OnTheMarket

Annual Report and Consolidated Financial Statements

for the year ended 31 January 2020

Contents


JCDecaux
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OnTheMarket

Overview

Highlights

“Another year of strong operational progress positions the Company to capitalise on long-term growth opportunities”

Year ended 31 January	2020	2019	Change
Group revenue	**£18.8m**	£14.2m	32%
Adjusted EBITDA[1]	**£(7.1)m**	£(11.7)m	£4.6m
Operating loss	**£(11.7)m**	£(14.5)m	£2.8m
Loss after tax	**£(11.5)m**	£(14.5)m	£3.0m
Period-end net cash	**£8.7m**	£15.7m	£(7.0)m
ARPA[2]	**£122**	£130	£(8)
Average branches listed	**12,497**	9,460	32%
Total advertisers[3] at 31 Jan	**13,364**	11,946	12%
Traffic/visits[4]	**237m**	159m	49%
Average monthly leads per advertiser	**96**	55	75%

Leveraging unique agent-ownership model

- c. 65% agent-owned at 31 January 2020, with over 3,000 shareholders operating c. 6,000 branches.
- Over 8,000 branches under paying contracts[5] at 31 January 2020.

Progress with product roadmap, driven by technology

- Successful rollout of suite of back-office products and new value-add consumer-facing products in addition to launch of new homes developments to address wider property market.
- Strategic 20% stake acquisition in Glanty Limited with “teclet” product supporting agents by automating the lettings process.

Strategic and operational highlights post year-end

At 31 May 2020, total advertisers were 13,605 and agent ownership remained c.65%

- Continued growth in paying customers, with over 9,000 branches under paying contracts[5].
- Shares to be issued alongside new contracts signed will further increase agent shareholder numbers.

Measures taken to mitigate impact of COVID-19 and ensure ongoing support for agents

- Protecting the health and jobs of staff through home working and selective use of the Coronavirus Job Retention Scheme.
- Actions taken to conserve cash and protect the business, including a 33% listing fee discount for full-tariff paying customer invoices issued in the three months starting April 2020.

Net cash position

- As at 31 May 2020, the Group had net cash of £8.8m, and, excluding deferred creditor payments of £2.3m, no borrowings.

COVID-19 impact and current trading

- Trading in February and the first half of March was in line with the Group’s expectations.
- However, the COVID-19 pandemic and subsequent government restrictions had an immediate impact on the ability of our customers to run their business, with transactions largely suspended.
- Since the partial relaxation of restrictions on 11 May, the Group has seen strong increases in weekly new instructions, traffic and leads against the previously subdued levels. This is despite a substantial reduction in advertising expenditure.
- In the first week of June, OnTheMarket.com visits were up 260% compared with the trough experienced during lockdown and up c.15% versus the first week in March, which was before the impact of the COVID-19 crisis on the housing market.
- New instructions have recovered to early March levels, whilst stock levels are up as the backlog of transactions takes time to complete.

Outlook

- Due to the continuing economic uncertainty, financial guidance remains suspended.
- In the short-term, revenues will be reduced by the support we are providing our customers through the discounts we have offered them. Furthermore, the pandemic has impacted our customer recruitment and slowed the ongoing conversion of customers onto paying contracts.
- However, the recent uplift in activity, which reflects increased brand awareness, is encouraging and we remain confident that we have the right strategy to support our longer-term vision to become the portal of choice for agent customers and property-seekers alike.

[1] Adjusted EBITDA is defined as operating loss before finance costs, taxation, depreciation, amortisation, share-based payments, specific professional fees and non-recurring items.

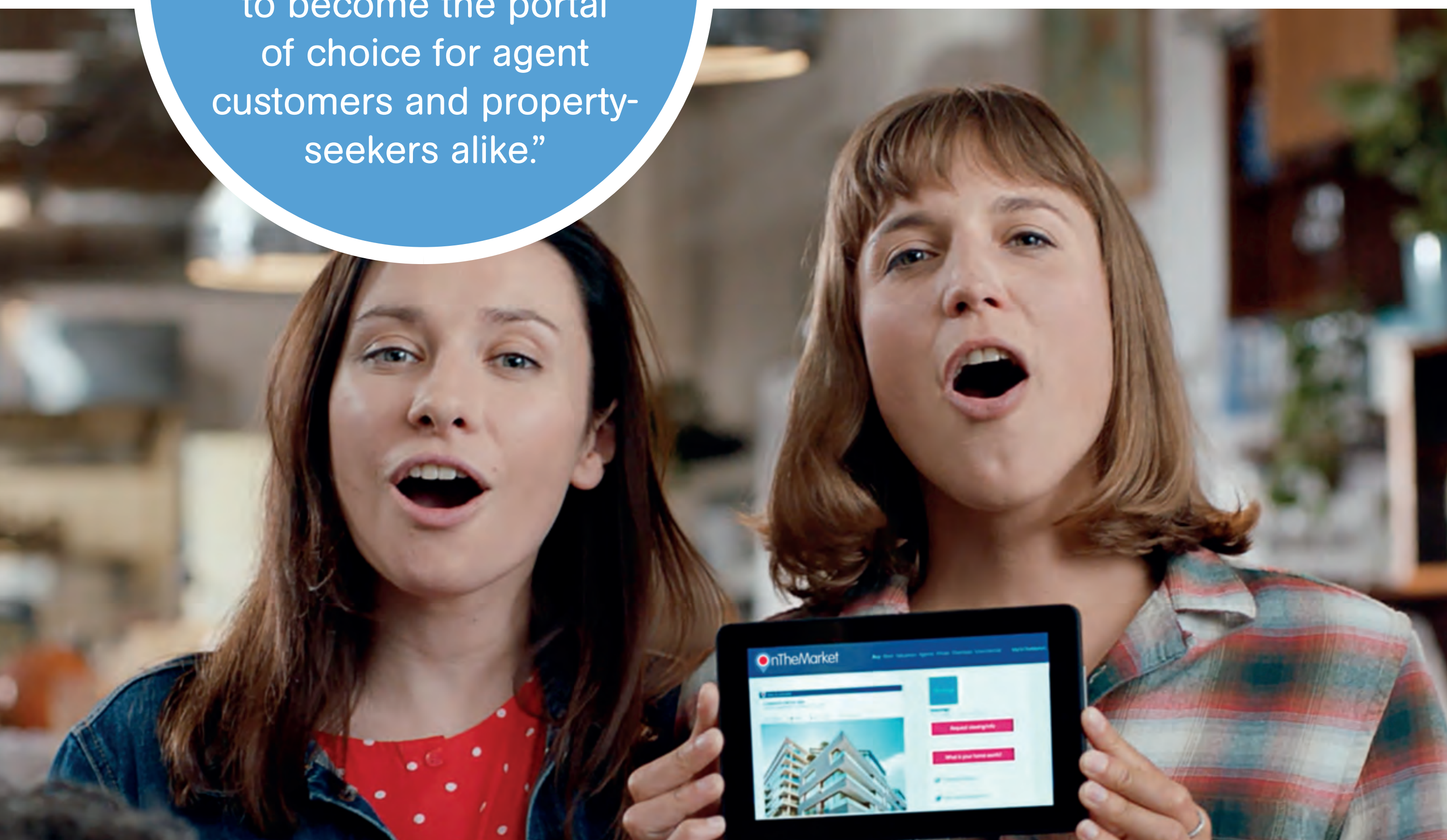
[2] Average revenue per property advertiser, being revenues due from property advertisers for a period divided by the average number of property advertisers for that period. ARPA presented herein is the average of the monthly ARPAs for the year.

[3] Total advertisers are defined as the aggregate of estate and lettings agent branches and new homes developments listed at OnTheMarket.com.

[4] Visits comprise individual sessions on OnTheMarket.com's web based portal or mobile applications by users for the period indicated as measured by Google Analytics.

[5] A minority of paying contracts include an initial free period before payment commences.

> "We remain confident that we have the right strategy to support our longer-term vision to become the portal of choice for agent customers and property-seekers alike."



Chairman's Statement

I am pleased to report OnTheMarket's full year results to 31 January 2020. The year presented a number of challenges as agents faced lower than usual transaction volumes, reduced lettings fee income, concerns over a possible recession and the uncertainty over Brexit and the UK political landscape.

A key strategic objective for the year was to convert agents who had previously joined us on introductory free of charge contracts onto full-tariff paying contracts and as shareholders in the Company. Given the market backdrop, this proved more difficult to achieve and the Group had to adapt its offers accordingly. Nevertheless, at 31 January 2020 the Group had:

12,470 agent offices listed at OnTheMarket.com;

over 8,000 agent offices under paying contracts;

c.65% of its shares under agent ownership; and

over 3,000 shareholder agent firms operating c.6,000 agent offices.

In September 2019 we also broadened our advertiser markets with the launch of new homes developments. At 31 January 2020 we had 894 developments listed, including those of leading developers such as Barratt Developments PLC and Persimmon Plc.

This progress saw us increase our annual revenues by 32% to £18.8m.

In late December 2019, in line with our vision to provide additional products and services to agents, we made a strategic investment in Glanty Limited. Its initial product, "teclet", an automated online lettings platform for agents, is at the early stages of rollout but has been very well received by early adopters.

Following the UK general election in December 2019 and the UK's withdrawal from the EU on 31 January 2020, underlying markets were showing signs of improvement that we believed would offer the platform for the next stage in the Group's development. However, the property market, like many other industries, has been faced with considerable challenges since the year-end, as a result of the COVID-19 pandemic.

Governance

After the period end, we made changes to the Board that we believe will best enable us to continue our progress as a strong, agent-backed, profitable and technology-enabled business.

On 9 March 2020, the Group announced that Ian Springett, Chief Executive Officer, had left the business. The Board believed the time was right to appoint a new Chief Executive Officer to oversee the next stage in the development of the Group. The Board would like to extend its thanks to Ian for his contribution to OnTheMarket's admission to AIM and its growth over the past few years.

Chief Financial Officer Clive Beattie agreed to take on the additional role of Acting Chief Executive Officer while the Board conducted a formal process to appoint a permanent Chief Executive Officer. This process is ongoing, having been impacted by the restrictions on movements imposed in response to COVID-19. I would like to record my thanks to Clive for taking on this role and for all he has achieved to date under exceptionally challenging circumstances.

I am also delighted to report that on 27 February 2020 Rupert Sebag-Montefiore joined as an independent Non-Executive Director and Chairman of the Remuneration Committee. Rupert has substantial agency experience, including over 20 years in board roles at Savills. Rupert brings a deep understanding of the property market and an invaluable insight into the perspective of estate agents and housebuilders.

COVID-19

In March 2020, the reality of COVID-19 and the implications for individuals, businesses and the economy began to be felt. First and foremost, our deepest sympathy goes out to those who have lost loved ones. Although it pales in comparison, the implications for the financial welfare of individuals and businesses is yet to be fully understood. Our thoughts are with all those suffering on account of the crisis.

As a Company, OnTheMarket took several measures to support our staff, to assist our agent customers and to safeguard our business. Whilst the property market has started to reopen, we are continuously monitoring the situation to be able to respond to any changing circumstances.

I am proud of the commitment, professionalism and support that my colleagues have shown in what have been extraordinarily difficult circumstances.

I would again like to thank all of them, as well as our shareholders, customers and suppliers for their continued hard work and support.

Christopher Bell
Non-Executive Chairman

10 June 2020

Strategic Report

Acting Chief Executive Officer's Report

It has been difficult to review the past year when life has changed so quickly and so fundamentally due to COVID-19. Nevertheless, the year to 31 January 2020 was another year of operational progress by OnTheMarket, in what were challenging market conditions. I report on these matters below before returning to the current crisis and its implications.

We have met or exceeded our expectations on operational KPIs for listing property advertisers, consumer traffic and leads to our customers. It is particularly pleasing that we have achieved this with lower-than-planned cash burn. January 2020 saw the year ending very well, with record numbers for all three metrics.

However, as we announced in September 2019, due to market conditions, conversions of agents from short-term introductory free trial arrangements to long-term full-tariff paying contracts have been at a slower rate than originally planned. Further details are provided later in this report.

OnTheMarket.com is now firmly established as a market-leading portal. At 31 May 2020, we had 13,605 estate and letting agent branches and new homes developments listed at OnTheMarket.com. However, there remains significant potential for market share growth. We will look to capitalise on that opportunity through our majority agent ownership and commitment to sustainably low listing fees, aligned to first-class service to customers and consumers, which provides a differentiated proposition.

Leveraging our unique agent-ownership business model

Agents are the lifeblood of all property portals, providing not only most of their income but also their essential and most valuable content - the property listings. As a portal founded as a mutual by and for agents, alignment with agents' objectives remains at the centre of our proposition.

OnTheMarket provides a unique opportunity for agents to participate in the equity value of their own portal. At 31 May 2020, the Company remained c. 65% agent-owned, with over 3,000 estate and lettings agent shareholders operating c.6,000 offices.

The Group also has authority remaining to issue a further 32 million shares to recruit new property advertisers on paying contracts.

Shares issued to agents are typically subject to lock-in arrangements to ensure that new shareholders' interests are closely aligned with those of all other agent and financial investors and with the long-term success of the Group.

Traffic, leads and consumer engagement

During the year, the Group continued to deploy significant funds to multi-channel marketing. In addition to paid search and other digital marketing, we ran national TV, radio and poster advertising. An increasing number of visits and leads are generated by "free" activity, such as email marketing and organic search activity.

A key theme of our advertising is the "New & exclusive" properties which many of our agents choose to list at OnTheMarket.com in advance of listing them on Rightmove or Zoopla. This proposition holds a significant appeal to active property-seeking consumers, who are our priority target audience, as they in turn provide our customers with the highest quality leads.

Traffic for the year to 31 January 2020 was up 49% to 237m web and mobile visits (FY19: 159m), including a record month of over 30m in January 2020.

This achievement helped deliver a record number of leads to our agent and new homes developer customers. Average monthly leads per advertiser were up 75% to 96 in the year (FY19: 55). Total leads in January 2020 were up 52% on January 2019, with average leads per advertiser at 126.

We have also invested in continuously improving the quality of the user experience on the portal and consumer engagement has continued to grow. As an indicator of property-seeker engagement, in January 2020 OnTheMarket sent over 140 million instant property alert emails to its registered users.

In June 2018, 4 months after our Admission to AIM, a YouGov survey of all adults recorded our prompted brand awareness at 19%. Amongst active property-seekers (those surveyed who had moved within the prior 5 months or who were actively looking to move), our prompted brand awareness was 27%. Following our marketing activities, in January 2020 our prompted brand awareness had jumped to 40% for all adults and to 49% for active "in market" property-seekers.

Since 2018, OnTheMarket has had a listing agreement with Facebook Marketplace whereby all our customers can have their sales and rental properties promoted on Facebook Marketplace at no additional cost. Along with our Country Life partnership, this integration is another way in which we are increasing the exposure of our customers' properties and generating enquiries from "in market" property-seekers.

Conversions and paying agents

Continued growth in paying agent branches on OnTheMarket.com remains a priority and is key to our future strategy and success.

A specific priority in 2019/2020 was to convert agents who had been on free or discounted short-term introductory contracts to full-tariff and share-based contracts.

During the year, agents and consumers alike faced many well-documented headwinds, not least concerns over Brexit, the economy and the political landscape. This uncertainty made it much more challenging than anticipated to convert agents onto full-tariff contracts and we introduced a number of initiatives to support agents, including a pricing pledge not to increase full-tariff fees in 2020 and a new range of shorter-term, lower cost contracts.

At 31 January 2020, 12,470 branches were listed at OnTheMarket.com. Over 8,000 branches were signed under paying contracts (including a minority on contracts with an initial free period before payment commences). This had increased further to over 9,000 at 31 May 2020.

New homes and non-property advertisers

A key element of the Company's stated growth strategy has been to address the wider property market, focusing initially on the new homes developer segment. We have built a dedicated sales team and have made strong and encouraging progress.

In September 2019, we announced that we had signed a portal listing and additional advertising products agreement with Barratt Developments PLC, Britain's largest housebuilder. During the year, further agreements were signed with other housebuilders, including Persimmon Plc and Countryside Properties PLC.

At 31 January 2020, 894 developments were being displayed at OnTheMarket. This had increased to 1,258 by 31 May 2020.

We have also introduced to non-property advertisers the opportunity to promote themselves and their products and services to our very large and growing audience of active and engaged property-seekers. The first sales to such advertisers took place late in the year, although this is not as yet a material contributor to Group revenues.

"The year to 31 January 2020 saw the Group deliver a strong operational performance, which was particularly encouraging given the challenging property market conditions."

Product development

In March 2019 we launched the first release of our "Market Appraisal Guide" to support agents with intelligence and branded materials for appraisal meetings with clients. Accessible via OnTheMarket Expert, the service has been well received by our customers.

Our Market Appraisal Guide was followed in September 2019 by the launch of our new sales and lettings market intelligence suite, Market Intel, also available within OnTheMarket Expert at no additional cost. The new and enhanced dashboard calculates competitor rankings, displays market share performance by "patch" (location), property type or value and makes it easy for our customers to see how their properties are performing, as well as checking phone and email leads.

OnTheMarket also started to sell new value-adding products to enable customers to boost the visibility of their brand and their listings. These products, including enhanced "Spotlight property" presentation and local area banners on our portal and property alerts, are bought separately from the contractual listing fee.

As previously stated, the Group has continued to evaluate opportunities to acquire or partner with businesses, particularly in the area of property technology, which can offer solutions to current business problems faced by its customers.

In December 2019 we announced that OnTheMarket had made a strategic investment for a 20% share in Glanty Ltd ("Glanty"), the owner and developer of 'teclet', an automated portal for the lettings industry, designed to reduce overheads and maximise efficiencies for lettings agents. OnTheMarket also agreed an option to acquire the remaining 80% of Glanty. OnTheMarket intends to work with Glanty with a view to offering 'teclet' and potentially further technology solutions to its customers.

Teclet: automated portal for the lettings industry

Litigation update

Following the judgement in the Group's favour issued by the Competition Appeal Tribunal at the Court of Appeal in January 2019, the Group received payment in July 2019 of a further £1.1m in respect of cost recoveries relating to the litigation between Agents' Mutual and Gascoigne Halman and Connells Limited.

I am pleased to report that in March 2020 we announced that an out of court settlement had been concluded between Agents' Mutual and Gascoigne Halman and Connells Limited. The agreement, the terms of which are confidential, ends all litigation proceedings between the parties.

Post period end developments

The UK agency market was under considerable pressure during much of the year to 31 January 2020 from the uncertainty caused by a number of economic and political factors.

However, the housing market responded positively with a so-called "Boris Bounce" to the result of UK general election in December 2019 and to the removal of some of the Brexit uncertainty with the UK's exit from the EU on 31 January 2020.

Trading in February and the first half of March was in line with the Group's expectations. However, the COVID-19 pandemic and the government's self-isolation and social distancing restrictions had an immediate and substantial impact on the ability of estate and lettings agents to run their business. During the lockdown, transactions in the property market were largely suspended.

To mitigate the impact, the Company announced a series of measures to provide value and support to agents, to safeguard jobs within the Group and to conserve cash. These measures included:

- a 33% discount of fees to agents for 3 months from April 2020. This reduces the cash flow pressure facing agents and is being given to all OnTheMarket agent customers on full-tariff listing agreements;
- selective furloughing of staff under the Coronavirus Job Retention Scheme, whilst maintaining the Company's core operational service levels, sales and IT capacity;

- a voluntary waiver of 20% of remuneration for 3 months by the Board, the executive management and the majority of other employees who continued to work remotely;
- a reduction in temporary and sub-contracted IT workers;
- the curtailment of discretionary marketing; and
- agreements with trade creditors and with HMRC to defer payments due.

The measures the Group took were designed to allow revenues to cover ongoing costs, whilst rescheduling certain creditor payments to conserve cash in the short-term so as to enable the Group to provide its agent support measures.

In the short-term, revenues will be reduced by the discount the Group offered to its paying, full-tariff customers. In addition, the impact of the crisis on our customers and potential customers has understandably curtailed customer recruitment and slowed the ongoing conversion of customers onto paying contracts.

The objective of the mitigating actions was to conserve cash, through managing future expenditure commitments to be lower than anticipated revenues, until there was greater clarity on the full impact of COVID-19. These actions seek to position the Group to be able to invest once more in business growth once underlying property markets recover.

Cash position

As at 31 May 2020, the Group had cash of £8.8m and, excluding deferred creditor payments of £2.3m, no borrowings. The Directors have prepared and reviewed cash forecasts and projections for the Group for the next 12 months in light of the potential ramifications for Group revenues due to the COVID-19 crisis, among other factors. They have also conducted sensitivity analyses and considered scenarios where the impact on future revenues is more significant and more sustained than currently experienced or anticipated, together with the mitigating actions they may take in such circumstances.

Based upon these analyses, the Directors have a reasonable expectation that the Group has adequate financial resources to continue its operations for the foreseeable future.

Outlook

The impact of COVID-19 has given rise to a challenging operating environment for our customers and for ourselves. We acted quickly and decisively to ensure the safety and wellbeing of our colleagues. We have also taken measures we believe are necessary to weather the immediate crisis and to position us to come through ready to deliver a market-leading, fairly priced portal for the benefit of our customers and shareholders.

As a result of the ongoing uncertainty, it remains too early to give guidance on the full potential impact of COVID-19 on the Group. Whilst the government has relaxed restrictions to allow property transactions to complete, it is too early to assess the full impact of changes in consumer behaviour. Our financial guidance therefore remains suspended until greater clarity exists.

For property portals, agents provide the core content required for success. Notwithstanding the current uncertainties, we believe the property market will recover, as demand for houses continues to outstrip supply. As it does, with our differentiated proposition through majority agent ownership, and with the continued support of agents, we believe we are well placed to enjoy growth and to deliver long-term value to all our shareholders, agents and financial investors.

One constant during the current crisis has been the dedication, professionalism and commitment of my colleagues. I am especially grateful to them for the support they have given to the Company and to me during these times of unprecedented challenges. It is a privilege to make this report on their behalf and their talent and attitude bode extremely well for the future of the Group.

Clive Beattie
Acting Chief Executive Officer

10 June 2020

Financial Review and Key Performance Indicators

During the year ended 31 January 2020 the Group's primary focus was on converting to paying contracts those agents who joined initially under free, short-term introductory trial offers.

In the second half, the Group also began listing the properties and development sites of housebuilders, a key customer target market.

As a result, we saw an increase in revenues and an increase in advertisers listing at OnTheMarket.com.

The Group delivered revenue of £18.8m in the year ended 31 January 2020, a 32% increase (2019: £14.2m), and an adjusted operating loss of £9.2m (2019: £13.6m).

At 31 January 2020, the Group had net cash of £8.7m (2019: £15.7m). It had £8.8m of net cash at 31 May 2020 and, excluding deferred creditor payments of £2.3m, no borrowings.

The reported operating loss of the Group was £11.7m (2019: £14.5m) and is further analysed as follows:

Group operational KPIs were as follows:

- average monthly ARPA £122 (2019: £130);
- average branches listing during the year 12,497 (2019: 9,460);
- total visits 237.0m (2019: 158.9m); and
- total advertisers (estate and letting agent branches and new homes developments) at 31 January 2020 were 13,364 (12,470 and 894 respectively) (2019: 11,946 and nil respectively)

The Group's financial performance is presented in the Consolidated Income Statement on page 33. The loss for the year attributable to the owners of the Group was £11.5m (2019: £14.5m).

Administrative expenses in 2020 were £28.0m (2019: £27.8m), consisting primarily of staff costs and marketing expenditure. Marketing expenditure was £12.0m (2019: £14.9m), whilst staff costs (including temporary workers and consultants) increased to £11.9m (2019: £8.8m).

Reconciliation of operating loss to adjusted operating loss:	**2020 £'000**	2019 £'000
Operating loss	(11,688)	(14,544)
Adjustments for:		
Share-based management incentives (note 22)	355	(257)
Professional fees (note 6)	1,233	597
Share-based agent recruitment charges (note 6)	921	565
Adjusted operating loss	**(9,179)**	**(13,639)**

The loss per share in the year was 17.99p (2019: 24.02p).

Professional fees of £1.3m (net of costs of £1.1m awarded) were incurred in the year (2019: £0.6m net of costs of £0.2m awarded), predominantly in relation to the litigation with Gascoigne Halman Limited (see note 6).

An agent recruitment charge of £0.9m (2019: £0.6m) was incurred in relation to share-based charges arising on the issue of shares to certain new and existing agents following them having earlier signed new long-term listing agreements to advertise all of their UK residential sales and letting properties at OnTheMarket.com.

During the year there arose a non-cash charge of £0.4m in relation to share option awards made to employees (2019: non-cash credit of £0.3m). Further details on options awarded, exercised and forfeited are set out in note 22.

Receivables increased to £6.1m as at 31 January 2020 (2019: £3.3m), mainly as a result of prepayments recognised for agent shares issued. Details on the accounting treatment are set out in note 2.18.

Trade and other payables as at the year-end increased to £6.8m (2019: £4.7m) mainly as a result of an increase in listing fees billed in advance, an increase in trade payables, including payables resulting from work related to the now settled litigation, and the deferred consideration due following the Company's investment in Glanty Limited.

In December 2019, the Group made an investment of £1.0m (including capitalised costs of acquisition) for a 20% share in Glanty Limited, the owner and developer of an automated portal for the lettings industry called "teclet". This has been recognised as an investment in an associate (see note 17). The arrangements also give the Group a call option to acquire the remaining 80% which expires on 23 March 2021, as well as a put option to sell the 20% to an existing shareholder in Glanty Limited for £0.8m.

Alongside the investment, the Group raised £3.4m gross by way of a placing of new ordinary shares to investors.

Intangible assets increased to £4.7m (2019: £3.9m), due to the capitalisation of staff and consultant costs incurred in the ongoing development of OnTheMarket.com.

Following the implementation of IFRS 16, the Group recognised a right-of-use asset of £0.4m (2019: £nil) in relation to its leased motor vehicles. A depreciation charge of £0.2m (2019: £nil) was recognised in the income statement for FY20 (see notes 2.5 and 14).

At the end of the year, the Statement of Financial Position showed total assets of £21.0m (2019: £23.0m) and total equity of £13.0m (2019: £17.3m).

During the year the Group had a number of customers who continued not to pay their contractually committed listing fees, the majority under contracts that expired on 25 January 2020. The majority of these had chosen to breach the One Other Portal rule in their listing agreements and their properties were removed from the portal some time ago. Under IFRS 15 these amounts are not recognised as revenues. The Company continues to engage with these customers and to seek either payment of fees outstanding or to reach a compromise position such that historic debts are held in abeyance and potentially waived in the future in return for entering, and honouring, a new long-term listing agreement with the Company. As at 31 January 2020, net unrecovered cash amounted to approximately £5.2m (2019: £6.8m).

Key Performance Indicators

ARPA
(2019: £130)

£122

Total advertisers
(estate and letting agent branches and new homes developments)

13,364

Visits to OnTheMarket.com
(2019: 158.9m)

237.0m

Average branches listing
(2019: 9,460)

12,497

Risk Management and Principal Risks

The Board assumes responsibility for risk management and the effective and appropriate delegation of responsibilities in this regard. Risks and risk management are subject to regular review by the Board.

The key risks, other than financial risks discussed in note 20, that the Group is exposed to include:

Risk	Description	Monitoring and mitigation
Commercial		
COVID-19	The coronavirus crisis has led to the introduction of restrictions on movements and physical interaction. As a consequence, the ability of property professionals and consumers to undertake routine property visits and transactions has been considerably curtailed. Whilst the UK government has introduced financial support measures, the impact on our customers' revenues has been substantial. Although the restrictions have been partially relaxed, it is too early to say what the full consequences for the UK property market may be. Some agents may be unwilling or unable to pay fees to the Group, which may make it difficult for the Group to maintain or grow its revenues. Furthermore, it is uncertain whether there will be a recurrence of the COVID-19 pandemic, with restrictions re-imposed at a future date.	• Regular management and Board meetings to discuss and implement appropriate responses in a rapidly changing environment. • Offering customers discounts to help protect their businesses. • Offering competitive pricing and value for money to provide a lower cost marketing channel to customers in these extremely challenging circumstances. • Offering new contracts to agents alongside share offers to grow our agent shareholder base and allow the agency industry to support its portal. • Use of UK government financial support packages, including the Coronavirus Job Retention Scheme and the deferral of tax payments. • Curtailing costs in the short term, including discretionary marketing expenditure, seeking to conserve cash, maintain future expenditure commitments to be lower than anticipated revenues and enable the Group to weather the crisis.
Competitive portal industry	The UK property portal market includes large, established and well-resourced competitors, as well as new and potential new entrants looking to disrupt the market with new and evolving business models. Competition from these, or the reversal in trends such as the move to online digital advertising, may impact the Group's ability to retain its customers or to win new customers.	• Offering competitive pricing and value for money. • Strengthening the brand and profile of OnTheMarket.com and increasing consumer traffic through marketing spend to provide increasing value to customers. • Maintaining strong agent support through shareholdings, fair pricing and developing new and value-added products and services.
Changes to the UK residential property market	The Group derives its revenues from the UK residential property market, and the Group's principal business is to derive revenues from customers, which include estate agents, letting agents and new homes developers, who pay listing fees to market their property listings and services on the Group's online portal OnTheMarket.com. As such, the Group may be adversely affected by factors outside its control, which may reduce the advertising spend of its customers, and/or by changes in the United Kingdom's residential property market, which may cause a lower volume of property transactions and/or a lower number of estate agents, letting agents and new home developers seeking to use the Group's services.	• Offering competitive pricing and value for money to provide a lower cost marketing channel to customers if their markets and revenues are weak. • Adopting revenue models that do not depend directly on volumes or prices in the underlying customer markets. • Strengthening the brand and profile of OnTheMarket.com and increasing consumer traffic through marketing spend to provide increasing value to customers.

Risk	Description	Monitoring and mitigation
Commercial		
Conversion of agents to paying contracts	The Group's strategy is to convert those agents who initially joined under short-term introductory trial offers to paying contracts and, over time, to full-tariff contracts, when the value of the offering has been demonstrated. The Group may be unable to convert agents to full-tariff contracts in the numbers or at the speed it wishes due to a range of factors, which may reduce revenues and customer numbers.	• Continuing to invest in marketing and people to provide a first-class portal service to property-advertising customers and the property-seeking public. • The commitment to charging property advertisers sustainably fair prices. • Monitoring and developing the value of the offering to property-advertising customers, seeking to increase leads through investment in marketing, increasing the number of properties listed on the portal and widening distribution channels. • Developing new products and services to offer greater value to property-advertising customers.
Recruitment of agents as share-holders	The Group's policy of issuing shares to estate agents alongside new listing agreements to generate a significant and dispersed share-owning estate agency paying customer base may not be successful or may give rise to greater than anticipated dilution.	• Investment in marketing and growth in traffic to the OnTheMarket.com portal provides reassurance on value for money to paying customers. • Growth in agents listing underpins the longer-term success of OnTheMarket.com. • Offering competitive pricing to provide an incentive for agents to support the Company's longer-term success.
Reputational		
Brand strength	A strong brand and reputation are vital to the Group's growth strategies. Brand strength and awareness are important to drive end user traffic to OnTheMarket.com which in turn should underpin the retention and recruitment of advertising customers. Any damage to the Group's brand might reduce traffic and deter customers from joining or from renewing contracts.	• Investment in brand development through marketing spend. • Regular risk review and oversight from the Board and senior management. • Instilling a culture based on ethical behaviour and commitment to the customer and website users throughout the workforce.
Human resources		
COVID-19	Employees may be affected by COVID-19 and either fall ill themselves or be unable to work whilst caring for others.	• Prioritising the health and safety of our colleagues. • Permitting home working to restrict travel and facilitate self-isolation. • Implementing suitable health and safety procedures and providing PPE once it is appropriate to ask employees to return to the office. • Allowing all, and particularly those who are in more vulnerable categories, to work remotely for an extended period.
Employees	The Group's operations are dependent on the experience, skills and knowledge of its executive officers and on its ability to attract and retain talented employees. Should key employees leave the Group, or should the Group be unable to recruit new staff with the required capabilities, it may be unable to deliver its strategy for growth.	• Instilling a strong team culture within the Group. • Management has significant experience in building teams and integrating new team members. • Providing competitive compensation packages, which vest over time to encourage retention.

Risk	Description	Monitoring and mitigation
IT/Data		
Security breaches	The Group's information technology systems may be impacted by breaches of security or may fail, or the transmission of property listings data from agents may be disrupted or impaired, with material negative consequences for the Group.	• Maintenance of up to date security measures and regular review. • Regular security testing of IT systems. • Provision of appropriate staff training and access levels. • Testing of builds against the latest web app security threats.
Data	The Group processes personal data as part of its business. There is a risk that this data could become public if there were a security breach at the Group or third party service providers in respect of such data and the Group could face liability under data protection laws.	• All infrastructure, devices and laptops that touch personal data are encrypted in transit and at rest. • The Company's email and document storage are encrypted in transit and at rest. • Personal information is anonymised and pseudonymised where reasonably needed. • Staff are trained on handling personal information.
The General Data Protection Regulation ("GDPR")	GDPR came into force on 25 May 2018. Failure to comply with GDPR could result in the Group being liable under GDPR, including for fines.	• OnTheMarket has policies, procedures, and security in place to protect personal data in accordance with applicable data protection laws, including GDPR. • OnTheMarket has an ongoing programme of security by design.
Economic		
Recession	The full implications of COVID-19 on the state of the UK economy are as yet unknown. Political factors such as trade negotiations following Brexit may also give rise to adverse economic impacts.	• Regular management and Board meetings to discuss and implement appropriate responses to any changes. • Offering competitive pricing and value for money to provide a lower cost marketing channel to customers if their markets are weak.

s172 Statement

The Board has a duty under s172 of the Companies Act 2006 to promote the success of the Company for the benefit of its members as a whole. All decisions are made with this objective and the Board considers the long-term implications of its actions.

The Group has a continuous stakeholder engagement programme in which both Executive and Non-Executive Directors participate to ensure the Board is aware of stakeholder interests.

The Group believes its employees are its greatest asset and it seeks to establish policies that provide a working environment that is safe, enjoyable and rewarding.

Critical to the success of the Group is its long-term relationship with agents and new homes developers as they represent our suppliers and customers, as well as being in many cases our shareholders. The Board believes the decisions it has made have been appropriate both to support these stakeholders and to foster stronger, long-term relationships with them.

The Group is mindful of its role within its local communities and seeks to minimise the impact of its operations on the environment and to be a good neighbour.

The reputation of the Group and its brand image are considered by the Board to be critical to its success. As such the Board promotes a culture and workplace that demonstrate integrity and where all employees are encouraged to perform in line with best business practices.

Overall, in considering and taking decisions the Board seeks to act in the best interests of the business and all its stakeholders, treating all members fairly.

On behalf of the Board

Clive Beattie
Acting Chief Executive Officer

10 June 2020

"Being majority agent-owned, our interests and those of our agent customers are one and the same."

Governance

Board of Directors

year ended 31 January 2020

Christopher Bell

Non-Executive Chairman

Chris joined OnTheMarket as its Non-Executive Chairman in October 2017 as the Group prepared for its proposed placing and admission to AIM. He has considerable listed board experience across a range of sectors. Chris has, since 2015, been Senior Independent Director for The Rank Group Plc, where he also serves on the Audit Committee, the Nominations Committee, the Remuneration Committee and the Responsible Gambling Committee.

As Non-Executive Chairman of three other AIM-listed companies, he took both XL Media plc and TechFinancials, Inc to market and has since May 2018 chaired Team17 Group plc. He resigned from TechFinancials, Inc in March 2020.

Christopher joined Ladbroke Group plc in 1991, becoming Managing Director of its Racing Division in 1995. In 2000, he became Chief Executive of Ladbrokes Worldwide and joined the Board of the rebranded Hilton Group plc, becoming Chief Executive of Ladbrokes plc, following the sale of the Hilton International Hotel division, until 2010. He has also served as Non-Executive Director at Spirit Pub Company plc (from 2011 to 2015) and as Senior Independent Director at Quintain Estates and Development plc (from 2010 to 2015). Prior to joining Ladbrokes plc (formerly Hilton Group plc and Ladbrokes Group plc), Christopher held senior marketing positions at Allied Lyons plc.

Clive Beattie

Chief Financial Officer and Acting Chief Executive Officer

Clive joined the business in March 2017. Having qualified as a chartered accountant with PriceWaterhouse he spent 12 years working in investment banking with UBS before working six years at ThruVision, a security technology business, initially as CFO and then also as CEO. Clive then spent three years as CEO/CFO at Croft Associates, a business specialising in containers for the transport and disposal of radioactive materials.

Helen Whiteley

Commercial Director

Helen joined Agents' Mutual in August 2013, having previously been Sales & Marketing Director and part of the founding management team at PrimeLocation.com. Helen began her career at Citibank and later joined Lombard Bank, where, as Marketing Director, she developed the Lombard Direct brand with national TV, press and direct marketing campaigns to achieve a market-leading position. Helen has been central to the planning, development and growth of OnTheMarket.com, with responsibility for sales, member relations and marketing.

Ian Francis

Non-Executive Director

Ian joined OnTheMarket as a Non-Executive Director in October 2017 as the Company prepared for its proposed placing and admission to AIM. Ian has extensive listed board experience both from his executive career as a senior audit partner with Ernst & Young and from his subsequent roles. He served as Independent Non-Executive Director at Southern Water from September 2018 to February 2019.

He was appointed to the board of Paysafe Group plc (previously Optimal Payments plc) in 2010 as a Non-Executive Director and served as Chairman of the Audit Committee until its sale in December 2017.

He also served, from 2009 to 2014, as a Non-Executive Director of Umeme Limited, the privatised national power distribution company of Uganda, which was listed on the Uganda and Nairobi Securities Exchanges in 2012. Ian established and chaired Umeme's Audit Committee.

Prior to this, he was a senior audit partner with Ernst & Young London until 2009, specialising in FTSE-listed and multinational companies.

Ian is also an active mentor at Board Mentoring, supporting executive and non-executive directors stepping into new situations and roles.

Rupert Sebag-Montefiore

Non-Executive Director

Rupert joined OnTheMarket as a Non-Executive Director in February 2020. Rupert has extensive Board experience at both listed and private companies. He is currently a Non-Executive Director at Clarion Housing Association (the UK's largest housing association) and Pigeon Land Limited (a development land promotion company). Prior to this he was on the Savills plc main Board, followed by the Group Executive Board, for 21 years. His roles included CEO of Savills' principal UK subsidiary for 12 years and Head of Global Residential.

He has also previously served as Non-Executive Chairman of Fastcrop plc, which operated the property web portal PrimeLocation, as Non-Executive Director of Adventis, a marketing company, during its flotation on AIM, and as Chairman of the Finance Committee for a university. Rupert now sits on a number of external investment committees, including Christ Church College at the University of Oxford, is a Trustee of the Orchestra of the Age of Enlightenment and chairs the property companies for the private office of a European family.

Directors' Report

year ended 31 January 2020

The Directors present their report together with the financial statements for the year ended 31 January 2020.

Principal activities

The principal activity of OnTheMarket plc (the "Company") during the period was that of a holding company. The principal activity of the subsidiaries (which together with the Company form the "Group") in the year under review was that of providing online property portal services to businesses in the estate and lettings agency industry under the trading name of OnTheMarket.com. In operating the OnTheMarket.com website and associated apps, the Group seeks to provide the best online advertising environment for agents to showcase their clients' properties and the best property search experience for property-seeking consumers.

The Directors consider the principal place of business to be 2-6 Boundary Row, London SE1 8HP.

Results and dividends

An analysis of the Group's performance is contained within the Strategic Report. The Group's income statement is set out on page 33 and shows the result for the year.

No dividends were proposed or paid (2019: £nil) to the holders of ordinary shares during the year.

Directors

The Directors who held office during the year or up to the date of signature of the financial statements were as follows:

- Clive Beattie
- Ian Springett (resigned 9 March 2020)
- Helen Whiteley
- Christopher Bell
- Ian Francis
- Rupert Sebag-Montefiore (appointed 27 February 2020)

Political and charitable donations

The Group made no charitable donations during the year (2019: £nil).

Directors' interests

The present membership of the Board, together with biographies of each Director, is set out on page 19.

All of these Directors served during the year, save for Rupert Sebag-Montefiore, who was appointed on 27 February 2020. Directors' interests in shares in the Company are set out in the Directors' Remuneration Report.

Directors' third party indemnity provisions

The Group maintains appropriate insurance to cover directors' and officers' liability. The Group provides an indemnity in respect of all the Group's directors. Neither the insurance nor the indemnity provides cover where the Director has acted fraudulently or dishonestly.

Employees

The Group believes in valuing a diverse workforce. It is our policy to provide employment equality to all, irrespective of: gender, sexual orientation, race, ethnic or national origins, nationality, colour, disability, gender reassignment, religion or belief, marriage or civil partnership, pregnancy and maternity or age. All job applicants, employees and others who work for us will be treated fairly and will not be discriminated against on any of the above grounds.

Going concern

The Group made a loss after tax for the year of £11.5m (2019: £14.5m) and as at 31 January 2020 the Group had a net cash balance of £8.7m (2019: £15.7m). At 31 May 2020, the Group had a net cash balance of £8.8m and, excluding deferred creditor payments of £2.3m, no borrowings.

In March 2020, the Group took actions to reduce costs and conserve cash in light of the actual and anticipated impact of the coronavirus crisis. Short-term revenues were reduced by a discount the Group offered to its paying, full-tariff customers. Further details on this and the corresponding actions taken to reduce costs are set out in the Acting Chief Executive Officer's Report. The objective of those actions was to conserve cash through managing future expenditure commitments to be lower than anticipated revenues, until there was greater clarity on the full impact of COVID-19. Cash management has to date met internal expectations.

The Directors have prepared and reviewed cash forecasts and projections for the Group for the next 12 months in light of the potential ramifications for Group revenues due to the COVID-19 crisis, among other factors. They have also conducted sensitivity analyses and considered scenarios where the impact on future revenues is more significant and more sustained than currently experienced or anticipated, together with the mitigating actions they may take in such circumstances, such as a reduction in budgeted discretionary expenditure, a significant proportion of which relates to advertising and marketing cost that can be reduced materially at short notice.

Based upon these projections and analyses the Directors have a reasonable expectation that the Group has adequate financial resources to continue its operations for the foreseeable future and to be able to meet its debts as and when they fall due.

In the light of this, the Directors consider the going concern basis to be appropriate to the preparation of these financial statements.

Future developments

The Directors have discussed the future developments for the business within the Outlook section of the Strategic Report on page 11, in accordance with Section 414C of the Companies Act 2006.

Financial instruments

The Group’s risk management policies in relation to financial instruments are set out in note 20 to these Consolidated Financial Statements.

Independent auditors

A resolution to reappoint RSM UK Audit LLP, Chartered Accountants, as auditor will be put to the shareholders at the annual general meeting.

Research and development

The Group undertakes research and development activity in order to develop new products and services and to continually improve the OnTheMarket.com portal. Further details are disclosed in note 2.9 to these Consolidated Financial Statements.

Post Balance Sheet Events

Details of significant events since 31 January 2020 are disclosed in note 27 to these Consolidated Financial Statements.

Statement of disclosure to auditors

We, the Directors of the Company and Group, who held office at the date of the approval of these Consolidated Financial Statements as set out above, each confirm so far as we are aware, that:

- there is no relevant audit information of which the Group’s auditor is unaware; and
- we have taken all the steps that we ought to have taken as Directors in order to make ourselves aware of any relevant audit information and to establish that the Group’s auditor is aware of that information.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company’s website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

On behalf of the Board

Clive Beattie
Acting Chief Executive Officer

10 June 2020

Corporate Governance Statement

year ended 31 January 2020

The Board is committed to effective and robust corporate governance and continues to progress and embed the Company's corporate governance procedures.

The Board has agreed to apply the QCA Code without any significant deviations. The disclosures required by the QCA Code can be found at the company's website, https://plc.onthemarket.com. The QCA Code is available from the QCA website, www.theqca.com.

The Board

The full biographies of the Directors can be found on page 19. At the date of this report, the Board comprises two Executive Directors and three Non-Executive Directors, one of whom is the Non-Executive Chairman.

- Christopher Bell – Non-Executive Chairman
  Joined October 2017
- Clive Beattie – Chief Financial Officer and Acting Chief Executive Officer
  Joined July 2017
- Helen Whiteley – Commercial Director
  Joined July 2017
- Ian Francis – Non-Executive Director
  Joined October 2017
- Rupert Sebag-Montefiore -–Non-Executive Director
  Joined February 2020

The Chairman and the Chief Executive Officer or Acting Chief Executive Officer have separate and clearly defined roles. The Chairman is responsible for overseeing the Board and the Chief Executive Officer or Acting Chief Executive Officer is responsible for implementing the stated strategy of the Company and for its operational performance.

Clive Beattie is currently Chief Financial Officer and Acting Chief Executive Officer following the departure of the previous Chief Executive Officer in March 2020. The Board has appointed Korn Ferry, a leading executive search consultancy, to conduct a formal recruitment process to appoint a permanent Chief Executive Officer. It is the intention of the Board to separate the roles of Chief Financial Officer and Chief Executive Officer as soon as practicable.

The Chairman is committed to ensuring that the Board comprises sufficient Non-Executive Directors to establish an independent oversight which is challenging and constructive in its operation. The Board believes that the Non-Executive Directors are of sufficient experience and quality to bring an expert and objective dimension to the Board. The Company ensures that the Non-Executive Directors are enabled to call on specialist external advice where necessary.

Directors are expected to attend Board and Committee meetings and to devote enough time to the Company and its business in order to fulfil their duties as Directors.

Non-Executive Directors/Board independence

The Company has three independent Non-Executive Directors, Christopher Bell (Non-Executive Chairman), Ian Francis and Rupert Sebag-Montefiore, who provide an important contribution to its strategic development.

The Non-Executive Chairman acquired 30,303 shares in the Company in the placing which occurred on 9 February 2018 and 10,000 shares in the placing which occurred on 23 December 2019. However, due to the small size of this shareholding, the Directors do not consider that this impacts on the Chairman's independence.

Board meetings

The Board meets on a regular basis throughout the calendar year and as required on an ad hoc basis with a mandate to consider strategy, operational and financial performance and internal controls. In advance of each meeting, the Chairman sets the agenda, with the assistance of the Company Secretary. Directors are provided with appropriate and timely information, including board papers distributed in advance of the meetings. Those papers include reports from the executive team and other operational heads.

The Company Secretary produces full minutes of each meeting, including a log of actions to be taken. The Chairman then follows up on each action at the next meeting, or before if appropriate.

		Board		Committee			
Director	Position	Max possible attendance	Meetings attended	Nomination	Audit	Remuneration	Agent Recruitment
Christopher Bell	Non -Executive Chairman	11	11	2	2	2	4
Ian Francis	Non-Executive Director	11	11	2	2	2	4
Ian Springett*	Chief Executive Officer	11	11	2			4
Clive Beattie	Chief Financial Officer	11	11				4
Helen Whiteley	Commercial Director	11	10				4

*Resigned 9 March 2020

Matters reserved for the Board

Matters reserved for the decision of the Board include:

- Strategy and management
- Structure and capital
- Financial reporting and controls
- Risk management and internal controls
- Bank facilities, guarantees and indemnities
- Communication with shareholders
- Board membership and other appointments
- Remuneration, employee benefits and employee issues
- Delegation of authority
- Corporate governance matters
- Policies

Committees

The Board has in place Audit, Nomination and Remuneration Committees, which comply with the stated terms of reference for each committee. The Company also has an Agent Recruitment Committee. The Directors' Remuneration Report can be found on pages 25-26.

The Remuneration Committee

The Remuneration Committee is chaired by Rupert Sebag-Montefiore and Christopher Bell and Ian Francis are the other members. Meetings are held at least once a year. The Remuneration Committee is responsible for advising on the remuneration policy for Directors and Senior Management only.

The Remuneration Committee has responsibility for determining, within agreed terms of reference, the Group's policy on the remuneration of senior executives and specific remuneration packages for Executive Directors, including pension payments and compensation rights.

It is also responsible for making recommendations for grants of options to Directors and senior management under the Group's share-based plans.

The remuneration of Non-Executive Directors is a matter for the Board. No Director may be involved in any discussions as to their own remuneration. Details of the level and composition of the Directors' remuneration are disclosed in the Directors' remuneration report.

The Audit Committee

Ian Francis chairs the Audit Committee and Christopher Bell and Rupert Sebag-Montefiore are the other members. The Audit Committee meets at least twice a year.

The Audit Committee has the primary responsibility for ensuring that the financial performance of the Group is properly measured, reported on and monitored.

The Audit Committee makes recommendations to the Board on the appointment, re-appointment and removal of the external auditor. In making the recommendation on the annual re-appointment of the external auditor, it monitors the relationship to assess independence, objectivity and cost effectiveness of the external auditor. It is responsible for ensuring that an appropriate relationship between the Group and the external auditors is maintained, including reviewing non-audit services and fees.

The Nomination Committee

Christopher Bell chairs the Nomination Committee. Ian Francis and Rupert Sebag-Montefiore are the other members of this committee.

Nomination Committee meetings are held as required and provide a formal and transparent procedure to the appointments of new directors to the Board.

The Agent Recruitment Committee

The Board has also established an Agent Recruitment Committee, comprising any one of the Non-Executive Directors and any two Executive Directors, in order to ensure that there is appropriate oversight of any issues of Agent Recruitment Shares. The Agent Recruitment Committee approves the Group strategy in relation to share issues to agents, approves guidelines for such share issues and is required to pre-approve issues to agents over a certain threshold.

Election and re-election of the Directors

Following his appointment to the Board on 27 February 2020, Rupert Sebag-Montefiore retires and is standing for election to the Board.

All of the Directors retired and were re-elected at the Company's annual general meeting in July 2018. Accordingly none are retiring and standing for re-election at this year's annual general meeting.

Support for Directors

Each Director has access to the advice and support of the Company Secretary, who ensures compliance with the Board's procedures and advice as to applicable rules and regulations. The Company also provides professional training for the Directors where necessary (at the Company's expense).

Internal control

The Board is ultimately responsible for maintaining the Company's risk framework system of internal control and for reviewing the effectiveness of such system. No system can be perfect but the Board considers the Company's systems manage risks appropriately in order that the Company can achieve its business objectives.

Board evaluation

The focus of Board activity is on the review of progress being achieved by the management team against a clearly expressed growth strategy with published KPIs which are well understood by stakeholders. The Board has established a Remuneration Committee comprising the Non-Executive Directors which meets at least once in each calendar year. This committee, in the course of its work, reviews the performance of individual Directors and senior managers and the workings of the Board and its committees, in consultation with the Chief Executive Officer or Acting Chief Executive Officer. The committee is also the primary forum within which Board development is discussed. The Nomination Committee, comprising the Non-Executive Directors, is the formal decision-making body in relation to Board appointments, composition and resourcing. The Nomination Committee meets as required.

The Chairman takes overall responsibility for evaluation of the Board and its progress against its stated strategy.

Corporate culture

The Board places significant importance on the promotion of ethical values and good behaviour within the Company and takes ultimate responsibility for ensuring that these are promoted and maintained throughout the organisation and that they guide the Company's business objectives and strategy.

The central role that sound ethical values and behaviour play within the Company is enshrined in the Employee Handbook, which promotes this culture through all aspects of the business, from initial recruitment and hiring to career advancement. The Employee Handbook also sets out the Company's requirements and policies on such matters as whistleblowing, communication and general conduct of employees.

Relations with shareholders

The Board considers it important to maintain an open dialogue with the Company's shareholders and to keep those shareholders fully informed of the strategy, operational developments and prospects.

The Company keeps investors informed of its progress through announcements and updates as to financial and operational matters.

The Company meets with shareholders on formal roadshows after publication of interim and preliminary final results and holds ad hoc meetings with shareholders during the course of the year.

Annual General Meeting

In light of the continuing uncertainty over the impact of COVID-19 on travel and group meetings, the AGM is planned to be held by way of a private virtual meeting on 30 July 2020, attended by company representatives only. The Notice of AGM, setting out the resolutions proposed, is contained in a separate document and is available on the Company's website https://plc.onthemarket.com/investors.

On behalf of the Board

Christopher Bell
Non-Executive Chairman
10 June 2020

Directors' Remuneration Report

year ended 31 January 2020

As an AIM listed company, the Company is not required to comply with Schedule 8 of the Companies Act. However, in accordance with AIM notice 36, the Company has provided, in the Directors' Remuneration Report, the necessary disclosure of the Directors' remuneration earned in respect of the financial year by each Director of the Company acting in such a capacity during the financial year. The Directors also feel it is appropriate to provide the following information to shareholders.

Remuneration Committee

The remuneration of each Executive Director is determined by the Remuneration Committee. It is chaired by Rupert Sebag-Montefiore and Christopher Bell and Ian Francis are its other members.

The Committee seeks input from the Chief Executive Officer or Acting Chief Executive Officer. The Committee refers to external evidence of pay and employment conditions in other companies and is free to seek advice from external advisers.

Policy on remuneration of Directors

The Remuneration Committee has responsibility for determining, within agreed terms of reference, the Group's policy on the remuneration of senior executives and specific remuneration packages for the Executive Directors, including pension payments and compensation rights. It is also responsible for making recommendations for grants of options under Company share option plans.

The remuneration of Non-Executive Directors is a matter for the Board. It consists of fees for their services in connection with Board and Committee meetings. No Director may be involved in any discussions as to their own remuneration.

The remuneration policy is designed to shape the Company's remuneration strategy for the future, ensuring that the structure and levels of executive remuneration continue to remain appropriate for the Company. The policy aims to:

- pay competitive salaries to aid recruitment, retention and motivation being reflective of the executive's experience and importance to the Group;
- pay annual bonuses to incentivise the delivery of stretching short-term business targets whilst maintaining an element of variability allowing flexible control of the cost base and being able to respond to market conditions; and
- provide long-term share incentive plans designed to incentivise long-term value creation, reward execution of strategy, align Directors' interests with the long-term interests of investors and promote retention.

The main remuneration components are:

Basic salary or fees

Basic salary or fees for each Director are determined taking into account the performance of the individual and information from independent sources on the rates of salary and fees for similar posts. The salaries and fees paid to Directors by the Group were £793k (2019: £793k).

There were no changes to the salaries of the Executive Directors or to the rates of fees for Non-Executive Directors during the year.

Bonus

The Company has a formal bonus scheme which was effective for the Executive Directors. No bonuses were paid to the Executive Directors by the Group (2019: nil).

Pensions

Contributions made to Directors' pensions in the year were £5k (2019: £3k).

Share incentive

No share options were issued to or exercised by the Directors during the period (2019: nil).

Company policy on contracts of service

The Executive Directors of the Company do not have a notice period in excess of 12 months under the terms of their service contracts. Their service contracts contain no provisions for pre-determined compensation on termination which exceeds 12 months' salary and benefits in kind. Non-Executive Directors do not have service contracts with the Company, but have letters of appointment which can be terminated on 3 months' notice.

Company policy on external appointments

The Company recognises that its Directors are likely to be invited to become non-executive directors of other companies and that exposure to such non-executive duties can broaden their experience and knowledge, which will benefit the Group. Executive and Non-Executive Directors are therefore, subject to approval of the Company's Board, allowed to accept non-executive appointments, as long as these are not with competing companies and are not likely to lead to conflicts of interest. Executive and Non-Executive Directors are allowed to retain the fees paid.

Directors' emoluments

The figures below represent emoluments earned by Directors from the Group during the financial year:

	Salary & fees £'000	Bonus £'000	**2020 Total £'000**	2019 Total £'000
Executive Directors:				
C Beattie	190	–	190	190
I Springett	250	–	250	250
H Whiteley	200	–	200	200
	640	–	**640**	640
Non-Executive Directors:				
C Bell	100	–	**100**	100
I Francis	53	–	**53**	53
	153	–	**153**	153
Total remuneration before pension contributions	793	–	**793**	793
Pension contributions	5	–	5	3
Total remuneration	798	–	798	796

Changes to Board members

There have been no changes to the board members in the year. Since the year-end, Rupert Sebag-Montefiore joined as a Non-Executive Director (27 February 2020) and Ian Springett resigned as a Director (9 March 2020).

Directors' interests

The interests of the Directors and their spouses in the shares of the Company were as follows:

OnTheMarket plc ordinary shares of £0.002:

	2020		2019	
	Shares No.	**Options No.**	Shares No.	Options No.
C Beattie	**30,303**	**151,515**	30,303	151,515
I Springett*	**96,969**	**3,466,367**	96,969	3,466,367
H Whiteley	**90,909**	**1,733,184**	90,909	1,733,184
C Bell	**44,588**	**–**	30,303	–
I Francis	**–**	**–**	–	–
	262,769	**5,351,066**	248,484	5,351,066

*Resigned 9 March 2020

No dividends were paid to the Directors during the year.

On behalf of the Board

Rupert Sebag-Montefiore

Non-Executive Director, Remuneration Committee Chairman

10 June 2020

Directors' Responsibilities Statement

year ended 31 January 2020

The Directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and Company financial statements for each financial year. Under that law, the Directors are required under the AIM rules of the London Stock Exchange to prepare the Group financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU"), and have elected under company law to prepare the Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 101: Reduced Disclosure Framework ("FRS 101").

The Group financial statements are required by law and IFRS adopted by the EU to present fairly the financial position and performance of the Group; the Companies Act 2006 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and Group and of the profit or loss of the Group for that period. In preparing each of the Group and Company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- for the group financial statements, state whether they have been prepared in accordance with IFRSs adopted by the EU; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's and Group's transactions and disclose with reasonable accuracy at any time the financial position of the Company and Group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the OnTheMarket plc website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent Auditor's Report to the Members of OnTheMarket plc

year ended 31 January 2020

Opinion

We have audited the financial statements of OnTheMarket plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 January 2020 which comprise the Consolidated Income Statement, Consolidated Statement of Financial Position, Company Statement of Financial Position, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 January 2020 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to SME listed entities and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter - uncertainty related to COVID-19

We draw attention to note 27 of the financial statements which describes the impact of COVID-19 on the Group's agents and its general business activities. Whilst this event has not impacted on the Group's financial performance for the year ended 31 January 2020 nor on its financial position as at 31 January 2020, the full timing and extent of the impact of and recovery from COVID-19 is uncertain and it will have an impact on the Group's future activities. The ultimate outcome of the matter cannot presently be determined, however, the financial statements at 31 January 2020 do not contain any adjustments for the post year-end effects of COVID-19. Our opinion is not modified in respect of this matter.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Summary of our audit approach

Key audit matters	**Group** • Going concern **Parent Company** • No key audit matters
Materiality	**Group** • Overall materiality: £592,000 (2019: £700,000) • Performance materiality: £444,000 (2019: £525,000) **Parent Company** • Overall materiality: £296,000 (2019: £354,000) • Performance materiality: £222,000 (2019: £266,000)
Scope	Our audit procedures covered 100% of revenue, total assets and loss before tax.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the group financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on the overall audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the group financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Going concern

Key audit matter description	As disclosed in note 27, subsequent to the year end the Group has been impacted by the Covid-19 pandemic. The impact on forecasted revenues from Covid-19 from agents, together with forecast non-discretionary expenditure, are the most significant assumptions in assessing the Group's ability to continue as a going concern. The calculations supporting the assessment require management to make subjective judgements. The calculations are based on estimates of future performance and are key to assessing the suitability of the basis adopted for the preparation of the financial statements. We have therefore spent significant audit effort, including the time of senior members of our audit team, in assessing the appropriateness of the going concern assumption.
How the matter was addressed in the audit	Our audit procedures included reviewing management's cash flow model and discussing the model with management. We confirmed the opening cash position in management's model and have held discussions with management in respect of the key assumptions. In particular we checked the current revenue run rate and reviewed forecast expenditure and performed our own sensitivity analysis to further challenge management's assumptions. We also challenged management's ability to be able to reduce discretionary expenditure at short notice if necessary.
Key observations	As a result of our work we concurred with management's view that it is appropriate that the group financial statements are prepared on a going concern basis. We are also satisfied that the disclosures in Note 2.4 made in respect of going concern are adequate.

Our application of materiality

When establishing our overall audit strategy, we set certain thresholds which help us to determine the nature, timing and extent of our audit procedures. When evaluating whether the effects of misstatements, both individually and on the financial statements as a whole, could reasonably influence the economic decisions of the users we take into account the qualitative nature and the size of the misstatements. Based on our professional judgement, we determined materiality as follows:

	Group	Parent company
Overall materiality	£592,000 (2019: £700,000)	£296,000 (2019: £354,000)
Basis for determining overall materiality	5% of loss before tax	1% of net assets
Rationale for benchmark applied	Loss before tax is considered to be the most useful financial information across stakeholders.	Net assets have been used on the basis the company does not trade. The percentage applied to the benchmark has been restricted for the purpose of calculating an appropriate component materiality.
Performance materiality	£444,000 (2019: £525,000)	£222,000 (2019: £266,000)
Basis for determining performance materiality	75% of overall materiality	75% of overall materiality
Reporting of misstatements to the Audit Committee	Misstatements in excess of £10,000 and misstatements below that threshold that, in our view, warranted reporting on qualitative grounds.	Misstatements in excess of £10,000 and misstatements below that threshold that, in our view, warranted reporting on qualitative grounds.

An overview of the scope of our audit

The group consists of 2 components, both of which are based in the UK. Full scope audits were performed on both components.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 27 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: http://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Colin Roberts
(Senior Statutory Auditor)

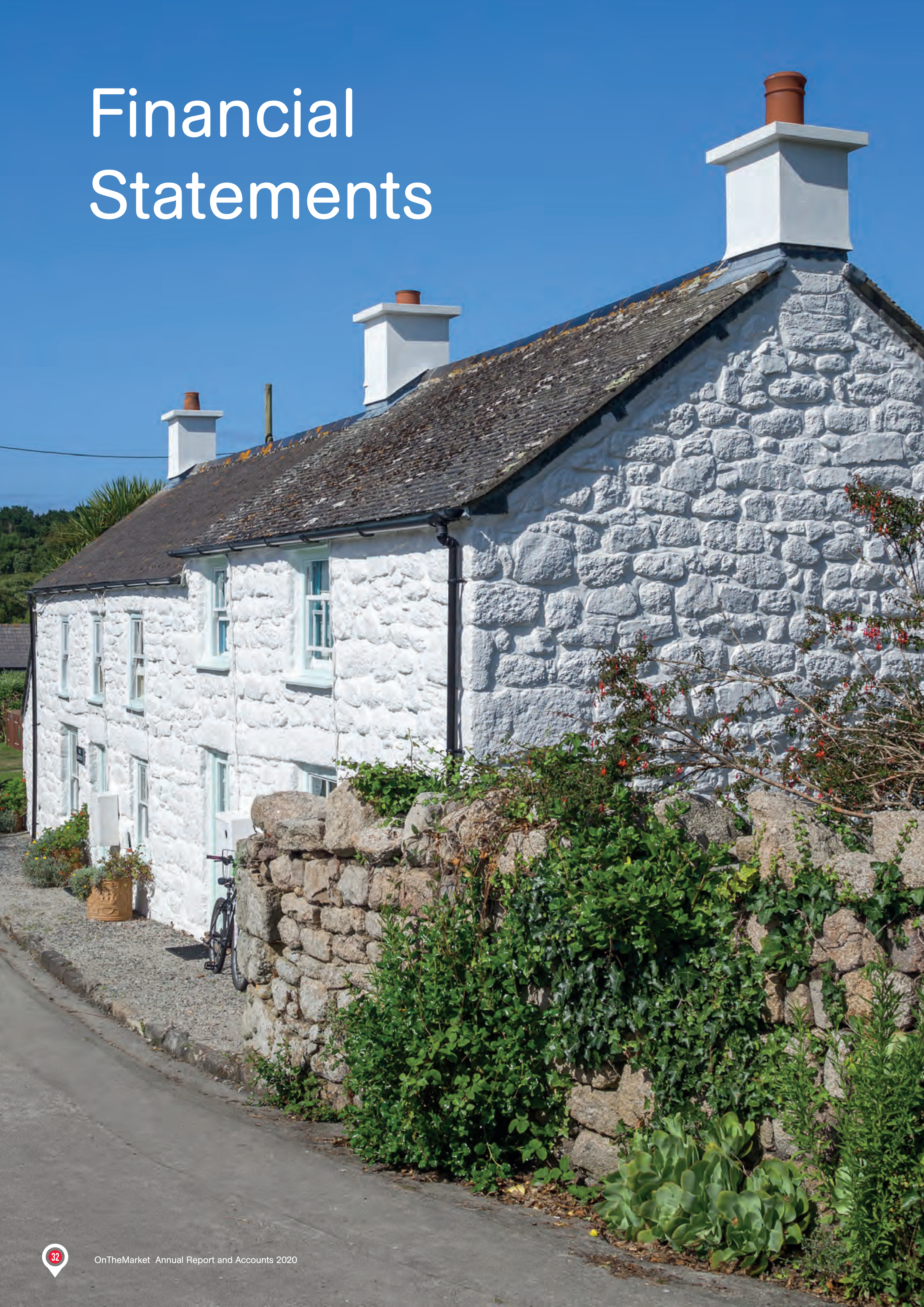
For and on behalf of RSM UK Audit LLP, Statutory Auditor

Chartered Accountants

Third Floor
One London Square
Cross Lanes
Guildford
Surrey
GU1 1UN

10 June 2020

Financial Statements



Consolidated Income Statement

year ended 31 January 2020

	Notes	2020 £'000	2019 £'000
Revenue	4	**18,810**	14,172
Administrative expenses	5	**(27,989)**	(27,811)
Operating loss before specific professional fees, share-based payments and non-recurring items		**(9,179)**	(13,639)
Specific professional fees, share-based payments and non-recurring items:			
Share-based management incentive	22	**(355)**	257
Professional fees net of compensation received	6	**(1,233)**	(597)
Share-based agent recruitment charges	6	**(921)**	(565)
Operating loss	7	**(11,688)**	(14,544)
Finance income	9	**45**	85
Finance expense	10	**(16)**	(35)
Loss before income tax		**(11,659)**	(14,494)
Income tax	11	**192**	(6)
Loss and total comprehensive income for the year attributable to owners of the parent		**(11,467)**	(14,500)
Loss per share from continuing operations		**Pence**	Pence
Basic and diluted	12	**(17.99)**	(24.02)

The operating loss arises from the Group's continuing operations.

There is no recognised income or expense for the year other than the loss shown above and therefore no separate statement of other comprehensive income has been presented.

The notes on pages 41 to 69 are an integral part of these consolidated financial statements.

Consolidated Statement of Financial Position

at 31 January 2020

Company Reg. No. 10887621

	Notes	2020 £'000	2019 £'000
ASSETS			
Non-current assets			
Property, plant and equipment	13	**127**	130
Right-of-use assets	14	**373**	–
Intangible assets	15	**4,697**	3,948
Investments in associates	17	**985**	–
		6,182	4,078
Current assets			
Trade and other receivables	18	**6,113**	3,286
Cash and cash equivalents		**8,685**	15,673
		14,798	18,959
TOTAL ASSETS		**20,980**	23,037
LIABILITIES			
Current liabilities			
Trade and other payables	19	**(6,814)**	(4,730)
Lease liabilities	14	**(200)**	–
Provisions	21	**(707)**	(776)
Current tax		**(7)**	(6)
		(7,728)	(5,512)
Non-current liabilities			
Lease liabilities	14	**(110)**	–
Provisions	21	**(101)**	(233)
		(211)	(233)
TOTAL LIABILITIES		**(7,939)**	(5,745)
NET ASSETS		**13,041**	17,292
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT			
Share capital	23	**140**	123
Share premium		**46,814**	40,698
Merger reserve		**(71)**	(71)
Other reserve		**701**	111
Retained earnings		**(34,543)**	(23,569)
TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT		**13,041**	17,292

The notes on pages 41 to 69 are an integral part of these consolidated financial statements.

These consolidated financial statements are approved by the Board of Directors and authorised for issue on 10 June 2020 and are signed on its behalf by:

Clive Beattie
Chief Financial Officer and Acting Chief Executive Officer

Company Statement of Financial Position

at 31 January 2020

Company Reg. No. 10887621

	Notes	2020 £'000	2019 £'000
ASSETS			
Non-current assets			
Investments in subsidiaries	16	**–**	–
Investments in associates	17	**985**	–
Current assets			
Trade and other receivables	18	**41,099**	28,221
Cash and cash equivalents		**7,062**	15,107
TOTAL ASSETS		**49,146**	43,328
LIABILITIES			
Current liabilities			
Trade and other payables	19	**(666)**	(222)
Current tax		**(7)**	(6)
TOTAL LIABILITIES		**(673)**	(228)
NET ASSETS		**48,473**	43,100
EQUITY			
Share capital	23	**140**	123
Share premium		**46,814**	40,698
Other reserve		**701**	111
Retained earnings		**818**	2,168
TOTAL EQUITY		**48,473**	43,100

The Company's loss and total comprehensive income for the year was a loss of £1,843k (2019: £4,754k).

The notes on pages 41 to 69 are an integral part of these consolidated financial statements.

These consolidated financial statements are approved by the Board of Directors and authorised for issue on 10 June 2020 and are signed on its behalf by:

Clive Beattie
Chief Financial Officer and Acting Chief Executive Officer

Consolidated Statement of Changes in Equity

year ended 31 January 2020

Company Reg. No. 10887621

	Share capital £'000	Share premium £'000	Share-based payment £'000	Other reserves £'000	Merger reserve £'000	Retained earnings £'000	Total equity £'000
At 1 February 2018	71	–	–	(252)	(71)	(9,413)	(9,665)
Loss for the financial period	–	–	–	–	–	(14,500)	(14,500)
Total comprehensive expense for the period	–	–	–	–	–	(14,500)	(14,500)
Transactions with owners:							
Shares issued for placing	36	29,964	–	–	–	–	30,000
Shares issued for agent recruitment shares	2	1,895	–	–	–	–	1,897
Shares issued to extinguish loan notes	14	10,905	–	–	–	–	10,919
Legal and professional fees on placing shares issued	–	(1,814)	–	–	–	–	(1,814)
Transfer to share premium	–	(252)	–	252	–	–	–
Agent recruitment share-based payment	–	–	–	111	–	–	111
Share-based payment charge on employee options	–	–	344	–	–	–	344
Transfer to retained earnings	–	–	(344)	–	–	344	–
At 31 January 2019	123	40,698	–	111	(71)	(23,569)	17,292
At 1 February 2019	123	40,698	–	111	(71)	(23,569)	17,292
Loss for the financial period	–	–	–	–	–	(11,467)	(11,467)
Total comprehensive expense for the period	–	–	–	–	–	(11,467)	(11,467)
Transactions with owners:							
Shares issued for placing	10	3,390	–	–	–	–	3,400
Shares issued for agent recruitment shares	6	2,912	–	590	–	–	3,508
Shares issued for employee share options	1	–	–	–	–	–	1
Legal and professional fees on placing shares issued		(186)	–	–	–	–	(186)
Share-based payment charge on employee options	–	–	493	–	–	–	493
Transfer to retained earnings	–	–	(493)	–	–	493	–
At 31 January 2020	**140**	**46,814**	**–**	**701**	**(71)**	**(34,543)**	**13,041**

Share capital

Share capital represents the par value of ordinary shares issued by the Company.

Share premium

Share premium represents the difference between the issue price and the par value of ordinary shares issued by the Company.

Share-based payment reserve

Share-based payment reserve represents the cumulative share-based payment expense for the Group's share option schemes.

Other reserves

Other reserves represent costs incurred for shares issued in the placing on Admission and the issue of agent recruitment shares.

Retained earnings

Retained earnings represent the cumulative profit and loss net of distributions to owners.

Merger reserve

Merger reserve represents the difference between the cost of the investment in a subsidiary undertaking and the equity of that subsidiary acquired, on consolidation.

The notes on pages 41 to 69 are an integral part of these consolidated financial statements.

Company Statement of Changes in Equity

year ended 31 January 2020

	Share capital £'000	Share premium £'000	Share-based payment reserve £'000	Other reserves £'000	Retained earnings £'000	Total equity £'000
At 1 February 2018	71	–	–	(252)	11,698	11,517
Provision on Group receivables arising on transition to IFRS 9	–	–	–	–	(5,120)	(5,120)
Loss for the financial period	–	–	–	–	(4,754)	(4,754)
Total comprehensive expense for the period	–	–	–	–	(4,754)	(4,754)
Transactions with owners:						
Shares issued for placing	36	29,964	–	–	–	30,000
Shares issued for agent recruitment	2	1,895	–	–	–	1,897
Shares issued to extinguish loan notes	14	10,905	–	–	–	10,919
Legal and professional fees on placing shares issued	–	(1,814)	–	–	–	(1,814)
Transfer to share premium	–	(252)	–	252	–	–
Agent recruitment share-based payment	–	–	–	111	–	111
Share-based payment charge on employee options	–	–	344	–	–	344
Transfer to retained earnings	–	–	(344)	–	344	–
At 31 January 2019	**123**	**40,698**	**–**	**111**	**2,168**	**43,100**
At 1 February 2019	123	40,698	–	111	2,168	43,100
Loss for the financial period	–	–	–	–	(1,843)	(1,843)
Total comprehensive expense for the period	–	–	–	–	(1,843)	(1,843)
Transactions with owners:						
Shares issued for placing	10	3,390	–	–	–	3,400
Shares issued for agent recruitment shares	6	2,912	–	590	–	3,508
Shares issued for employee share options	1	–	–	–	–	1
Legal and professional fees on placing shares issued	–	(186)	–	–	–	(186)
Share-based payment charge on employee options	–	–	493	–	–	493
Transfer to retained earnings	–	–	(493)	–	493	–
Balance as at 31 January 2020	**140**	**46,814**	**–**	**701**	**818**	**48,473**

Share capital

Share capital represents the par value of ordinary shares issued by the Company.

Share premium

Share premium represents the difference between the issue price and the par value of ordinary shares issued by the Company.

Share-based payment reserve

Share-based payment reserve represents the cumulative share-based payment expense for the Group's share option schemes.

Other reserves

Other reserves represent costs incurred for shares issued in the placing on Admission and the issue of agent recruitment shares.

Retained earnings

Retained earnings represent the cumulative profit and loss net of distributions to owners.

The notes on pages 41 to 69 are an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

year ended 31 January 2020

	2020 £'000	2019 £'000
Cash flows from operating activities		
Loss for the year after income tax	**(11,467)**	(14,500)
Adjustments for:		
Income tax	**(192)**	6
Finance income	**(45)**	(85)
Finance expense	**16**	35
Amortisation	**1,856**	1,856
Depreciation	**273**	33
Agent recruitment expense	**921**	342
(Profit)/loss on disposal of FA	**–**	(9)
Share-based payment	**493**	344
Operating cash flows before movements in working capital	**(8,145)**	(11,978)
Decrease in trade and other receivables	**(343)**	(1,224)
Increase in trade and other payables	**1,517**	1,591
Decrease in provisions	**(201)**	(601)
Tax (received)/paid	**193**	(22)
Net cash used in operating activities	**(6,979)**	(12,234)
Cash flows from investing activities		
Finance income received	**45**	85
Acquisition of intangible assets	**(2,605)**	(2,150)
Acquisition of tangible assets	**(37)**	(155)
Acquisition of associate	**(418)**	–
Disposal of property, plant & equipment	**–**	19
Net cash used in investing activities	**(3,015)**	(2,201)
Cash flows from financing activities		
Finance expense paid	**(8)**	(35)
Proceeds from issue of shares	**3,400**	30,000
Repayment of lease liabilities	**(200)**	–
Repayment of borrowings	**–**	(1,217)
Expenses incurred for share listing	**(186)**	(1,814)
Net cash generated from financing activities	3,006	26,934
Net movement in cash and cash equivalents	**(6,988)**	12,499
Cash and cash equivalents at the beginning of the year	**15,673**	3,174
Cash and cash equivalents at the end of the year	**8,685**	15,673

Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash at bank and in hand. This is consistent with the presentation in the Statement of Financial Position.

The notes on pages 41 to 69 are an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements
year ended 31 January 2020

1. General information

The principal activity of the Company is that of a holding company. The principal activity for the Group continued to be that of providing online property portal services to businesses in the estate and lettings agency industry under the trading name of OnTheMarket.com.

The Company is a public company limited by shares and it is incorporated and domiciled in the UK. The address of its registered office is PO Box 450, 155-157 High Street, Aldershot, GU11 9FZ.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. They have, unless otherwise stated, been applied consistently to all periods presented.

2.1 Basis of preparation

These consolidated financial statements have been prepared on a going concern basis and in accordance with International Financial Reporting Standards ("IFRS") and IFRS Interpretation Committee interpretations ("IFRS IC") as adopted by the European Union and with the Companies Act 2006 applicable to companies reporting under IFRS.

The consolidated financial statements comprise an income statement, a statement of financial position, a statement of changes in equity, a statement of cash flows and notes. Income and expenses, excluding the components of other comprehensive income, are recognised in the statement of profit or loss. Other comprehensive income is recognised in the statement of comprehensive income and comprises items of income and expenses (including reclassification adjustments) that are not recognised in the statement of profit or loss, as required or permitted by IFRS. Reclassification adjustments are amounts reclassified to profit or loss in the current period that were recognised in other comprehensive income in the current or previous periods. Transactions with the owners of the Group in their capacity as owners are recognised in the statement of changes in equity.

The Group presents the statement of profit or loss using the classification by function of expenses. The Group believes this method provides more useful information to the users of its financial statements as it better reflects the way operations are run from a business point of view. The statement of financial position format is based on a current/non-current distinction.

Measurement bases

The consolidated financial statements have been prepared under the historical cost convention. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

The preparation of the consolidated financial statements in compliance with adopted IFRS requires the use of certain critical accounting estimates and management judgements in applying the accounting policies. The significant estimates and judgements that have been made and their effects are disclosed in note 3.

2.2 Basis of consolidation

The consolidated financial statements incorporate those of OnTheMarket plc and all of its subsidiaries (i.e. entities that the Group controls through its power to govern the financial and operating policies so as to obtain economic benefits). These are adjusted, where appropriate, to conform to Group accounting policies.

All intra-group transactions, balances and unrealised gains on transactions between Group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

2.3 Reduced disclosures

The figures presented in relation to the Company's financial statements have been prepared in accordance with FRS 101 Reduced Disclosure Framework ("FRS 101").

In accordance with FRS 101 the following exemptions from the requirements of IFRS have been applied in the preparation of the Company financial statements and, where relevant, equivalent disclosures have been made in the consolidated financial statements of the Group:

- presentation of a Company Cash Flow Statement and related notes;
- disclosure of the objectives, policies and processes for managing capital;
- inclusion of an explicit and unreserved statement of compliance with IFRS;
- disclosure of Company key management compensation;
- disclosure of the categories of financial instrument and nature and extent of risks arising on these financial instruments;
- disclosure of share-based payment expense charge to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options and how the fair value of options granted was measured;
- related party disclosures in respect of two or more wholly owned members of the Group;
- disclosure of the future impact of new International Financial Reporting Standards in issue but not yet effective at the reporting date; and
- disclosures on fair values.

The financial statements of the Company are consolidated within these financial statements which are publicly available from Companies House, Crown Way, Cardiff, CF14 3OZ.

2.4 Going concern

The Group made a loss after tax for the year of £11.5m (2019: £14.5m) and as at 31 January 2020 the Group had a net cash balance of £8.7m (2019: £15.7m). At 31 May 2020, the Group had a net cash balance of £8.8m and, excluding deferred creditor payments of £2.3m, no borrowings.

In March 2020, the Group took actions to reduce costs and conserve cash in light of the actual and anticipated impact of the coronavirus crisis. Short-term revenues were reduced by a discount the Group offered to its paying, full-tariff customers. Further details on this and the corresponding actions taken to reduce costs are set out in the Acting Chief Executive Officer's Report. The objective of those actions was to conserve cash through managing future expenditure commitments to be lower than anticipated revenues, until there was greater clarity on the full impact of COVID-19. Cash management has to date met internal expectations.

The Directors have prepared and reviewed cash forecasts and projections for the Group for the next 12 months in light of the potential ramifications for Group revenues due to the COVID-19 crisis, among other factors. They have also conducted sensitivity analyses and considered scenarios where the impact on future revenues is more significant and more sustained than currently experienced or anticipated, together with the mitigating actions they may take in such circumstances, such as a reduction in budgeted discretionary expenditure, a significant proportion of which relates to advertising and marketing cost that can be reduced materially at short notice.

Based upon these projections and analyses the Directors have a reasonable expectation that the Group has adequate financial resources to continue its operations for the foreseeable future and to be able to meet its debts as and when they fall due.

In the light of this, the Directors consider the going concern basis to be appropriate to the preparation of these financial statements.

2.5 Adoption of new and revised standards and interpretations

Application of new and amended standards

For the preparation of these consolidated financial statements, the following new or amended standards are mandatory for the first time for the financial year beginning 1 February 2019.

Annual Improvements to IFRS standards 2015-2017 cycle was issued on 12 December 2017 and addresses the following amendments:

- IFRS 3 “Business combinations” clarifies that an acquirer is to remeasure the fair value of previously held interests at acquisition date. The amendment is effective for annual periods beginning on or after 1 January 2019.
- IFRS 11 “Joint arrangements” states that when a party subsequently obtains joint control, it must not remeasure its previously held interest. The amendment is effective for annual periods beginning on or after 1 January 2019.
- IAS 12 “Income taxes” applies to income tax consequences of dividends recognised on or after the beginning of the earliest comparative period presented.
- IAS 23 “Borrowing costs” clarifies that once a qualifying asset funded through specific borrowings becomes ready for its intended use or sale, the rate applied on those borrowings is included in the determination of the capitalisation rate applied to general borrowings.

The amendments are effective for annual periods beginning on or after 1 January 2019. No changes have been made in respect of these amendments as they do not apply to the Group.

IFRS 16, “Leases”, is mandatory for annual reporting periods beginning on or after 1 January 2019. The Group has initially adopted IFRS 16, “Leases” from 1 February 2019, replacing the prior lease guidance including IAS 17.

At inception, the Group assesses whether a contract contains a lease. This assessment involves the exercise of judgement about whether the Group obtains substantially all the economic benefits from the use of that asset, and whether the Group has the right to direct the use of the asset. Previously all of the Group’s leases were accounted for as operating leases (see note 24 of the annual report and consolidated financial statements for the year ended 31 January 2019). Under IFRS 16 leases are accounted for on the right-of-use model. On adoption of IFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as “operating leases” under the principles of IAS 17, “Leases”. These liabilities were measured at the present value of the remaining lease payments and discounted using a weighted average incremental borrowing rate of 2.5%.

The standard permits either a full retrospective or a modified retrospective approach for the adoption. The Group has adopted the standard using the modified retrospective approach, with the right-of-use asset being equal to the lease liability at the point of original recognition, adjusted for prepaid or accrued lease payments immediately before the date of initial application. Therefore, the cumulative impact of the adoption is recognised in retained earnings as of 1 February 2019 and the comparatives are not restated. In applying IFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics;
- reliance on previous assessments on whether leases are onerous; and
- the accounting for operating leases with a remaining lease term of less than 12 months as short-term leases.

IFRS 16 permits lessees to elect not to apply the recognition requirements to short-term leases and leases for which the underlying asset is of low value. The Group has elected not to recognise short-term leases of less than one year at inception and low value leases which will continue to be reflected in the income statement. This will be the ongoing policy adopted by the Group. There are no right-of-use assets or lease liabilities recognised for these leases and the expense is recognised in the income statement on a straight line basis. The following reconciliation to the opening balance for IFRS 16 lease liabilities as at 1 February 2019 is based upon the operating lease obligations at 31 January 2019:

Lease liabilities

	£'000
Operating lease obligations at 31 January 2019	1,010
Relief option for short-term leases	(532)
	478
Discounted using the incremental borrowing rate at 1 February 2019	**(10)**
Lease liabilities recognised at 1 February 2019	468

The cumulative financial impact of adopting the modified retrospective approach on the opening balances as at 1 February 2019 is as follows:

	At 1 February 2019 (under IAS 17) £'000	IFRS 16 adjustment £'000	At 1 February 2019 (adjusted) £'000
Non-current assets			
Right-of-use assets	–	573	573
Current assets			
Trade and other receivables	3,286	(105)	3,181
Current liabilities			
Lease liability	–	(186)	(186)
Non-current liabilities			
Lease liability	–	(282)	(282)

A depreciation charge under IFRS 16 of £233k was recognised in the income statement for the year to 31 January 2020, along with deemed interest of £8k. Depreciation on right-of-use assets is charged to the income statement over the period of the lease term.

Short-term leases of less than twelve months at inception and low value leases are charged to the income statement evenly over the life of the lease. In the year to 31 January 2020, charges of £719k relating to short period and low value leases were included in operating expenses.

2.6 Functional and presentation currency

The consolidated financial statements are presented in 'Pounds Sterling', rounded to the nearest thousand (£'000), which is also the Group's functional currency.

2.7 Property, plant and equipment

All property, plant and equipment are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Depreciation is calculated using an appropriate method to allocate their cost amounts to their residual values over their estimated useful lives, as follows:

Fixtures, fittings and equipment — Straight line 4 years

2.8 Leases

Right-of-use assets

A right-of-use asset is recognised at commencement of the lease and initially measured at the amount of the lease liability, plus any incremental costs of obtaining the lease and any lease payments made at or before the leased asset is available for use by the group.

Payments for the right to use an underlying asset are payments for a lease, regardless of the timing of those payments which may be before the underlying asset is available for use by the lessee.

The right-of-use asset is subsequently measured at cost less accumulated depreciation and any accumulated impairment losses. The depreciation methods applied are as follows:

Lease vehicles	–	Straight line 3 years

Lease liabilities

On commencement of a contract (or part of a contract) which gives the group the right to use an asset for a period of time in exchange for consideration, the group recognises a right-of-use asset and a lease liability unless the lease qualifies as a ‘short-term’ lease or a ‘low-value’ lease.

Short-term leases - Where the lease term is twelve months or less and the lease does not contain an option to purchase the leased asset, lease payments are recognised as an expense on a straight-line basis over the lease term.

Leases of low-value assets - Leases where the underlying asset is ‘low-value’, lease payments are recognised as an expense on a straight-line basis over the lease term.

Initial measurement of the lease liability

The lease liability is initially measured at the present value of the lease payments during the lease term discounted using the interest rate implicit in the lease, or the incremental borrowing rate if the interest rate implicit in the lease cannot be readily determined.

The lease term is the non-cancellable period of the lease plus extension periods that the group is reasonably certain to exercise and termination periods that the group is reasonably certain not to exercise.

Lease payments include fixed payments, less any lease incentives receivable, variable lease payments dependent on an index or a rate (such as those linked to LIBOR) and any residual value guarantees. Variable lease payments are initially measured using the index or rate when the leased asset is available for use.

Subsequent measurement of the lease liability

The lease liability is subsequently increased for a constant periodic rate of interest on the remaining balance of the lease liability and reduced for lease payments.

Interest on the lease liability is recognised in profit or loss.

Variable lease payments not included in the measurement of the lease liability as they are not dependent on an index or rate, are recognised in profit or loss in the period in which the event or condition that triggers those payments occurs.

2.9 Intangible assets

In accordance with IAS 38, “Intangible Assets”, expenditure incurred on research and development is distinguished as relating to a research phase or to a development phase.

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally generated intangible asset arising from the development and enhancement of the online platform, OnTheMarket.com, and associated applications is recognised when the development has been deemed technically feasible, the Group has the intention to complete the development, probable future economic benefits will occur, the Group has the required funds to complete the development and when the Group has the ability to measure the expenditure on the development reliably.

The amount initially recognised for internally generated intangible assets is the sum of the directly attributable expenditure incurred from the date when the intangible asset first meets the recognition criteria defined above.

Capitalisation ceases when the asset is brought into use. Where no internally generated asset can be recognised, development expenditure is recognised in the income statement in the period in which it is incurred.

Subsequent to initial recognition, internally generated assets are reported at cost less accumulated amortisation and impairment losses. Amortisation is charged on a straight-line basis over 4 years from when the asset is first brought into use. The current intangible assets will be fully amortised in the next 1-4 years.

2.10 Impairment of property, plant & equipment, right-of-use assets and intangible assets

At each year end date, the carrying amounts of assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the recoverable amount of the cash-generating unit to which the asset belongs is estimated.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately as profit, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

2.11 Company investments in subsidiaries and associates

Investments by the Company in subsidiary and associate undertakings are stated at cost less any impairment. Where management identify uncertainty over these investments, the investment is impaired to an estimate of its net realisable value.

2.12 Investments in associates in the consolidated financial statements

Associates are entities over which the consolidated entity has significant influence but not control or joint control.

Investments in associates are accounted for using the equity method.

Under the equity method, the share of the profits or losses of the associate is recognised in profit or loss and the share of the movements in equity is recognised in other comprehensive income. Investments in associates are carried in the statement of financial position at cost plus post acquisition changes in the consolidated entity's share of net assets of the associate. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

Dividends received or receivable from associates reduce the carrying amount of the investment.

When the consolidated entity's share of losses in an associate equals or exceeds its interest in the associate, including any unsecured long-term receivables, the consolidated entity does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The consolidated entity discontinues the use of the equity method upon the loss of significant influence over the associate and recognises any retained investment at its fair value. Any difference between the associate's carrying amount, fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

2.13 Financial instruments

Recognition of financial instruments

Financial assets and financial liabilities are recognised when the Group becomes party to the contractual provisions of the instrument.

Financial assets

Initial and subsequent measurement of financial assets

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and other short-term deposits held by the Group with maturities of less than three months.

Trade, Group and other receivables

Trade receivables are initially measured at their transaction price. Group and other receivables are initially measured at fair value plus transaction costs.

Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

Initial and subsequent measurement of financial liabilities

Trade, Group and other payables

Trade, Group and other payables are initially measured at fair value net of direct transaction costs and subsequently measured at amortised cost.

Equity instruments

Equity instruments issued by the Group are recorded at fair value on initial recognition net of transaction costs.

Derecognition of financial assets (including write-offs) and financial liabilities

A financial asset (or part thereof) is derecognised when the contractual rights to cash flows expire or are settled, or when the contractual rights to receive the cash flows of the financial asset and substantially all the risks and rewards of ownership are transferred to another party.

When there is no reasonable expectation of recovering a financial asset it is derecognised ("written off").

The gain or loss on derecognition of financial assets measured at amortised cost is recognised in profit or loss.

A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

Any difference between the carrying amount of a financial liability (or part thereof) that is derecognised and the consideration paid is recognised in profit or loss.

2.14 Impairment of financial assets

An impairment loss is recognised for the expected credit losses on financial assets when there is an increased probability that the counterparty will be unable to settle an instrument's contractual cash flows on the contractual due dates, a reduction in the amounts expected to be recovered, or both. The probability of default and expected amounts recoverable are assessed using reasonable and supportable past and forward-looking information that is available without undue cost or effort. The expected credit loss is a probability-weighted amount determined from a range of outcomes and takes into account the time value of money.

For trade receivables, material expected credit losses are measured by applying an expected loss rate to the gross carrying amount. The expected loss rate comprises the risk of a default occurring and the expected cash flows on default based on the aging of the receivable.

For intercompany loans that are repayable on demand, expected credit losses are based on the assumption that repayment of the loan is demanded at the reporting date. If the subsidiary does not have sufficient accessible highly liquid assets in order to repay the loan if demanded at the reporting date, an expected credit loss is calculated. This is calculated based on the expected cash flows arising from the subsidiary, weighted for probability likelihood variations in cash flows.

2.15 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares are shown in equity as a deduction, net of tax, from the proceeds.

2.16 Income taxes

Tax currently payable is calculated using the tax rates in force or substantively enacted at the reporting date. Taxable profit differs from accounting profit either because some income and expenses are never taxable or deductible, or because the time pattern on which they are taxable or deductible differs between tax law and their accounting treatment.

Using the statement of financial position liability method, deferred tax is recognised in respect of all temporary differences between the carrying value of assets and liabilities in the consolidated statement of financial position and the corresponding tax base, with the exception of temporary differences arising from goodwill or from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the reporting date.

Deferred tax assets are recognised only to the extent that the Group considers that it is probable (i.e. more likely than not) that there will be sufficient taxable profits available for the asset to be utilised within the same tax jurisdiction.

Deferred tax assets and liabilities are offset only when there is a legally enforceable right to offset current tax assets against current tax liabilities, they relate to the same tax authority and the Group's intention is to settle the amounts on a net basis.

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except if it arises from transactions or events that are recognised in other comprehensive income or directly in equity. In this case, the tax is recognised in other comprehensive income or directly in equity, respectively. Where tax arises from the initial accounting for a business combination, it is included in the accounting for the business combination.

Since the Group is able to control the timing of the reversal of the temporary difference associated with interests in subsidiaries, associates and joint arrangements, a deferred tax liability is recognised only when it is probable that the temporary difference will reverse in the foreseeable future mainly because of a dividend distribution.

2.17 Employee benefits

Defined contribution plans

The Group pays fixed percentage contributions into independent entities in relation to plans and insurances for individual employees. The Group has no legal or constructive obligations to pay contributions in addition to its fixed percentage contributions, which are recognised as an expense in the period that related employee services are received.

Short-term employee benefits

Short-term employee benefits, including holiday entitlement, are current liabilities included in pension and other employee obligations, measured at the undiscounted amount that the Group expects to pay as a result of the unused entitlement.

2.18 Share-based payments

Employee share schemes

The Group operates equity-settled share-based remuneration plans for its employees. All goods and services received in exchange for the grant of any share-based payment are measured at their fair values.

Where employees are rewarded using share-based payments, the fair value of employees' services is determined indirectly by reference to the fair value of the equity instruments granted. This fair value is appraised at the grant date and excludes the impact of non-market vesting conditions (for example profitability and sales growth targets and performance conditions).

All share-based remuneration is ultimately recognised as an expense in profit or loss with a corresponding increase to equity. If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest.

Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. Any adjustment to cumulative share-based compensation resulting from a revision is recognised in the current period.

The number of vested options ultimately exercised by holders does not impact the expense recorded in any period. Upon exercise of share options, the proceeds received, net of any directly attributable transaction costs, are allocated to share capital up to the nominal (or par) value of the shares issued with any excess being recorded as share premium.

The social security contributions payable in connection with the grant of the share options are considered an integral part of the grant itself and the charge will be treated as a cash-settled transaction.

Agent recruitment shares

The Group issues shares to key agents who commit to long-term listing agreements, in line with its strategy to grow the agent shareholder base. Shares are issued in return for payment of the nominal share value in cash and, in some cases, in return for share premium in non-cash consideration relating to the long-term listing agreements signed.

Upon contract commencement an agent recruitment share reserve is credited (shown within other reserves in the financial statements) and a prepayment created, based on the value of the shares, which is then amortised over the life of the contract. Upon the issue of shares to the agents, which predominantly takes place on a quarterly basis, the relevant amount of the balance recorded in other reserves is transferred to share capital and share premium, based on the market share price at the date of issue. The prepayment is adjusted to reflect any increase arising due to a higher share price at issue compared with contract commencement.

2.19 Provisions

Where, at the reporting date, the Group has a present obligation (legal or constructive) as a result of a past event and it is probable that the Group will settle the obligation, a provision is made in the statement of financial position. Provisions are made using best estimates of the amount required to settle the obligation. Changes in estimates are reflected in profit or loss in the period they arise. Provisions for social security on share options granted are measured using the fair value of the expected number of share options to be exercised at the applicable tax rate in use at the measurement date.

2.20 Revenue

Revenue represents income for the sales of services, net of discounts and rebates, to external customers at invoice value less value added tax. Revenue predominantly represents listing fees in respect of the property portal OnTheMarket.com. The transaction price does not include any other elements e.g. no incentives or free periods. There is only one performance obligation therefore. Amounts are predominantly billed monthly in advance and released to the income statement over the period of access to the portal.

The Group offers its advertising agents rolling notice to 5-year term listing agreements. The Group has a number of customers who were not paying their contractually committed listing fees in the year to 31 January 2020. The majority of these chose to breach the One Other Portal rule in their listing agreements and no longer have access to the portal.

Under IFRS 15 amounts due under these contracts are not recognised within revenues as it is not probable that the Group will collect the revenue it is entitled to on the due date. This therefore does not constitute a contract.

Within one reporting segment, there is only one major service provision line, namely listing fees. All revenue relates to services transferred over the term of the listing agreement. Sales are predominantly billed monthly in advance and the majority collected via direct debit. At the end of the year, an amount of deferred income is outstanding relating to amounts received in respect of the following month.

2.21 Derivative assets

Derivatives are initially recognised at fair value on the date a derivative contract is entered into, and they are subsequently remeasured to their fair value at the end of each reporting period. Changes in the fair value of any derivative instrument are recognised immediately in profit or loss and are included in other gains/(losses).

3. Critical accounting judgements and key sources of estimation uncertainty

The preparation of the consolidated financial statements requires management to make judgements, estimates and assumptions concerning the future which impact the application of accounting policies and reported amounts of assets, liabilities, income and expenses. The accounting estimates resulting from these judgements and assumptions seldom equal the actual results but are based on historical experiences and future expectations.

Critical accounting judgements

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the Group’s accounting policies and that have the most significant effect on the amounts recognised in the financial statements;

Revenue recognition

A material number of customers have for some time been defaulting on the payment terms of their contracts. Management have made judgements as to whether there is any current intention to pay by these customers and, where there is judged not to be, the contract is deemed not to meet the contract recognition criteria under IFRS 15 and hence the amounts due are not included within revenues.

Investment in associate

The Group acquired 20% of the shares in Glanty Limited during the year. The terms and conditions of the arrangement include a call option for the Group to acquire the remaining 80% of shares in Glanty Limited. The Group therefore must consider whether the potential voting rights are substantive so that the Group has control of, and not just significant influence over, Glanty Limited. This will impact whether Glanty Limited is treated as a subsidiary or an associate.

In order to determine whether it has power over Glanty Limited, the Directors are required to consider potential voting rights that the Company holds and whether these rights are substantive, as these could give the Group and Company the current ability to direct the relevant activities of Glanty Limited.

The Directors consider that, despite the Group holding an option over the remaining 80% of the shares in Glanty Limited, these potential voting rights are not substantive and therefore the Directors do not consider that control has been achieved. This is because the time period for delivery of the remaining shares means that the Company cannot immediately direct the activities of Glanty Limited upon exercise of the option. On this basis, the investment in Glanty Limited has been classified as an investment in an associate.

Key sources of estimation uncertainty

Impairment of development costs

Development costs are recognised in respect of the online property portal. These costs are not considered to be impaired due to the ongoing economic benefit obtained from the portal. In determining that ongoing economic benefit and determining an estimate of net realisable value, management is required to make judgements about the ability to generate revenues and profits from the portal under existing contracts, many of which are long-term, as well as judgements about the growth of future revenues and profits from new paying agent customers.

Impairment of Company receivables

The Company has intercompany loans to its subsidiary Agents' Mutual Limited which are repayable on demand. As the subsidiary did not have sufficient highly liquid resources to repay the loans at 31 January 2020, an expected credit loss is calculated under IFRS 9.

The calculation is based upon a number of scenarios, ranging from a scenario which anticipates that Agents' Mutual Limited will trade profitably in the future and that this will allow it to repay the loans in time, to a scenario under which it is anticipated that the loan will not be fully recovered. Forecast cash flows under a range of possible outcomes are used to derive a probability-weighted value for the loan based upon the time taken to repay the outstanding amount in full. These calculations rely on management judgements as to the future cash flow forecasts and the probability weightings assigned. The judgements reflect the views of management at 31 January and the future cash flows therefore vary year to year. Further details on the impairment provision are set out in note 18.

4. Revenue and segmental information

The Group has determined that the Chief Executive Officer, or Acting Chief Executive Officer, ("CEO") is the chief operating decision maker. Monthly management numbers are reported and issued to the CEO, which are used to assess the performance of the business.

The Group has determined it has only one reportable segment, namely the provision of access to its online portal OnTheMarket.com (listing fees). Within the one reporting segment, there is only one major service provision line. All revenue relates to services transferred over the term of the listing agreements.

Sales are billed monthly in advance and payments are recognised as deferred income. The Group has no contract assets but has contract liabilities of £1,585k at 31 January 2020 (2019: £1,126k) in respect of deferred income. Contract liabilities of £1,126k at 31 January 2019 were recognised as revenue in the year ended 31 January 2020.

All revenue is generated in the UK for this service.

5. Expenses by nature

Expenses are comprised of:

	2020 £'000	2019 £'000
Depreciation	**273**	33
Amortisation	**1,856**	1,856
Staff costs (note 8)	**8,901**	6,136
Operating lease expense - property	**–**	664
Operating lease expense - other	**–**	177
Short-term lease expenses	**719**	–
Advertising expenditure	**11,985**	14,905
Other administrative expenses	**4,255**	4,040
	27,989	27,811

6. Specific professional fees, share-based payments and non-recurring items

	2020 £'000	2019 £'000
Professional fees	**2,290**	797
Compensation	**(1,057)**	(200)
Agent recruitment charges	**921**	565
	2,154	1,162

Professional fees incurred were predominantly in relation to ongoing litigation. The costs relate to one off events that are not expected to be recurring and they have therefore been classified separately. Compensation received was in respect of ongoing litigation.

Agent recruitment charges relate to share-based charges arising on the issue of shares to agents in return for committing to long-term listing agreements, in line with the Group's strategy to grow the agent shareholder base.

7. Operating loss

	2020 £'000	2019 £'000
Operating loss is stated after charging:		
Depreciation of property, plant and equipment and right-of-use assets	**273**	33
Gain on disposal of property, plant and equipment	**–**	9
Amortisation of intangible assets	**1,856**	1,856
Operating lease expense - property	**–**	664
Operating lease expense - other	**–**	177
Short-term lease expenses	**719**	–
Share-based payment expense (note 22)	**493**	344
Foreign exchange losses / (gains)	**–**	10
Audit fees payable to the Company's auditor		
- audit of Group financial statements	**101**	80
- audit related assurance services	**8**	8
Other fees payables to the Company's auditor:		
- taxation compliance services	**2**	14
- corporate finance transaction services	**–**	67
- all other services not covered above	**8**	42

8. Employees and Directors

Group	2020 £'000	2019 £'000
Staff costs (including Directors) comprise:		
Wages and salaries	**9,076**	6,727
Social security costs	**1,148**	824
Pension	**132**	63
	10,355	7,614

The amounts above include £1,454k (2019: £1,478k) of staff costs that have been capitalised to intangible assets.

Company	2020 £'000	2019 £'000
Staff costs (including Directors) comprise:		
Wages and salaries	**153**	153
Social security costs	**19**	19
Pension	**1**	1
	173	173

	2020 Number	2019 Number
The average monthly number of persons employed by the Group during the year was:		
Non-Executive Directors	**2**	2
Marketing, sales and administration	**111**	75
IT	**33**	31
	146	108

The Non-Executive Directors were the only employees in the Company as they had service contracts during the year:

Directors' remuneration Group	2020 £'000	2019 £'000
Aggregate emoluments	**793**	793
Pension contributions	**5**	3
	798	796

Highest paid Director Group	2020 £'000	2019 £'000
Aggregate emoluments	**250**	250

Key management personnel compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group. The Group considers the Directors to be the only key management personnel. As well as the emoluments above the Group paid employers national insurance contributions of £103k (2019: £103k) due in respect of the Directors.

9. Finance income

	2020 £'000	2019 £'000
Finance income:		
Other interest receivable	**45**	85

10. Finance expense

	2020 £'000	2019 £'000
Interest arising on:		
Interest payable on loan notes	**–**	29
Lease liability interest (note 14)	**8**	–
Other interest payable	**8**	6
	16	35

11. Income tax

	2020 £'000	2019 £'000
Current tax:		
UK corporation tax on income for year	**(194)**	6
Under-provision in respect of prior period	**2**	–
Total current tax	**(192)**	**6**
Income tax charge	**(192)**	6

Factors affecting tax charge for the year

The tax assessed for the year is different from the effective rate of corporation tax as explained below:

	2020 £'000	2019 £'000
Loss before taxation	**(11,659)**	(14,500)
Loss before taxation multiplied by the effective rate of corporation tax of 19% (2019: 19%)	**(2,215)**	(2,755)
Effects of:		
Expenses not deductible for tax purposes	**247**	476
Share-based payment not deductible for tax purposes	**–**	54
Deferred tax not recognised	**1,975**	2,231
Under accrual in prior year	**2**	–
Research and development tax credit	**(201)**	–
Tax expense	**(192)**	6

The Finance Act 2016 was substantively enacted on 6 September 2016. The Finance Act 2016 includes provisions to reduce the main rate of corporation tax to 17% from 1 April 2020. In the budget speech on 11 March 2020, the Chancellor announced that the corporation tax rate would remain at 19%, the rate in force for the 2019 financial year. On 17 March 2020 a resolution having statutory effect was passed under the Provisional Collection of Taxes Act 1968, setting the rate at 19%.

Deferred tax should be measured at the most recently substantively enacted rate, at the balance sheet date. Therefore, it has been measured at 17%.

The subsidiary, Agents' Mutual, has trading losses available for carry forward of £25,752k (2019: £14,726k) for which no deferred tax asset has been recognised.

The Group has been implementing its strategic plans for the long-term development of the business. These plans envisage a period of strong growth in the future, underpinned by significant initial investment. As a result of the Group's strategic plans, circumstances with respect to recoverability of the deferred tax asset in relation to losses carried forward in the foreseeable future remain uncertain. Consequently no deferred tax asset has been recognised. The Group has also not recognised a deferred tax asset arising on the share-based payment charge of £1,075k (2019: £385k).

The Group has not recognised a deferred tax asset arising on non-current asset timing differences of £19k (2019: £58k) due to the availability of tax losses to extinguish this liability.

12. Earnings per share

	2020 £'000	2019 £'000
Numerators: Earnings attributable to equity		
Loss for the year from continuing operations attributable to owners of the Company	**(11,467)**	(14,500)
Total basic earnings and diluted earnings	**(11,467)**	(14,500)
	No.	**No.**
Denominators: Weighted average number of equity shares		
Basic and diluted	**63,742,852**	60,371,132

As the Group made a loss for the year there is no dilutive effect. Instruments that would dilute earnings per share have not been included as these are anti-dilutive. See share options disclosed in note 22 for details of instruments.

13. Property, plant and equipment

Group	Fixtures, fittings and equipment £'000
Cost:	
At 1 February 2018	116
Additions	155
Disposals	(16)
At 31 January 2019	255
Depreciation:	
At 1 February 2018	98
Charge for the year	33
Disposals	(6)
At 31 January 2019	125
Net book value:	
At 31 January 2019	**130**
Cost:	
At 1 February 2019	255
Additions	37
At 31 January 2020	**292**
Depreciation:	
At 1 February 2019	125
Charge for the year	40
At 31 January 2020	**165**
Net book value:	
At 31 January 2020	**127**

Depreciation is included within administrative expenses in the income statement.

14. Right-of-use assets and lease liabilities

The Group has lease contracts for motor vehicles.

IFRS 16, "Leases", is effective for annual periods beginning on or after 1 January 2019 and as such has been adopted by the Group this financial year.

The amounts presented in the financial statements are as follows:

Right-of-Use Assets

	Motor Vehicles £'000
At 1 February 2019	573
Additions	33
Depreciation charge	(233)
At 31 January 2020	**373**

Lease Liabilities

	Motor Vehicles £'000
At 1 February 2019	468
Lease additions	34
Interest expense	8
Lease payments	(200)
At 31 January 2020	**310**

Non-current lease liabilities amount to £110k and are all due between 1-5 years.

At year end, the Group had future short-term minimum lease payments under non-cancellable operating leases in respect of land and buildings amounting to £800k within one year and £136k between one and five years. In the year ended 31 January 2020, a charge of £719k was recognised in respect of short-term leases.

At 31 January 2020, the Group had £104k commitments within one year and £62k commitments between one and five years for leases that had not commenced at that date.

Note 2.5 shows the reconciliation of the opening balance for IFRS 16 lease liabilities as at 1 February 2019.

15. Intangible assets

Group	Development costs £'000
Cost:	
At 1 February 2018	6,600
Additions – internally developed	2,150
At 31 January 2019	8,750
Amortisation:	
At 1 February 2018	2,946
Charge for the year	1,856
At 31 January 2019	4,802
Net book value:	
At 31 January 2019	3,948
Cost:	
At 1 February 2019	8,750
Additions – internally developed	2,605
At 31 January 2020	**11,355**
Amortisation:	
At 1 February 2019	4,802
Charge for the year	1,856
At 31 January 2020	**6,658**
Net book value:	
At 31 January 2020	**4,697**

Amortisation is included within administrative expenses in the income statement.

The development costs relate to those costs incurred in relation to the development of the Group's online property portal, OnTheMarket.com. The development costs capitalised above are amortised over a period of 4 years which represents the period over which the Directors expect the Group to consume the asset's future economic benefits. The development costs are amortised from the point at which the asset is ready for use within the business.

16. Investments in subsidiaries

Company	Subsidiary undertakings £'000
At 31 January 2019	–
Additions	–
At 31 January 2019	–
At 31 January 2020	**–**

The Company has the following investments in subsidiary undertakings:

	Class of shares held[1]	Principal activity	Ownership 2020
Agents' Mutual Limited	Member	Online property portal services	**100%**
On The Market (Europe) Limited	Ordinary	Dormant	**100%**

[1] Agents' Mutual Limited is a company limited by guarantee and has no shares. The Company owns the only member interest in Agents' Mutual Limited.

All the above subsidiary undertakings share the same registered office as the Company.

On The Market (Europe) Limited is a subsidiary of Agents' Mutual Limited.

17. Investments in associates

Group and Company	**£'000**
At 31 January 2019	–
Additions	985
At 31 January 2020	**985**

The Group and Company have the following investments in associated undertakings:

	Class of shares held	Nature of business	Proportion of ownership interest
Glanty Limited	Ordinary shares[1]	Property services	**20%**

[1] The Group and Company also hold an option to acquire the remaining 80%.

Glanty Limited is incorporated in the United Kingdom and its registered address is 4 Prince Albert Road, London, NW1 7SN.

No share of profit or loss from associate has been recognised on the basis the associate was not acquired until 21 December 2019 and the profit or loss from this date to 31 January 2020 is not material to the Group financial statements. At 31 December 2019, the date to which Glanty Limited's last accounts were drawn up, Glanty Limited had total assets of £3,107k and total liabilities of £2,150k.

Total consideration amounted to £797k, of which £230k formed the initial consideration and had been paid to 31 January 2020. £567k relates to deferred consideration and has been recognised in other payables (note 19). The total amount capitalised of £985k includes directly attributable legal costs of £188k.

As part of the agreement, OnTheMarket was granted a call option, under which it has the right, but not the obligation, to enter into a share purchase agreement to acquire the remaining shares in Glanty for an initial consideration of approximately £1,500k (payable in cash or shares at OnTheMarket's option), plus a revenue and EBITDA based earnout arrangement, alongside the repayment of approximately £1,400k of loans.

The call option is exercisable for a period of 15 months from 23 December 2019, ending on 23 March 2021. Should the call option lapse, OnTheMarket has a put option to sell its shares to an existing shareholder of Glanty for £797k. The same Glanty shareholder also has a call option to acquire OnTheMarket's shares for £797k in the event that the Company's call option lapses.

The Directors have not recognised the fair value of the call and put option in the balance sheet at 31 January 2020 on the basis the value ascribed to these is immaterial.

The associate's principal activity is that of property services, and its initial product "teclet" is designed to automate the lettings process and bring efficiency gains to agents, landlords and tenants. The acquisition is considered to be strategic to the Group's activities, because the associate's principal activities are the provision of value-added services to customers of the Group.

18. Trade and other receivables

	Group 2020 £'000	**Company 2020 £'000**	Group 2019 £'000	Company 2019 £'000
Trade receivables	**389**	**–**	368	–
Amounts due from Group undertakings	**–**	**41,022**	–	28,178
Other receivables	**236**	**10**	330	–
Prepayments and accrued income	**5,488**	**67**	2,588	43
	6,113	**41,099**	3,286	28,221

The aged analysis of trade receivables is shown in note 20.

Included within prepayments is £3.9m (2019: £1.3m) in relation to prepaid agent recruitment share-based payment charges. Of this, £2.6m is not due to be recognised in the income statement until the year to 31 January 2022 or after.

Impairment of Company receivables from subsidiaries

The Company's group receivables represent trading balances and loan amounts advanced to other Group companies with no fixed repayment dates. Under IFRS 9 the value of this intercompany receivable repayable on demand to the Company by Agents' Mutual Limited is considered impaired as Agents' Mutual Limited did not have sufficient liquid resources at 31 January 2020 to repay the loan in full. The impairment loss in the Company's accounts is based upon the 12-month expected credit losses methodology under IFRS 9 and is calculated as set out in note 2.14. See also note 20.

Following an impairment review as at 31 January 2020, the provision has been adjusted to £11,295k (2019: £9,123k). The credit risk is not deemed to have increased significantly but the larger provision reflects the larger intercompany receivable of £52,317k before impairment (2019: £37,301k). This provision is included within the Company's loss for the period, however it is fully eliminated on Consolidation and has no impact on the Group's reported financial performance for the year or financial position at the balance sheet date.

19. Trade and other payables

	Group 2020 £'000	**Company 2020 £'000**	Group 2019 £'000	Company 2019 £'000
Current liabilities				
Trade payables	**2,312**	**28**	1,580	2
Social security and other taxes	**749**	**6**	471	199
Other payables	**606**	**568**	21	1
Accruals and deferred income	**3,147**	**64**	2,658	20
	6,814	**666**	4,730	222

20. Financial instruments and financial risks

Financial risks

The Board has overall responsibility for the determination of the Group's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the CEO. The Board receives monthly reports from the finance function through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility. Further details regarding these policies are set out below:

The Group is exposed through its operations to the following financial risks:

- credit risk; and
- liquidity risk.

In common with all other businesses, the Group is exposed to risks that arise from its use of financial instruments. This note describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them from previous periods unless otherwise stated in this note.

Credit risk

Credit risk is the risk of financial loss to the Group if a counterparty to a financial instrument fails to meet its contractual obligations.

On the basis that the value of unprovided for trade receivables is not material and that the balance largely relates to VAT due from HMRC on bad debts written off in previous periods, the exposure of the Group to credit risk in respect of trade receivables is considered not material.

The loss allowance on all financial assets is measured by considering the probability of default.

Trade receivables are considered to be in default when the amount due is significantly more than the associated credit terms past due, based on an assessment of past payment practices and the likelihood of such overdue amounts being recovered.

Trade receivables are written off by the Group when there is no reasonable expectation of recovery, such as when the counterparty (the agent) is known to be going bankrupt, or into liquidation or administration. Trade receivables will also be written off when the amount is more than materially past due.

The following table shows an aged analysis of trade receivables for the Group.

	2020 £'000	**2020 %**	2019 £'000	2019 %
0 – 30 days	**114**	**29%**	83	23%
31 – 60 days	**13**	**3%**	72	20%
61 – 90 days	**30**	**8%**	40	11%
91 – 120 days	**2**	**1%**	46	12%
Over 120 days	**230**	**59%**	127	35%
	389		368	

The total value of debts past due but not impaired is £275k (2019: £285k). The expected loss rate on balances less than 120 days gives rise to an immaterial loss allowances provision. The expected loss rate on balances greater than 120 days is also expected to give rise to an immaterial loss allowances provision. This is because the balance relates to VAT due from HMRC on bad debts written off in previous periods.

The credit risk on liquid funds is limited as the funds are held at banks with high credit ratings assigned by international credit rating agencies.

Liquidity risk

Liquidity risk arises from the Group's management of working capital. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due.

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the Group monitors forecast cash inflows and outflows on a monthly basis.

The financial assets and liabilities of the Group are as follows:

	Financial assets measured at amortised cost	
	2020 £'000	2019 £'000
Current assets		
Trade and other receivables	**634**	516
Cash and cash equivalents	**8,685**	15,673
Measured at amortised cost	**9,319**	16,189

	Financial liabilities held at amortised cost	
	2020 £'000	2019 £'000
Current liabilities		
Trade and other payables	**2,918**	1,601
Accrued expenses	**1,562**	1,532
Lease liabilities	**200**	–
Total financial liabilities measured at amortised cost	**4,680**	3,133

The following is an analysis of the maturities of the financial liabilities in the Statement of Financial Position, excluding amounts owed in relation to statutory taxes:

	Carrying amount £'000	**6 months or less £'000**	**6-12 months £'000**	**1 year or more £'000**
2020				
Trade and other payables	**2,918**	**2,666**	**252**	**–**
Accrued expenses	**1,562**	**1,562**	**–**	**–**
Lease liabilities	**310**	**100**	**100**	**110**
	4,790	**4,575**	**95**	**120**

	Carrying amount £'000	6 months or less £'000	6-12 months £'000	1 year or more £'000
2019				
Trade and other payables	1,601	1,601	–	–
Accrued expenses	1,532	1,532	–	–
	3,133	3,133	–	–

All financial liabilities are denominated in Sterling.

Capital risk management

Management considers capital to be the carrying amount of equity. The Group manages its capital to ensure its obligations are adequately provided for, while maximising the return to shareholders through the effective management of its resources.

The Group's objective when managing capital is to safeguard its ability to continue as a going concern. The Group meets its objective by aiming to achieve growth which will generate regular and increasing returns to its shareholders. The principal policies in this regard relate to increasing the number of paying advertiser customers whilst managing costs, in particular discretionary costs, to available resources.

The Group deposits cash at bank, which is included in cash and cash equivalents, with a number of separate financial institutions with appropriate credit ratings.

Financial liabilities

Fair values of financial assets and liabilities

The fair value of the Group's financial assets and liabilities are not materially different from their book values and therefore the Directors consider no hierarchical analysis is necessary.

Impairment of Company financial assets

The Company's Group receivables represent trading balances and amounts advanced to other Group companies with no fixed repayment dates.

The Company determines that credit risk has increased significantly when:

- there are significant actual or expected changes in the operating results of the Group entity, including declining revenues, profitability or liquidity management problems; or
- there are existing or forecast adverse changes to the business, financial or economic conditions that may impact the Group entity's ability to meet its debt obligations.

The Company has determined that there is no increased credit risk with respect to the intercompany loan to Agents' Mutual. Management believes the strong operational progress in the business means its future financial prospects are less risky and it is judged to be more likely now to generate future profits to allow it to repay the loan than before. As such the expected credit losses have been calculated under the 12-month expected credit losses methodology. Note 18 details the impairment provision applied.

21. Provisions

	Social security on share options granted £'000
At 1 February 2019	1,009
Exercise of share options	(63)
Revaluation	(138)
At 31 January 2020	**808**

	2020 £'000	2019 £'000
Disclosed as:		
Current liability	**707**	776
Non-current liability	**101**	233
	808	1,009

The provision for social security on share options granted relates to the social security charges that will be incurred by the Group when the share options are exercised. This is calculated based on the options disclosed in note 22 in respect of the management incentive share option plan and the employee share scheme. Employer's National Insurance Contributions are accrued, where applicable, at a rate of 13.8%. The amount accrued is based on the market value of the shares at the period end after deducting the exercise price of the share option, adjusted to account for any vesting period related to ongoing employment.

22. Share-based payments

Agent recruitment shares

The Group issued agent recruitment shares during the year. 3,258,567 ordinary shares were granted. Fair value was determined in accordance with the accounting policy set out in note 2.18. The weighted average fair value of shares granted was £1.05.

Management and employee share schemes

The Group operates management and employee equity settled share schemes. No options over its shares were awarded in the year to 31 January 2020.

The Company has granted share options under its Management Incentive Plan, its employee share scheme and its Company Share Option Plan. The unexercised options at the end of the year are stated below:

Grant date of option	Expiry	Option exercise per share £	Fair value £	2020 Number	2019 Number
Granted 15 September 2017	2027	nil	1.48	**7,467,525**	7,940,842
Granted 19 September 2017	2027	nil	1.48	**491,137**	512,953
Granted 10 October 2017	2027	nil	1.48	**14,544**	39,998
Granted 20 November 2018	2028	1.65	0.69	**639,864**	742,913
Granted 4 December 2018	2028	nil	1.13	**42,424**	42,424
Outstanding at 31 January				**8,655,494**	9,279,130

The value of employee services provided of £493k (2019: £344k) has been charged to the income statement.

Management Incentive Plan

Further details of the management incentive share option plan are as follows:

	2020 Number	Weighted average exercise price £
Opening at 1 February	**7,789,327**	–
Granted	**–**	–
Exercised	**(473,317)**	–
Outstanding at 31 January	**7,316,010**	–
Exercisable at 31 January	**5,756,143**	–

These share options expire 10 years after the date of grant and have a nil exercise price. 173,317 are exercisable on the second anniversary of admission of the Company to AIM (9 February 2020) and 1,386,549 are exercisable on the fifth anniversary (9 February 2023). The remaining 5,756,143 options are exercisable immediately, however any shares arising from exercise are subject to a restriction on sale such that shares deriving from up to 10% of the options are available to be sold after the first anniversary of admission of the Company to AIM (9 February 2019), a further 10% after the second anniversary (9 February 2020) and the remainder after the fifth anniversary (9 February 2023). The fair value of all these options was charged to the profit and loss account in full in the year to 31 January 2018.

During the year 473,317 options were exercised. The weighted average share price at exercise was £0.995p.

Employee share scheme

Further details of the employee share option plan are as follows:

	2020 Number	Weighted average exercise price £
Opening at 1 February	**746,890**	
Forfeited in the period	**(47,270)**	–
Outstanding at 31 January	**699,620**	–
Exercisable at 31 January	**–**	–

These share options expire 10 years after the date of grant. Share options granted under this scheme have a nil exercise price and vest 3 years after the date of grant. The fair value of these share options is charged to the profit and loss account over the vesting period. The share options are forfeited should the employee leave.

Company Share Option Plan

Further details of the company share option plan are as follows:

	2020 Number	Weighted average exercise price £
Outstanding at 31 January	**742,913**	1.65
Forfeited in the period	**(103,049)**	1.65
Outstanding at 31 January	**639,864**	1.65
Exercisable at 31 January	**–**	–

These share options expire 10 years after the date of grant. Share options granted under this scheme have an exercise price of £1.65 and vest 3 years after the date of grant. The fair value of these share options is charged to the profit and loss account over the vesting period. The share options are forfeited should the employee leave.

National Insurance Contributions

National insurance contributions are payable by the Group in respect of all share-based payment schemes except the Company Share Option Plan. A provision has been recognised at 13.8%.

The following have been expensed (2019: recognised as income) in the consolidated income statement:

	2020 £'000	2019 £'000
Share-based payment charge	**493**	344
Employer's social security on share options	**(138)**	(601)
	355	(257)

23. Share capital

Share capital issued and fully paid

	2020 No.	2019 No.
Opening Ordinary shares of £0.002 each	**61,493,611**	35,530,263
Issued in the year	**8,589,027**	25,963,348
Closing Ordinary shares of £0.002 each	**70,082,638**	61,493,611

	2020 £'000	2019 £'000
Ordinary shares of £0.002 each	**140**	123

All issued shares are fully paid. The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per ordinary share at general meetings of the Company.

On incorporation, the Company issued 2 ordinary shares of £0.002 each at par.

By a resolution dated 22 December 2017 the Directors are authorised to issue up to 40,000,000 shares to estate agents in connection with such agents signing listing agreements with the Company or its subsidiaries. The Directors confirmed that at most they will issue 36,363,636 under this authority, which expires on 22 December 2022. As at 31 January 2020, 4,218,860 shares had been issued under this authority (2019: 960,293) leaving 32,144,776 shares authorised but unissued (2019: 35,403,343).

The Company issued 220,319 ordinary shares on 28 March 2019, 528,122 ordinary shares on 25 April 2019, 1,031,544 ordinary shares on 31 July 2019, 1,071,035 ordinary shares on 31 October 2019 and 407,547 ordinary shares on 31 January 2020 to certain new and existing agents following them having earlier signed new long-term listing agreements to advertise all of their UK residential sales and letting properties on OnTheMarket.com. These shares were granted for cash at nominal value and for additional non-cash consideration. The shares are accounted for as set out in note 2.18.

The Company issued 173,317 ordinary shares on 8 February 2019, 150,000 ordinary shares on 15 February 2019 and a further 150,000 ordinary shares on 28 March 2019, in each case following the exercise of options by employees.

The Company issued 4,857,143 ordinary shares on 30 December 2019 as part of a placing to fund its investment in its associate, Glanty Limited (note 17).

Share option scheme

At the year end, there were a total of 8,655,494 (2019: 9,279,130) share options under the Company's share option plans (note 22), which on exercise can be settled either by the issue of ordinary shares or by market purchases of existing shares.

24. Retirement benefit schemes

Defined contribution schemes

The Group operates defined contribution pension schemes. The assets of the schemes are held separately from those of the Group in independently administered funds. The cost charged represents contributions payable by the Group to the funds. At the balance sheet date contributions of £29k (2019: £nil) were outstanding.

	2020 £'000	2019 £'000
Contributions payable by the Group for the year	**132**	60

25. Controlling parties

The Directors do not consider there to be a single immediate or ultimate controlling party.

26. Related party relationships and transactions

Some directors of Agents' Mutual during the prior year were also, for the short period until 12 February 2018 when they resigned following Admission, directors or partners of estate agency firms who are shareholders and also subscribe for services supplied by the Group. Listing fee income for the period in the prior year during which they were directors of Agents' Mutual of £46k was received from such shareholders. Although the agents are now shareholders of the Group, given the percentage shareholding owned by each agent, the fact that the agents are no longer represented on any Group company board and the fact the shares are listed and therefore that the Group is no longer wholly owned by agents, these agents are no longer considered to be related parties. None of these shareholders received preferential rates in the current or prior year.

In the ordinary course of business the Group has entered into transactions with Whiteleys Chartered Certified Accountants, a company controlled by a direct relation of Helen Whiteley, an Executive Director of the Group. Whiteleys Chartered Certified Accountants provides an outsourced finance function to the Group. During the year, the Group purchased services amounting to £614k (2019: £587k) and at the year end the Group owed £71k (2019: £68k).

Subsidiaries

Interests in subsidiaries are set out in note 16.

Associates

Interests in associates are set out in note 17.

Key management personnel

Disclosures relating to key management personnel are set out in note 8.

Other related party transactions

There were no further related party transactions during the year.

27. Post balance sheet events

Board and management changes

On 27 February 2020 Rupert Sebag-Montefiore joined as an independent Non-Executive Director and Chairman of the Remuneration Committee.

On 9 March 2020, the Group announced the termination of employment of Ian Springett, Chief Executive Officer, with immediate effect. The Board believed a new CEO would be better able to oversee the next stage in the development of the Group and its commitment to becoming a strong, agent-backed, profitable and technology-enabled business.

Chief Financial Officer Clive Beattie agreed to take on the additional role of Acting Chief Executive Officer while the Board conducted a formal process to appoint a permanent Chief Executive Officer.

Litigation

In March 2020 the Group announced that an out of court settlement had been concluded between Agents' Mutual and Gascoigne Halman and Connells Limited. The agreement, the terms of which are confidential, ends all litigation proceedings between the parties.

COVID-19

The emergence of the COVID-19 crisis and the restrictions on movements imposed by the UK government in March 2020 had a substantial impact on the ability of the Group's customers to run their businesses.

In light of this, the Group announced a series of measures to provide value and support to agents, safeguard jobs within the Group and conserve cash. Further details can be found within the Post period end developments and Outlook sections of the Acting Chief Executive Officer's report.

Whilst the effects of the COVID-19 crisis had no impact on the assets and liabilities of the Group or Company at 31 January 2020, as a result of the ongoing uncertainty it is too early to give guidance on the potential impact of COVID-19 on the Group and Company in the current financial year.

Share issues

Since year end a further 174,879 ordinary shares have been issued to agents alongside listing agreements and 923,071 ordinary shares have been issued following the exercise of options by employees.

There have been no other post balance sheet events.

Company Information

Directors	C Beattie I Springett (Resigned 9 March 2020) H Whiteley C Bell I Francis R Sebag-Montefiore (Appointed 27 February 2020)
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Company number	10887621
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