the share capital of the following independent London estate agents which are primarily focused on providing Lettings and Property Management services:

- Atkinson McLeod Limited ('Atkinson McLeod');
- Ludlow Thompson Holdings Limited and its subsidiaries Ludlowthompson SLM Ltd and Ludlowthompson.com Limited (collectively 'Ludlow Thompson').

A total deferred consideration of £1.3m was paid in H1 2023 relating to:

- £0.7m paid in relation to Atkinson McLeod, with no further payments due.
- £0.6m paid in relation to Ludlow Thompson representing the partial settlement of deferred consideration, with an estimated £1.4m of deferred consideration payable in the second half of the year.

Analysis of cash flows on acquisition

	H1 2024 £'000	H1 2023 £'000
Cash consideration	-	(7,457)
Deferred and contingent consideration paid in relation to prior year acquisitions	**(1,301)**	(172)
Cash acquired in subsidiaries	-	1,301
Acquisitions of subsidiaries, net of cash acquired (included in cash flows used in investing activities)	**(1,301)**	(6,328)
Transaction costs of the acquisition (included in cash flows from operating activities)	-	(124)
Net cash flow on acquisitions	**(1,301)**	(6,452)

H1 2023 transaction costs of £0.1m were recognised as an adjusted item expense in the Group's consolidated income statement (refer to Note 3).

11. BORROWINGS

	30 June 2024 £'000	30 June 2023 £'000	31 December 2023 £'000
Current:			
Revolving credit facility	**13,329**	4,964	11,769
Freehold mortgage	**-**	35	40
Transaction costs	**(197)**	(153)	(127)
Total borrowings due within one year	**13,132**	4,846	11,682
Non-current:			
Freehold mortgage	**-**	115	98
Total borrowings due in more than one year	**-**	115	98
Total borrowings	**13,132**	4,961	11,780

During the period, the Company increased the revolving credit facility (RCF) from £20m to £30m and extended it by one year from June 2026 to June 2027.The RCF attracts a margin of 1.65% above SONIA and is unsecured. The facility is available for use until June 2027 and has an option to extend for a further year to June 2028, as well as an accordion facility to increase the facility size to £40m subject to bank approval.

Interest of £0.5m was paid in the period (2023: nil).

The RCF is subject to a leverage covenant (net debt to EBITDA not to exceed 1.75) and an interest cover covenant (EBITDA to interest not to be less than 4) as defined in the facility agreement. Both covenants are calculated using pre-IFRS 16 accounting principles. The Group has been in compliance with covenants throughout the period and at 30 June 2024 the leverage covenant was 0.6x and the interest cover was 28x.

12. OWN SHARES RESERVE

	30 June 2024	30 June 2023	31 December 2023
	£'000	£'000	£'000
Opening balance	**12,092**	10,993	10,993
Acquired during the period	**-**	1,112	1,112
Settlement of share incentive plan	**(912)**	(13)	(13)
Closing balance	**11,180**	12,092	12,092

The settlement of share incentive plans relates to the exercise of the following share awards in H1 2024:

	Number of awards
Restricted Share Plans (RSP)	**479,117**
Salary Substitute Restricted Share Awards	**302,298**
Bonus Banking Plan (BBP) [1]	**1,489,952**
LTIP	**9,130**

[1] 524,309 share awards were exercised by the Executive Directors.

The own shares reserve represents the cost of shares in the Company purchased in the market and held by either the Company or the Foxtons Group Employee Benefit Trust to satisfy awards under the Group's long-term incentive schemes. The number of ordinary shares held by the Employee Benefit Trust at 30 June 2024 was 57,467 (31 December 2023: 57,467; 30 June 2023: 57,467).

The number of ordinary shares held by the Company at 30 June 2024 was 26,589,303 (31 December 2023: 28,758,900; 30 June 2023: 28,758,900).

13. RELATED PARTY TRANSACTIONS

Balances and transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

14. CLIENT MONIES

At 30 June 2024, client monies held within the Group in approved bank accounts amounted to £129.5m (31 December 2023: £122.4m, 30 June 2023: £125.0m). Neither this amount nor the matching liabilities to the clients concerned, are included in the consolidated balance sheet since these funds belong to clients. Foxtons Limited's terms and conditions provide that any interest income received on these client monies accrues to the Company.

Client monies are protected by the FSCS under which the government guarantees amounts up to £85,000 each. This guarantee applies to each individual client deposit, not the sum total on deposit.

15. ALTERNATIVE PERFORMANCE MEASURES

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

The Group's APMs are aligned to the Group's strategy and together are used to measure the performance of the business with certain APMs forming the basis of remuneration performance measures. Adjusted results exclude certain items, because if included, these could distort the understanding of our performance for the period and the comparability between periods. The definition, purpose and how the measures are reconciled to statutory measures are set out below.

a) Contribution and contribution margin

Contribution is defined as revenue less direct salary costs of front office staff and costs of bad debt. Contribution margin is defined as contribution divided by revenue. Contribution and contribution margin are key metrics for management since both are measures of the profitability and efficiency before the allocation of shared costs. A reconciliation between continuing operations revenue and contribution is presented below.

H1 2024	**Lettings £'000**	**Sales £'000**	**Financial Services £'000**	**Consolidated £'000**
Revenue	**52,356**	**21,610**	**4,549**	**78,515**
Less: Direct operating costs	**(13,091)**	**(11,831)**	**(2,588)**	**(27,510)**
Contribution	**39,265**	**9,779**	**1,961**	**51,005**
Contribution margin	**75.0%**	**45.3%**	43.1%	**65.0%**

H1 2023	**Lettings £'000**	**Sales £'000**	**Financial Services £'000**	**Consolidated £'000**
Revenue	49,768	16,933	4,232	70,933
Less: Direct operating costs	(12,406)	(11,393)	(2,657)	(26,456)
Contribution	37,362	5,540	1,575	44,477
Contribution margin	75.1%	32.7%	37.2%	62.7%

b) Adjusted EBITDA and adjusted EBITDA margin

Adjusted EBITDA represents the profit before tax before finance income, non-IFRS 16 finance costs, other gains/(losses), depreciation of property, plant and equipment (but after IFRS 16 depreciation), amortisation, share-based payment charges and adjusted items. Since the measure includes IFRS 16 lease depreciation and IFRS 16 lease finance cost, adjusted EBITDA includes all elements of the Group's leasing costs and therefore fully reflects the Group's lease cost base. Adjusted EBITDA margin is defined as adjusted EBITDA divided by revenue. These measures are frequently used by investors, securities analysts and other interested parties to evaluate financial performance and compare performance of sector peers. Furthermore, adjusted EBITDA is used to calculate the leverage and interest cover ratios for the purposes of the Group's RCF covenants. A reconciliation between operating profit and adjusted EBITDA is presented below.

	Notes	H1 2024 £'000	H1 2023 £'000
Operating profit		**8,589**	6,848
Add back: adjusted items	**3**	**(131)**	(24)
Adjusted operating profit		**8,458**	6,824
Add back: Amortisation of non-acquired intangibles		**106**	226
Add back: Amortisation of acquired intangibles		**981**	608
Add back: Depreciation of property, plant and equipment[1]		**1,244**	1,173
Add back: Share-based payment charges		**766**	522
Deduct: Interest on IFRS 16 leases[2]	**8**	**(1,038)**	(970)
Adjusted EBITDA		**10,517**	8,383
Adjusted EBITDA margin		13.4%	11.8%

[1] Depreciation of IFRS 16 right-of-use assets is not added back so that adjusted EBITDA includes the non-financing element of property and vehicle leases.

[2] Interest on IFRS 16 leases is deducted so that adjusted EBITDA includes the financing cost of property and vehicle leases.

c) Adjusted operating profit and adjusted operating profit margin

Adjusted operating profit represents the profit before tax for the period before finance income, finance cost, other gains/(losses) and adjusted items (defined within Note 2). This measure is reported to the Board for the purpose of resource allocation and assessment of segment performance. The closest equivalent IFRS measure to adjusted operating profit is profit before tax.

Adjusted operating profit margin is defined as adjusted operating profit divided by revenue. This APM is a key performance indicator of the Group and is used to measure the delivery of the Group's strategic priorities.

Refer to Note 2 for a reconciliation between profit before tax and adjusted operating profit and for the inputs used to derive adjusted operating profit margin.

d) Adjusted profit before tax

Adjusted profit before tax represents profit before tax before adjusted items and provides a view of the underlying profit before tax and aids comparability of performance from one period to another. A reconciliation between profit before tax and adjusted profit before tax is presented below.

	Notes	H1 2024 £'000	H1 2023 £'000
Profit before tax		**7,541**	6,061
Deduct: adjusted items credit	**3**	**(131)**	(24)
Adjusted profit before tax		**7,410**	6,037

e) Adjusted earnings per share

Adjusted earnings per share is defined as earnings per share excluding the impact of adjusted items.

The measure is derived by dividing profit after tax, adjusted for adjusted items after tax, by the weighted average number of ordinary shares in issue during the financial period, excluding own shares held. This APM is a measure of management's view of the Group's underlying earnings per share.

The closest equivalent IFRS measure is basic earnings per share. Refer to Note 6 for a reconciliation between statutory earnings per share and adjusted earnings per share.

f) Net free cash flow

Net free cash flow is defined as net cash from operating activities less repayment of IFRS 16 lease liabilities and net cash used in investing activities, excluding the acquisition of subsidiaries (net of any cash acquired), divestments and purchases of investments. This measure is used to monitor cash generation. A reconciliation between net cash from operating activities and net free cash flow is presented below.

	H1 2024 £'000	H1 2023 £'000
Net cash from operating activities	**6,726**	3,233
Less: Repayment of IFRS 16 lease liabilities	**(6,470)**	(6,288)
Net cash inflow/(outflow) from operating activities, after repayment of IFRS 16 lease liabilities	**256**	(3,055)
Investing activities		
Interest received	**166**	221
Proceeds on disposal of property, plant and equipment	**570**	-
Purchases of property, plant and equipment	**(930)**	(792)
Purchase of intangibles	**(917)**	(698)
Net cash used in investing activities	**(1,111)**	(1,269)
Net free cash flow	**(855)**	(4,324)

g) Net (debt)/cash

Net (debt)/cash is defined as cash and cash equivalents less external borrowings and excludes IFRS 16 lease liabilities. The measure is monitored internally for the purposes of assessing the availability of capital and balance sheet strength. A reconciliation of the measure is presented below.

	30 June 2024 £'000	30 June 2023 £'000	31 December 2023 £'000
Cash and cash equivalents	**1,813**	**3,006**	4,989
Less: External borrowings	**(13,132)**	**(5,114)**	(11,780)
Net debt	**(11,319)**	**(2,108)**	(6,791)

Other performance measure definitions

Definitions of other performance measures presented in the Group's interim statement are summarised below.

Volumes

- **Sales volumes**: Total number of property sales transactions which have exchanged during the period.
- **Lettings volumes**: Total of the number of long and short lets entered into by tenants and the number of renewals agreed between tenants and landlords during the period.
  Financial Services volumes: Total number of mortgages arranged during the period (purchase and refinance units).

Revenue per transaction

- **Revenue per Sales transaction:** Sales revenue during the period divided by Sales volumes during the period.
- **Revenue per Lettings transaction:** Lettings revenue during the period divided Lettings volumes during the period.
- **Revenue per Financial Services transaction:** Financial Services revenue during the period divided by Financial Services volumes during the period.

INDEPENDENT REVIEW REPORT TO FOXTONS GROUP PLC

Conclusion

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

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2024 which comprises the condensed consolidated statement of comprehensive income, the condensed consolidated statement of financial position, the condensed consolidated statement of changes in equity, the condensed consolidated cash flow statement and the related explanatory notes that have been reviewed.

Basis for conclusion

We conducted our review in accordance with International Standard on Review Engagements (UK) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" ("ISRE (UK) 2410"). 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 1.2, the annual financial statements of the Group are prepared in accordance with UK adopted International Accounting Standards. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with UK adopted International Accounting Standard 34, "Interim Financial Reporting".

Conclusions relating to going concern

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis for conclusion section of this report, nothing has come to our attention to suggest that the Directors have inappropriately adopted the going concern basis of accounting or that the Directors 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 ISRE (UK) 2410, however future events or conditions may cause the Group to cease to continue as a going concern.

Responsibilities of Directors

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

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

Auditor's responsibilities for the review of the financial information

In reviewing the half-yearly report, we are responsible for expressing to the Company a conclusion on the condensed set of financial statement 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

Our report has been prepared in accordance with the terms of our engagement to assist the Company in meeting the requirements of the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of our terms of engagement or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

BDO LLP
Chartered Accountants
London, UK
29 July 2024

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