

Interim Results for the six months ended 30 June 2024

M Winkworth Plc (“Winkworth” or the “Company”) is pleased to announce its unaudited interim results for the six months ended 30 June 2024.

Highlights for the period:

- Network revenues 6% higher at £27.9 million (H1 2023: £26.4 million)
- Network sales revenues up by 9% to £13.4 million (H1 2023: £12.3 million)
- Network lettings revenues up by 4% to £14.5 million (H1 2023: £14.0 million)
- Network sales revenues accounted for 48% of total network revenues (H1 2023: 47%)
- Winkworth revenues at £5.14 million up by 20% on H1 2023 (H1 2023: £4.27 million)
- Majority-owned offices generated revenues of £1.51 million (H1 2023: £1.14 million)
- Profit before taxation up by 26% to £1.02 million (H1 2023: £0.81 million)
- Cash balance at 30 June 2023 of £4.12 million (30 June 2023: £4.23 million)
- Three new offices opened and four refranchised
- Ordinary dividends of 6.0p per ordinary share declared during the period (H1 2023: 5.8p)

Dominic Agace, CEO of the Company, commented: “Our first half results are in line with expectations and reflect an uptick in sales, with a greater number of properties coming to market and transactions returning to more normalised levels. Our lettings and management business has been more subdued but underpins a strong performance from the group. With an above average number of franchisees expected to be added in 2024, we are confident in the outlook for the second half and beyond.

Investor presentation

Dominic Agace, CEO of the Company, and Andrew Nicol, CFO of the Company, will present the Company’s interim results via the Investor Meet Company platform on 11 September 2024 at 14.00 BST.

The presentation is open to all existing and potential shareholders who can sign up and register to participate for free at:

<https://www.investormeetcompany.com/m-winkworth-plc/register-investor>

Investors who already follow Winkworth on the Investor Meet Company platform will automatically be invited.

For further information please contact:

M Winkworth Plc

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About Winkworth

Winkworth is the leading London 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 long-established 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

Chair's Statement

2024 is proving to be a much more positive year for Winkworth than 2023, albeit that the first half increase in completed sales has lagged the level of sales agreed. With this uptick, we expect the ratio of sales to rentals within our full year gross revenues to be above the 48:52 ratio achieved in the first half of 2024 and the full year 2023.

Part of this is due to the recovery in demand for houses, an important segment of the market in which Winkworth excels. As has been mentioned previously, we have seen an increased number of families moving home, some down-sizing, some relocating, and some moving up.

We invested in our operations in 2023 with some impact, of course, on our profitability. But we anticipate that this investment will bear fruit towards the end of this year and into 2025.

Over the last six months I have had the enjoyable opportunity of visiting several of our franchisees, some in new offices and some in more established ones, and I have found there is a very strong Winkworth spirit that augurs well for the future. The steps taken to refresh our organisation over the last 18 months have been positively received by our franchisees. From my visits, I see great teamwork, locally focused, with a great selection of property to market and the skill sets to close transactions.

Our equity-owned offices have expanded, and we are targeting good profitability from all four businesses in 2025. I have confidence that these offices are increasingly providing not only an important financial contribution to the Group, but also training grounds for future franchisees. The franchisee who we bought out of Tooting, for example, is now very successfully running Streatham and Herne Hill, having reinvested in these offices with some help from the Group.

Winkworth's strategy is to optimise its network's capacity to offer customers a cross-section of suitable property in both the sales and rental markets, and so to generate a high level of enquiries. Every month our website receives on average 360,000 enquires and delivers over 4,500 enquiries to our offices, which no small, independent company can match. It is the cross-section of property that we handle and the number and quality of the properties on our database that drives our sales and rentals success and defines Winkworth's market position and the power of our long-established brand.

I have great confidence, therefore, in Winkworth's long-term growth prospects. We have extended our network in the London boroughs and some of these extra offices result from expansion by our existing franchisees - we expect this trend to continue. Outside of London, areas such as Exeter, Reading and Norfolk have exciting growth plans for 2025.

Finally, I would like to thank John Nicol, who is retiring as a non-executive director, for his 10 years of service. John has made a very valuable contribution to the group during his tenure and we wish him every success with his future plans.

Simon Agace

Non-Executive Chair

10 September 2024

CEO's Statement

Despite interest rates remaining relatively high in the first half of this year, 2024 has to-date been very encouraging. An increase in sellers coming to the market has drawn out demand from buyers and this, combined with more positive economic news, has led to far better conditions than 2023, when uncertainty over the outlook for interest rates weighed on activity.

Network sales revenue in H1 2024 was up by 9% on H1 2023, but sales agreed is a much stronger 21%, reflecting extended conveyancing times which will push much of this activity into H2 2024 completions. A return to popularity of city living, as post pandemic patterns continued to normalise, but without significant price escalation, led to London recording the highest level of growth, with sales income increasing by 11%, outperforming the average performance of our network.

We were pleased to note that this latest increase in activity meant that, since 2019, our national market share for sales agreed has grown by 36%¹. We have combined this expansion in market share with a resolute focus on delivering on our proposition to clients and we are proud of the fact that, according to the latest data, Winkworth has the highest conversion rate from new instruction to exchange of £1m+ homes of the top ten estate agents in London².

In line with the trend that started in August last year, lettings growth slowed, with network revenue up by 4% in H1 2024 but applicants 3% down on last year, as tenants hit affordability ceilings and the reversal of the move out of London to the country finally settled down, albeit with rental prices remaining at high levels. Our network growth in the country markets, where there is greater affordability, meant that lettings revenue there outperformed the network average, with growth of 8%.

The combination of a slowing of the rental market and an uptick in sales activity meant that our sales to lettings revenue ratio moved from 47:53 in H1 2023 to 48:52% in H1 2024. This healthy balance of income reflects our ability to benefit from a more active sales market, while revenues remain underpinned by our important lettings and management business.

In H1 2024, gross revenues of the franchised network of £27.9m were 6% higher year-on-year (2023: £26.4m). Total sales income was 9% higher at £13.4m (2023: £12.3m) while Lettings and Management increased by 4% to £14.5m (2021: £14.0m).

At £5.14m, Winkworth's revenues were 20% higher than H1 2023 (H1 2023: £4.27m), and profit before taxation rose by 26% to £1.02m (H1 2023: £0.81m). The Group's cash stood at £4.12m at 30 June 2024 (H1 2023: £4.23m) and ordinary dividends of 6.0p per ordinary share were declared for the first half of the year (H1 2023: 5.8p).

This year we have focused on evolving the business, with the appointment of a new executive director to the board and two new non-executives. In addition, we have increased investment into our digital know-how and new business teams to expedite growth, prepare for potential legislative changes and deliver on digital projects to future-proof our business. We believe that these increases in costs will deliver greater revenue growth in the medium term.

We are on track to deliver on our annual target of eight new offices, having in H1 2024 already opened three and with a further five in the pipeline. In addition, we refranchised four offices in H1 2024 and have a further seven refranchises under negotiation. Of this total of 12 new offices or talented new operators, it is planned that 9 will be in the London area.

Our entrepreneurial manager partnerships at our equity-owned offices have continued to grow their market share and revenue contribution, with progress in three out of four of our ventures being above expectations. New management in the fourth has now settled in and this change is expected to bear fruit in 2025.

Outlook

Now that the election is behind us and a government with a strong majority is now in place, ending years of political uncertainty, and with interest rates set to decline, early indications suggest that activity in the property market will increase. Sales agreed have noticeably accelerated since the general election in early July 2024. This increase in activity has been fuelled by the highest number of properties on the market in the last five years and so reflects supply meeting demand rather than demand driving price increases. We therefore expect price increases to be modest in a new era of higher interest rates and taxation.

In the lettings market, we see more uncertainty as the market awaits the implementation of new legislation. We anticipate that there will be a further reduction in supply as landlords exit the market and aren't replaced, particularly in the short term as some look to speed up their exit in anticipation of increases in capital gains tax.

Note¹: TwentyEA – Winkworth's SSTC market share H1 2019 vs Winkworth's SSTC market share H1 2024

Note²: Twenty EA - Based on Exchange data from 1st January 2024 – 7th July 2024. The Top 10 estate agents in London are defined as the top 10 estate agents in London ranked by number of New Instructions during this period.

Dominic Agace

Chief Executive Officer

10 September 2024

M WINKWORTH PLC

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the period 1 January 2024 to 30 June 2024

		(Unaudited) Period 1.1.24 To 30.6.24 £000's	(Unaudited) Period 1.1.23 To 30.6.23 £000's	(Audited) Year ended 31.12.23 £000's
CONTINUING OPERATIONS				
Revenue	2	5,143	4,267	9,265
Cost of sales		(880)	(776)	(1,573)
GROSS PROFIT		4,263	3,491	7,692
Other operating income		-	1	1
Administrative expenses		(3,273)	(2,696)	(5,848)
Negative goodwill		-	-	252
OPERATING PROFIT		990	796	2,097
Finance costs		(32)	(19)	(39)
Finance income		63	34	88
PROFIT BEFORE TAXATION		1,021	811	2,146
Taxation		(262)	(249)	(467)
PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		759	562	1,679
Profit and total comprehensive income attributable to:				
Owners of the parent		759	559	1,668
Non-controlling interests		-	3	11
TOTAL COMPREHENSIVE INCOME SINCE LAST ANNUAL REPORT		759	562	1,679
Earnings per share expressed in pence per share:	3			
Basic		5.88	4.33	13.02
Diluted		5.83	4.25	13.00

M WINKWORTH PLC
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 30 June 2024

		(Unaudited) 30.06.2024	(Unaudited) 30.06.2023	(Audited) 31.12.2023
	Notes	£000's	£000's	£000's
ASSETS				
NON-CURRENT ASSETS				
Intangible assets	4	1,275	930	1,300
Property, plant and equipment		869	596	984
Prepaid assisted acquisitions support		572	624	607
Investments		7	33	63
Trade and other receivables		693	321	350
		<u>3,416</u>	<u>2,504</u>	<u>3,304</u>
CURRENT ASSETS				
Trade and other receivables		1,492	1,454	1,450
Cash and cash equivalents		4,124	4,234	4,548
		<u>5,616</u>	<u>5,688</u>	<u>5,998</u>
TOTAL ASSETS		<u>9,032</u>	<u>8,192</u>	<u>9,302</u>
EQUITY				
SHAREHOLDERS' EQUITY				
Share capital		65	65	65
Share premium		179	179	179
Retained earnings		6,380	6,059	6,396
		<u>6,624</u>	<u>6,303</u>	<u>6,640</u>
Non-controlling interests		-	105	-
TOTAL EQUITY		<u>6,624</u>	<u>6,408</u>	<u>6,640</u>
LIABILITIES				
NON-CURRENT LIABILITIES				
Trade and other payables		706	400	767
Deferred tax		173	86	181
		<u>879</u>	<u>486</u>	<u>948</u>
CURRENT LIABILITIES				
Trade and other payables		1,476	1,030	1,556
Tax payable		53	268	158
		<u>1,529</u>	<u>1,298</u>	<u>1,714</u>
TOTAL LIABILITIES		<u>2,408</u>	<u>1,784</u>	<u>2,662</u>
TOTAL EQUITY AND LIABILITIES		<u>9,032</u>	<u>8,192</u>	<u>9,302</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the period 1 January 2024 to 30 June 2024

	Share capital £000's	Retained earnings £000's	Share Premium account £000's	Share option reserve £000's	Non controlling interest £000's	Shareholders' equity £000's
Balance at 1 January 2023	64	6,212	-	51	102	6,429
Issue of share capital	1	-	179	-	-	180
Total comprehensive income	-	610	-	(51)	3	562
Dividends paid	-	(763)	-	-	-	(763)
Balance at 30 June 2023	<u>65</u>	<u>6,059</u>	<u>179</u>	<u>-</u>	<u>105</u>	<u>6,408</u>
NCI on acquisition of shares	-	(24)	-	-	(113)	(137)
Total comprehensive income	-	1,109	-	-	8	1,117
Dividends paid	<u>-</u>	<u>(748)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(748)</u>
Balance at 31 December 2023	<u>65</u>	<u>6,396</u>	<u>179</u>	<u>-</u>	<u>-</u>	<u>6,640</u>
Total comprehensive income	-	759	-	-	-	759
Dividends paid	<u>-</u>	<u>(775)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(775)</u>
Balance at 30 June 2024	<u>65</u>	<u>6,380</u>	<u>179</u>	<u>-</u>	<u>-</u>	<u>6,624</u>

CONSOLIDATED STATEMENT OF CASH FLOWS
for the period 1 January 2024 to 30 June 2024

		(Unaudited) Period 1.1.24 To 30.6.24 £000's	(Unaudited) Period 1.1.23 To 30.6.23 £000's	(Audited) Year ended 31.12.23 £000's
	Notes			
Cash flows from operating activities				
Cash generated from operations	i	858	313	2,081
Interest paid		-	(1)	(1)
Tax paid		(375)	(353)	(670)
Net cash generated from/(used in) operating activities		483	(41)	1,410
Cash flows from investing activities				
Purchase of intangible fixed assets		(82)	(127)	(229)
Purchase of tangible fixed assets		(24)	(103)	(35)
Sale of tangible		-	69	-
Sale of investments		57	-	-
Assisted acquisition support		(8)	(168)	(217)
Interest received		63	39	88
Net cash generated from/(used in) investing activities		6	(290)	(393)
Cash flows from financing activities				
New lease in year		-	119	-
Payment of lease liabilities		(106)	(203)	(214)
Interest paid on lease liabilities		(32)	(19)	(38)
Equity dividends paid		(775)	(763)	(1,511)
Purchase of non-controlling interest		-	-	(137)
Share issue		-	180	180
Net cash used in financing activities		(913)	(686)	(1,720)
Decrease in cash and cash equivalents		(424)	(1,017)	(703)
Cash and cash equivalents at beginning of period		4,548	5,251	5,251
Cash and cash equivalents at end of period	ii	4,124	4,234	4,548

NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS
for the period 1 January 2024 to 30 June 2024

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

	(Unaudited) Period 1.1.24 To 30.6.24 £000's	(Unaudited) Period 1.1.23 To 30.6.23 £000's	(Audited) Year ended 31.12.23 £000's
Profit before taxation	1,021	811	2,146
Depreciation and amortisation	288	256	531
(Reversal of) Impairment of fixed asset investments	-	7	(22)
Negative goodwill	-	-	(252)
Finance costs	32	19	39
Finance income	(63)	(34)	(88)
Gain on disposal of fixed asset	(1)	-	(9)
	<u>1,277</u>	<u>1,059</u>	<u>2,345</u>
(Increase) in trade and other receivables	(385)	(246)	(269)
Increase/(decrease) in trade and other payables	(34)	(500)	5
	<u></u>	<u></u>	<u></u>
Cash generated from operations	<u><u>858</u></u>	<u><u>313</u></u>	<u><u>2,081</u></u>

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:

	30.6.24 £000's	30.6.23 £000's	31.12.23 £000's
Cash and cash equivalents	<u><u>4,124</u></u>	<u><u>4,234</u></u>	<u><u>4,548</u></u>

NOTES TO THE CONSOLIDATED INTERIM RESULTS
for the period 1 January 2024 to 30 June 2024

1. ACCOUNTING POLICIES

Basis of preparation

The interim report for the six months ended 30 June 2024 and the comparative information for the periods ended 30 June 2023 and 31 December 2023 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 2023 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 2024 and 30 June 2023 is unaudited. The financial information for the year ended 31 December 2023 is derived from the group's audited annual report and accounts.

The annual financial statements are prepared in accordance with UK adopted International Accounting Standards (UK IFRS). 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.

NOTES TO THE CONSOLIDATED INTERIM RESULTS
for the period 1 January 2024 to 30 June 2024

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 2024 £000	6 months 2023 £000	12 months 2023 £000
Revenue			
Corporate owned offices	1,512	1,134	2,695
Commissions and subscriptions due to the group under franchisee agreements	<u>3,631</u>	<u>3,133</u>	<u>6,570</u>
	<u>5,143</u>	<u>4,267</u>	<u>9,265</u>

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

NOTES TO THE CONSOLIDATED INTERIM RESULTS
for the period 1 January 2024 to 30 June 2024

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 30.06.24			
Basic EPS			
Earnings/number of shares	759	12,909	5.88
Effect of dilutive securities	-	110	(0.05)
Diluted EPS			
Adjusted earnings/number of shares	759	13,019	5.83
Period ended 30.06.23			
Basic EPS			
Earnings/number of shares	559	12,909	4.33
Effect of dilutive securities	-	217	(0.08)
Diluted EPS			
Adjusted earnings/number of shares	559	13,126	4.25
Year ended 31.12.23			
Basic EPS			
Earnings/number of shares	1,668	12,814	13.02
Effect of dilutive securities	-	20	-
Diluted EPS			
Adjusted earnings/number of shares	1,668	12,834	13.00

NOTES TO THE CONSOLIDATED INTERIM RESULTS
for the period 1 January 2024 to 30 June 2024

4. INTANGIBLE ASSETS

	Customer lists	Website development	Total
	£000's	£000's	£000's
Net book value at 1 January 2023	495	411	906
Additions	-	103	103
Amortisation	(22)	(57)	(79)
Net book value at 30 June 2023	473	457	930
Additions	343	119	462
Amortisation	(29)	(63)	(92)
Net book value at 31 December 2023	787	513	1,300
Additions	-	82	82
Amortisation	(33)	(74)	(107)
Net book value at 30 June 2024	754	521	1,275

5. FINANCIAL INSTRUMENTS

Categories of financial instruments

The group has the following financial instruments:

	30.06.2024	30.06.2023	31.12.2023
	£000's	£000's	£000's
Financial assets that are debt instruments measured at amortised cost			
Trade receivables	885	872	976
Loans to franchisees	949	599	582
Other receivables	98	48	64
Financial liabilities measured at amortised cost			
Trade payables	674	218	449
Lease liability	836	556	940
Other payables	38	27	24
Financial assets measured at fair value			
Listed investments	7	26	63

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

M WINKWORTH PLC

NOTES TO THE CONSOLIDATED INTERIM RESULTS for the period 1 January 2024 to 30 June 2024

7. RELATED PARTY DISCLOSURES

During the 6 months to 30 June 2024, total dividends of £394,144 (30 June 2023: £375,121) were paid to the directors.

8. POST BALANCE SHEET EVENTS

On 10 July 2024, M Winkworth Plc declared dividends of 3p per ordinary share for the second quarter of 2024.

9. INTERIM RESULTS

Copies of this notice are available to the public from the registered office at 13 Charles II Street, St James's, London, SW1Y 4QU, and on the Company's website at www.winkworthplc.com