HomeServe plc
Interim results for the six months ended 30 September 2022

Very strong financial performance, with acquisition by Brookfield on track to complete by early 2023 at the latest

	Six months ended 30 September 2022	Six months ended 30 September 2021	Change[1]	CC Change[1]
Revenue	**£714.4m**	£610.5m	+17%	+10%
Statutory operating profit	**£37.3m**	£32.1m	+16%	+2%
Statutory profit before tax	**£22.4m**	£18.9m	+19%	+3%
Basic earnings per share	**4.6p**	3.9p	+17%	+1%
Adjusted[2] EBITDA	**£107.4m**	£88.8m	+21%	+3%
Adjusted[2] operating profit	**£68.8m**	£54.7m	+26%	+14%
Adjusted[2] profit before tax	**£54.6m**	£42.2m	+29%	+18%
Adjusted[2] earnings per share	**12.1p**	9.0p	+34%	+25%
Net debt[2]	**£693.3m**	£625.1m	+11%	

- Constant currency[2] revenue growth of 10% and adjusted operating profit growth of 14%, reflecting strong financial performance across the Group.

- HomeServe policies continued to be valued by homeowners in tough economic conditions, as the business demonstrated its characteristic resilience: 8.3m Membership customers worldwide (HY22: 8.3m) and global policy retention of 83% (HY22: 84%).

- North American Membership & HVAC delivered adjusted operating profit growth of 6% on a constant currency basis. The business continued to deliver excellent levels of customer service at an average 4.80 out of 5 stars (HY22: 4.79) as measured by internal surveys.

- EMEA Membership & HVAC saw a 29% rise in adjusted operating profit on a constant currency basis, largely driven by improved performance in the UK.

    - The UK cost base benefited from increased operational efficiency, with a higher proportion of jobs completed by directly employed engineers.
    - HomeServe Spain signed an innovative service customer agreement with one of the country's largest energy providers to expand its Membership customer base by 0.2m.
    - In France, HomeServe purchased 75% of *EnergyGo* shortly after the end of the half, which will strengthen its participation in residential infrastructure and energy efficiency.

- Home Experts made good progress, with growth in adjusted operating profit of 8% in constant currency terms. Checkatrade continued to see excellent progression on monetisation as it delivered more value to trades, closing the half year with average revenue per trade of £1,358 (HY22: £1,125).

- Net debt at 30 September 2022 was 2.1x the last 12 months' EBITDA (HY22: 2.1x), reflecting the foreign exchange translation impact of US dollar denominated borrowings and typical first half seasonality.

- Given the shareholder-approved cash offer for the Group, an interim dividend will not be paid.

Richard Harpin, Founder and Group Chief Executive, HomeServe plc, commented: "Up to and including the last six months, our business has proved resilient in good times and bad, because of the value our people deliver every day to our customers. We complete over 340 jobs every hour for homeowners worldwide. I want to take this

[1]Percentage movements throughout this announcement are based on full unrounded results, not the rounded figures in the tables.

[2]HomeServe uses a number of alternative performance measures (APMs) to assess the performance of the Group and its individual segments. APMs used in this announcement are non-GAAP measures which address profitability, leverage and liquidity and together with operational KPIs give an indication of the current health and future prospects of the Group. Definitions of APMs and the rationale for their usage are included in the glossary at the end of this announcement with reconciliations, where applicable, back to the equivalent statutory measure.

opportunity to pay tribute to everyone at HomeServe who has served our customers with dedication and expertise over the last thirty years.

"With Brookfield we share a common vision of investment and growth in residential infrastructure, and of the importance of decarbonisation to the societies in which we live. New ownership will bring new opportunities to HomeServe and the acquisition of HomeServe by Brookfield is on track to complete by early 2023 at the latest."

Transaction update

A recommended offer for HomeServe by Hestia Bidco Limited (an indirect subsidiary of funds advised or managed by affiliates of Brookfield Infrastructure Partners L.P. [hereafter "Brookfield Infrastructure"]) was announced on 19 May 2022 at £12 per share, which values HomeServe's issued share capital at approximately £4.1 billion. This offer was approved by HomeServe shareholders at the Court Meeting and General Meeting on 22 July, with 97% voting in favour.

All necessary regulatory and competition approvals have now been obtained in the UK and Continental Europe. In the United States, the only outstanding approvals required are from two state insurance regulators. If the remaining approvals do not arrive in time to complete the transaction before the end of 2022, completion is expected to occur early in 2023.

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Forward Looking Statements
This report contains certain forward-looking statements, which have been made in good faith, with respect to the financial condition, results of operations, and businesses of HomeServe plc. These statements 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 which could cause actual results or developments to differ materially from those expressed or implied by these forward-looking statements. The statements have been made with reference to forecast price changes, economic conditions, the current regulatory environment and the current interpretations of IFRS applicable to past, current and future periods. Nothing in this announcement should be construed as a profit forecast.

About HomeServe
HomeServe is an international home repairs and improvements business that makes home repairs and improvements easy by matching customers to trades to generate repeat and recurring income. HomeServe re-joined the FTSE 100 in September 2022, and will continue to trade on the London Stock Exchange until its acquisition by Hestia Bidco Limited, which is on track to complete by early 2023 at the latest.

SEGMENTAL OVERVIEW

Financial performance for the six months ended 30 September 2022

	Revenue		Statutory operating profit/(loss)		Adjusted[3] operating profit/(loss)		
£million	**HY23**	% Chg v. HY22	**HY23**	% Chg v. HY22	**HY23**	% Chg v. HY22	% Chg v. HY22 @CC
Membership & HVAC - North America	**313.6**	+23%	**32.4**	+49%	**39.8**	+23%	+6%
UK	**141.0**	+12%	**14.1**	+83%	**16.7**	+78%	+78%
France	**68.7**	+21%	**1.7**	-46%	**4.7**	-33%	-32%
Spain	**97.9**	+3%	**3.2**	-4%	**5.6**	+21%	+22%
New Markets	**4.3**	n/a	**(3.4)**	+39%	**(2.9)**	+18%	+28%
Membership & HVAC - EMEA	**311.9**	+12%	**15.6**	+33%	**24.1**	+30%	+29%
Checkatrade	**32.3**	+21%	**(2.9)**	+189%	**(0.6)**	+198%	+198%
eLocal	**55.6**	+15%	**2.8**	-4%	**7.8**	+28%	+13%
Habitissimo	**3.9**	-28%	**(2.5)**	+47%	**(2.3)**	+3%	+4%
Home Experts	**91.8**	+14%	**(2.6)**	+99%	**4.9**	+34%	+8%
Inter-segment[1]	**(2.9)**	n/a	**–**	**–**	**–**	–	–
Unallocated[2]	**–**	**–**	**(8.1)**	n/a	**–**	**–**	**–**
Group	**714.4**	+17%	**37.3**	+16%	**68.8**	+26%	+14%

[1]Inter-segment revenue principally includes royalty charges between the UK and international businesses.
[2]Unallocated charges of £8.1m are in respect of exceptional transaction costs which principally relate to the proposed acquisition of the Group by Brookfield.
[3]HomeServe uses a number of alternative performance measures (APMs) to assess the performance of the Group and its individual segments. APMs used in this announcement are non-GAAP measures which address profitability, leverage and liquidity and together with operational KPIs give an indication of the current health and future prospects of the Group. Definitions of APMs and the rationale for their usage are included in the glossary at the end of this announcement with reconciliations, where applicable, back to the equivalent statutory measure.

The net impact of changes in the Euro and US dollar exchange rates between HY22 and HY23 resulted in a £43.9m increase in the reported revenue and a £6.3m increase in adjusted operating profit.

Membership KPIs

	Customer numbers (m)		Income per customer		Policy retention rate	
	HY23	% Chg v. HY22	**HY23**	% Chg v. HY22	**HY23**	Chg v. HY22
North America	**4.6**	-4%	**$121**	+9%	**84%**	-2ppts
UK	**1.4**	-8%	**£147**	+4%	**80%**	+2ppts
France	**1.2**	+2%	**€118**	+8%	**87%**	-1ppt
Spain	**1.0**	+21%	**€44**	-26%	**81%**	-1ppt
Group	**8.3**[4]	-	**n/a**	n/a	**83%**	-1ppt

[4]Total group customers of 8.3m also comprises those in New Markets territories not separately presented in the table immediately above.

MEMBERSHIP & HVAC – NORTH AMERICA

North America results £million	HY23	HY22	Change	CC change
Total revenue	**313.6**	255.3	+23%	+8%
Adjusted[1] operating costs	**(273.8)**	(222.8)	+23%	+8%
Adjusted[1] operating profit	**39.8**	32.5	+23%	+6%
Adjusted[1] operating margin	**13%**	13%	-	-

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North America Membership KPIs		HY23	HY22	Change
Affinity partner households	m	**76**	72	+5%
Customers	m	**4.6**	4.8	-4%
Income per customer	US$	**121**	111	+9%
Policies	m	**8.5**	8.5	-
Policy retention rate	%	**84**	86	-2ppts

The North American Membership & HVAC business continued to execute its strategy of partnering with utilities to offer a worry-free, swift and cost-effective solution for home emergencies to homeowners. In the first half, affinity partnerships were signed with utilities covering a further 3.3m households (HY22: 6.1m), meaning that HomeServe now has access to over half of all households in the United States and Canada.

Revenue growth of 8% on a constant currency basis was principally driven by strong growth in HVAC. Net policy income grew by 1%, as good growth in income per customer, and policies per customer, was offset by slightly lower customer acquisition in the typically quieter first half, as well as the impact of the sale of the second tranche of customers back to Piedmont Natural Gas. The business continued to deliver excellent levels of service to customers, a key differentiator for HomeServe, at an average 4.80 out of 5 stars (HY22: 4.79) as measured by internal surveys, and policy retention remained strong at 84% (HY22: 86%).

Adjusted operating costs grew by 8% on a constant currency basis, in line with total revenue growth, driven by higher variable costs from the growing portfolio of locally branded HVAC companies.

Following the successful trial in New York State of "HVAC as a Service" – which offers homeowners access to new, more efficient HVAC equipment, a repair plan and utility bill savings, all for a fixed monthly fee – this proposition was launched to the wider market during the first half. Branded the HomeServe Advantage Program, it positions the North American Membership & HVAC business to support homeowners as the transition to less carbon-intensive forms of residential heating continues to accelerate.

MEMBERSHIP & HVAC - EMEA

The EMEA division comprises the established Membership & HVAC businesses in the UK, France and Spain, HomeServe's share of the joint venture operation with Mitsubishi Corporation in Japan and expansion initiatives into adjacent territories in Europe.

EMEA results £million	HY23	HY22	Change	CC change
Total revenue	**311.9**	278.9	+12%	+12%
Adjusted[1] operating costs	**(287.8)**	(260.4)	+10%	+11%
Adjusted[1] operating profit	**24.1**	18.5	+30%	+29%

UK

UK results £million	HY23	HY22	Change
Total revenue	**141.0**	125.8	+12%
Adjusted[1] operating costs	**(124.3)**	(116.4)	+6%
Adjusted[1] operating profit	**16.7**	9.4	+78%
Adjusted[1] operating margin	**12%**	7%	+5ppts

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UK Membership KPIs		HY23	HY22	Change
Affinity partner households	m	**24**	23	+5%
Customers	m	**1.4**	1.5	-8%
Income per customer	£	**147**	142	+4%
Policies	m	**3.8**	4.2	-9%
Policy retention rate	%	**80**	78	+2ppts

During the first half, the UK business made further good progress on its transformation plan to broaden its HVAC capabilities and, following the acquisition of CET in FY22, its Claims Assistance business. 18% of UK revenue now comes from non-Membership activities (HY22: 6%). Technology upgrades have continued to drive service improvement for Membership customers, with 1 in 3 claims notification calls now triaged with no human intervention required (HY22: 1 in 5).

Revenue growth of 12% was driven by increases in repair income following the acquisition of CET in October 2021, and in HVAC installations, reflecting a full six-month contribution from FY22 acquisitions. Net policy income was broadly flat to the prior year (declining by 1%), with the decline in customers marginally outweighing growth in income per customer.

Adjusted operating costs rose by 6%, below the growth in total revenue, reflecting strong cost management and increasing operational efficiency as a higher proportion of jobs were completed by the directly employed engineer network.

France

France results £million

	HY23	HY22	Change	CC change
Total revenue	**68.7**	56.9	+21%	+21%
Adjusted[1] operating costs	**(64.0)**	(49.9)	+28%	+29%
Adjusted[1] operating profit	**4.7**	7.0	-33%	-32%
Adjusted[1] operating margin	**7%**	12%	-5ppts	-5ppts

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France Membership KPIs		**HY23**	HY22	Change
Affinity partner households	m	**19**	19	-
Customers	m	**1.2**	1.2	+2%
Income per customer	€	**118**	108	+8%
Policies	m	**2.7**	2.5	+7%
Policy retention rate	%	**87**	88	-1ppt

HomeServe France continues to benefit from its diversified, multi-channel distribution model in Membership and its well-advanced HVAC installation business.

Constant currency revenue growth of 21% was driven by strong growth in HVAC installations, as well as growth in net policy income of 7%, with progression in both customer numbers and income per customer.

Adjusted operating costs rose by 29% in constant currency terms, ahead of total revenue growth, reflecting higher direct costs in HVAC from FY22 acquisitions - where revenues are more weighted to the second half.

Shortly after the end of the first half, HomeServe France acquired a 75% stake in *EnergyGo*, a key player in the residential energy efficiency market. The agreement also provides HomeServe with options to acquire the remaining 25% of *EnergyGo* by FY31. Societal norms, consumer demand and government policy continue to accelerate the shift to a low carbon economy – with more energy efficient housing stock an integral part of the mix. *EnergyGo* offers homeowners a one stop shop solution, from initial energy efficiency diagnostics to appointment of tradespeople, collection of relevant government subsidies and after sales service. It will complement HomeServe's existing HVAC portfolio and positions HomeServe in the growing residential renovation market in France.

Spain

Spain results £million

	HY23	HY22	Change	CC change
Total revenue	**97.9**	95.5	+3%	+2%
Adjusted[1] operating costs	**(92.3)**	(90.9)	+2%	+1%
Adjusted[1] operating profit	**5.6**	4.6	+21%	+22%
Adjusted[1] operating margin	**6%**	5%	+1ppt	+1ppt

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Spain Membership KPIs		HY23	HY22	Change
Affinity partner households	m	**–**	–	–
Customers	m	**1.0**	0.8	+21%
Income per customer	€	**44**	60	-26%
Policies	m	**1.1**	1.0	+15%
Policy retention rate	%	**81**	82	-1ppt

During the first half, HomeServe Spain made significant early steps in converting the market opportunity created by the service customer model. Most notably, the business signed a service customer agreement with one of the largest Spanish energy providers, delivering 0.2m new customers and further underpinning the value proposition as the business seeks to convert an active pipeline.

Constant currency revenue growth of 2% was driven by 9% growth in net policy income, reflecting the contribution from continued strong growth in the stock of HVAC maintenance policies. The 26% reduction in income per customer reflects the expected mix impact from diversification into service customer partnerships.

Adjusted operating costs grew by 1% in constant currency terms, broadly in line with the growth in total revenue.

HOME EXPERTS

Home Experts comprises the Group's online platform businesses, being Checkatrade in the UK, eLocal in North America and Habitissimo in Continental Europe.

£million	HY23	HY22	Change	CC change
Revenue				
Checkatrade	**32.3**	26.6	+21%	n/a
eLocal	**55.6**	48.5	+15%	+1%
Habitissimo	**3.9**	5.4	-28%	-28%
Total revenue	**91.8**	80.5	+14%	+6%
Adjusted[1] operating costs	**(86.9)**	(76.8)	+14%	+6%
Adjusted[1] operating profit	**4.9**	3.7	+34%	+8%

Checkatrade

£million	HY23	HY22	Change
Total revenue	**32.3**	26.6	+21%
Adjusted[1] operating costs	**(32.9)**	(26.8)	+23%
Adjusted[1] operating loss	**(0.6)**	(0.2)	+198%

Performance metrics		HY23	HY22	Change
Paying trades	k	**47**	44	+7%
Average revenue per trade	£	**1,358**	1,125	+21%
Contacts	m	**5.8**	5.5	+4%
Web visits	m	**19.7**	18.2	+8%

Checkatrade continued to deliver good value to its base of paying trades during the first half. The number of paying trades held steady at 47k (in line with the FY22 closing position) during the traditionally quieter first half for member acquisition. Trades who are looking for more work value having access to additional postcodes and trade categories. This drove further progression in average revenue per trade ("ARPT"), which grew 21% on the comparative prior year period to £1,358.

Total revenue growth of 21% was driven by the larger base of paying trades and continued progress in growing ARPT. Adjusted operating costs broadly rose in line with revenue as the business continued to invest in marketing and people to strengthen its position.

eLocal

£million	HY23	HY22	Change	CC change
Total revenue	**55.6**	48.5	+15%	+1%
Adjusted[1] operating costs	**(47.8)**	(42.4)	+13%	-1%
Adjusted[1] operating profit	**7.8**	6.1	+28%	+13%
Adjusted[1] operating margin	**14%**	13%	+1ppt	+1ppt

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Performance metrics		HY23	HY22	Change
Monetised calls	m	**1.7**	1.9	-13%

In line with the second half of FY22, eLocal continued to annualise tough prior year comparatives on consumer demand – with the volume of monetised calls falling 13% as a result. Notwithstanding this, eLocal's sophisticated matching model enabled it to monetise the available calls at higher levels, offsetting the volume impact to leave total revenue marginally higher than the prior year period. Adjusted operating profit rose by 13% in constant currency terms, reflecting a favourable mix impact with a greater proportion of calls in higher margin verticals.

Habitissimo

£million	HY23	HY22	Change	CC change
Total revenue	**3.9**	4.6	-16%	-15%
Adjusted[1] operating costs	**(6.2)**	(6.8)	-9%	-9%
Adjusted[1] operating loss	**(2.3)**	(2.2)	+3%	+4%

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Performance metrics		HY23	HY22	Change
Paying trades	k	**9**	12	-28%
Average revenue per trade	€	**78**	143	-45%
Contacts	m	**0.4**	0.7	-44%
Web visits	m	**13.7**	25.3	-46%

At Habitissimo, the fall in total revenue reflects the transition to the Directory Extra model which resulted in a short term expected impact on paying trades. Adjusted operating costs also fell, reflecting the decision to focus the development of the business in Continental Europe.

FINANCIAL REVIEW

These financial results have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the United Kingdom.

Group statutory results

The headline statutory financial results for HomeServe are presented below.

£million	**Six months ended 30 September 2022**	Six months ended 30 September 2021
Total revenue	**714.4**	610.5
Operating profit	**37.3**	32.1
Net finance costs	**(14.9)**	(13.2)
Adjusted profit before tax	**54.6**	42.2
Amortisation of acquisition intangibles	**(24.7)**	(21.6)
Certain transaction related income/(costs)	**0.6**	(1.7)
Exceptional items	**(8.1)**	-
Statutory profit before tax	**22.4**	18.9
Tax	**(6.6)**	(5.1)
Profit for the period	**15.8**	13.8
Attributable to:		
Equity holders of the parent	**15.4**	13.2
Non-controlling interests	**0.4**	0.6
	15.8	13.8

Profit before tax

Adjusted profit before tax rose by 29% to £54.6m. Statutory profit before tax is reported after the amortisation of acquisition intangibles, certain transaction related costs (or income) and exceptional items. On this basis profit before tax was £22.4m (HY22: £18.9m).

Net finance costs

Net finance costs rose to £14.9m (HY22: £13.2m) reflecting the higher average net debt and increases to variable borrowing rates.

Amortisation of acquisition intangibles

Acquisition amortisation relates to customer and other contracts held by businesses which were acquired by HomeServe as part of business combinations and asset purchases.

The amortisation of acquisition intangibles of £24.7m rose versus the prior first half period (HY22: £21.6m) principally due to the impact of foreign exchange movements on carrying values as well as FY22 acquisitions.

Amortisation of acquisition intangibles is excluded from the adjusted performance measures reported by HomeServe in each specific reporting period, ensuring that these measures only reflect the revenue attributable to, and costs incurred by, HomeServe in managing and operating its businesses and assets at that time in each reporting period.

Certain transaction related costs (or income)

Certain transaction related income of £0.6m (HY22: costs of £1.7m) were incurred mainly in respect of fair value movements on financial instruments.

A reconciliation between adjusted and statutory amounts is included within the Glossary at the end of this announcement along with further commentary on HomeServe's use of adjusted items as an Alternative Performance Measure.

Exceptional items

Exceptional transaction costs principally relate to the proposed acquisition of the Group by Brookfield Infrastructure. At both the reporting date and the date of authorisation of these condensed consolidated financial statements, the Group assesses that approximately £48m of additional exceptional transaction costs to be incurred in the second half of FY23 associated with the acquisition of the Group by Brookfield Infrastructure, meet the definition of contingent liabilities under IAS 37.

Taxation

The tax charge in the period was £6.6m (HY22: £5.1m). The pre-exceptional effective tax rate was 24% (HY22: 27%). Under IAS 34 HomeServe's interim effective tax rate is in line with the estimated weighted average annual effective tax rate for FY23 of 24% (FY22: 25%) on a pre-exceptional basis. HomeServe estimates and applies a separate average annual effective tax rate (ETR) for each tax jurisdiction in calculating the interim tax charge.

Cash flow and financing

Cash generated from operations in the period to 30 September 2022 was £113.3m (HY21: £97.3m).

£million	**HY23**	HY22
Adjusted operating profit	**68.8**	54.7
Amortisation of acquisition intangibles	**(24.7)**	(21.6)
Certain transaction related income/(costs)	**1.3**	(1.0)
Exceptional items	**(8.1)**	–
Operating profit	**37.3**	32.1
Depreciation and amortisation	**63.3**	55.7
Impact of certain transaction related (income)/costs	**(1.3)**	1.0
Other non-cash items	**(1.9)**	4.4
Decrease in working capital	**15.9**	4.1
Cash generated from operations	**113.3**	97.3
Net interest and associated borrowing costs	**(13.8)**	(11.6)
Repayment of lease principal	**(8.1)**	(6.5)
Taxation	**(22.8)**	(24.6)
Capital expenditure – ordinary	**(36.8)**	(36.6)
Proceeds on disposal of fixed assets	**11.2**	–
Free cash flow	**43.0**	18.0
Business acquisitions net of cash acquired	**(34.7)**	(33.9)
Business disposals	–	1.4
Acquisition of non-controlling interest	–	(18.2)
Contribution to equity accounted investee	**(3.1)**	(3.6)
Loan to investee	**(1.9)**	–
Equity dividends paid	–	(66.5)
Net movement in cash and bank borrowings	**3.3**	(102.8)
Impact of foreign exchange and other non-cash items	**(52.5)**	(12.3)
Lease liabilities	**(1.3)**	3.7
Opening net debt at 1 April	**(642.8)**	(513.7)
Closing net debt at 30 September	**(693.3)**	(625.1)

During the period 1 April to 30 September 2022, net debt increased by £50.5m to £693.3m.

Working capital decreased by £15.9m in the period (HY22: £4.1m), reflecting typical first half seasonality.

HomeServe generated free cash flow of £43.0m (HY22: £18.0m). Ordinary capital expenditure of £36.8m (HY22: £36.6m) included £7.3m (HY22: £7.2m) of payments made to partners who undertake marketing activity to acquire customers on HomeServe's behalf. The balance of £29.5m (HY22: £29.4m) was broadly in line with the prior year. Partially offsetting ordinary capital expenditure were proceeds of £11.2m (HY22: nil) which predominantly relate to the disposal of the second tranche of the Piedmont policy book in North America as reported in the year ended 31 March 2022.

Dividend

Given the shareholder-approved cash offer for the Group, an interim dividend will not be paid. However, if the offer terminates, the Board will look to declare an interim dividend in accordance with the Company's Articles of Association.

Earnings per share

Adjusted earnings per share of 12.1p increased 34% on the prior period (HY22: 9.0p), whilst on a statutory basis earnings per share rose to 4.6p (HY22: 3.9p), with both reflective of the strong trading performance.

Net debt and finance costs

Net debt at 30 September 2022 was £693.3m (HY22: £625.1m), well within the total financial facilities of c.£1,066m at the half year.

HomeServe targets leverage in the range of 1.0 to 2.0x adjusted EBITDA, measured at 31 March each year. At the seasonally high half year, leverage was slightly above the top of this range with net debt to last twelve months adjusted EBITDA of 2.1x (HY22: 2.1x).

Net interest paid was £13.8m, £2.2m higher than HY22, principally due to higher net debt and increased variable market rates.

Foreign exchange impact

The impact of changes in the Euro and USD exchange rates between HY23 and HY22 has resulted in a £43.9m increase in reported revenue and a £6.3m increase in adjusted operating profit of the international businesses as summarised in the table below.

		Average exchange rate			Effect on (£m) Revenue	Adj. operating profit
		HY23	HY22	Change	**HY23**	**HY23**
North America	US$	**1.22**	1.39	-12%	**38.4**	**5.6**
France	€	**1.17**	1.17	1%	**(0.4)**	–
Spain	€	**1.17**	1.17	0%	**(0.8)**	**(0.1)**
eLocal	US$	**1.22**	1.39	-12%	**6.7**	**0.8**
Habitissimo	€	**1.17**	1.17	0%	–	–
Total International					**43.9**	**6.3**

Going concern

HomeServe's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic report of the Annual Report & Accounts 2022. The Directors have reviewed HomeServe's budget, forecast and cash flows for FY23 and beyond, and concluded that they are in line with their expectations with regards to HomeServe's strategy and future growth plans.

Having also reviewed HomeServe's position in respect of other material uncertainties, as set out within principal risks and uncertainties, the Directors have concluded that there are no items that would affect going concern or that should be separately disclosed. The Directors have concluded that they have a reasonable expectation that HomeServe has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

In adopting the going concern basis for preparation of these condensed consolidated accounts, management have considered current macro-economic conditions in the territories in which they operate, including, but not limited to, the impact of inflation and increasing interest rates in these economies. The Group's business model continues to prove resilient during challenging economic conditions with customer retention rates remaining consistently high and therefore management are satisfied that the current macro-economic conditions do not impact the basis of preparation of these financial statements.

Principal risks and uncertainties

The principal risks and uncertainties, together with mitigating activities, are detailed on pages 34-39 of HomeServe's Annual Report & Accounts 2022. In that Report, the Directors confirmed that they have carried out a robust assessment of the principal risks facing HomeServe.

The risks which continue to have the potential to impact HomeServe's performance are summarised as follows:

Strategic Risks

Competition
There is a risk that competitors erode our market share, including utilities running Membership programmes in-house or new entrants investing heavily to enter the home services space.

Information security and cyber resilience
In line with other businesses, HomeServe is subject to increased prevalence and sophistication of cyber-attacks, which could result in unauthorised access to customer and other data or cause business disruption to services.

Data privacy
In the operation of its businesses HomeServe collects customer, employee, commercial and other data. Without appropriate mitigating controls there is a risk that such data could be inappropriately collated, processed, stored or disclosed, or indeed lost or compromised.

Climate risk
Though climate change is also an opportunity for HomeServe, the expected increase in the frequency of severe weather such as storms and floods could lead to a range of challenges for HomeServe's operations, whilst emerging regulation could impact HomeServe's businesses in a number of ways, including increased operating costs as a result of higher energy, fuel and parts prices.

M&A strategy
Whilst HomeServe's M&A strategy is principally focused on low-risk policy book M&A and smaller, well-run HVAC businesses, there is a risk that HomeServe could overpay for transactions or underestimate the time and resource required to integrate new businesses.

Operational Risks

Digital transformation
Consumers increasingly wish to engage with HomeServe by digital means. There is a risk that if HomeServe is not flexible enough to respond to changing needs, customers may explore competitor products.

Regulation
HomeServe is subject to regulatory requirements relating to areas such as product design, marketing materials, sales processes and data protection. In the UK, HomeServe is in regular dialogue with the FCA as part of the normal course of business. Failure to comply with regulatory requirements could result in a suspension of certain activities.

Underwriting capacity and concentration
The Membership business markets and administers policies that are underwritten by independent third-party underwriters. If the business was unable to source sufficient underwriting capacity HomeServe would need to underwrite the risk directly, thereby exposing the business to underwriting risk, which is contrary to our preferred model.

Technology investment
The Group relies on several key systems to manage its interactions with customers. Appropriate maintenance and investment is required to ensure systems continue to meet the changing needs of the business and its customers. There is a risk that failure to invest appropriately could impact on our ability to provide higher quality service.

Partner loss
Underpinning HomeServe's success are close commercial relationships, particularly with utility companies and municipal utility providers. The loss of one or more of these relationships could impact on HomeServe's future growth plans.

People
HomeServe's ability to meet growth expectations and compete effectively is, in part, dependent on the skills, experience and performance of its personnel. The inability to attract, motivate or retain key talent could impact business performance.

Failure to deliver strategic growth
HomeServe continues to have a number of opportunities to develop its businesses. There is a risk that it fails to determine where to focus energy, time and resources and, as a result, does not deliver strategic growth or achieve the expected or desired outcomes.

HVAC integration
With the higher volume of HVAC acquisitions, there is a risk that failure to integrate acquisitions quickly and effectively could result in the business falling short on the delivery of synergies which could potentially lead to impairment.

Health and safety
Given HomeServe's HVAC buy and build strategy, there is a potential of an increased risk profile due to the rise in the number of HVAC engineers.

Financial Risk
Key financial risks include the availability of short-term and long-term funding to meet business needs and take advantage of M&A opportunities, the risk of policyholders not paying monies owed and fluctuations in interest rates and exchange rates.

Information on financial risk management is set out on pages 184-185 of the Annual Report, a copy of which is available on the Group's website www.HomeServeplc.com.

Condensed consolidated income statement
For the six months ended 30 September 2022

£million	Note	Six months ended 30 September 2022 (Reviewed)	Six months ended 30 September 2021 (Reviewed)	Year ended 31 March 2022 (Audited)
Continuing operations				
Revenue	3	**714.4**	610.5	1,429.3
Operating costs		**(676.4)**	(577.1)	(1,223.3)
Share of results of equity accounted investments		**(0.7)**	(1.3)	(3.4)
Operating profit		**37.3**	32.1	202.6
Investment income		**0.6**	0.1	0.3
Finance costs		**(15.5)**	(13.3)	(27.8)
Adjusted profit before tax		**54.6**	42.2	220.3
Amortisation of acquisition intangibles	8	**(24.7)**	(21.6)	(44.9)
Certain transaction related income/(costs)	4	**0.6**	(1.7)	(0.3)
Exceptional items	4	**(8.1)**	–	–
Profit before tax		**22.4**	18.9	175.1
Tax	5	**(6.6)**	(5.1)	(41.7)
Profit for the period		**15.8**	13.8	133.4
Attributable to:				
Equity holders of the parent		**15.4**	13.2	132.8
Non-controlling interests		**0.4**	0.6	0.6
		15.8	13.8	133.4
Dividends per share	6	**-**	6.8p	6.8p
Earnings per share				
Basic	7	**4.6p**	3.9p	39.5p
Diluted	7	**4.6p**	3.9p	39.3p

Condensed consolidated statement of comprehensive income
For the six months ended 30 September 2022

£million	Six months ended 30 September 2022 (Reviewed)	Six months ended 30 September 2021 (Reviewed)	Year ended 31 March 2022 (Audited)
Profit for the period	**15.8**	13.8	133.4
Items that will not be reclassified subsequently to profit and loss:			
Re-measurement (loss)/gain on defined benefit pension schemes	**(5.8)**	1.4	3.7
Deferred tax credit/(charge) relating to re-measurements	**1.5**	(0.3)	(0.9)
Fair value gain/(loss) on FVTOCI investments in equity instruments	**2.0**	–	(0.1)
Deferred tax charge relating to fair value movements on FVTOCI investments in equity instruments	**(0.7)**	–	–
	(3.0)	1.1	2.7
Items that may be reclassified subsequently to profit and loss:			
Exchange movements on translation of foreign operations	**44.3**	6.4	7.1
Exchange movements on non-controlling interests	**0.9**	0.2	0.3
	45.2	6.6	7.4
Total other comprehensive income	**42.2**	7.7	10.1
Total comprehensive income for the period	**58.0**	21.5	143.5
Attributable to:			
Equity holders of the parent	**56.7**	20.7	142.6
Non-controlling interests	**1.3**	0.8	0.9
	58.0	21.5	143.5

Condensed consolidated balance sheet
As at 30 September 2022

£million	Note	30 September 2022 (Reviewed)	30 September 2021 (Reviewed)	31 March 2022 (Audited)
Non-current assets				
Goodwill		**737.5**	588.8	667.9
Other intangible assets and prepaid software	**8**	**466.3**	403.5	424.1
Contract costs		**3.2**	6.1	4.1
Right-of-use assets		**52.3**	44.6	48.3
Property, plant and equipment		**41.0**	42.3	40.4
Equity accounted investments		**3.7**	3.0	1.3
Other investments	**10**	**16.8**	13.0	14.3
Other financial assets		**1.5**	–	1.5
Deferred tax assets		**0.6**	7.1	2.3
Retirement benefit assets		**9.6**	10.9	14.3
		1,332.5	1,119.3	1,218.5
Current assets				
Inventories		**28.3**	15.4	20.4
Trade and other receivables		**536.1**	441.8	549.6
Other financial assets	**10**	**0.9**	0.8	0.9
Current tax asset		**13.4**	14.3	0.7
Cash and cash equivalents		**269.8**	153.5	174.5
		848.5	625.8	746.1
Total assets		**2,181.0**	1,745.1	1,964.6
Current liabilities				
Trade and other payables		**(470.1)**	(377.6)	(447.4)
Bank and other loans		**(89.9)**	(72.0)	(100.9)
Current tax liabilities		**(1.2)**	(0.5)	(5.7)
Lease liabilities		**(17.3)**	(13.3)	(15.2)
Provisions	**13**	**(5.3)**	(5.1)	(5.2)
		(583.8)	(468.5)	(574.4)
Net current assets		**264.7**	157.3	171.7
Non-current liabilities				
Bank and other loans		**(816.9)**	(658.6)	(664.9)
Trade and other payables		**(25.3)**	(35.5)	(36.8)
Deferred tax liabilities		**(20.6)**	(14.6)	(18.6)
Lease liabilities		**(39.0)**	(34.7)	(36.3)
Retirement benefit obligations		**(0.8)**	(1.3)	(0.8)
		(902.6)	(744.7)	(757.4)
Total liabilities		**(1,486.4)**	(1,213.2)	(1,331.8)
Net assets		**694.6**	531.9	632.8
Equity				
Share capital	**11**	**9.1**	9.1	9.1
Share premium account		**201.4**	199.1	199.3
Share incentive reserve		**22.2**	19.3	20.5
Currency translation reserve		**62.0**	17.0	17.7
Investment revaluation reserve		**3.9**	2.7	2.6
Other reserves		**79.2**	79.2	79.2
Retained earnings		**310.3**	200.2	299.2
Attributable to equity holders of the parent		**688.1**	526.6	627.6
Non-controlling interests		**6.5**	5.3	5.2
Total equity		**694.6**	531.9	632.8

Condensed consolidated statement of changes in equity
For the six months ended 30 September 2022 (Reviewed)

£million	Share capital	Share premium account	Share incentive reserve	Currency translation reserve	Investment revaluation reserve	Other reserves[1]	Retained earnings	**Attributable to equity holders of the parent**	Non-controlling interests	**Total equity**
Balance at 1 April 2022	9.1	199.3	20.5	17.7	2.6	79.2	299.2	**627.6**	5.2	**632.8**
Profit for the period	–	–	–	–	–	–	15.4	**15.4**	0.4	**15.8**
Other comprehensive income for the period	–	–	–	44.3	1.3	–	(4.3)	**41.3**	0.9	**42.2**
Total comprehensive income for the period	–	–	–	44.3	1.3	–	11.1	**56.7**	1.3	**58.0**
Issue of share capital (note 11)	–	2.1	–	–	–	–	–	**2.1**	–	**2.1**
Share-based payments	–	–	3.8	–	–	–	–	**3.8**	–	**3.8**
Share options exercised	–	–	(2.1)	–	–	–	–	**(2.1)**	–	**(2.1)**
Balance at 30 September 2022 (Reviewed)	9.1	201.4	22.2	62.0	3.9	79.2	310.3	**688.1**	6.5	**694.6**

For the six months ended 30 September 2021 (Reviewed)

£million	Share capital	Share premium account	Share incentive reserve	Currency translation reserve	Investment revaluation reserve	Other reserves[1]	Retained earnings	Attributable to equity holders of the parent	Non-controlling interests	Total equity
Balance at 1 April 2021	9.1	196.4	18.6	10.6	2.7	79.2	247.4	**564.0**	9.7	**573.7**
Profit for the period	–	–	–	–	–	–	13.2	**13.2**	0.6	**13.8**
Other comprehensive income for the period	–	–	–	6.4	–	–	1.1	**7.5**	0.2	**7.7**
Total comprehensive income for the period	–	–	–	6.4	–	–	14.3	**20.7**	0.8	**21.5**
Dividends paid (note 6)	–	–	–	–	–	–	(66.5)	**(66.5)**	–	**(66.5)**
Issue of share capital (note 11)	–	2.7	–	–	–	–	–	**2.7**	–	**2.7**
Share-based payments	–	–	3.4	–	–	–	–	**3.4**	–	**3.4**
Share options exercised	–	–	(2.7)	–	–	–	–	**(2.7)**	–	**(2.7)**
Tax on exercised share options	–	–	–	–	–	–	0.2	**0.2**	–	**0.2**
Deferred tax on share options	–	–	–	–	–	–	(0.4)	**(0.4)**	–	**(0.4)**
Changes in non-controlling interests	–	–	–	–	–	–	5.2	**5.2**	(5.2)	–
Balance at 30 September 2021 (Reviewed)	9.1	199.1	19.3	17.0	2.7	79.2	200.2	**526.6**	5.3	**531.9**

For the year ended 31 March 2022 (Audited)

£million	Share capital	Share premium account	Share incentive reserve	Currency translation reserve	Investment revaluation reserve	Other reserves[1]	Retained earnings	Attributable to equity holders of the parent	Non-controlling interests	**Total equity**
Balance at 1 April 2021	9.1	196.4	18.6	10.6	2.7	79.2	247.4	**564.0**	9.7	**573.7**
Profit for the year	–	–	–	–	–	–	132.8	132.8	0.6	133.4
Other comprehensive income for the year	–	–	–	7.1	(0.1)	–	2.8	9.8	0.3	10.1
Total comprehensive income for the year	–	–	–	7.1	(0.1)	–	135.6	142.6	0.9	143.5
Dividends paid (note 6)	–	–	–	–	–	–	(89.3)	(89.3)	–	(89.3)
Issue of share capital (note 11)	–	2.9	–	–	–	–	–	2.9	–	2.9
Share-based payments	–	–	4.8	–	–	–	–	4.8	–	4.8
Share options exercised	–	–	(2.9)	–	–	–	–	(2.9)	–	(2.9)
Tax on exercised share options	–	–	–	–	–	–	0.2	0.2	–	0.2
Deferred tax on share options	–	–	–	–	–	–	0.1	0.1	–	0.1
Changes in non-controlling interests	–	–	–	–	–	–	5.2	5.2	(5.4)	(0.2)
Balance at 31 March 2022 (Audited)	9.1	199.3	20.5	17.7	2.6	79.2	299.2	627.6	5.2	632.8

[1] Other reserves comprise the Merger, Own Shares and Capital Redemption reserves.

Condensed consolidated cash flow statement
For the six months ended 30 September 2022

£million	Note	Six months ended 30 September 2022 (Reviewed)	Six months ended 30 September 2021 (Reviewed)	Year ended 31 March 2022 (Audited)
Net cash inflow from operating activities	**12**	**76.3**	61.0	207.6
Investing activities				
Interest received		**0.4**	0.1	0.1
Proceeds on disposal of fixed assets		**11.2**	0.3	8.8
Purchases of intangible assets		**(33.3)**	(32.1)	(63.0)
Contract costs		**(0.7)**	(0.4)	(1.3)
Purchases of property, plant and equipment		**(2.8)**	(4.4)	(6.2)
Contribution to equity accounted investee		**(3.1)**	(3.6)	(3.6)
Loan to investee		**(1.9)**	–	(1.3)
Business disposals		**–**	1.4	3.0
Business acquisitions net of cash acquired	**9**	**(34.7)**	(33.9)	(130.8)
Net cash used in investing activities		**(64.9)**	(72.6)	(194.3)
Financing activities				
Dividends paid	**6**	**–**	(66.5)	(89.3)
Repayment of lease principal		**(8.1)**	(6.5)	(14.7)
Acquisition of non-controlling interests		**–**	(18.2)	(18.2)
New banks and other loans raised		**–**	–	30.0
Costs associated with new bank and other loans raised		**–**	–	(0.3)
Proceeds from loans and borrowings		**103.4**	95.5	123.2
Repayment of loans and borrowings		**(41.7)**	(30.2)	(39.9)
Net cash generated by/(used in) financing activities		**53.6**	(25.9)	(9.2)
Net increase/(decrease) in cash and cash equivalents, net of bank overdrafts		**65.0**	(37.5)	4.1
Cash and cash equivalents, net of bank overdrafts, at the beginning of the period		**157.5**	149.4	149.4
Impact of foreign exchange rate changes		**17.0**	2.2	4.0
Cash and cash equivalents, net of bank overdrafts, at the end of the period	**12**	**239.5**	114.1	157.5

Notes to the condensed set of financial statements
For the six months ended 30 September 2022

1. General information

HomeServe plc is a company incorporated in the United Kingdom and its shares are listed on the London Stock Exchange. The address of the registered office is Cable Drive, Walsall, WS2 7BN. The information for the year ended 31 March 2022 does not constitute statutory accounts as defined in Section 434 of the Companies Act 2006. A copy of the statutory accounts for that year has been delivered to the Registrar of Companies. The auditor reported on those accounts, the report was not qualified, did not draw attention to any matters by way of emphasis and did not contain statements under Section 498 (2) or (3) of the Companies Act 2006. This condensed set of financial statements for the six months ended 30 September 2022 is unaudited, but has been reviewed by the auditor and their report to the Company is at the end of this statement. This condensed set of financial statements was approved by the Board of Directors on 22 November 2022.

2. Accounting policies

Basis of preparation

This condensed set of financial statements has been prepared using accounting policies consistent with UK adopted International Financial Reporting Standards (IFRSs) and in accordance with International Accounting Standard (IAS) 34 “Interim Financial Reporting” as adopted by the United Kingdom. The Group’s annual financial statements are prepared in accordance with UK adopted International Accounting Standards.

The Group’s business activities, together with the factors likely to affect its future development, including the potential impacts of Covid-19, climate change, performance and position are set out in its 2022 Annual Report & Accounts.

The Directors have reviewed the Group’s budget, forecast and cash flows for 2023 and beyond, and concluded that they are in line with expectations with regards to the Group’s strategy and future growth plans. In addition, the Directors have reviewed the Group’s position in respect of material uncertainties and have concluded that there are no items that would affect going concern or that should be separately disclosed.

The Directors have concluded that they have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the condensed financial statements.

In adopting the going concern basis for preparation of these condensed consolidated accounts, management have considered current macro-economic conditions in the territories in which they operate, including, but not limited to, the impact of inflation and increasing interest rates in these economies. The Group’s business model continues to prove resilient during challenging economic conditions with customer retention rates remaining consistently high and therefore management are satisfied that the current macro-economic conditions do not impact the basis of preparation of these financial statements.

On 19 May 2022, Brookfield Infrastructure announced a recommended cash offer of £12 per share for the entire issued, and to be issued share capital of the Company, to be effected by means of a court approved scheme of arrangement under Part 26 of the UK Companies Act 2006. This offer was approved by HomeServe shareholders at the Court Meeting and General Meeting on 22 July, with 97% voting in favour.

All necessary regulatory and competition approvals have now been obtained in the UK and Continental Europe. In the United States, the only outstanding approvals required are from two state insurance regulators. If the remaining approvals do not arrive in time to complete the transaction before the end of 2022, completion is expected to occur early in 2023.

The Going Concern statement in this report takes no account of the proposed acquisition and has therefore been prepared on a stand-alone basis.

2. Accounting policies (continued)

Changes in accounting policy, judgements and key sources of estimation uncertainty
The same accounting policies, presentation and methods of computation are followed in the condensed set of financial statements as applied in the Group's latest audited financial statements, with the exception of the following new amendments and improvements documents. None of these documents had any material impact on the condensed consolidated financial statements of the Group:

Amendments to IAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to IAS 37	Onerous Contracts – Costs of Fulfilling a Contract
Amendments to IFRS 3	Reference to Conceptual Framework
Annual Improvements to IFRSs	Standards 2018-2020 Cycle

Accounting judgements and key sources of estimation uncertainty are consistent in nature with the Group's latest audited financial statements. Regarding the impairment of goodwill the Group continues to perform the assessment of the Habitissimo CGU using an extended five-year period of cash flows due to the significant investment planned within the typical three year recoverable period. This investment is designed to accelerate growth over the medium to long term but results in a supressed cash flow position in the short term. Utilising an extended five-year period of cash flows enables a more balanced analysis that includes both the significant investment and the returns associated with that investment. In this scenario, the recoverable value of net assets in Habitissimo exceeds its carrying value at 30 September 2022 by 156% (FY22: 131%). Using the three-year cash flow forecast for Habitissimo, which includes the investment but excludes the associated returns, would see an impairment of £7.3m (FY22: £7.8m).

Presentation of comparative information – IFRIC Agenda Decision (April 2021) – Configuration or customisation costs in 'Software as a Service' (SaaS) cloud computing arrangements
The Group's full year results for FY22 were the first to be prepared accounting for the application of the IFRIC agenda decision on SaaS configuration and customisation costs. Comparative information for HY22 in these HY23 financial statements has not been restated as the impact on the comparative period was not material.

Standards in issue but not yet effective
The Directors do not expect that the adoption of any standards in issue but not yet effective will have a material impact on the financial statements of the Group in future years.

3. Business and geographical segments

Business segments
Underneath the Group's three-division structure (being: Membership & HVAC – North America, Membership & HVAC – EMEA, and Home Experts), the Group's IFRS 8 reportable segments remain principally geographic in nature as these are the components which the Group's chief operating decision maker (CODM), the Chief Executive, regularly reviews internal reports about how to allocate resources to the segments and to assess their performance.

The two 'Membership & HVAC' divisions incorporate the Group's net policy, repair, HVAC installations and other revenue streams. The Membership & HVAC – North America division represents a separate segment based on the IFRS 8 criteria outlined above. The Membership & HVAC – EMEA division splits into four geographic segments: UK, France, Spain and New Markets (including the Group's Membership & HVAC international development initiatives, its Japanese joint venture, Germany (since acquisitions on 12 January 2022) and the results of Shermin Finance (since reallocation from the Home Experts - Other division on 1 April 2022 to reflect the operational alignment of the business with the Membership & HVAC – EMEA division)).

The Home Experts division splits into three geographic IFRS 8 segments; UK (including the results of Checkatrade), North America (including the results of eLocal) and Other (including the results of Habitissimo (Spain) and Preventivi (Italy)).

3. Business and geographical segments (continued)

Segment operating profit/(loss) represents the result of each segment including allocating costs associated with head office and shared functions, but without allocating investment income, finance costs and tax. This is the measure reported to the CODM for the purposes of resource allocation and assessment of segment performance.

The accounting policies of the operating segments are the same as those described in Significant Accounting Policies in the Group's latest audited financial statements, except as set out in note 2. Group cost allocations are deducted in arriving at segmental operating profit. Inter-segment revenue relates to transactions with other Group companies, removed on consolidation, and principally comprises royalty and other similar charges charged at prevailing market prices. Disaggregation of revenue by both line of business and geography are disclosed below. Management believes that these are the most relevant categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. The line of business analysis also illustrates the Group's revenue by major products and services.

For the six months ended 30 September 2022 (Reviewed)

	Membership & HVAC	**Membership & HVAC – EMEA**				**Home Experts**			
£million	**North America**	**UK**	**France**	**Spain**	**New Markets**	**UK**	**North America**	**Other**	**Total**
Revenue by category:									
Net policy income	187.8	74.8	45.3	22.4	–	–	–	–	**330.3**
Repair income	57.7	51.1	0.1	67.9	–	–	–	–	**176.8**
HVAC installations	66.6	11.1	18.7	3.4	2.5	–	–	–	**102.3**
Home Experts	–	–	–	–	–	32.3	55.6	3.9	**91.8**
Other	1.5	4.0	4.6	4.2	1.8	–	–	–	**16.1**
Total revenue	313.6	141.0	68.7	97.9	4.3	32.3	55.6	3.9	**717.3**
Inter-segment	–	(2.9)	–	–	–	–	–	–	**(2.9)**
External revenue	**313.6**	**138.1**	**68.7**	**97.9**	**4.3**	**32.3**	**55.6**	**3.9**	**714.4**
Result									
Adjusted operating profit/(loss)	39.8	16.7	4.7	5.6	(2.9)	(0.6)	7.8	(2.3)	**68.8**
Certain transaction related income/(costs)	3.0	–	0.1	–	(0.1)	–	(1.7)	–	**1.3**
Amortisation of acquisition intangibles	(10.4)	(2.6)	(3.1)	(2.4)	(0.4)	(2.3)	(3.3)	(0.2)	**(24.7)**
Pre-exceptional operating profit	32.4	14.1	1.7	3.2	(3.4)	(2.9)	2.8	(2.5)	**45.4**
Unallocated exceptional items (note 4)	–	–	–	–	–	–	–	–	**(8.1)**
Operating profit/(loss)	32.4	14.1	1.7	3.2	(3.4)	(2.9)	2.8	(2.5)	**37.3**
Investment income									**0.6**
Finance costs									**(15.5)**
Profit before tax									**22.4**
Tax									**(6.6)**
Profit for the period									**15.8**

For the six months ended 30 September 2021 (Reviewed)

	Membership & HVAC	Membership & HVAC – EMEA				Home Experts			
£million	North America	UK	France	Spain	New Markets	UK	North America	Other[1]	Total
Revenue by category:									
Net policy income	163.7	74.9	42.5	20.7	–	–	–	–	301.8
Repair income	39.5	38.5	0.1	67.5	–	–	–	–	145.6
HVAC installations	49.7	6.9	11.8	3.3	–	–	–	–	71.7
Home Experts	–	–	–	–	–	26.6	48.5	5.4	80.5
Other	2.4	5.5	2.5	4.0	–	–	–	–	14.4
Total revenue	255.3	125.8	56.9	95.5	–	26.6	48.5	5.4	614.0
Inter-segment	–	(3.5)	–	–	–	–	–	–	(3.5)
External revenue	255.3	122.3	56.9	95.5	–	26.6	48.5	5.4	610.5
Result									
Adjusted operating profit/(loss)	32.5	9.4	7.0	4.6	(2.5)	(0.2)	6.1	(2.2)	54.7
Certain transaction related (costs)/income	(1.4)	–	(0.3)	–	–	–	(0.3)	1.0	(1.0)
Amortisation of acquisition intangibles	(9.3)	(1.7)	(3.6)	(1.3)	–	(2.3)	(2.9)	(0.5)	(21.6)
Operating profit/(loss)	21.8	7.7	3.1	3.3	(2.5)	(2.5)	2.9	(1.7)	32.1
Investment income									0.1
Finance costs									(13.3)
Profit before tax									18.9
Tax									(5.1)
Profit for the period									13.8

[1] The Home Experts – Other segment includes revenues of £0.8m and operating losses of £0.1m in relation to Shermin Finance, which has been reallocated to the Membership & HVAC – EMEA segment since 1 April 2022 to align with how that business is now managed.

3. Business and geographical segments (continued)

For the year ended 31 March 2022 (Audited)

	Membership & HVAC	Membership & HVAC - EMEA				Home Experts			
£million	North America	UK	France	Spain	New Markets	UK	North America	Other[1]	Total
Revenue by category:									
Net policy income	408.7	212.5	116.2	43.8	–	–	–	–	781.2
Repair income	80.4	95.7	0.2	145.1	–	–	–	–	321.4
HVAC installations	89.3	17.2	30.7	7.6	0.8	–	–	–	145.6
Home Experts	–	–	–	–	–	55.6	88.9	10.7	155.2
Other	4.6	12.1	5.6	11.0	–	–	–	–	33.3
Total revenue	583.0	337.5	152.7	207.5	0.8	55.6	88.9	10.7	1,436.7
Inter-segment	–	(7.4)	–	–	–	–	–	–	(7.4)
External revenue	583.0	330.1	152.7	207.5	0.8	55.6	88.9	10.7	1,429.3
Result									
Adjusted operating profit/(loss)	117.7	72.9	36.4	20.8	(5.6)	(2.8)	10.6	(3.5)	246.5
Certain transaction related income/(costs)	3.2	–	(0.1)	–	–	–	(2.0)	(0.1)	1.0
Amortisation of acquisition intangibles	(19.2)	(4.0)	(6.9)	(3.2)	–	(4.6)	(5.9)	(1.1)	(44.9)
Operating profit/(loss)	101.7	68.9	29.4	17.6	(5.6)	(7.4)	2.7	(4.7)	202.6
Investment income									0.3
Finance costs									(27.8)
Profit before tax									175.1
Tax									(41.7)
Profit for the year									133.4

[1] The Home Experts – Other segment includes revenues of £2.1m and operating losses of £0.8m in relation to Shermin Finance, which has been reallocated to Membership & HVAC – EMEA segment since 1 April 2022 to align with how that business is now managed.

Net policy income includes £26.5m of home assistance revenue (HY22: £24.6m, FY22: £52.2m) where the Group contracts directly with the end user and not through an underwriter.

4. Adjusting and exceptional items

Adjusting items, in addition to amortisation of acquired intangibles of £24.7m (HY22: £21.6m, FY22: £44.9m), comprised the following:

	Six months ended 30 September 2022 (Reviewed)	Six months ended 30 September 2021 (Reviewed)	Year ended 31 March 2022 (Audited)
Costs of put options on non-controlling interests accrued over time	**1.5**	1.3	2.7
Fair value gains on option obligations and contingent consideration	**(2.8)**	(0.3)	(3.7)
Certain transaction related (income)/costs included within operating costs	**(1.3)**	1.0	(1.0)
Unwinding of discount on option obligations and contingent consideration	**0.7**	0.7	1.3
Certain transaction related costs included within finance costs	**0.7**	0.7	1.3
Total certain transaction related (income)/costs included in profit before tax	**(0.6)**	1.7	0.3
Net taxation on certain transaction related (income)/costs	**0.2**	(0.4)	(0.1)
Total certain transaction related (income)/costs after tax	**(0.4)**	1.3	0.2

4. Adjusting and exceptional items (continued)

Exceptional items, recognised as operating costs, comprised the following:

£million	**Six months ended 30 September 2022 (Reviewed)**	Six months ended 30 September 2021 (Reviewed)	Year ended 31 March 2022 (Audited)
Exceptional items included within operating profit before tax	**8.1**	–	–
Net taxation on exceptional items	**(0.6)**	–	–
Net exceptional items after tax	**7.5**	–	–

Exceptional transaction costs principally relate to the proposed acquisition of the Group by Brookfield Infrastructure. At both the reporting date and the date of authorisation of these condensed consolidated financial statements, the Group assesses that approximately £48m of additional exceptional transaction costs to be incurred in the second half of FY23 associated with the acquisition of the Group by Brookfield Infrastructure, meet the definition of contingent liabilities under IAS 37.

5. Tax

£million	**Six months ended 30 September 2022 (Reviewed)**	Six months ended 30 September 2021 (Reviewed)	Year ended 31 March 2022 (Audited)
Current tax	**5.1**	4.1	38.1
Deferred tax	**1.5**	1.0	3.6
	6.6	5.1	41.7

The pre-exceptional effective tax rate (ETR) for the six months ended 30 September 2022 was 24%, the post-exceptional ETR being 30%. Under IAS 34 the Group's interim ETR is in line with the estimated weighted average annual ETR for FY23 of 24% (pre-exceptional), the post-exceptional FY23 ETR being 26%. The Group estimate and apply a separate average annual ETR for each tax jurisdiction in calculating the interim tax charge above.

The effective tax rates for the comparative periods were, HY22: 27% and FY22: 24% on both a pre and post exceptional basis. Prevailing taxation rates in the major jurisdictions in which the Group operates were as follows:

Jurisdiction	**Six months ended 30 September 2022 (Reviewed)**	Six months ended 30 September 2021 (Reviewed)	Year ended 31 March 2022 (Audited)
United Kingdom	**19%**	19%	19%
United States of America	**26%**	26%	26%
France	**25%**	27%	27%
Spain	**25%**	25%	25%

6. Dividends

£million	**Six months ended 30 September 2022 (Reviewed)**	Six months ended 30 September 2021 (Reviewed)	Year ended 31 March 2022 (Audited)
Amounts recognised as distributions to equity holders of the parent:			
Final dividend for the year ended 31 March 2021 of 19.8p per share	**–**	66.5	66.5
Interim dividend for the year ended 31 March 2022 of 6.8p per share	**–**	–	22.8
	–	66.5	89.3

The Board is not recommending payment of an interim dividend, due to the offer for the Group (see note 2). However, if the offer terminates, the Board will look to declare an interim dividend in accordance with the Company's Articles of Association (HY22: interim dividend of 6.8p per share amounting to £22.8m, FY22: final dividend of £nil).

7. Earnings per share

Earnings per share (pence)	**Six months ended 30 September 2022 (Reviewed)**	Six months ended 30 September 2021 (Reviewed)	Year ended 31 March 2022 (Audited)
Basic	**4.6p**	3.9p	39.5p
Diluted	**4.6p**	3.9p	39.3p
Adjusted basic	**12.1p**	9.0p	49.3p
Adjusted diluted	**12.1p**	8.9p	49.1p

The calculation of basic and diluted earnings per share is based on the following:

Weighted average number of ordinary shares (millions)	**Six months ended 30 September 2022 (Reviewed)**	Six months ended 30 September 2021 (Reviewed)	Year ended 31 March 2022 (Audited)
Basic	**336.6**	336.2	336.3
Dilutive impact of share options	**1.6**	1.5	1.2
Diluted	**338.2**	337.7	337.5

Earnings £million	**Six months ended 30 September 2022 (Reviewed)**	Six months ended 30 September 2021 (Reviewed)	Year ended 31 March 2022 (Audited)
Profit attributable to equity holders of the parent	**15.4**	13.2	132.8
Amortisation of acquisition intangibles	**24.7**	21.6	44.9
Certain transaction related (income)/costs (note 4)	**(0.6)**	1.7	0.3
Exceptional items (note 4)	**8.1**	–	–
Tax impact arising on adjusting and exceptional items	**(6.4)**	(5.9)	(10.9)
Non-controlling interests' share of adjusting items	**(0.4)**	(0.4)	(1.4)
Adjusted profit attributable to equity holders of the parent	**40.8**	30.2	165.7

Basic and diluted earnings per ordinary share have been calculated in accordance with IAS 33 *Earnings Per Share*. Basic earnings per share is calculated by dividing the profit or loss in the financial period by the weighted average number of ordinary shares in issue during the period. Adjusted earnings per share is calculated excluding the amortisation of acquisition intangibles, certain transaction related costs, exceptional items and the associated tax impacts.

The Group uses adjusted operating profit, adjusted operating margin, adjusted EBITDA, adjusted profit before tax and adjusted earnings per share as its primary performance measures. These are non-IFRS measures which exclude the impact of exceptional items, the amortisation of acquisition intangibles and the associated tax impacts. For further details refer to the 'Profitability' section of the Glossary.

Diluted earnings per share includes the impact of dilutive share options in issue throughout the period.

8. Other intangible assets and prepaid software

Other intangible assets and prepaid software on the balance sheet include £457.8m (HY22: £403.5m) of intangible assets and £8.5m (HY22: £nil) of prepaid software assets related to 'Software as a Service' arrangements. Other intangible assets are categorised as follows:

£million	Acquisition intangibles	Trademarks & access rights	Customer Databases	Software	**Total intangibles**
Cost					
At 1 April 2021	462.0	41.6	44.2	342.4	**890.2**
Additions	2.9	–	14.2	42.0	**59.1**
Business acquisitions	45.0	–	–	–	**45.0**
Disposal of businesses	–	–	–	(14.1)	**(14.1)**
Disposals	(0.6)	(0.3)	(0.6)	(13.7)	**(15.2)**
Adjustments to prior year acquisitions[1]	1.1	–	–	–	**1.1**
Exchange movements	13.1	0.8	0.2	3.2	**17.3**
At 1 April 2022	523.5	42.1	58.0	359.8	**983.4**
Additions	–	1.6	7.0	24.3	**32.9**
Business acquisitions	10.6	–	–	–	**10.6**
Disposals	(0.1)	–	(0.7)	(90.1)	**(90.9)**
Transfer	–	–	–	(0.4)	**(0.4)**
Exchange movements	59.5	2.9	4.1	17.3	**83.8**
At 30 September 2022	**593.5**	**46.6**	**68.4**	**310.9**	**1,019.4**
Accumulated amortisation					
At 1 April 2021	208.8	36.0	15.4	238.7	**498.9**
Charge for the year	44.9	2.0	8.5	27.7	**83.1**
Disposal of businesses	–	–	–	(13.9)	**(13.9)**
Disposals	(0.6)	(0.1)	(0.2)	(13.3)	**(14.2)**
Exchange movements	5.5	0.6	0.1	1.9	**8.1**
At 1 April 2022	258.6	38.5	23.8	241.1	**562.0**
Charge for the period	24.7	1.0	5.1	16.9	**47.7**
Disposals	–	–	(0.2)	(89.8)	**(90.0)**
Exchange movements	28.1	2.6	1.6	9.6	**41.9**
At 30 September 2022	**311.4**	**42.1**	**30.3**	**177.8**	**561.6**
Carrying amount					
At 30 September 2022	**282.1**	**4.5**	**38.1**	**133.1**	**457.8**
At 31 March 2022	264.9	3.6	34.2	118.7	421.4

[1]The carrying value of acquisition intangible assets relating to prior year acquisitions have been adjusted during the associated 12 month remeasurement periods increasing the value of acquisition intangibles by £nil (FY22: increasing by £1.1m) and decreasing goodwill by £nil (FY22: decreasing by £1.1m).

Acquisition intangibles include acquired access rights, customer databases, brands and technology assets. At the balance sheet date there are no contractual commitments for the purchase of intangible assets (HY22: £nil).

Acquisition intangibles include assets with a book value of £51.4m (HY22: £47.4m) in respect of customer relationships acquired as part of the acquisition of eLocal Holdings LLC. The assets are being amortised over periods ranging between 10 and 11 years on a straight-line basis and have 7 to 8 years useful economic life remaining.

Disposal of eServe

Following a period of decommissioning, the UK's eServe CRM system, which was fully impaired in FY21, has been disposed of, removing £89.7m of cost and accumulated amortisation from the balance sheet.

9. Acquisitions and Disposals

During the period the Group incurred a total net cash outflow in respect of business combinations of £34.7m (HY22: £33.9m). In addition to the net cash outflow of £26.1m (HY22: £21.6m) on acquisitions completed during HY23, payments relating to previous business combinations and asset purchases of £8.6m (HY22: £12.3m) were made during the period.

The following acquisitions, which have been combined for the purpose of provisional fair value disclosures, were made during the period ended 30 September 2022. There were no material acquisitions requiring separate disclosure during HY23.

HVAC

Date	Acquiree	Acquirer	Acquired
6 April 2022	Ken Griffin Plumbing Services, Inc.	Environmental Systems Associates Inc.	100% share capital
31 May 2022	HCD SAS & CFP Nord SAS	HomeServe Energies Services SAS	100% share capital
31 May 2022	Hereford Heating Limited	HomeServe Membership Limited	100% share capital
31 May 2022	Logic Plumbing Heating & Electrical (Maintenance) Limited	HomeServe Membership Limited	100% share capital
1 June 2022	Taylor Heating Inc.	HomeServe Skilled Trades LLC	100% share capital
2 June 2022	Aracor 2000 S.L	HomeServe Iberia S.L.U	100% share capital
6 July 2022	DL'Gaz SARL	Roussin Energies SAS	Group of assets constituting a business under IFRS3
30 June 2022	Concept Habitat Normandie SAS	HomeServe Energies Services SAS	100% share capital
20 July 2022	S.A.T Lluis S.L.	HomeServe Iberia S.L.U	100% share capital
20 July 2022	Alme Calefacción S.L.	HomeServe Iberia S.L.U	100% share capital
15 July 2022	Wyant Heating & Air Inc.	HomeServe Skilled Trades LLC	100% share capital
5 August 2022	Motta Heating & Air Conditioning Inc.	HomeServe Skilled Trades LLC	100% share capital
14 September 2022	Phoenix Plumbing & Drain Service Inc.	Hays Cooling & Heating Inc.	100% share capital
20 September 2022	Instalaciones y Montajes Baladon S.L	HomeServe Iberia S.L.U	100% share capital
29 September 2022	Egly Kälte-Klimatechnik GmbH	HomeServe Deutschland Handwerksdienstleistung GmbH	100% share capital
30 September 2022	Barella Gebäude-und Energietechnik GmbH	HomeServe Deutschland Handwerksdienstleistung GmbH	99% share capital
30 September 2022	Koziwarm Plumbing & Heating Limited	HomeServe Membership Limited	100% share capital

All HVAC acquisitions made during HY23 enhance the scale and scope of the Group's HVAC capabilities and increase the opportunity for future growth related to new HVAC system installations.

Claims

On 9 June 2022, CET Structures Limited, a Group company, acquired 100% of the issued share capital and obtained control of ANSA UK Limited (hereafter 'ANSA'). ANSA is a claims business and enhances the scale of the drainage service business in the UK.

9. Acquisitions and Disposals (continued)

The provisional fair values of identifiable assets acquired and liabilities assumed are set out in the table below:

£million	Total
Property, plant and equipment	1.4
Right of use assets	1.1
Inventories	1.2
Cash and cash equivalents	4.6
Trade and other receivables	4.4
Trade and other payables	(7.5)
Lease liabilities	(1.1)
Bank and other loans	(1.0)
Intangible assets generated on acquisition	10.6
Deferred tax liabilities	(2.1)
Net assets acquired	**11.6**
Goodwill	29.7
Total	**41.3**
Satisfied by:	
Cash	30.7
Deferred consideration	2.9
Contingent consideration	7.7
	41.3
Net cash outflow arising on acquisition	
Cash consideration	30.7
Less: cash acquired	(4.6)
	26.1

The goodwill arising on the excess of consideration over the fair value of the assets and liabilities acquired on HY23 acquisitions represents the expectation of synergistic benefits and efficiencies. Where elections are made to treat an acquisition that is in scope of US tax legislation as an asset purchase for tax, goodwill is deemed deductible for tax purposes. No other goodwill balances are expected to be deducted for tax purposes.

The gross contracted amounts due are equal to the fair value amounts stated above for trade and other receivables.

Businesses acquired during HY23 contributed £9.7m of revenue and £1.2m of adjusted profit before tax to the Group’s results for the six months to 30 September 2022.

If all acquisitions had been completed on the first day of the financial year, Group revenue for the period would have been £731.6m and Group adjusted profit before tax would have been £56.8m.

The information above is provisional with fair value assessment activities ongoing. Final acquisition disclosures will be included in the FY23 Group Annual Report and Accounts to be issued in May 2023.

Acquisition-related costs (included in operating costs) amounted to £1.3m (HY22: £0.4m).

The provisional fair values in relation to acquisitions completed and disclosed as part of the Group’s FY22 Annual Report have been updated, resulting in a £0.1m increase to goodwill £0.1m decrease to other acquired net assets at 30 September 2022.

10. Financial instruments

Classification

Aside from the financial instruments discussed under 'financial instruments subsequently measured at fair value' below, all other financial assets and liabilities to which the Group is party are held at amortised cost and their carrying values approximate their fair values.

Financial instruments subsequently measured at fair value

Financial instruments that are measured subsequent to initial recognition at fair value are grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices in active markets for identical assets or liabilities
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly or indirectly
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data.

There were no transfers of assets or liabilities between levels during the period. There are no non-recurring fair value measurements.

The Group held the following financial instruments at fair value:

£million	**At 30 September 2022 (Reviewed)**	At 30 September 2021 (Reviewed)	Year ended 31 March 2022 (Audited)
Level 1			
Assets classified as fair value through other comprehensive income			
Other investments	**0.9**	–	1.4
Level 2			
Assets classified as fair value through other comprehensive income			
Other investments	**15.9**	13.0	12.9
Level 3			
Assets classified as fair value through profit and loss			
Other financial assets	**0.9**	0.8	0.9
Contingent consideration at fair value through profit and loss			
Current liabilities	**13.3**	11.9	11.0
Non-current liabilities	**15.9**	12.4	14.5

The Group uses the following methods to estimate fair value of its financial instruments:

Financial Instrument	**Level**	**Valuation method**
Other investments	1	Quoted bid price in an active market
Other investments	2	Discounted cashflows at current market rates
Other financial assets	3	Black Scholes model and discounted cashflows at current market rates
Contingent consideration	3	Discounted cashflows at current market rates

10. Financial instruments (continued)

Reconciliation of recurring Level 3 fair value measurements

Financial assets classified as fair value through profit and loss:

£million	**Six months ended 30 September 2022 (Reviewed)**	Six months ended 30 September 2021 (Reviewed)	Year ended 31 March 2022 (Audited)
Opening balance	**0.9**	1.2	1.2
Fair value re-measurement loss	**(0.1)**	(0.4)	(0.3)
Foreign exchange	**0.1**	–	–
	0.9	0.8	0.9

Other financial assets have been fair valued using the Black-Scholes option pricing model. The assumptions used in the model are as follows:

- The price of the underlying equity (determined by discounting future forecast cash flows of the business to present value)
- The exercise price of the option
- The risk-free rate
- The life of the option
- The expected volatility of the share price/equity
- Expected dividends

The inputs used to derive the asset fair value are reviewed at least annually by the Directors as part of the valuation process. The variable inputs most consequential to the final valuation of the instrument are the price of the underlying equity and the expected volatility. If the underlying price of the equity was higher/lower by 10%, then the carrying amount would increase by £0.4m/decrease by £0.2m (HY22: increase by £0.4m/decrease by £0.2m). If the volatility assumption increased/decreased by 10%, then the carrying amount would increase/decrease by £nil (HY22: £0.1m).

Contingent consideration at fair value through profit and loss:

£million	**Six months ended 30 September 2022 (Reviewed)**	Six months ended 30 September 2021 (Reviewed)	Year ended 31 March 2022 (Audited)
Opening balance	**25.5**	29.8	29.8
Additions	**7.7**	6.1	11.0
Payments	**(5.4)**	(11.4)	(14.6)
Unwinding of discount rate through the income statement	**0.4**	0.2	0.6
Other movements	**–**	–	0.2
Fair value re-measurement gain	**(1.8)**	(0.9)	(2.5)
Foreign exchange	**2.8**	0.5	1.0
	29.2	24.3	25.5

Contingent consideration liabilities are calculated using forecasts of future performance of acquisitions discounted to present value. Forecasts and discount rates are reviewed at least annually by the Directors as part of the valuation process.

If discount rates on contingent consideration were higher/lower than the Group's historical experience by 10%, the carrying amount would decrease/increase by £0.2m (HY22: £0.1m). The undiscounted range of outcomes associated with the contingent consideration payments has a floor of £1.0m (HY22: £0.8m). Payments above the floor vary based on a range of conditional performance metrics, for example a percentage commission based on the future revenues associated with certain products of an acquired business over a defined period.

11. Share capital

		At 30 September 2022 (Reviewed)	At 30 September 2021 (Reviewed)	Year ended 31 March 2022 (Audited)
Issued and fully paid ordinary shares of 2 9/13p	No.	**336,701,763**	336,421,054	336,471,082
	£m	**9.1**	9.1	9.1

During the period from 1 April 2022 to 30 September 2022 the Company issued 230,681 shares with a nominal value of 2 9/13p creating share capital and share premium with a combined value of £2.1m.

During the period from 1 April 2021 to 30 September 2021 the Company issued 376,024 shares with a nominal value of 2 9/13p creating share capital and share premium with a combined value of £2.7m.

During the year from 1 April 2021 to 31 March 2022 the Company issued 426,052 shares with a nominal value of 2 9/13p creating share capital and share premium with a combined value of £2.9m.

12. Notes to the cash flow statement

£million	Six months ended 30 September 2022 (Reviewed)	Six months ended 30 September 2021 (Reviewed)	Year ended 31 March 2022 (Audited)
Operating profit	**37.3**	32.1	202.6
Adjustments for:			
Depreciation of property, plant and equipment	**5.3**	5.0	10.3
Depreciation of right-of-use assets	**8.6**	7.3	15.1
Amortisation of acquisition intangible assets	**24.7**	21.6	44.9
Amortisation of other intangible assets	**23.0**	18.6	38.2
Amortisation of contract costs	**1.7**	3.2	5.6
Share-based payments expenses	**3.5**	3.9	5.2
Share of equity accounted investees results	**0.7**	1.3	3.4
Fair value movements on options and contingent consideration	**(2.8)**	(0.3)	(3.7)
Costs of put options on non-controlling interests accrued overtime	**1.5**	1.3	2.7
Gain on disposal of associate	**–**	–	(0.8)
Gain on disposal of business	**–**	(0.7)	(4.3)
Gain on disposal of property, plant and equipment, intangible assets and contract costs	**(6.1)**	(0.4)	(6.0)
Other non-cash movements	**–**	0.3	0.5
Operating cash flows before movements in working capital	**97.4**	93.2	313.7
Increase in inventories	**(4.9)**	(2.3)	(4.9)
Decrease/(increase) in receivables	**58.7**	70.5	(26.1)
Decrease in payables	**(37.9)**	(64.1)	(10.2)
Net movement in working capital	**15.9**	4.1	(41.2)
Cash generated by operations	**113.3**	97.3	272.5
Incomes taxes paid	**(22.8)**	(24.6)	(40.6)
Interest paid (including lease interest)	**(14.2)**	(11.7)	(24.3)
Net cash inflow from operating activities	**76.3**	61.0	207.6

12. Notes to the cash flow statement (continued)

Reconciliation of cash and cash equivalents

£million	**Six months ended 30 September 2022 (Reviewed)**	Six months ended 30 September 2021 (Reviewed)	Year ended 31 March 2022 (Audited)
Cash and cash equivalents in the balance sheet	**269.8**	153.5	174.5
Bank overdrafts	**(30.3)**	(39.4)	(17.0)
Cash and cash equivalents in the cash flow statement	**239.5**	114.1	157.5

13. Provisions

£million	**Six months ended 30 September 2022 (Reviewed)**	Six months ended 30 September 2021 (Reviewed)	Year ended 31 March 2022 (Audited)
At 1 April	**5.2**	6.0	6.0
Created	**0.5**	0.3	1.5
Acquired on business acquisition	**–**	–	0.2
Utilised	**(0.1)**	(1.2)	(2.1)
Released	**(0.5)**	–	(0.4)
Foreign exchange	**0.2**	–	–
Provisions at end of period	**5.3**	5.1	5.2

14. Related party transactions

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

Transactions with equity accounted investees

£million	**Six months ended 30 September 2022 (Reviewed)**	Six months ended 30 September 2021 (Reviewed)	Year ended 31 March 2022 (Audited)
Sales to joint ventures	**0.1**	0.1	0.2
Loans due from investee	**3.2**	–	1.3
Interest charged to investee	**0.1**	–	–

Related party transactions with equity accounted investees during HY23 principally related to recharged salaries, consultancy and contractor costs and the purchase of marketing services.

Other related party transactions

Other related party transactions during HY23 were similar in nature to those in HY22 and amounted to £0.1m (HY22: £0.1m) for the purchase of services. In addition, the Group received £0.1m (HY22: £nil) for the provision of services.

Full details of the Group's related party transactions for the year ended 31 March 2022 are included on page 194 of the Annual Report & Accounts 2022.

15. Other items

Restricted Cash

Cash and cash equivalents comprise cash held by the Group and short-term bank deposits with an original maturity of three months or less. Of the total cash and cash equivalents balance held £23.3m (HY22: £14.8m) is not available for use by the Group due to the restrictions stipulated within the Group's contractual relationships with underwriters. These balances principally relate to advances from underwriters received to fund claims payments. No client monies as defined under CASS 5 of the FCA Handbook are held (HY22: £nil).

15. Other items (continued)

Disposal of Piedmont policy book - tranche 2

On 10 December 2021, HomeServe USA Corp ('HSUSA') entered into an agreement to sell the book of policies built up during the affinity partnership to Piedmont Natural Gas Company, Inc. ('Piedmont') ahead of the affinity partnership ending in April 2022. HSUSA disposed of the policy book in two tranches, the first tranche completing in March 2022 and the second tranche in April 2022. As a result in FY23 for tranche two of the transaction, the Group received \$11.6m/£8.9m of cash consideration, derecognised intangible assets of \$0.5m/£0.4m, receivables of \$5.0m/£3.8m and payables of \$1.7m/£1.3m relating to commissions and underwriter payables. This resulted in a gain on disposal of \$7.8m/£6.0m being recorded in the income statement.

16. Events after the balance sheet date

Acquisition of EnergyGo

On 28 October 2022 HomeServe Energies Services SAS acquired 75% of EnergyGo SAS ('EnergyGo') for approximately €45m on a "debt free, cash free" basis. The agreement also provides HomeServe with options to acquire the remaining 25% of EnergyGo by FY31.

EnergyGo is a regional leader in the French home energy renovation market delivering end to end services to private homeowners to improve their home energy efficiency. As well as being core to the Group's HVAC strategy, the acquisition leaves HomeServe well positioned to capture opportunities arising from the growing demand for performing home energy retrofit, energy conversion and gas dependency reduction as the national economy transitions to low-carbon sources of energy and energy efficient homes.

Acquisition of Jupiter-Tequesta

On 28 October 2022 HomeServe Skilled Trades LLC, a Group company, completed the acquisition of 100% of the share capital and obtained control of Jupiter-Tequesta A/C, Plumbing & Electric, LLC for total cash consideration of approximately \$9m. Jupiter-Tequesta is a multi-trade business operating in HVAC, plumbing and electricals and increases HomeServe's HVAC network in North America.

Due to the recent nature of these acquisitions, it is not possible at the point of authorisation of these condensed consolidated financial statements to include preliminary assessments of the fair value of the assets and liabilities acquired. Full preliminary IFRS 3 disclosures will be provided in the FY23 Annual Report.

Financing transactions

On 7 October 2022 HomeServe plc repaid £50m of notes in the US Private Placement market. The balance was held within current bank and other loans at 30 September 2022.

Responsibility statement

We confirm that to the best of our knowledge:

(a) the condensed set of financial statements has been prepared in accordance with UK adopted 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 party transactions and changes therein).

By order of the Board

Richard Harpin
Founder and Group Chief Executive

David Bower
Chief Financial Officer

22 November 2022

Forward Looking Statements and Other Information

This interim management report has been prepared solely to provide additional information to shareholders as a body to assess the Company's strategies and the potential for those strategies to succeed. This report contains certain forward looking statements, which have been made in good faith, with respect to the financial condition, results of operations and businesses of HomeServe 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 which could cause actual results or developments to differ materially from those expressed or implied by these forward looking statements and forecasts. The statements have been made with reference to forecast price changes, economic conditions, the current regulatory environment and the current interpretations of IFRS applicable to past, current and future periods. Nothing in this announcement should be construed as a profit forecast.

Independent Review Report to HomeServe plc

Conclusion

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2022 which comprises the condensed consolidated income statement, condensed consolidated statement of comprehensive income, condensed consolidated balance sheet, condensed consolidated statement of changes in equity and the condensed consolidated cash flow statement and related notes 1 to 16.

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 September is not prepared, in all material respects, in accordance with United Kingdom adopted International Accounting Standard 34 and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Basis for Conclusion

We conducted our review in accordance with International Standard on Review Engagements (UK) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Financial Reporting Council for use in the United Kingdom (ISRE (UK) 2410). A review of interim financial information consists of making inquiries, 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 2, the annual financial statements of the Group are prepared in accordance with United Kingdom adopted International Accounting Standards. The condensed set of financial statements included in this half-yearly financial report has been prepared using accounting policies consistent with United Kingdom adopted International Financial Reporting Standards (IFRSs) and in accordance with United Kingdom adopted International Accounting Standard 34 "Interim Financial Reporting".

Conclusion 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 entity to cease to continue as a going concern.

Responsibilities of the directors

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

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

Use of our report

This report is made solely to the company in accordance with ISRE (UK) 2410. Our work has been undertaken so that we might state to the company those matters we are required to state to it in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our review work, for this report, or for the conclusions we have formed.

Deloitte LLP
Statutory Auditor
Birmingham, United Kingdom
22 November 2022

GLOSSARY

HomeServe uses a number of alternative performance measures (APMs) to assess the performance of the Group and its individual segments. APMs used in this announcement address profitability, leverage and liquidity and together with operational KPIs give an indication of the current health and future prospects of the Group.

Definitions of APMs and the rationale for their usage are included below with a reconciliation, where applicable, back to the equivalent statutory measure.

Profitability

The Group uses adjusted operating profit, adjusted EBITDA, adjusted profit before tax and adjusted earnings per share as its primary profit performance measures. These are non-IFRS measures which exclude the impact of the amortisation of acquisition intangible assets, exceptional items and transaction related income or costs.

Exceptional items are those items that, in the judgement of the Directors, need to be disclosed separately by virtue of their size, nature or incidence.

Acquisition intangible assets are calculated using the estimated and discounted incremental future cash flows resulting from the affinity relationship or future policy renewals as appropriate, which will include the impact of the past actions of the former owners. These past actions will include historic marketing and business development activity, including but not limited to, the staff and operational costs of the business. In addition the specific construct of the policy terms and conditions and the current and expected future profitability to be derived from the acquired business or asset is also a factor in determining the valuation of acquisition intangible assets.

Certain financial instruments which the Group becomes party to by virtue of its transactional activity (typically, but not limited to, acquisitions and disposals) have the potential to create volatility that is not representative of the underlying performance of the business. These include;

- Fair value movements on financial instruments generated from transaction related activity;
- Unwinding of discount on contingent financial instruments (including options); and
- Charges associated with put options over non-controlling interests.

The on-going service and operating costs incurred by the Group in managing the acquired businesses or assets, including but not limited to print, postage, telephony, claims costs and overheads are recognised as operating costs within these adjusted measures in the reporting period in which they are incurred. Certain transaction related costs do not include deal fees, financing charges on deferred consideration or the market rate salaries and bonuses of employees who hold non-controlling interest puts. All these items are included within the Group's adjusted performance measures.

Accordingly, by excluding the amortisation of acquisition intangibles from the adjusted performance measures reported by the Group in each specific reporting period ensures that these measures only reflect the revenue attributable to, and costs incurred by, the Group in managing and operating those businesses and assets at that time in each reporting period and do not include the impact of the historic costs of the vendor or considerations of the future profits to be derived from the acquired business or assets.

Moreover, excluding these items from the Group's adjusted metrics provides for a consistent measure of underlying profitability on which to assess the Group's performance both period-on-period and relative to its peers.

Reconciliations of statutory to adjusted profit measures

TOTAL GROUP

£million	**HY23**	HY22
Operating profit (statutory)	**37.3**	32.1
Certain transaction related (income)/costs	**(1.3)**	1.0
Amortisation of acquisition intangibles	**24.7**	21.6
Exceptional items	**8.1**	-
Adjusted operating profit	**68.8**	54.7
Operating profit (statutory)	**37.3**	32.1
Certain transaction related (income)/costs	**(1.3)**	1.0
Depreciation of property, plant and equipment	**5.3**	5.0
Amortisation of other intangibles	**23.0**	18.6
Amortisation of contract costs	**1.7**	3.2
Depreciation of right of use assets	**8.6**	7.3
Amortisation of acquisition intangibles	**24.7**	21.6
Exceptional items	**8.1**	-
Adjusted EBITDA	**107.4**	88.8
Profit before tax (statutory)	**22.4**	18.9
Certain transaction related (income)/costs	**(0.6)**	1.7
Amortisation of acquisition intangibles	**24.7**	21.6
Exceptional items	**8.1**	-
Adjusted profit before tax	**54.6**	42.2
Pence per share		
Earnings per share (statutory)	**4.6**	3.9
Certain transaction related (income)/costs (net of tax)	**(0.1)**	0.4
Amortisation of acquisition intangibles (net of tax)	**5.7**	4.7
Exceptional items (net of tax)	**1.9**	-
Adjusted earnings per share	**12.1**	9.0

Reconciliation of statutory to constant currency revenue growth

TOTAL GROUP

£million	**HY23**	HY22
Revenue (statutory)	**714.4**	610.5
Effect on revenue of changes in foreign exchange rates	**(43.9)**	-
Revenue (constant currency)	**670.5**	610.5
Constant currency revenue growth	**10%**	

Reconciliations of statutory to adjusted profit measures

SEGMENTAL

	Membership & HVAC	Membership & HVAC - EMEA				Home Experts		
HY23 £million	**North America**	**UK**	**France**	**Spain**	**New Markets**	**UK**	**North America**	**Other**
Revenue	**313.6**	**141.0**	**68.7**	**97.9**	**4.3**	**32.3**	**55.6**	**3.9**
Statutory operating profit/(loss)	**32.4**	**14.1**	**1.7**	**3.2**	**(3.4)**	**(2.9)**	**2.8**	**(2.5)**
Operating Margin %	*10%*	*10%*	*3%*	*3%*	–	–	*5%*	–
Adjusting items								
Amortisation of acquisition intangibles	**10.4**	**2.6**	**3.1**	**2.4**	**0.4**	**2.3**	**3.3**	**0.2**
Certain transaction related (income)/ costs	**(3.0)**	**–**	**(0.1)**	**–**	**0.1**	**–**	**1.7**	**–**
Total adjusting items	**7.4**	**2.6**	**3.0**	**2.4**	**0.5**	**2.3**	**5.0**	**0.2**
Effect on operating margin (ppts)	*3%*	*2%*	*4%*	*3%*	–	–	*9%*	–
Adjusted operating profit/(loss)	**39.8**	**16.7**	**4.7**	**5.6**	**(2.9)**	**(0.6)**	**7.8**	**(2.3)**
Adjusted operating margin %	*13%*	*12%*	*7%*	*6%*	–	–	*14%*	–

	Membership & HVAC	Membership & HVAC - EMEA				Home Experts		
HY22 £million	**North America**	**UK**	**France**	**Spain**	**New Markets**	**UK**	**North America**	**Other**
Revenue	255.3	125.8	56.9	95.5	–	26.6	48.5	5.4
Statutory operating profit/(loss)	21.8	7.7	3.1	3.3	(2.5)	(2.5)	2.9	(1.7)
Operating Margin %	*9%*	*6%*	*5%*	*3%*	–	–	*6%*	–
Adjusting items								
Amortisation of acquisition intangibles	9.3	1.7	3.6	1.3	–	2.3	2.9	0.5
Certain transaction related (income)/costs	1.4	–	0.3	–	–	–	0.3	(1.0)
Total adjusting items	10.7	1.7	3.9	1.3	–	2.3	3.2	(0.5)
Effect on operating margin (ppts)	*4%*	*1%*	*7%*	*2%*	–	–	*7%*	–
Adjusted operating profit/(loss)	32.5	9.4	7.0	4.6	(2.5)	(0.2)	6.1	(2.2)
Adjusted operating margin %	*13%*	*7%*	*12%*	*5%*	–	–	*13%*	–

	Membership & HVAC	Membership & HVAC - EMEA				Home Experts		
HY23 Local currency million	**North America $**	**UK £**	**France €**	**Spain €**	**New Markets £**	**UK £**	**North America $**	**Other €**
Revenue	**381.8**	**141.0**	**80.5**	**114.9**	**4.3**	**32.3**	**67.9**	**4.6**
Statutory operating profit/(loss)	**39.5**	**14.1**	**2.0**	**3.8**	**(3.4)**	**(2.9)**	**3.4**	**(2.9)**
Operating Margin %	*10%*	*10%*	*3%*	*3%*	**–**	**–**	*5%*	**–**
Adjusting items								
Amortisation of acquisition intangibles	**12.7**	**2.6**	**3.6**	**2.8**	**0.4**	**2.3**	**4.0**	**0.2**
Certain transaction related (income)/ costs	**(3.7)**	**-**	**(0.1)**	**-**	**0.1**	**-**	**2.1**	**-**
Total adjusting items	**9.0**	**2.6**	**3.5**	**2.8**	**0.5**	**2.3**	**6.1**	**0.2**
Effect on operating margin (ppts)	*3%*	*2%*	*4%*	*3%*	–	–	*9%*	–
Adjusted operating profit/(loss)	**48.5**	**16.7**	**5.5**	**6.6**	**(2.9)**	**(0.6)**	**9.5**	**(2.7)**
Adjusted operating margin %	*13%*	*12%*	*7%*	*6%*	–	–	*14%*	–

HY22 Local currency million	Membership & HVAC North America $	Membership & HVAC - EMEA UK £	 France €	 Spain €	 New Markets £	Home Experts UK £	 North America $	 Other €
Revenue	354.2	125.8	66.4	111.1	–	26.6	67.3	6.3
Statutory operating profit/(loss)	30.3	7.7	3.7	3.9	(2.5)	(2.5)	4.0	(2.0)
Operating Margin %	*9%*	*6%*	*5%*	*3%*	–	–	*6%*	–
Adjusting items								
Amortisation of acquisition intangibles	12.9	1.7	4.2	1.5	–	2.3	4.0	0.6
Certain transaction related (income)/ costs	1.9	-	0.3	–	–	–	0.4	(1.2)
Total adjusting items	14.8	1.7	4.5	1.5	–	2.3	4.4	(0.6)
Effect on operating margin (ppts)	*4%*	*1%*	*7%*	*2%*	–	–	*7%*	–
Adjusted operating profit/(loss)	45.1	9.4	8.2	5.4	(2.5)	(0.2)	8.4	(2.6)
Adjusted operating margin %	*13%*	*7%*	*12%*	*5%*	–	–	*13%*	–

Leverage

The Group targets net debt in the range of 1.0 to 2.0x EBITDA measured at the year end.

The range reflects HomeServe's relatively low risk appetite. Due to the seasonality of the business and depending on M&A opportunities, HomeServe is able to operate outside 1.0 to 2.0x for periods of time but with a highly cash generative business model HomeServe will seek to return to its target range. The leverage ratio is also important as it factors into the Group's banking covenants, and the rolling 12 month rate at each half year period influences the future interest rates payable on the Group's Revolving Credit Facility.

Certain of the Group's segmental bonus measures relate to net cash. Net cash is defined and calculated in the same way as net debt but returns a positive closing balance.

The 2022 Annual Report provides a full reconciliation of the movements in liabilities arising from borrowings and finance leases for the year ended 31 March 2022.

The closing balances at 30 September were as follows:

£million	HY23	HY22
Current liabilities from borrowings and leases		
Lease liabilities	**17.3**	13.3
Bank and other loans	**89.9**	72.0
	107.2	85.3
Non-current liabilities from borrowings and leases		
Lease liabilities	**39.0**	34.7
Bank and other loans	**816.9**	658.6
	855.9	693.3
Total liabilities from borrowings and leases	**963.1**	778.6
Cash and cash equivalents	**(269.8)**	(153.5)
Net Debt	**693.3**	625.1
Adjusted EBITDA	**107.4**	88.8
Leverage	**2.1x**	2.1x

Liquidity
Cash conversion % is defined as cash generated by operations divided by adjusted operating profit. The measure demonstrates the cash generative nature of the ordinary trading operations of HomeServe's business model and the ability to produce positive cash flows that can be invested for future growth initiatives or in capital projects to maintain customer service initiatives, digital enhancements or efficiencies that benefit the long-term health of the business.

Free cash flow is stated after tax, interest obligations and capital expenditure and is an indication of the strength of the business to generate funds to meet its liabilities and repay borrowings. It also shows the funds that might be made available to pursue M&A activities and to pay dividends.

£million	HY23	HY22
Adjusted operating profit	**68.8**	54.7
Certain transaction related costs	**1.3**	(1.0)
Amortisation of acquisition intangibles	**(24.7)**	(21.6)
Exceptional items	**(8.1)**	–
Operating profit	**37.3**	32.1
Depreciation and amortisation	**63.3**	55.7
Impact of certain transaction related (income)/costs	**(1.3)**	1.0
Non-cash items	**(1.9)**	4.4
Decrease in working capital	**15.9**	4.1
Cash generated from operations	**113.3**	97.3
Net interest and associated borrowing costs	**(13.8)**	(11.6)
Repayment of lease principal	**(8.1)**	(6.5)
Taxation	**(22.8)**	(24.6)
Capital expenditure – ordinary	**(36.8)**	(36.6)
Proceeds on disposal of fixed assets	**11.2**	–
Free cash flow	**43.0**	18.0

Due to the seasonality of the business, HomeServe does not report a half year cash conversion figure. Cash conversion for the prior financial year is shown below.

£million	FY22
Adjusted operating profit	246.5
Cash generated by operations	272.5
Cash conversion	111%

Customers

IFRS 15 defines a customer as 'a party that has contracted with an entity to obtain goods or services'. In the Membership businesses where the Group acts as an intermediary selling contracts and insurance policies to end consumers, the 'IFRS 15 customer' is considered to be the underwriter with which the Group has contracted to sell policies.

This is different, however, from how the Group markets and communicates the value of its products and services to end consumers. Here, the businesses strategy and communications (both internally and externally) refer to the end consumer as the customer. As a result, for the purposes of describing the strategy and operational performance of the business, the Business review and the Group's KPIs refer to the end consumer as the customer of the Group, rather than the underwriter. However, for the purposes of preparing the financial statements, the accounting transactions are recorded in accordance with IFRS 15 where the customer is the underwriter.

For all other sources of revenue, it is the party that has contracted with the Group to obtain goods and services that is classified as the customer. The following table summarises this position:

<table>
<tr><th>Revenue Stream</th><th>IFRS 15 'contracted' customer</th><th>Customer as referred to in the Business and Operating Reviews</th></tr>
<tr><td>Policy Income – insurance intermediary commissions</td><td>Underwriters</td><td>End user of the service</td></tr>
<tr><td>Policy Income – repairs</td><td colspan="2">Underwriters or other B2B contracted parties</td></tr>
<tr><td>Policy Income – home assistance</td><td colspan="2" rowspan="4">End user of the service</td></tr>
<tr><td>Home Experts</td></tr>
<tr><td>HVAC installations</td></tr>
<tr><td>Other</td></tr>
</table>

ENDS