

WRITTLE HOLDINGS LIMITED



WRITTLE

Interim Report 2021

Writtle is a UK-centred marketing services group with an international client base

Chairman's statement

I am pleased to report another satisfactory first half performance, despite the third lockdown delaying a full recovery across the group until the second quarter.

Results and Dividends

Turnover was £31.45m (2020: £33.30m) and headline profit before tax was £1.98m (2020: £2.00m). Exceptional items included a profit of £0.66m on the sale of the group's share in one of its properties which increased profit before tax to £2.22m (2020: £1.57m)

Net cash balances on 30 June 2021 were £11.87m (2020: £12.96m) despite the payment of over £5m in dividends in the period, reflecting a further period of strong cash generation.

An interim dividend of 6.75p (2020: 6.25p) will be paid on 29 October 2021 to shareholders on the register on 8 September 2021. We have not considered payment of a further special dividend at this time as we have several acquisition opportunities under review which would utilise the excess cash available.

Review of Trading

The performance of our three business groups is shown on page 7 of this report.

Our **Innovation** businesses were once again the strongest profit generators in the first half. Although revenues and profits declined over the prior year, this reflected a strong comparative period rather than an underlying trend. Epoch led the way with an excellent first half performance, and all other agencies were profitable with a number of high-profile campaigns completed.

Our **Implementation** businesses increased profits despite a small decline in revenues, but the most notable feature of this group's performance in the period was three major new business wins under the **Branded** banner. Revenues from these wins are coming on stream in the second half and validate the investment to date in Branded's proprietary technology system 'MyBrandstream', which was the cornerstone of the successful pitches against strong competition.

Our **Instore** businesses again bore the brunt of the economic impact of the first quarter lockdown, with many of their customers' retail outlets closed until the second quarter. Turnover and profits were flat over a similarly impacted period last year and judicious use of the Coronavirus Job Retention Scheme was again necessary to protect jobs in these businesses. We are expecting the usual seasonal uplift in trading in these businesses and most furloughed employees are already back at work.

Current Trading

The second half has started well. Our businesses have adapted to new ways of working and the quality of our service to clients has been enhanced not compromised. With the economy returning to pre-pandemic levels and our clients looking to expand rather than consolidate, I look forward to reporting on a good full year performance next April.

Robert Essex
Chairman

8 September 2021

Consolidated statement of comprehensive income

for the six months ended 30 June 2021

	6 months to 30 June 2021 Unaudited £000	6 months to 30 June 2020 Unaudited £000	Year ended 31 December 2020 Audited £000
Turnover	31,455	33,302	66,891
Cost of sales	(13,256)	(13,021)	(26,516)
Gross profit	18,199	20,281	40,375
Administrative expenses	(16,570)	(19,892)	(38,981)
Other operating income	595	1,173	2,179
Operating profit	2,224	1,562	3,573
Operating profit before the items listed below	1,978	2,005	5,756
Loss on sale of investments	-	-	(281)
Impairment of goodwill	-	-	(596)
Exceptional items	598	(41)	(513)
Goodwill amortisation	(352)	(402)	(793)
Operating profit	2,224	1,562	3,573
Net interest (payable)/receivable	(2)	5	(20)
Profit before taxation	2,222	1,567	3,553
Tax on profit	(463)	(325)	(1,029)
Profit after taxation	1,759	1,242	2,524
Non-controlling interests	(268)	(218)	(890)
Profit for the period	1,491	1,024	1,634

Consolidated statement of financial position

as at 30 June 2021

	As at 30 June 2021 Unaudited £000	As at 30 June 2020 Unaudited £000	As at 31 December 2020 Audited £000
Fixed assets			
Intangible assets	7,912	9,044	8,131
Tangible assets	4,756	5,808	5,401
	12,668	14,852	13,532
Current assets			
Stocks	1,908	1,813	1,694
Debtors	17,188	19,567	18,850
Cash at bank and in hand	12,244	13,545	15,418
	31,340	34,925	35,962
Creditors: Amounts falling due within one year	(14,403)	(16,755)	(16,950)
Net current assets	16,937	18,170	19,012
Total assets less current liabilities	29,605	33,022	32,544
Creditors: Amounts falling due after more than one year	(183)	(388)	(280)
Provisions for liabilities			
Deferred tax	(133)	(55)	(133)
Other provisions	(811)	(80)	(100)
Net assets	28,478	32,499	32,031
Capital and reserves			
Called-up share capital	7,568	7,402	7,448
Share premium account	7,654	7,203	7,326
Other reserves	(1,404)	(1,283)	(1,283)
Retained earnings	11,027	15,902	14,905
Equity attributable to owners of the parent company	24,845	29,224	28,396
Non-controlling interests	3,633	3,275	3,635
	28,478	32,499	32,031

Consolidated statement of changes in equity

as at 30 June 2021

	Share capital £000	Share premium £000	Other reserves £000	Retained earnings £000	Equity attributable to owners of parent company £000	Non-controlling interests £000	Total equity £000
At 1 January 2020	7,400	7,197	(1,283)	14,878	28,192	3,057	31,249
Profit for the period	-	-	-	1,024	1,024	218	1,242
Total comprehensive income for the period	-	-	-	1,024	1,024	218	1,242
Contributions by and distributions to owners							
Shares issued during the period	2	6	-	-	8	-	8
Total contributions by and distributions to owners	2	6	-	-	8	-	8
At 30 June 2020	7,402	7,203	(1,283)	15,902	29,224	3,275	32,499
Profit for the period	-	-	-	610	610	672	1,282
Total comprehensive income for the period	-	-	-	610	610	672	1,282
Contributions by and distributions to owners							
Dividends	-	-	-	(1,292)	(1,292)	(297)	(1,589)
Shares issued during the period	46	123	-	-	169	-	169
Other movements	-	-	-	(315)	(315)	(15)	(330)
Total contributions by and distributions to owners	46	123	-	(1,607)	(1,438)	(312)	(1,750)
At 31 December 2020	7,448	7,326	(1,283)	14,905	28,396	3,635	32,031
Profit for the period	-	-	-	1,491	1,491	268	1,759
Total comprehensive income for the period	-	-	-	1,491	1,491	268	1,759
Contributions by and distributions to owners							
Dividends	-	-	-	(5,161)	(5,161)	(150)	(5,311)
Shares issued during the period	120	328	-	-	448	-	448
Other movements	-	-	(121)	(208)	(329)	(120)	(449)
Total contributions by and distributions to owners	120	328	(121)	(5,369)	(5,042)	(270)	(5,312)
At 30 June 2021	7,568	7,654	(1,404)	11,027	24,845	3,633	28,478

Consolidated statement of cash flows

for the six months ended 30 June 2021

	6 months to 30 June 2021 Unaudited £000	6 months to 30 June 2020 Unaudited £000	Year ended 31 December 2020 Audited £000
Cash flows from operating activities			
Profit for the period	1,759	1,242	2,524
Adjustments for:			
Amortisation of goodwill	352	403	793
Amortisation of software development	232	144	346
Depreciation of tangible fixed assets	638	775	1,467
Profit on disposal of tangible fixed assets	(664)	(11)	(112)
(Increase)/decrease in stocks	(214)	138	106
Interest paid/(received)	2	(5)	20
Corporation tax charge	463	325	1,029
Decrease in debtors	1,404	3,969	4,390
Decrease in creditors	(2,449)	(1,487)	(966)
Corporation tax paid	(321)	(376)	(995)
Receipt of government grants	(595)	(1,173)	(2,179)
Loss on sale of subsidiaries	-	-	281
Impairment of goodwill	-	-	596
Net cash generated from operating activities	607	3,944	7,300
Cash flows from investing activities			
Purchase of tangible fixed assets	(164)	(266)	(849)
Investment in software development	(415)	(258)	(613)
Sale of tangible fixed assets	1,536	73	196
Sale of subsidiaries	527	-	393
Cash disposed of with subsidiaries	(494)	-	(285)
Increase in investment in subsidiaries	(74)	-	(122)
Net cash generated from/(used in) investing activities	916	(451)	(1,280)
Cash flows from financing activities			
Issue of ordinary shares	448	8	177
New bank loans	-	17	15
Repayment of finance leases	(97)	(93)	(188)
Equity dividends paid	(5,161)	-	(1,292)
Interest (paid)/received	(2)	5	(20)
Dividends paid to non-controlling interests	(359)	-	(415)
Purchase of shares by ESOT	(121)	-	-
Receipt of government grants	595	1,173	2,179
Net cash (used in)/generated from financing activities	(4,697)	1,110	456
Net (decrease)/increase in cash and cash equivalents	(3,174)	4,603	6,476
Cash and cash equivalents at beginning of period	15,418	8,942	8,942
Cash and cash equivalents at the end of period	12,244	13,545	15,418
Cash at bank and in hand	12,244	13,545	15,418

Analysis of net cash/(debt)

as at 30 June 2021

	As at 30 June 2021 Unaudited £000	As at 30 June 2020 Unaudited £000	As at 31 December 2020 Audited £000
Cash at bank and in hand	12,244	13,545	15,418
Debt:			
Finance leases	(378)	(570)	(475)
Debts due within one year	-	(17)	(15)
Debts falling due after more than one year	-	-	-
Net cash/(debt)	11,866	12,958	14,928

Business group analysis

for the six months ended 30 June 2021

	Innovation £000	Implementation £000	Instore £000	Ongoing total £000	Adjusting items £000	Group £000
For the six months ended 30 June 2021						
Turnover	10,126	7,957	13,372	31,455	-	31,455
Headline business group operating profit	1,030	818	614	2,462	-	2,462
Central costs				(484)		(484)
Headline operating profit				1,978		1,978
Net interest payable				(2)		(2)
Headline profit before tax				1,976		1,976

	Innovation £000	Implementation £000	Instore £000	Ongoing total £000	Adjusting items £000	Group £000
For the period ended 30 June 2020						
Turnover	10,689	8,583	13,190	32,462	840	33,302
Headline business group operating profit	1,348	752	598	2,698	(300)	2,398
Central costs				(393)		(393)
Headline operating profit				2,305		2,005
Net interest receivable				5		5
Headline profit before tax				2,310		2,010

	Innovation £000	Implementation £000	Instore £000	Ongoing total £000	Adjusting items £000	Group £000
For the year ended 31 December 2020						
Turnover	21,058	17,058	27,467	65,583	1,308	66,891
Headline business group operating profit	2,944	1,849	2,334	7,127	(545)	6,582
Central costs				(826)		(826)
Headline operating profit				6,301		5,756
Net interest payable				(20)		(20)
Headline profit before tax				6,281		5,736

Headline measures are defined as being before profit on sale of investments, exceptional items, amortisation and share-based payments.

Adjusting items includes the results for Beyond Communications Limited and 20/20 Limited which were disposed of on 8 September 2020 and 19 January 2021 respectively.

Following the merger of Williams Murray Hamm Limited and Identica Limited, the results of WMHAdaptive have been included within Innovation, and prior periods restated accordingly.

The results of FERO Retail Marketing Limited are now included within Instore, and prior periods restated accordingly.

Company information

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A W Lucas

D H Powell

T E Scutt

A Sutcliffe

A Wright

Company secretary

M J Gilmore

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