

**M Winkworth Plc****Audited final results for the year to 31 December 2022**

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 2022.

**Highlights for the year:**

Financial performance in 2022 in line with management expectations but below the exceptional 2021 level. Revenues and pre-tax profits both markedly higher than 2019.

- Franchised office network revenue down 3% to £63.1 million (2021: £64.8 million).
- Sales revenues 54% of total revenues (2021: 60%).
- Revenues of £9.31 million in line with 2021 (2021 £9.45 million).
- Profit before taxation down 23% to £2.47 million (2021: £3.21 million).
- Clean Balance Sheet: Year-end cash balance of £5.25 million (2021: £5.02 million) - no debt.
- Two new offices opened in the year (2021: 6).
- Ordinary dividends of 11.0p per ordinary share declared (2021: 9.3p per ordinary share excluding Special Dividends).

**Dominic Agace, CEO of the Company, commented:** “After an exceptionally strong performance in sales in 2021, we continued to make good progress across the business in 2022, in lettings and management in particular, and have delivered a set of results which we consider to be very satisfactory against a background that was at times challenging. Many of our key metrics for 2022 are up by some 50% on 2019, the pre-pandemic year.”

“While the outcome for the current year is shrouded, now that mortgages rates having fallen from their peak and are settling at more historic norms of around 4%, we see a rebased market emerging. Rental prices are showing greater stability and we expect a further healthy contribution from our lettings and management business in 2023.”

**Investor presentation**

Dominic Agace, CEO of the Company, and Andrew Nicol, CFO of the Company, will present the final audited results for the year to 31 December 2022 via the Investor Meet Company platform on 20 April 2023 at 3.00pm 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)

## Chairman's Statement

I am pleased to report that Winkworth traded well in 2022, with growth on all fronts compared to pre-pandemic levels of business. There has been substantial growth in the business since 2019, which we are pleased has been reflected in increased dividends.

I congratulate the franchisees on maintaining their staff and their relationships with local communities, which led to an excellent performance. Completed sales instructions hit an exceptionally high level which, allowing for normal withdrawals due to outside issues, is remarkable. I believe that in recent years the Company has taken a stride forward as key offices in the country markets have matured, adding to the long-established London core and the ongoing progress being made by our new partner businesses.

I enjoy my non-executive role but, of course, I was an estate agent on the 'shop floor' for over 50 years through some of the most interesting times in the property market and in more recent years, I have influenced the business to maintain our personal touch and the quality of the business. We believe that our customers should have freedom of access to our agents and directors or partners and we welcome discussion and casual calls on any subject related to property. In this way, franchisees are able not only to gather useful background information but also to exercise their expertise and judgement on the market at all times. We do not have our own legal offering or financial services business, but we encourage our franchisees to use their market connections to help our clients with their transaction requirements.

While we have continued to upgrade our digital, online and other systems, as we consistently invest to support the needs of our franchisees and customers, Winkworth's greatest asset is its people. Our technology is there to enable them to use their skills to create better outcomes for clients, not to reduce headcount to the detriment of client care.

We are well-placed to interpret the large number of often disparate judgements being made on the property market and to establish why certain reports on trends may be more accurate than others. For instance, a report on site registrations of properties for sale, in a changing market where some agents may still be pitching over-optimistic prices, can distort the real picture. Equally misleading can be analysis based on land registry prices which, as it takes six months for the data to be published, are always out of date. Likewise, building societies using their own data may only be lending to a section of the market.

Local knowledge is vital for estimating realistic pricing, whereas blatant over-pricing is a danger to the client and subsequently lowers the agent's percentage of sales completed from instructions. This, not the largest number of properties to sell, is the best gauge of success. Winkworth is not trying to be the highest volume agent for property listings but instead aims to achieve a high level of completed transactions at the best price for the client.

In lettings and management, we continue to build the number of landlords and tenants with whom the Company has a close relationship. We have always found that proprietor-led management and lettings brings tenants and landlords closer to decision-taking and guidance on their property. Our experience is that landlords like to connect with a local individual rather than a centralised, often remote team, so our relationship between landlords and the manager of the office is, in our opinion, a long-term win.

When we listed on the London Stock Exchange in 2009, we raised capital to grow outside of London, to maintain our London business and to develop our brand, and we have made considerable strides in this direction since then. Our managers have done a tremendous job in diversifying our profit centres, whilst being committed to building and backing substantial businesses alongside our core London offices, such as we have done in Bristol, Bath, Exeter, Norwich, Brighton, Reading etc. Besides our focus on both residential sales and lettings, we now also have a growing commercial business.

We also committed to maintain a strong balance sheet in order to develop the Company without debt. This policy has enabled us not only to grow the business, but also to pay progressive dividends to shareholders under all but the most extreme market conditions. With uncertain times ahead, where economically viable we will continue to prioritise dividend payments, while retaining sufficient cash to be able to expand.

**Simon Agace**

Non-Executive Chairman

18 April 2023

## CEO's Statement

In a year of fiscal tightening, the property market remained remarkably resilient until the mini budget in October 2022, when confidence was upset by the sharp rise in interest rates. Our results for 2022, while below those recorded by an exceptionally strong performance in 2021, were very satisfactory. It is worth noting that in 2022 our revenues, profit before tax and net cash position were all some 50% higher than the pre-pandemic levels achieved in 2019. Our ordinary dividends declared for 2022 showed an increase of 18% over the prior year and were 41% above those declared in 2019.

Despite the upwards drift in the cost of finance, prices peaked at record levels in August 2022, but after the budget we saw pricing being tested and a predictable slowdown in activity, with early signs being for a soft landing rather than significant weakness.

The ongoing reversal of the Covid-induced race for space, with a reversion to office working and city life returning to business as usual, translated into gross revenues of the franchised network in London being down by only 1% year-on-year, compared to a fall of 9% in the country markets. As expected, Central London benefitted from the return of international travel, with income 11% ahead of 2021.

Over the course of the year, we retained our position as the second agency by number of properties exchanged in inner London<sup>1</sup>.

The rental market remained incredibly strong across all regions, with price increases of over 10% in many areas due to a shortage of supply following the sell-off of many buy-to-let properties by landlords facing the higher tax and regulatory changes that have reduced the viability of this activity in recent years. This, combined with a significant movement of people to and from the country driven by pandemic-related factors, led to notable price movements. Increased market share and higher rents resulted in our network revenue growing by 11%, led by central London where the additional factor of the return of international travel boosted growth to 16%.

In 2022, gross revenues of the franchised network of £63.1m were down by 3% year-on-year (2021: £64.8m). Sales income was down by 12% at £34.3m (2021: £39.0m) while Lettings and Management increased by 11% to £28.7m (2021: £25.8), producing a 54:46 revenue split between these two activities, compared to a 60:40 ratio in 2021, as the sales market eased in the second half of 2022 and lettings revenue continued to grow.

Winkworth's revenues declined by 1% to £9.31m (2021: £9.45m) and profit before taxation fell by 23% at £2.46m (2021: £3.21m). The Group's cash position at year end increased to £5.25m (2021: £5.02m). Dividends of 11.0p per share were declared for the year (2021: 9.3p per share).

We continued to grow our franchise base, opening two new offices and developing regional networks by backing existing successful franchisees. Our Exeter franchisee opened a new office in Crediton and our Bath franchisee opened in Bristol through acquisition. We successfully resold our leading office in Shepherds Bush to a new generation franchisee to take it on to the next level. While some openings expected to complete in the second half were delayed, our pipeline remains healthy with five new offices in new markets expected. We continue to see opportunities to support both key talent in the network and outstanding candidates in the industry to acquire new businesses and expand the Winkworth brand.

Our owned offices in Tooting and Crystal Palace, and our Development and Commercial Investment ("DCI") business showed significant progress over 2021 in terms of their combined contribution to both revenues and profit before taxation.

Tooting retained its position as number one for 'Sold Subject to Contract' in its area and Crystal Palace continued to grow its revenue and improve its market share, rising from 7th to 4th in its area and growing its revenue by 30% over 2021. DCI revenues more than doubled in 2022.

Overall, our partnered businesses revenue grew by 27% from £2.2m to £2.8m. We will seek to grow the revenues and profitability of our partnered businesses and plan to launch a new homes operation within our DCI venture as part of its evolution.

## **OUTLOOK**

The sales market continues to be supported by the shortage and high cost of rental property, pent-up savings post-pandemic, a strong employment market, and private sector wage inflation. After a positive start to the year, we expect the property market to perform towards the higher end of expectations, albeit at transaction levels more closely aligned to historic averages than the boom levels of the last two years, with the increased cost of finance leading to prices drifting down by 5%.

A severe shortage of supply continues to underpin rental prices, particularly in London where the return to city living is driving demand and buy-to-let landlords have sold down portfolios in response to the increased costs of finance and management. Affordability ceilings are, however, now being reached and, as financing costs fall from peak levels, some landlords may now be tempted back into the market.

With mortgages rates having fallen from the peak levels seen after the mini budget and now settling at more historic norms of around 4%, we see a rebased market emerging, with UK transactions reverting closer to the long-term average of around 1m per annum. As such we see opportunities to invest in the right talented people in the industry, supporting their entrepreneurial ambition to own a business, and in existing franchisees seeking to grow the revenue of their existing offices or open new ones.

Note<sup>1</sup>: based on postcodes where Winkworth has listed a property - Source: twentyea

**Dominic Agace**  
Chief Executive Officer  
18 April 2023

**M WINKWORTH PLC  
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Notes	2022 £'000	2021 £'000
<b>CONTINUING OPERATIONS</b>			
Revenue		9,307	9,451
Cost of sales		<u>(1,594)</u>	<u>(1,294)</u>
<b>GROSS PROFIT</b>		7,713	8,157
Administrative expenses		1 (5,246)	18 (4,941)
Negative goodwill		<u>-</u>	<u>-</u>
<b>OPERATING PROFIT</b>		2,468	3,234
Finance costs		(38)	(52)
Finance income		<u>39</u>	<u>32</u>
<b>PROFIT BEFORE TAXATION</b>		2,469	3,214
Tax	4	<u>(488)</u>	<u>(606)</u>
<b>PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<u><u>1,981</u></u>	<u><u>2,608</u></u>
Profit and total comprehensive income attributable to:			
Owners of the parent		1,951	2,519
Non-controlling interests		<u>30</u>	<u>89</u>
		<u><u>1,981</u></u>	<u><u>2,608</u></u>
Earnings per share expressed in pence per share:	Notes	2022	2021
	6	£	£
Basic		15.32	19.78
Diluted		<u>15.18</u>	<u>19.48</u>

**M WINKWORTH PLC**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**31 DECEMBER 2022**

	Notes	2022 £'000	2021 £'000
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Intangible assets		906	925
Property, plant and equipment		666	944
Prepaid assisted acquisitions support		503	279
Investments		41	71
Trade and other receivables		385	334
		<u>2,501</u>	<u>2,553</u>
<b>CURRENT ASSETS</b>			
Trade and other receivables		1,146	1,301
Cash and cash equivalents		5,251	5,019
		<u>6,397</u>	<u>6,320</u>
<b>TOTAL ASSETS</b>		<u><u>8,898</u></u>	<u><u>8,873</u></u>
<b>EQUITY</b>			
<b>SHAREHOLDERS' EQUITY</b>			
Called up share capital		64	64
Share based payment reserve	8	51	51
Retained earnings		6,212	6,145
		<u>6,327</u>	<u>6,260</u>
Non-controlling interests		102	72
<b>TOTAL EQUITY</b>		<u>6,429</u>	<u>6,332</u>
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
Trade and other payables		433	632
Deferred tax		91	97
		<u>524</u>	<u>729</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		1,575	1,412
Corporation tax payable		370	400
		<u>1,945</u>	<u>1,812</u>
<b>TOTAL LIABILITIES</b>		<u>2,469</u>	<u>2,541</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><u>8,898</u></u>	<u><u>8,873</u></u>

**M WINKWORTH PLC**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

	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 2021</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
<b>Changes in equity</b>							
Dividends	-	(1,884)	-	-	(1,884)	-	(1,884)
Total comprehensive income	-	1,951	-	-	1,951	30	1,981
<b>Balance at 31 December 2022</b>	64	6,212	-	51	6,327	102	6,429

**M WINKWORTH PLC**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

	2022	2021
Notes	£'000	£'000
<b>Cash flows from operating activities</b>		
Profit before tax	2,469	3,214
Depreciation and amortisation charges	531	509
Impairment of fixed asset investments	30	-
Finance costs	38	52
Finance income	(39)	(32)
	3,029	3,744
Increase in trade and other receivables	106	(411)
Increase/(decrease) in trade and other payables	198	(375)
Cash generated from operations	3,333	2,958
Interest paid	-	(1)
Tax paid	(521)	(382)
Net cash from operating activities	<u>2,812</u>	<u>2,575</u>
<b>Cash flows from investing activities</b>		
Purchase of intangible fixed assets	(123)	(180)
Purchase of tangible fixed assets	(19)	(46)
Purchase of tangible fixed assets	1	-
Assisted acquisitions support	(316)	(50)
Interest received	39	32
Net cash used in investing activities	<u>(418)</u>	<u>(244)</u>
<b>Cash flows from financing activities</b>		
Payments of lease liabilities	(240)	(219)
Interest paid on lease liabilities	(38)	(51)
Acquisition of non-controlling interest	-	(137)
Equity dividends paid	(1,884)	(1,566)
Net cash used in financing activities	<u>(2,162)</u>	<u>(1,973)</u>
Increase/(decrease) in cash and cash equivalents	232	358
Cash and cash equivalents at beginning of year	<u>5,019</u>	<u>4,661</u>
Cash and cash equivalents at end of year	<u>5,251</u>	<u>5,019</u>

**WINKWORTH PLC**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

**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.

	2022 £'000	2021 £'000
<b>Revenue</b>		
Estate agency and lettings business	2,781	2,231
Commissions and subscriptions due to the group under franchise agreement	6,526	7,220
	<u>9,307</u>	<u>9,451</u>

### 4. TAXATION

Analysis of tax expense

	2022 £'000	2021 £'000
Current tax:		
Taxation	496	599
Adjustment re previous years	(2)	-
Total current tax	<u>494</u>	<u>299</u>
Deferred tax	(6)	7
Total tax expense in consolidated statement of profit or loss and other comprehensive	<u><u>488</u></u>	<u><u>606</u></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:

	2022 £'000	2021 £'000
Profit before income tax	2,469	3,214
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2021 – 19%)	<u>469</u>	<u>611</u>
Effects of:		
Expense (income) not deductible (taxable) for tax purposes	9	(18)
Adjustment in respect of prior periods	(2)	-
Depreciation in excess of capital allowances	18	12
Other movements	(6)	1
Tax expense	<u><u>488</u></u>	<u><u>606</u></u>

## 5. DIVIDENDS

	2022	2021
	£'000	£'000
Ordinary shares of 0.5p each	1,884	1,566

## 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	2022 Weighted average number of shares	Per-share amount
	£'000	'000	pence
<b>Basic EPS</b>			
Earnings attributable to ordinary shareholders	1,951	12,733	15.32
Effect of dilutive securities	-	122	-
<b>Diluted EPS</b>			
Diluted earnings	1,951	12,855	15.18

	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

## 7. CALLED UP SHARE CAPITAL

		2022	2021
		£'000	£'000
<b>Authorised:</b>			
20,000,000	Ordinary shares of 0.5p	100	100
<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. POST BALANCE SHEET EVENTS

On 13 January 2023, M Winkworth Plc declared dividends of 2.9p per or the fourth quarter of 2022.

After the reporting date the Directors became aware that aggregate dividends totalling £713,000 paid in the period and shortly after the end of the period had been made otherwise than in accordance with the Companies Act 2006 as unaudited interim accounts had not been filed at Companies House prior to the dividend payment. A resolution has been proposed at the General Meeting to be held on 6 June 2023 to authorise the appropriation of distributable profits to the payment of the relevant dividends and waive the entitlement of the Company to pursue shareholders and Directors for repayment. This will constitute a related party transaction under IAS24 'Related party disclosures', the effect of which will be to return all parties, so far as possible, to the position they would have been in had the relevant dividends been made in full compliance with the Companies Act 2006.

## 10. FINANCIAL INFORMATION

The financial information contained within this announcement for the year ended 31 December 2022 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 2021 have been filed with the Registrar of Companies and those for the year ended 31 December 2022 will be filed following the Company's annual general meeting. The auditors' reports on the statutory accounts for the years ended 31 December 2022 and 31 December 2021 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.

## 11. ANNUAL REPORT AND ACCOUNTS

Copies of the annual report and accounts for the year ended 31 December 2022 together with the notice of the Annual General Meeting to be held at the offices of M Winkworth Plc, 13 Charles II Street, St James's, London SW1Y 4QU on 6 June 2023 at [10.30am], 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).