

M Winkworth Plc (“Winkworth” or the “Company”) is pleased to announce its unaudited Interim Results for the six months ended 30 June 2021

### Highlights for the period

- Network revenues up by 92% to £36.4 million (H1 2020: £18.9 million)
  - Network sales revenues up by 195% to £24.6 million (H1 2020: £8.3 million)
  - Network lettings revenues up by 11% to £11.8 million (H1 2020: £10.6 million)
- Network sales revenues accounted for 68% of total network revenues (H1 2020: 45%)
- Winkworth revenues up by 107% to £5.25 million (H1 2020: £2.54 million)
- Majority-owned offices generated revenues of £1.04 million (H1 2020: £0.35 million)
- Profit before taxation up by 330% to £1.98 million (H1 2020: £0.46 million)
- Cash balance at 30 June 2021 of £4.57 million (30 June 2020: £3.27 million)
- Three new franchised offices opened
- Dividends of 8.30p declared during the period (H1 2020: 3.08p)

### Dominic Agace, Chief Executive Officer of the Company, commented:

“While the first half of this year was marked by an exceptional level of sales activity, it also vindicated our strategic expansion in recent years into the country, enabling us to service clients not only in the buoyant London market, but also Londoners and country dwellers seeking more space or a change in environment. Our rental business remained strong, albeit on this occasion it was outshone by sales, and we are again encouraged by the number of applications from talented operators looking to work within our successful and well-balanced franchise model.”

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### Chairman’s Statement

I would like to congratulate management, staff and franchisees on these exceptionally strong first half

figures. The upturn in sales, which was the main driver of this performance, started at the end of 2020 and carried through into 2021, leading to a much increased workload for everyone. All this took place despite Covid uncertainty and I would also like to thank and congratulate the lawyers, mortgage brokers, surveyors and bankers for meeting stamp duty deadlines, and our clients for their patience and, in some cases, perseverance. This was a difficult time for all, but the outcome proved that it was worthwhile.

Housing market transactions have been depressed since 2015, leading to the dominance of rental and management turnover over the last five years. Since the autumn of 2020, however, there has been a significant catch up in completed sales and our franchisees have handled the dramatic increase in sales volumes with well-proven professionalism.

Our rental and management revenue were up and slightly ahead of H1 2019, but still subdued in central London which has suffered from a lack of overseas tenants, students and visiting professionals. There are now signs that the rental market is recovering, with best-in-class properties letting quickly. Subject to the continued unwinding of Covid stipulations, we therefore expect that the rentals market will show some recovery in the second half.

Meanwhile, as the rentals market becomes ever more subject to regulation, rebalancing the rights of landlords and tenants, we believe that landlords will increasingly seek a greater degree of protection by using qualified estate agents to access personalised expert advice and guidance at all stages of the tenancy. Much of this work needs hands on professional guidance rather than standardised digital solutions.

Winkworth's strength lies in its flexibility in handling both sales and rentals, and in having long-established, locally based franchisees. We are seeing a growing number of highly qualified, dynamic new franchisees joining us to take advantage of the opportunities presented by a revived market, and we wish them every success. It is very exciting to see a new office in Hellesdon, a Tiverton office added to the Exeter/Devon business, and Ferndown added to our dynamic Bournemouth group.

From my experience of over 40 years in this business, Winkworth is in a very strong position.

**Simon Agace**  
Non-Executive Chairman  
7 September 2021

## **CEO's Statement**

The sales market in the first half of 2021 was extraordinarily active. This resulted from a number of factors, namely pandemic-induced buyers searching for space and bringing forward moves to the country that may normally have been five years away, record low interest rates, and the government being overtly supportive of the housing market, in particular after the release from lockdown. These factors led to record months of sales completions in March 2021, prior to the extension of the stamp duty holiday, and in June 2021, with our H1 sales revenue outstripping the whole of 2020.

Peak activity was focused on the country markets, where the desire to move away from city centres played its biggest part. It was interesting to note that, outside of the internationally reliant central London market, London also performed very strongly, with a move to more space and the easing of political uncertainty proving to be driving factors.

Perhaps the greatest division was between houses and flats, with house prices increasing and flats proving more difficult to sell following the withdrawal of the support of many buy-to-let investors. Despite the stamp duty holiday and government initiatives to support 95% LTV mortgages, this sector saw limited price increases.

Similarly, the rental market was divided between house and flat demand, with houses and country locations leading the way, while London rentals suffered from an absence of international workers, students, and young professional sharers. Demand recovered as H1 progressed and people started to prepare for the return to work. While rents in the country markets grew significantly, those in London remained behind pre-pandemic levels, albeit with early signs of a recovery towards the end of H1.

In H1 2021, gross revenues of the franchised office network of £36.4m were up by 92% (H1 2020: 18.9m). Sales income rose by 195% to £24.6m (H1 2020: £8.3m). Lettings and management rose by 11% to £11.8m (H1 2020: £10.6m), equating to a 32% lettings and management / 68% sales income split across the business at the half year (H1 2020: 55% lettings and management / 45% sales).

The first half gross revenues of £36.4m were also markedly higher than the H1 2019 result of £21.4m, with sales up by 146% and lettings and management up by 4% on the comparative period.

Winkworth's revenues rose by 107% to £5.25m (H1 2020: £2.54m) and profit before taxation by 330% to £1.98m (H1 2020: £0.46m). The Group's cash stood at £4.57m (H1 2020: £3.27m) and ordinary dividends of 4.4p were declared for the first half of the year (H1 2020: 3.08p). as well as special dividends of 3.9p.

Our Tooting business, where we now own 90% of the equity, performed well and progress was also made at our Crystal Palace office. We continue to expand the network, and it is interesting to note that the three new office openings, Hellesdon, Ferndown and Tiverton, were all additions made by existing franchisees looking to grow their businesses. We continue to see an uplift in new franchise applications and hope to open a total of eight new franchises for the year as a whole.

We have also backed the start-up of a commercial agency, advising on investment in retail or business premises for development or conversion into residential accommodation. The early results from this venture are very encouraging.

## **Outlook**

The ending of the stamp duty holiday, the re-opening of foreign travel in August, and transactions due to complete in July having been brought forward to June will, inevitably, mean that some of the fervour will come out of the sales market. But with the ending of stamp duty relief being both phased and extended, it would appear that a cliff edge moment has been avoided. Our sales applicants continue to track well ahead of 2019 levels, with plenty of activity remaining as years of repressed underlying demand are supported by mortgage rates as low as 1%.

We see a slight reversal of the move to the country, as the great debate on working from home plays out and workers once again return to city centres to be nearer their offices. With activity and prices in the country markets having been depressed in recent years, however, we see plenty of opportunity in a vibrant country market going forwards, while London should continue to trade well as young city professionals move back to build their careers. As international travel returns, we also expect to see a steady acceleration of interest in central London sales, with foreign buyers joining domestic ones to compete for properties.

We have seen a significant upturn in activity in the rental market as the return to work brings tenants back to London and houses in outer London recover to their pre-pandemic rents. We expect central London flats rents to follow suit over the coming year as international clients, students and young professionals return.

Since 2008, our long-term thinking as an organisation has been to build our network into the country markets most affected by the financial crisis and to refine our London network to take advantage of increased activity, thus strengthening the core proposition of our brand and generating the greatest benefit from our influential London network. While we remain open to exploring small acquisitions at the right price, our focus remains firmly on expanding the network selectively.

**Dominic Agace**  
Chief Executive Officer  
7 September 2021

### **About Winkworth**

Established in Mayfair in 1835, Winkworth is a leading franchisor of residential real estate agencies with a pre-eminent position in the mid to upper segments of the sales and lettings markets. The franchise model allows entrepreneurial real estate professionals to provide the highest standards of service under the banner of a well-respected brand name and to benefit from the support and promotion that Winkworth offers.

Winkworth is admitted to trading on the AIM Market of the London Stock Exchange.

For further information please visit: [www.winkworthplc.com](http://www.winkworthplc.com)

**M WINKWORTH PLC**

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
for the period 1 January 2021 to 30 June 2021

		(Unaudite d) Period 1.1.21 To 30.6.21 £000's	(Unaudite d) Period 1.1.20 To 30.6.20 £000's	(Audited) Year ended 31.12.20 £000's
<b>CONTINUING OPERATIONS</b>				
Revenue	2	5,247	2,544	6,406
Cost of sales		(696)	(517)	(1,137)
<b>GROSS PROFIT</b>		4,551	2,027	5,269
Other operating income		-	98	48
Administrative expenses		(2,560)	(1,673)	(3,921)
Negative goodwill			-	119
<b>OPERATING PROFIT</b>		1,991	452	1,515
Finance costs		(19)	(13)	(22)
Finance income		7	22	39
<b>PROFIT BEFORE TAXATION</b>		1,979	461	1,532
Taxation		(408)	(87)	(295)
<b>PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		1,571	374	1,237

Profit and total comprehensive income attributable to:			
Owners of the parent	1,491	365	1,169
Non-controlling interests	80	9	68
<b>TOTAL COMPREHENSIVE INCOME SINCE LAST ANNUAL REPORT</b>	<b>1,571</b>	<b>374</b>	<b>1,237</b>
Earnings per share expressed in pence per share:			
			3
Basic	11.71	2.87	9.18
Diluted	11.57	2.86	9.14

**M WINKWORTH PLC**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**30 June 2021**

		(Unaudited)	(Unaudited)	(Audited)
		30.06.2021	30.06.2020	31.12.2020
	Notes	£000's	£000's	£000's
<b>ASSETS</b>				
<b>NON-CURRENT ASSETS</b>				
Intangible assets	4	799	722	850
Property, plant and equipment		1,076	434	827
Prepaid assisted acquisitions support		313	463	338
Investments		56	49	71
Trade and other receivables		393	423	307
		<u>2,637</u>	<u>2,091</u>	<u>2,393</u>
<b>CURRENT ASSETS</b>				
Trade and other receivables		1,952	1,460	911
Cash and cash equivalents		4,568	3,266	4,661
		<u>6,520</u>	<u>4,726</u>	<u>5,572</u>
<b>TOTAL ASSETS</b>		<u>9,157</u>	<u>6,817</u>	<u>7,965</u>
<b>EQUITY</b>				
<b>SHAREHOLDERS' EQUITY</b>				
Share capital		64	64	64
Share option reserve		51	51	51
Retained earnings		5,909	4,751	5,147
		<u>6,024</u>	<u>4,866</u>	<u>5,262</u>
Non-controlling interests		163	106	165
<b>TOTAL EQUITY</b>		<u>6,187</u>	<u>4,972</u>	<u>5,427</u>

**LIABILITIES****NON-CURRENT LIABILITIES**

Trade and other payables	762	259	512
Deferred tax	92	58	90
	<hr/> 854	<hr/> 317	<hr/> 602

**CURRENT LIABILITIES**

Trade and other payables	1,648	1,301	1,756
Tax payable	468	227	180
	<hr/> 2,116	<hr/> 1,528	<hr/> 1,936

**TOTAL LIABILITIES**

	<hr/> 2,970	<hr/> 1,845	<hr/> 2,538
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**TOTAL EQUITY AND LIABILITIES**

	<hr/> 9,157	<hr/> 6,817	<hr/> 7,965
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M WINKWORTH PLC

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
for the period 1 January 2021 to 30 June 2021

	Share capital £000's	Retained earnings £000's	Share option reserve £000's	Non controlli ng interest £000's	Shareholder s' equity £000's
<b>Balance at 1 January 2020</b>	64	4,867	51	97	5,079
Total comprehensive income	-	365	-	9	374
Dividends paid	-	(481)	-	-	(481)
<b>Balance at 30 June 2020</b>	64	4,751	51	106	4,972
Acquired with subsidiary	-	-	-	-	-
Profit and comprehensive income	-	804	-	59	863
Dividends paid	-	(408)	-	-	(408)
<b>Balance at 31 December 2020</b>	64	5,147	51	165	5,427
Total comprehensive income	-	1,491	-	80	1,571
NCI on acquisition of shares	-	(55)	-	(82)	(137)
Dividends paid	-	(674)	-	-	(674)
<b>Balance at 30 June 2021</b>	64	5,909	51	163	6,187



**M WINKWORTH PLC**

**CONSOLIDATED STATEMENT OF CASH FLOWS**  
for the period 1 January 2021 to 30 June 2021

		(Unaudited)	(Unaudited)	
		Period	Period	(Audited)
		1.1.21	1.1.20	Year ended
		To	To	31.12.20
		30.6.21	30.6.20	31.12.20
	Notes	£000's	£000's	£000's
<b>Cash flows from operating activities</b>				
Cash generated from operations	i	1,010	491	2,762
Tax paid		(120)	(60)	(313)
Net cash from operating activities		890	431	2,449
<b>Cash flows from investing activities</b>				
Purchase of intangible fixed assets		-	(105)	(142)
Purchase of tangible fixed assets		(28)	(7)	(82)
Assisted acquisition support		(35)	-	(17)
Cash acquired on acquisition		-	-	-
Cash paid to acquire subsidiary		-	-	-
Interest received		7	22	39
Net cash used in investing activities		(56)	(90)	(202)
<b>Cash flows from financing activities</b>				
Payment of lease liabilities		(97)	(152)	(246)
Interest paid on lease liabilities		(19)	(13)	(22)
Equity dividends paid		(674)	(481)	(889)
Non controlling interest		(137)		

Net cash used in financing activities		(927)	(646)	(1,157)
		<hr/>	<hr/>	<hr/>
Increase/(decrease) in cash and cash equivalents		(93)	(305)	1,090
Cash and cash equivalents at beginning of period		4,661	3,571	3,571
		<hr/>	<hr/>	<hr/>
Cash and cash equivalents at end of period	ii	4,568	3,266	4,661
		<hr/>	<hr/>	<hr/>

**M WINKWORTH PLC**

**NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS**  
for the period 1 January 2021 to 30 June 2021

**i. RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS**

	(Unaudited)	(Unaudited)	
	Period	Period	
	1.1.21	1.1.20	(Audited)
	To	To	Year ended
	30.6.21	30.6.20	31.12.20
	£000's	£000's	£000's
Profit before taxation	1,979	461	1,532
	255		
Depreciation and amortisation		306	555
(Reversal of) Impairment of fixed asset investments	15	(4)	-
Impairment of intangible	-	-	66
Negative goodwill	-	-	(119)
FV uplift on investment	-	-	(28)
Finance costs	19	13	22
Finance income	(7)	(22)	(39)
Loss on disposal of fixed asset	1	-	-
	<hr/>	<hr/>	<hr/>
	2,262	754	1,989
(Increase) in trade and other receivables	(1,125)	(1,660)	67
Increase/(decrease) in trade and other payables	(127)	1,397	706
	<hr/>	<hr/>	<hr/>
<b>Cash generated from operations</b>	<b>1,010</b>	<b>491</b>	<b>2,762</b>

**ii. CASH AND CASH EQUIVALENTS**

The amounts disclosed in the cash flow statement in respect of cash and cash equivalents are in respect of these balance sheet amounts:

	£000's	£000's	£000's
Cash and cash equivalents	<u>4,568</u>	<u>3,266</u>	<u>4,661</u>

## **M WINKWORTH PLC**

### **NOTES TO THE CONSOLIDATED INTERIM RESULTS for the period 1 January 2021 to 30 June 2021**

#### **1. ACCOUNTING POLICIES**

##### **Basis of preparation**

The interim report for the six months ended 30 June 2021 and the comparative information for the periods ended 30 June 2020 and 31 December 2020 do not constitute statutory accounts as defined in section 434 of the Companies Act 2006. A copy of the most recent statutory accounts for the year ended 31 December 2020 has been delivered to the Registrar of Companies. The auditor's report on these accounts was unqualified and did not contain a statement under section 498 of the Companies Act 2006.

The financial information for the six months ended 30 June 2021 and 30 June 2020 is unaudited. The financial information for the year ended 31 December 2020 is derived from the group's audited annual report and accounts.

The annual financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. The condensed set of financial statements included in this interim financial report has been prepared in accordance with International Accounting Standard 34 'Interim Financial Reporting'.

The accounting policies and methods of computation used in this financial information is consistent with those applied in the group's latest annual audited financial statements, except as noted below.

##### **Taxation**

Income tax expense has been recognised based on the best estimate of the weighted average annual effective income tax rate expected for the full financial year.

Deferred tax is recognised in respect of all material temporary differences that have originated but not reversed at the balance sheet date.

## **M WINKWORTH PLC**

### **NOTES TO THE CONSOLIDATED INTERIM RESULTS for the period 1 January 2021 to 30 June 2021**

## 2. SEGMENTAL REPORTING

The board of directors, as the chief operating decision making body, review financial information and make decisions about the group's business and have identified a single operating segment, that of estate agency and related services and the franchising thereof.

The directors believe that there are two material revenue streams relevant to estate agency franchising.

	6 months 2021 £000	6 months 2020 £000	12 months 2020 £000
<b>Revenue</b>			
Corporate owned offices	1,038	352	1,083
Management service fees	4,209	2,192	5,323
	<u>5,247</u>	<u>2,544</u>	<u>6,406</u>

All revenue is earned in the UK and no customer represents more than 10% of total revenue in either of the years reported.



## M WINKWORTH PLC

### NOTES TO THE CONSOLIDATED INTERIM RESULTS for the period 1 January 2021 to 30 June 2021

#### 3. EARNINGS PER SHARE

Basic and diluted earnings per share is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the period.

	Earnings £000's	Weighted average number of shares 000's	Per-share amount pence
Period ended 30.06.21			
<b>Basic EPS</b>			
Earnings/number of shares	1,491	12,733	11.71
Effect of dilutive securities	-	149	(0.14)
<b>Diluted EPS</b>			
Adjusted earnings/number of shares	1,491	12,882	11.57
Period ended 30.06.20			
<b>Basic EPS</b>			
Earnings/number of shares	365	12,733	2.87
Effect of dilutive securities	-	25	(0.01)
<b>Diluted EPS</b>			
Adjusted earnings/number of shares	365	12,758	2.86
Year ended 31.12.20			
<b>Basic EPS</b>			
Earnings/number of shares	1,169	12,733	9.18
Effect of dilutive securities	-	57	(0.04)

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**Diluted EPS**Adjusted earnings/number of  
shares

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1,169

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12,790

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9.14

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**M WINKWORTH PLC**

**NOTES TO THE CONSOLIDATED INTERIM RESULTS  
for the period 1 January 2021 to 30 June 2021**

**4. INTANGIBLE ASSETS**

	Customer lists	Website developme nt	Total
	£000's	£000's	£000's
Net book value at 1 January 2020	478	190	668
Additions	-	105	105
Amortisation	(17)	(34)	(51)
Net book value at 30 June 2020	461	261	722
Additions	147	37	184
Acquired with subsidiary	-	-	-
Amortisation	(23)	(33)	(56)
Net book value at 31 December 2020	585	265	850
Additions	-	-	-
Amortisation	(23)	(28)	(51)
Net book value at 30 June 2021	562	237	799

## M WINKWORTH PLC

### NOTES TO THE CONSOLIDATED INTERIM RESULTS for the period 1 January 2021 to 30 June 2021

#### 5. FINANCIAL INSTRUMENTS

##### Categories of financial instruments

The group has the following financial instruments:

	30.06.2021	30.06.2020	31.12.2020
	£000's	£000's	£000's
<b>Financial assets that are debt instruments measured at amortised cost</b>			
Trade receivables	1,491	919	454
Loans to franchisees	632	671	525
Other receivables	222	70	32
<b>Financial liabilities measured at amortised cost</b>			
Trade payables	86	302	323
Lease liability	992	283	723
Other payables	44	111	107
<b>Financial assets measured at fair value</b>			
Listed investments	49	41	64

Listed investments are valued by reference to publicly available share prices and are considered at level 1 under the IFRS 13 fair value hierarchy.

#### 6. RELATED PARTY DISCLOSURES

During the 6 months to 30 June 2021, total dividends of £341,097 (30 June 2020: £243,273) were paid to the directors.

During the 6 months to 30 June 2021, the company received a dividend of £674,862 (30 June 2020: £481,316) from its subsidiary undertaking Winkworth Franchising Limited. The balance owed by Winkworth Franchising Limited to the company at 30 June 2021 was £1,267,587 (30 June 2020: £1,267,587).

#### 7. ACQUISITION OF FURTHER SHAREHOLDING

On 31 March 2021, Winkworth Franchising Limited acquired a further 35% of Tooting Estates Limited, which operates the Winkworth franchise in the Tooting area, for £136,963. The Heads of Terms in relation to the acquisition were signed on 23 March 2021.

## 8. INTERIM RESULTS

Copies of this notice are available to the public from the registered office at 1 Lumley Street, London, W1K 6TT, and on the Company's website at [www.winkworthplc.com](http://www.winkworthplc.com)