

FLETCHER KING PLC
(“Fletcher King” or the “Company”)

Interim Results for the 6 months ended 31 October 2023

Financial Highlights

Turnover:	£1,326,000	(2022: £1,338,000)
Earnings before tax:	£50,000	(2022: £32,000)
Basic EPS:	0.33p per share	(2022: 0.23p per share)
Dividend proposed:	nil	(2022: nil)

Operational Highlights

- Earnings before tax improved slightly on the comparative period last year.
- The moribund commercial property market has continued to weigh on transactional fee income but new property management instructions have supported growth in recurring fee income.
- Anthony Ferguson joined on 1 November 2023 to launch a new Planning specialism unit within the business. This will provide complementary property services to existing and new clients for which there is a good pipeline of work.

Commenting on the results David Fletcher, Chairman of Fletcher King said:

“Against a backdrop of extremely challenging property market conditions, it is pleasing to report profitable performance for the period, with overall results being slightly ahead of last year. Capital markets are likely to remain subdued for a while yet, but with some good instructions in the pipeline and a focus on improving non-transactional revenues, there are grounds for optimism that this will translate into business growth and development in due course.”

This announcement contains inside information for the purposes of the UK Market Abuse Regulation and the Directors of the Company are responsible for the release of this announcement.

ENQUIRIES:

Fletcher King Plc

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The interim results are available on the Company’s website: www.fletcherking.co.uk

CHAIRMAN'S STATEMENT

Results

Turnover for the period was £1,326,000 (2022: £1,338,000) with a profit before tax of £50,000 (2022: £32,000).

Dividend

In view of the continued uncertainty and the low level of profit, the Board is not declaring an interim dividend (2022: no interim dividend).

The Commercial Property Market

Very little has changed overall in the market since my year end statement in August 2023 and the drift in values has continued over the second half of 2023 as high interest rates and continuing economic and political uncertainties have taken their toll on the commercial property market. Capital values across the market have declined by a further 3% over the last six months, with offices declining by nearly 10% over the same period. Over 12 months to the end of October, values have fallen by nearly 13% and the net initial yield on all property is currently 5.5%.

Investors are currently adopting a 'wait and see' attitude although there is some evidence that the market could be near the bottom and that 2024 could see a bounce in the markets. There will undoubtedly be some interesting opportunities over the next year for the brave investor.

On the occupational side there is some activity in the three major sectors, particularly in the industrial sector albeit at a much reduced level compared to pre Covid, and rents are generally static.

Offices continue to suffer and rents are coming under increasing pressure as hybrid working is proving to be more enduring and becoming the norm. However, in specific sub-sectors where there is a scarcity of grade A space such as central London and major regional cities, demand is still strong and there is some rental growth.

Retail space continues to come under severe pressure and rents continue their decline.

The Board is hopeful that 2024 will herald the beginning of the upturn although the political uncertainties may prolong inactivity.

Business Overview

I am pleased that, despite this very difficult market, we are again reporting a profit. We have had strong performance in Property Asset and Fund Management and have secured new instructions. There has also been activity in our existing portfolios.

The performance of the valuation team has been encouraging and we are expanding the team as new clients have been added during the year.

A number of sizeable Rating appeals are ongoing but overall there are still huge challenges securing the attention of the Valuation Office Agency (VOA) to negotiate settlements. Potentially the situation could deteriorate in 2024 when the VOA will be commencing preparation of the 2026 Rating List which will inevitably diminish resources allocated to clearing outstanding appeals.

Investment transaction activity has been disappointing as a result of the poor investment market conditions mentioned above.

Outlook

Yet again it continues to be impossible to accurately predict the future of the property market and the timing of its recovery. With a focus on improving non-transactional fee income, our activities are healthy and growing and we look forward to a reinvigorated capital market.

We are pleased to announce an expansion of the business with the appointment of Anthony Ferguson (Member of Royal Town Planning Institute) to head up our newly created Planning specialism. We have been working with Anthony for a number of years and we are delighted to have him joining us. There is a significant pipeline of planning work to be done.

Our balance sheet continues to remain strong, as does the relationships we have with our long standing clients.

As always our team have worked hard in these difficult conditions and we thank them for their efforts.

DAVID FLETCHER

CHAIRMAN

20 December 2023

*Consolidated Interim Statement of Profit or Loss and Comprehensive Income
for the 6 months ended 31 October 2023*

	6 months ended 31 October 2023 (Unaudited) £000	6 months ended 31 October 2022 (Unaudited) £000	Year ended 30 April 2023 (Audited) £000
Revenue	1,326	1,338	3,079
Employee benefits expense	(764)	(744)	(1,704)
Depreciation and amortisation expense	(97)	(99)	(197)
Other operating expenses	(470)	(496)	(1,064)
Other operating income	27	26	51
Share based payment expense	(9)	(9)	(17)
	(1,313)	(1,322)	(2,931)
Investment income	7	24	42
Finance income	37	2	21
Finance expense	(7)	(10)	(19)
Profit before taxation	50	32	192
Taxation	(16)	(8)	41
Profit for the period	34	24	233
Other comprehensive income			
Fair value loss on financial assets through other comprehensive income	-	-	(44)
Total comprehensive income for the period	34	24	189
Earnings per share (note 4)			
- Basic	0.33p	0.23p	2.27p
- Diluted	0.30p	0.21p	2.09p
Dividends per share			
Interim dividend proposed	-	-	-
Dividends paid	0.75p	0.50p	0.50p

Fletcher King Plc
Consolidated Interim Statement of Financial Position
as at 31 October 2023

	31 October 2023 (Unaudited) £000	31 October 2022 (Unaudited) £000	30 April 2023 (Audited) £000
Assets			
Non-current assets			
Software	53	69	61
Property, plant and equipment	173	237	205
Right-of-use asset	321	436	378
Financial assets	485	529	485
Deferred tax asset	57	24	73
	1,089	1,295	1,202
Current Assets			
Trade and other receivables	1,242	1,346	1,553
Cash and cash equivalents	2,606	2,418	2,755
	3,848	3,764	4,308
Total assets	4,937	5,059	5,510
Liabilities			
Current liabilities			
Trade and other payables	419	567	901
Lease liabilities	141	154	141
Total current liabilities	560	721	1,042
Non current liabilities			
Lease liabilities	229	329	286
Shareholders' equity			
Share capital	1,025	1,025	1,025
Share premium	522	522	522
Investment revaluation reserve	(145)	(101)	(145)
Share option reserve	36	19	27
Reserves	2,710	2,544	2,753
Total shareholders' equity	4,148	4,009	4,182
Total equity and liabilities	4,937	5,059	5,510

Consolidated Interim Statement of Changes in Equity
for the 6 months ended 31 October 2023

	Share capital £000	Share premium £000	Investment revaluation reserve £000	Share Option Reserve £000	Retained earnings £000	TOTAL EQUITY £000
Balance at 1 May 2023	1,025	522	(145)	27	2,753	4,182
Profit for the period	-	-	-	-	34	34
Equity dividends paid	-	-	-	-	(77)	(77)
Share based payment expense	-	-	-	9	-	9
Balance at 31 October 2023 (Unaudited)	1,025	522	(145)	36	2,710	4,148
Balance at 1 May 2022	1,025	522	(101)	10	2,571	4,027
Profit for the period	-	-	-	-	24	24
Equity dividends paid	-	-	-	-	(51)	(51)
Share based payment expense	-	-	-	9	-	9
Balance at 31 October 2022 (Unaudited)	1,025	522	(101)	19	2,544	4,009
Balance at 1 May 2022	1,025	522	(101)	10	2,571	4,027
Profit for the year	-	-	-	-	233	233
Fair value loss on financial assets through other comprehensive income	-	-	(44)	-	-	(44)
Share based payment expense	-	-	-	17	-	17
Equity dividends paid	-	-	-	-	(51)	(51)
Balance at 30 April 2023 (Audited)	1,025	522	(145)	27	2,753	4,182

Fletcher King Plc
Consolidated Interim Statement of Cash Flows
for the 6 months ended 31 October 2023

	6 months ended 31 October 2023 (Unaudited) £000	6 months ended 31 October 2022 (Unaudited) £000	Year ended 30 April 2023 (Audited) £000
Cash flows from operating activities			
Profit before taxation from continuing operations	50	32	192
Adjustments for:			
Movement in provision	-	(25)	(25)
Depreciation and amortisation expense	97	99	197
Investment income	(7)	(24)	(42)
Finance income	(37)	(2)	(21)
Finance expense	7	10	19
Share based payment expense	9	9	17
Cash flows from operating activities before movement in working capital	119	99	337
Decrease/(increase) in trade and other receivables	311	(17)	(224)
(Decrease)/increase in trade and other payables	(482)	(557)	(223)
Cash absorbed by operations	(52)	(475)	(110)
Taxation received	-	97	97
Net cash flows used in operating activities	(52)	(378)	(13)
Cash flows from investing activities			
Purchase of fixed assets	-	(5)	(5)
Investment income	7	24	42
Finance income	37	2	21
Net cash flows from investing activities	44	21	58
Cash flows from financing activities			
Lease payments	(64)	(539)	(604)
Dividends paid to shareholders	(77)	(51)	(51)
Net cash flows from financing activities	(141)	(590)	(655)
Net decrease in cash and cash equivalents	(149)	(947)	(610)
Cash and cash equivalents at start of period	2,755	3,365	3,365
Cash and cash equivalents at end of period	2,606	2,418	2,755

Explanatory Notes

1. General information

The Company is a public limited company incorporated and domiciled in England and Wales. The address of its registered office is 19-20 Great Pulteney Street, London W1F 9NF.

These interim financial statements were approved by the Board of Directors on 20 December 2023.

2. Basis of preparation

The interim financial information in this report has been prepared using accounting policies consistent with IFRS as endorsed by the UK. IFRS is subject to amendment and interpretation by the International Accounting Standards Board (IASB) and the International Financial Reporting Standards Interpretations Committee (IFRIC) and there is an ongoing process of review and endorsement by the UK Endorsement Board. The financial information has been prepared on the basis of IFRS that the Directors expect to apply for the year ended 30 April 2024.

The accounting policies applied by the Group in this interim report are the same as those applied by the Group in the consolidated financial statements for the year ended 30 April 2023. There are no new standards, interpretations and amendments, effective for the first time from 1 May 2023, that have had a material effect on the financial statements of the Group.

3. Non Statutory Accounts

The financial information for the periods ended 31 October 2023 and 31 October 2022 and the year ended 30 April 2023 set out in this interim report does not constitute the Group's statutory accounts for that period. Whilst the financial figures included in this interim report have been computed in accordance with IFRS, this interim report does not contain sufficient information to constitute an interim financial report as that term is defined in IAS34. The statutory accounts for the year ended 30 April 2023 have been delivered to the Registrar of Companies. The auditors reported on those accounts; their report was unqualified, did not contain a statement under either Section 498(2) or Section 498(3) of the Companies Act 2006 and did not include references to any matters to which the auditor drew attention by way of emphasis.

The financial information for the 6 months ended 31 October 2023 and 31 October 2022 is unaudited.

4. Earnings per share

	6 months to 31 October 2023 Number	6 months to 31 October 2022 Number	Year ended 30 April 2023 Number
Weighted average number of shares for basic earnings per share	10,252,209	10,252,209	10,252,209
Share options	920,000	920,000	920,000
Weighted average number of shares for diluted earnings per share	11,172,209	11,172,209	11,172,209
	£000	£000	£000
Earnings for basic and diluted earnings per share:	34	24	233
Basic earnings per share	0.33p	0.23p	2.27p
Diluted earnings per share	0.30p	0.21p	2.09p

Forward Looking Statements

Certain statements in this announcement are forward-looking statements relating to the Company's operations, performance and financial position based on current expectations of, and assumptions and forecasts made by, management. They are subject to a number of risks, uncertainties and other factors which could cause actual results, performance or achievements of the Company to differ materially from any outcomes or results expressed or implied by such forward-looking statements. Undue reliance should not be placed on such forward looking statements. They are made only as of the date of this announcement and no representation, assurance, guarantee or warranty is given in relation to them including as to their accuracy, completeness, or the basis on which they are made.