

**Audited final results for the year to 31 December 2021**

M Winkworth plc (“Winkworth” or the “Company”), the leading franchisor of real estate agencies, is pleased to announce its results for the year ended 31 December 2021.

**Highlights for the year**

- Franchised office network revenue up 36% to £64.8 million (2020: £47.7 million)
- Revenues up 47% to £9.45 million (2020: £6.41 million)
- Profit before taxation up 110% to £3.21 million (2020: £1.53 million)
- Year-end cash balance of £5.02 million (2020: £4.66 million)
- Sales income 60% of total revenues (2020: 50%)
- Six new franchises opened and two resold
- Ordinary dividends of 9.3p per ordinary share (2020: 6.68p per ordinary share) and special dividends of 7.7p per ordinary share declared (2020: Nil)

**Dominic Agace, CEO of the Company, commented:** “We made excellent progress in 2021, with a good performance in rentals and sales income exceeding all company records. We welcomed six new franchises to the group, while our two newly owned offices produced strong results.

“We are mindful of the impact that the tragic situation in Ukraine may have on UK inflation, interest rates and consumer confidence, but have seen ongoing strong demand in the first quarter of the current year with encouraging numbers of applications for both sales and lettings.

“With new areas of regional expansion, our backing of ambitious operators building local businesses, and growth in our core business, where our long-established offices are benefiting from a revival in activity in their prime markets, we see opportunities to grow our business above market trend whilst both paying a progressive dividend and maintaining a healthy cash balance.”

**Q1 2022 Dividend Declaration**

The Directors are pleased to announce that the Company will pay a dividend of 2.7p per ordinary share for the first quarter of 2022 to shareholders.

The timetable is as follows:

	Dates
Ex-Dividend Date	Thursday 21/04/2022
Record Date	Friday 22/04/2022
Expected Payment Date	Thursday 19/05/2022

**Investor presentation**

Dominic Agace, CEO of the Company, and Andrew Nicol, CFO of the Company, will present the final results for the year to 31 December 2021 via the Investor Meet Company platform today (12 April 2022) at 4.00pm 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](http://www.winkworthplc.com)

I am pleased to report that 2021 saw a solid revival in the sales market and a recovery in prices outside of central London, where Winkworth's exposure enabled the company to benefit significantly from the upturn. Our sales income, which accounted for 60% of last year's revenues, broke all company records.

After a strong first half of 2021, the rental market has since suffered from reduced availability of property to let, in part due to landlords selling down properties which have become less profitable due to increased regulatory and management costs, and also as a result of many tenants renewing lease agreements. Our locally-based teams remain well placed to maintain the quality of their management and lettings activity and to control costs.

The experience within our group has enabled our franchisees and our management team to build a unique estate agency business, with a complete and complementary offering of specialised residential sales, letting and property management. Winkworth benefits from a broadly even mix between sales and rentals, but for the immediate future we expect our sales commissions to account for more than half of total revenues, as was the case in 2021.

The focus of our management has always been to ensure that our franchisees can build their local businesses for the long term under the umbrella of our brand. Besides helping our franchisees to become established and grow, our franchising team is developing co-ordinated actions for those that require help to plan for their eventual retirement. Winkworth is perhaps unique in this approach to inter-generational planning, which we believe will help us to further build our brand as new joiners accept the challenge of taking franchises on to the next level.

As a further incentive to our entrepreneurial estate agents, we are also looking to selectively increase the number of owners with equity stakes in local offices, where these are majority owned by the Company. At our Tooting and Crystal Palace offices, where the Company has majority stakes, the managers that we have backed have performed very well, achieving in excess of £2m of turnover in 2021.

From my inception of Winkworth's franchise system in 1981, I have always backed teams of experienced estate agents to grow their operations. The current management team has steadily and carefully continued this strategy to even greater effect. We are a debt-free business and have advanced plans for investing in new franchises, while at all times maintaining a prudent level of cash reserves.

**Simon Agace**

Non-Executive Chairman

11 April 2022

## CEO's Statement

The powerful post pandemic recovery drove a very buoyant property market in 2021, fuelled by extraordinary levels of activity around the time of the first proposed stamp duty deadline in June and then the extended deadline at the end of September, producing record months of sales income for the Company.

Despite concerns that the expiry of these incentives would lead to a lull, the fundamental desire to move continued to create strong buyer demand and resulted in a second half that exceeded our expectations, with growing interest in London and strong price growth in the country markets, where supply couldn't keep up with demand.

Over the course of the year, following the successful vaccine roll-out, we saw the move out of cities to the country start to reverse, with lettings demand leading the way. A return to work in London, alongside ongoing demand for houses and flats with outdoor space, saw a significant rise in interest there as the year progressed. Despite travel difficulties in central London, there were also early signs of prices moving up. Winkworth's 2021 London sales income rose by 60% over 2020 and country income by 76%.

Our rental business also performed well over the year, with initial strength in activity and price growth in country markets and an upturn in London in the second half of the year following the return of young professionals, some international travel and international students. Rental income in the country increased by 10% on 2020, outer London by 8% and, with a strong finish to the year, central London by 4%. After several years of landlords selling down their property portfolios and many tenants choosing to renew agreements, a shortage of supply in the country market and in certain country towns and cities led to price increases of up to 20%. In London we saw rental prices move ahead of pre-pandemic levels towards the end of the year.

In 2021, gross revenues of the franchised network of £64.8m were significantly up both year-on-year and when compared to 2019 (2020: £47.7m; 2019: £48.3m). Sales income was up by 64% at £39.0m (2020: £23.8m; 2019: £23.8m) while Lettings and Management increased by 8% to £25.8m (2020: £23.9m; 2019: £24.4m), producing a 60:40 revenue split between these two activities compared to a 50:50 ratio in 2020.

Winkworth's revenues rose by 47% to £9.45m (2020: £6.41m) and profit before taxation was 110% higher at £3.21m (2020: £1.53m). The Group's cash position at year end increased to £5.02m (2020: £4.66m). Dividends of 9.3p per ordinary share were declared for the year (2020: 6.68p per ordinary share) as well as special dividends of 7.7p per ordinary share.

Encouraged by the strong property market, we saw an increase in activity in new franchising, with a mixture of cold start franchises by new operators and the growth of existing franchisees entering complementary areas. In total, six new offices were opened in 2021 in Eaton, Maida Vale, Wimbledon, Ferndown, Hellesdon and Tiverton. Two existing offices in Ealing and Fulham were resold to new operators, and we expect to see revenues from these long-established offices increasing as they benefit from a new injection of energy.

Wholly owned offices continued to grow above market trend in 2021, providing the Company with returns over and above the 8% franchise fee. Our Tooting office was ranked first in its areas by sales agreed in 2021 and has progressed from being Winkworth's 13th office by gross revenue generated to its 9th. Our Crystal Palace office completed its first full calendar year under our ownership and revenue progressed successfully in the period. We also established our Developments and Commercial investment business, which shows early signs of promise.

## Outlook

With a busy end to the year in London and increasing interest in central London markets, where both sales and lettings are benefiting as city life returns to a more normal footing, we expect activity to be brisk in 2022. London sales prices are again starting to rise, supported by a historically low interest rate environment and record levels of household savings.

Houses in all locations remain the most sought-after type of property, albeit we are seeing demand for flats in London being more active in 2022 than they have been for several years. Overall, we expect to see London prices improve further this year. In the country markets, it is possible that activity will drop off from the elevated levels experienced in 2021, but a shortage of supply should continue to support prices in the near term.

In lettings we anticipate that prices will move up significantly due to a lack of supply. Rental demand remains very strong and, while we expect to see growth in rentals income in 2022, this will be limited by the availability of properties.

Having recruited talented new franchisees to create local hubs in Devon, Norfolk and Dorset, we plan to further expand in these areas through a combination of organic growth and acquisitions supported by the Company.

With new areas of regional expansion, our backing of ambitious operators building local businesses, and growth in our core business, where our long-established offices are benefiting from a revival in activity in their prime markets, we see opportunities to grow our business above market trend whilst both paying a progressive dividend and maintaining a healthy cash balance.

Dominic Agace  
Chief Executive Officer  
11 April 2022

**M WINKWORTH PLC**  
**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

	Notes	2021 £'000	2020 £'000
<b>CONTINUING OPERATIONS</b>			
Revenue		9,451	6,406
Cost of sales		<u>(1,294)</u>	<u>(1,137)</u>
<b>GROSS PROFIT</b>		8,157	5,269
Administrative expenses		18	48
Negative goodwill		(4,941)	(3,921)
		<u>-</u>	<u>119</u>
<b>OPERATING PROFIT</b>		3,234	1,515
Finance costs		(52)	(22)
Finance income		<u>32</u>	<u>39</u>
<b>PROFIT BEFORE TAXATION</b>		3,214	1,532
Tax	4	<u>(606)</u>	<u>(295)</u>
<b>PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<u>2,608</u>	<u>1,237</u>
Profit and total comprehensive income attributable to:			
Owners of the parent		2,519	1,169
Non-controlling interests		<u>89</u>	<u>68</u>
		<u>2,608</u>	<u>1,237</u>
Earnings per share expressed in pence per share:	Notes	2021	2020
	6	£	£
Basic		19.78	9.18
Diluted		<u>19.48</u>	<u>9.14</u>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**31 December 2021**

	Notes	2021 £'000	2020 £'000
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Intangible assets		925	850
Property, plant and equipment		944	827
Prepaid assisted acquisitions support		279	338
Investments		71	71
Trade and other receivables		334	307
		<u>2,553</u>	<u>2,393</u>
<b>CURRENT ASSETS</b>			
Trade and other receivables		1,301	911
Cash and cash equivalents		5,019	4,661
		<u>6,320</u>	<u>5,572</u>
<b>TOTAL ASSETS</b>		<u><u>8,873</u></u>	<u><u>7,965</u></u>
<b>EQUITY</b>			
<b>SHAREHOLDERS' EQUITY</b>			
Called up share capital		64	64
Share based payment reserve	8	51	51
Retained earnings		6,145	5,147
		<u>6,260</u>	<u>5,262</u>
Non-controlling interests		72	165
<b>TOTAL EQUITY</b>		<u>6,332</u>	<u>5,427</u>
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
Trade and other payables		632	512
Deferred tax		97	90
		<u>729</u>	<u>602</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		1,412	1,756
Corporation tax payable		400	180
		<u>1,812</u>	<u>1,936</u>
<b>TOTAL LIABILITIES</b>		<u>2,541</u>	<u>2,538</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><u>8,873</u></u>	<u><u>7,965</u></u>

for the Year Ended 31 December 2021

	Called up share capital £'000	Retained earnings £'000	Share premium £'000	Other reserves £'000	Total £'000	Non- controlli ng interests £'000	Total equity £'000
<b>Balance at 1 January 2020</b>	64	4,867	-	51	4,982	97	5,079
<b>Changes in equity</b>							
Dividends	-	(889)	-	-	(889)	-	(889)
Acquired with subsidiary	-	-	-	-	-	-	-
Profit and total comprehensive income	-	1,169	-	-	1,169	68	1,237
<b>Balance at 31 December 2020</b>	64	5,147	-	51	5,262	165	5,427
<b>Changes in equity</b>							
NCI on acquisition of shares	-	45	-	-	45	(182)	(137)
Dividends	-	(1,566)	-	-	(1,566)	-	(1,566)
Total comprehensive income	-	2,519	-	-	2,519	89	2,608
<b>Balance at 31 December 2021</b>	64	6,145	-	51	6,260	72	6,332



**M WINKWORTH PLC**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

	2021	2020
Notes	£'000	£'000
<b>Cash flows from operating activities</b>		
Profit before tax	3,214	1,532
Depreciation charges	509	555
Impairment of intangible	-	66
Negative goodwill	-	(119)
FV uplift on investment	-	(28)
Finance costs	52	22
Finance income	(32)	(39)
	3,744	1,989
Increase in trade and other receivables	(411)	67
Increase/(decrease) in trade and other payables	(375)	706
Cash generated from operations	2,958	2,762
Interest paid	(1)	-
Tax paid	(382)	(313)
Net cash from operating activities	2,575	2,449
<b>Cash flows from investing activities</b>		
Purchase of intangible fixed assets	(180)	(142)
Purchase of tangible fixed assets	(46)	(82)
Assisted acquisitions support	(50)	(17)
Interest received	32	39
Net cash from investing activities	(244)	(202)
<b>Cash flows from financing activities</b>		
Payments of lease liabilities	(219)	(246)
Interest paid on lease liabilities	(51)	(22)
Acquisition of non-controlling interest	(137)	-
Equity dividends paid	(1,566)	(889)
Net cash from financing activities	(1,973)	(1,157)
Increase/(decrease) in cash and cash equivalents	358	1,090
Cash and cash equivalents at beginning of year	4,661	3,571
Cash and cash equivalents at end of year	5,019	4,661

**WINKWORTH PLC**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

**1. STATUTORY INFORMATION**

M Winkworth Plc is a public company, registered in England and Wales and quoted on AIM. The Company's registered number and registered office address can be found on the Company Information page of the Annual Report.

**2. ACCOUNTING POLICIES**

**Basis of preparation**

The financial statements have been prepared under the historical cost convention, with the exception of financial instruments as set out below, and in accordance with International Financial Reporting Standards adopted by the European Union ("IFRS"). The financial statements are presented in pound sterling, which is also the company's functional currency. The following principal accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

**Going concern**

The Directors have, at the time of approving the financial statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future.

The Group has a strong cash base and no borrowings, with a high level of discretionary expenditure, which can be cut at short notice. Income would need to fall substantially for a prolonged period, beyond six months, before a cash shortfall arose, at which point stronger measures would be taken to cut costs. Thus, the Directors continue to adopt the going concern basis of accounting in preparing the accounts.

**Revenue**

Revenue represents the value of commissions and subscriptions due to the Group under franchise agreements, together with the value of fees earned by its subsidiary lettings business. Revenue in respect of commissions due on house sales is recognised at the point of the relevant property sale having been completed by the franchisee. Revenue in respect of commissions due on lettings, property management and administration services is recognised in the period to which the services relate. The Group earns a straight 8% by value on all sales and lettings income generated by the franchisees.

### 3. 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.

	2021 £'000	2020 £'000
<b>Revenue</b>		
Estate agency and lettings business	2,231	1,083
Commissions and subscriptions due to the group under franchise agreement	7,220	5,323
	<u>9,451</u>	<u>6,406</u>

### 4. TAXATION

Analysis of tax expense

	2021 £'000	2020 £'000
Current tax:		
Taxation	599	302
Adjustment re previous years	-	(3)
Total current tax	<u>599</u>	<u>299</u>
Deferred tax	7	(4)
Total tax expense in consolidated statement of profit or loss and other comprehensive	<u>606</u>	<u>295</u>

Factors affecting the tax expense

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2021 £'000	2020 £'000
Profit before income tax	3,214	1,532
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2021 – 19%)	<u>611</u>	<u>291</u>
Effects of:		
Expense not deductible for tax purposes	(18)	3
Adjustment in respect of prior periods	-	(3)
Depreciation in excess of capital allowances	12	5
Other movements	1	(1)
Tax expense	<u>606</u>	<u>295</u>

## 5. DIVIDENDS

	2021	2020
	£'000	£'000
Ordinary shares of 0.5p each	1,566	889

## 6. EARNINGS PER SHARE

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

	Earnings	2021 Weighted average number of shares	Per-share amount
	£'000	'000	pence
<b>Basic EPS</b>			
Earnings attributable to ordinary shareholders	2,519	12,733	19.78
Effect of dilutive securities	-	195	-
<b>Diluted EPS</b>			
Diluted earnings	2,519	12,928	19.48

	Earnings	2020 Weighted average number of shares	Per-share amount
	£'000	'000	pence
<b>Basic EPS</b>			
Earnings attributable to ordinary shareholders	1,169	12,733	9.18
Effect of dilutive securities	-	57	-
<b>Diluted EPS</b>			
Diluted earnings	1,169	12,790	9.14

## 7. CALLED UP SHARE CAPITAL

		2021	2020
		£'000	£'000
<b>Authorised:</b>			
20,000,000	Ordinary shares of 0.5p	100	100

		2021	2020
		£'000	£'000
<b>Issued and fully paid:</b>			
12,733,238	Ordinary shares of 0.5p	64	64

## 8. RESERVES

Retained earnings are earnings retained by the Company not paid out in dividends.

Share premium is the premium paid on shares purchased in the Company.

Other reserves are the fair value equity components recognised over the vesting period of share based payments.

## 9. ACQUISITION OF ADDITIONAL SHARES IN SUBSIDIARY

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

Per IFRS 10, when the holding in a subsidiary changes but the parent retains control, which is the case with the purchase of the additional shares in Tooting Estates Limited, the NCI is to be adjusted to reflect the change in ownership as demonstrated below:

	<b>45% NCI 3m to March 21</b>	<b>10% NCI 9m to December 21</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>
<hr/>			
Tooting Estates Limited			
Profit after tax	152,628	198,774	351,402
NCI in the year	68,683	19,877	88,560
	<b>45% NCI</b>	<b>Restated 10% NCI</b>	<b>Impaction of additional 35% on NCI</b>
	<b>£</b>	<b>£</b>	<b>£</b>
<hr/>			
NCI b/fwd	165,229	36,718	(128,511)
NCI to March 2021	68,683	15,263	(53,420)
Total NCI to March 2021	233,912	51,981	(181,931)

## 10. POST BALANCE SHEET EVENTS

On 12 January 2022, M Winkworth Plc declared dividends of 2.7p per share as well as special dividends of 3.8p per share for the fourth quarter of 2021.

## 11. FINANCIAL INFORMATION

The financial information contained within this announcement for the year ended 31 December 2021 is derived from but does not comprise statutory financial statements within the meaning of section 434 of the Companies Act 2006. Statutory accounts for the year ended 31 December 2020 have been filed with the Registrar of Companies and those for the year ended 31 December 2021 will be filed following the Company's annual general meeting. The auditors' reports on the statutory accounts for the years ended 31 December 2021 and 31 December 2020 are unqualified, do not draw attention to any matters by way of emphasis, and do not contain any statements under section 498 of the Companies Act 2006.

**Winkworth**

## 12. ANNUAL REPORT AND ACCOUNTS

Copies of the annual report and accounts for the year ended 31 December 2021 together with the notice of the Annual General Meeting to be held at the offices of M Winkworth Plc on 24 May 2022, will be posted to shareholders shortly and will be available to view and download from the Company's website at [www.winkworthplc.com](http://www.winkworthplc.com)