



Annual Report and Consolidated Financial Statements

for the year ended 31 January 2019



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Background and origins

OnTheMarket plc (“OTM” or the “Company”) is the UK’s agent-backed residential property portal provider. The business aims to provide an alternative to its competitors, offering property-seekers a “go to” premier search experience, charging property advertisers sustainably fair prices, creating long-term value for all shareholders and being a rewarding place to work for its people.

OnTheMarket is the parent company of Agents’ Mutual Limited (“Agents’ Mutual”), which owns and operates the UK online residential property portal OnTheMarket.com.

Agents’ Mutual was formed in January 2013 by several leading estate and lettings agents to create a new residential property portal as a challenger to the two existing major portal groups, Rightmove plc and ZPG plc.

Agents’ Mutual was born from widespread agent dissatisfaction with the growing imbalance of power between agents and the two existing major portal groups. Both groups were felt to be using their strong positions relative to their agent customers to impose significant price increases for their portal services.

The Agents’ Mutual proposition, for a portal owned by agents which would offer a premier search service to property-seeking consumers whilst charging fair prices to agents, quickly found support among a very wide group of leading independent agents across the UK. These agent firms were prepared to fund the venture by way of loan note subscriptions and to commit to list with the portal once it went live.

The portal launched in January 2015 as the first major new market entrant since 2008, with the properties of 4,600 estate agent branches.

Agents provide the majority of income for the property portals and also supply their essential and most valuable content - the property listings. As a portal with significant agent support, the Directors believe OnTheMarket.com is uniquely positioned to create an alternative to the leading incumbent portals. The Directors believe that with their invaluable database of active property vendors and property-seekers, agents are able to proactively support the portal and create valuable competitive advantage for it.

The Company’s senior management has significant industry experience and expertise. Led by Ian Springett, Chief Executive Officer, it includes the team responsible for founding and, until 2008 following its sale to Daily Mail & General Trust plc, managing PrimeLocation. In addition, many of the Group’s¹ employees have previously worked for other UK property portals.

The ordinary share capital of OTM was successfully admitted to AIM on the London Stock Exchange on 9 February 2018 (“Admission”). Through a placing to investors, £30m (gross) of new equity capital was raised on Admission to fund the further growth of OnTheMarket.

At Admission agents owned approximately 70 per cent. of the issued share capital.

OTM is incorporated in England & Wales and has its registered office in the UK.

¹ The Group is OTM and its subsidiary undertakings as set out in note 15 to these financial statements.



Overview

100 million

Instant property alert emails sent in May 2019. Across 2018, Rightmove sent an average of 65 million alerts per month

30

Average leads per £100 in May 2019 based on an ARPA of £337 per month. In FY 2018, Rightmove provided on average 17 leads per month per £100, down from 28 leads in FY 2015



Strong first year of operational performance

Highlights

Operational and strategic highlights

- Conversion of agents from free to paying contracts** is underway and new agents are being recruited directly to paying contracts. A total of almost 1,000 branches have been signed under paying contracts since conversion commenced, with an average ARPA² of £337 per month.
- Of these new contracts, 57% are long-term commitments of three or five years with shares and the majority of the balance are on 1 year contracts with an option to convert to a longer-term contract with shares.
- The ongoing growth in paying contracts is key to the Group's transition into profitability and is supported by:
 - Growing property stock:** As at 3 June 2019, the portal displayed over 650,000 UK residential property listings, already approximately 65% of Rightmove's³ and over 83% of Zoopla's³. Continued growth in agent branches on OnTheMarket.com remains key to our strategy and future success;
 - Growing consumer traffic:** In May 2019, a record 25.4m visits were made to the portal, up 8% from the previous record in January 2019;
 - Growing consumer engagement:** In the month of May 2019, more than 1m people were using our property alerts service and over 100m instant alert emails were sent. Across 2018, Rightmove sent an average of 65m instant alert emails per month to over 2m people.
 - Growing leads to agents:** In May 2019, the Group's average leads per UK residential property advertiser rose to 102 per month. Based on their most recently published information, Zoopla's average per month fell to 92 (H1 2018) and Rightmove's fell to 171 (FY 2018);
- Improving value for money:** Based upon an ARPA of £337, in May 2019 the Group provided an average of 30 leads per £100. In FY 2018, Rightmove provided on average 17 leads per month per £100, down from 28 leads in FY 2015. The Board is particularly pleased with this as it highlights the significant value we are providing to our customers; and
- Matching Rightmove's core agent products:** In March 2019 we began rolling out products which support agents' operations within the listing fee and provide them with additional advertising opportunities at extra cost.
- Preparatory work to extend our offering to new home developers has begun.
- The Group continues to evaluate opportunities to acquire businesses, particularly in the area of property technology, which can offer solutions to current business problems faced by its agent customers.
- With revenues broadly covering operational costs before marketing expenditure and growing, a cash balance at 31 May 2019 of £10.2m and the continued support of agents, we are well placed to deliver long-term value to shareholders.

Financial highlights and KPIs

- As at 31 January and 31 May 2019, OnTheMarket had signed listing agreements with UK estate and letting agents with more than 12,500 offices. This reflects continued recruitment of new agents on free trials or straight to paying contracts, offset by agents who have been removed from the portal following the end of their free trial periods.
- ARPA £130 (2018: £198), reflecting the strategy to grow rapidly through free short-term introductory trial offers. Average branch numbers listed at OnTheMarket.com 9,460 (2018: 5,694), visits⁴ 158.9m (2018: 77.3m).

- Group revenue of £14.2m (2018⁵: £13.6m).
- Administrative expenses of £27.8m (2018⁵: £9.7m) after advertising expenditure of £14.9m (2018: £2.2m) as the Group invested capital raised in increased marketing and expansion of the team, in line with the new growth strategy. The Group is pleased to report that its marketing spend during the year was more efficient than originally envisaged and expects to continue this trend in the future.
- Adjusted operating loss⁶ £13.6m (2018: adjusted operating profit⁶ £3.9m).
- Operating loss of £14.5m (2018: £10.8m) which includes £0.9m (2018: £14.7m) of specific professional fees, share-based payments and non-recurring items.
- Loss after tax attributable to shareholders £14.5m (2018: £12.1m).
- Cash balance at 31 January 2019 £15.7m (2018: £3.2m).

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 Rightmove, in its 2018 Annual Report, stated that it had "1 million UK residential properties". As at 3 June 2019, Zoopla stated on its website that it was listing 562,144 UK residential sales properties and 225,592 UK residential lettings properties, totalling 787,736 properties - down from 822,250 as at 3 July 2018.

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 Revenues and administrative expenses for the year ended 31 January 2018 have been restated under IFRS 15. Further information is set out in note 2.5.

⁶ Adjusted operating loss / profit is defined as operating loss / profit before finance costs, taxation, share-based payments, specific professional fees or non-recurring items. This is an alternative performance measure and should not be considered an alternative to IFRS measures, such as revenue or operating loss / profit. Please see the Financial Review and Key Performance Indicators for a reconciliation of operating loss to adjusted operating loss.



Chairman's Statement

I am pleased to be reporting on a period of strong operational progress following our successful AIM listing and fundraising on 9 February 2018.

The fundraising and listing on AIM was part of a transformational strategy intended to enable the Company to accelerate its growth and enhance its position as a serious challenger to the duopoly UK property portals Zoopla and Rightmove, by offering a more responsive and better value option to agents and property-seeking consumers alike.

The investment of proceeds from our £30m AIM fundraising in marketing expenditure and team expansion has enabled us to achieve success against our own internal key operational performance targets:

Agent offices under listing contracts up by more than 7,000 since Admission, with over 12,500 as at 31 January 2019



Traffic to the portal in the year to 31 January 2019 was 158.9m visits, compared with 77.3m in the prior year



Key sales-force and IT recruitment ahead of plan, with team numbers increased since Admission from 15 to 50 and 21 to 58 respectively by 31 January 2019



2018 was a year spent investing in the growth of OnTheMarket.com and in positioning the business to create a strong, credible alternative to Rightmove and Zoopla.

Governance

The Company has adapted well to being a listed company, retaining its entrepreneurial culture and pro-agent ethos whilst embracing the corporate governance challenges that are part of life within a publicly listed company.

Current trading

Since the year end we have increasingly engaged with agents to convert those who joined us on an introductory free trial to paying customers. That process will continue throughout the year ahead and with the continued support of agents we are well placed to deliver long-term value to shareholders. Further details on progress to date are set out in the Chief Executive Officer's Report.

Our team of colleagues remain highly focused to continue to build upon our strong growth to date.

I would again like to thank all of my colleagues, team members and shareholders for their continued hard work and support. Many challenges remain before us, but with the continued commitment of all our stakeholders I am confident that we can achieve our aim. That is to provide an agent-backed alternative residential property portal, offering property-seekers a "go to" premier search experience, charging property advertisers sustainably fair prices, creating long-term value for all shareholders and being a rewarding place for our people to work and thrive.

Christopher Bell

Non-Executive Chairman

12 June 2019

OnTheMarket gets
thousands of new properties
every month, 24 hours or more
before Rightmove or Zoopla.

So don't miss out.
Set up a property alert today.

See www.onthemarket.com/news/press-releases. Agents specify exclusivity and who is contacted to secure a sale, prior to sale.

 OnTheMarket.com

JCDecaux

Toilets



Camden food co.

Strategic Report

Chief Executive Officer's Report

I am pleased to report that OnTheMarket, the UK's agent-backed residential property portal provider, has delivered a strong, successful first year of operational progress since its admission to AIM on 9 February 2018 alongside a capital raise of £30 million (gross).

As a challenger business and brand, OnTheMarket aims to become an alternative to Rightmove and Zoopla by providing the property-seeking public with an excellent agent-backed portal and by providing its agent investors and customers with listing and support services and a commitment to sustainably fair pricing.

In our first year as a listed business, we have vigorously pursued the transformational growth strategy we had set out in our Admission Document, delivering disciplined rapid expansion while investing to generate long-term benefit and value for our customers, for our consumers, for our shareholders and for our people.

OnTheMarket is already indisputably established as one of the leading portals and as a go-to destination for the most serious property-seekers in the market.

Operational KPIs in terms of growth in agent offices, consumer visits to our portal and leads to our agent customers have met or exceeded internal expectations and have been achieved with lower-than-planned cash burn.

We have already achieved much to close the gap between OnTheMarket and the previous effective duopoly and we have every intention of first matching and then bettering their current core services and products to create a viable alternative for agents and property-seekers alike.

Leveraging our unique agent-backed business model

At Admission, OnTheMarket was 70% owned by over two thousand agent firms. The majority of agent shareholders committed to new 5 year listing agreements and to enter lock-in arrangements to retain the majority of their shares for 5 years post Admission.

It has been an objective to broaden agent ownership still further and as at the date of these accounts, 1.7m new shares have been issued to agents signing long-term listing agreements, although not all shares contracted to be issued under long-term paying listing agreements

signed have been issued to date as share issues lag contract commencement.

Agents provide the majority of income for the property portals and also supply their essential and most valuable content - the property listings. As a portal with significant agent support, the Directors believe that OnTheMarket.com is uniquely positioned to create an alternative to the leading incumbent portals. One of the strongest examples of agent support to create competitive advantage is the "New & exclusive" feature: OnTheMarket receives listings for thousands of new-to-market properties every month from its agents to display 24 hours or more before they are on Rightmove or Zoopla.

Accelerating the growth in classic network effects

In a two-sided network, the pillars of our strategy in 2018/19 have been a rapid build of our agent customer/shareholder base, a strong marketing campaign to increase consumer traction and leads and a substantial investment in building the team, particularly in sales, customer relations and IT.

Building the agent branch base and property listings

A key priority in 2018/2019 has been the rapid building of our agent branch base and property listings and our progress has been very strong.

As at 31 May 2019, OnTheMarket had signed listing agreements with UK estate and letting agents with more than 12,500 offices – an increase of over 7,000 offices since Admission. This reflects continued recruitment of new agents on free trials or straight to paying contracts, offset by agents who have been removed from the portal following the end of their free trial periods.

As at 3 June 2019, the portal displayed over 650,000 UK residential property listings, already over 83% of Zoopla's (which have fallen from 822,250 as at 3 July 2018 to 787,736 as at 3 June 2019) and approximately 65% of Rightmove's. In its 2018 Annual Report, Rightmove stated it had 1 million UK residential properties.

The growth in our agency branch base post-Admission was almost exclusively achieved by offering free listings under short-term introductory trial offers, with a view to converting these to full-tariff contracts in 2019/20 when agents have had the opportunity to assess the value of our offering. Over 6,500 agent branches have joined OnTheMarket.com on such short-term offers.

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

Conversion of agents from introductory trial offers to paying contracts underway

The conversion of agents from free listing to paying contracts is underway and new agents are being recruited directly to paying contracts. A total of almost 1,000 branches have been signed under paying contracts since conversion commenced, with an average ARPA of £337 per month. Of these new contracts, 57% are long-term commitments of three or five years with shares to list all their available properties and actively to promote the OnTheMarket.com brand. The majority of the balance are on 1 year contracts with an option to convert to a longer-term contract with shares.

The ongoing growth in paying contracts is key to the Group's transition into profitability. The conversion process is using a range of offers which, for selected agents, include long-term agreements which will be accompanied by share issuance. The Directors believe that attractive equity incentives can be provided to new property advertisers joining OnTheMarket.com whilst at the same time enhancing value substantially for existing shareholders. Such equity issuance enables agents to support the only major agent-backed portal with a view to creating a fairly-priced alternative to Rightmove and Zoopla and to share in any increase in the value of the Company.

The 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 investors and with the success of the Group.

The Group has authority remaining to issue up to a further 34.7 million Ordinary Shares to recruit new property advertisers, and the issuance of these shares is expected to result in both direct and indirect revenue growth.

Marketing to build property-seeker traffic and engagement and to increase value to agents

With the capital raised at Admission, the Group has been able to deploy significant and increasing funds to multi-channel marketing. The Company has taken a disciplined approach to the building of its advertising investment to ensure optimal value.

In addition to ramping up our advertising on paid search and other digital marketing, we have been able to conduct our heaviest national TV advertising since our launch period in 2015. A new TV advertising campaign was introduced in September 2018 and ran in the key period from Boxing Day, through the month of January and beyond into 2019.

In addition, we ran national radio and poster advertising, with our biggest ever monthly budget in January 2019.

A key theme of these advertising campaigns is the "New & exclusive" properties which many of our agents choose to list at OnTheMarket.com in advance of listing on Rightmove or Zoopla. The Directors believe this gives OnTheMarket a competitive advantage as this has been shown to hold a significant appeal to active property-seeking consumers, who are the key target group as they in turn provide listing agents with the highest quality leads.

Combined with our growth in agents and property listings, the investment in marketing has also led to a substantial increase in visitor traffic to OnTheMarket.com, generating substantially greater value to our agent investors and customers through a higher volume of high-quality leads.

In May 2019 a record 25.4 million visits were made to the portal, up 8% on January 2019's seasonal high and previous monthly record.

Leads to agent customers also reached record monthly levels in May 2019 with an average of 102 leads per advertiser per month, despite the uncertainty surrounding the UK residential property market. Based on its last published half-year report as ZPG plc (H1 2018), Zoopla delivered an average of 92 leads per advertiser per month for that period, down from 136 in FY 2015

(the year that OnTheMarket.com was launched). In FY 2018, Rightmove delivered an average of 171 leads per advertiser per month, down from 210 in FY 2015.

In 2018 Rightmove provided on average 17 leads per month per £100 of advertiser spend, down from 28 leads in FY 2015. Based upon an average monthly fee per advertiser of £337, in May 2019 the Group provided an average of 30 leads per £100 of advertiser spend. The Board is particularly pleased with this as it highlights the significant value we are providing to our customers.

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, being those surveyed who had moved within the prior 5 months or who were actively looking to move, our prompted brand awareness was 27%.

Following the investment in marketing detailed above, including the new TV campaign, in May 2019 our prompted brand awareness has risen dramatically to 35% for all adults and to 47% for active property-seekers.

We have invested in continuously improving the quality of the user experience on the portal and consumer engagement has continued to grow. In May 2019 OnTheMarket sent over 100 million instant property alert emails to its registered users. This compares with 781 million instant alert emails sent by Rightmove across the whole of 2018, an average of 65 million per month.

A key reason for the most serious property-seekers in the market to sign up for an alert with OnTheMarket is that they will be first to see any relevant "New & exclusive" properties: OnTheMarket displays thousands of new properties every month 24 hours or more before they are on Rightmove or Zoopla. Our sales team continue to engage with our agent customers and as a result of this we are seeing hundreds of new branches each month signing up to our "New and exclusive" programme.

On 5 September 2018, we announced an agreement with Facebook that our UK agents' home rental property listings would be available to view on Facebook Marketplace. The Facebook Marketplace integration has been another productive example of how we have been increasing the exposure of our agents' properties for the benefit of our agent customers and the property-seeking public alike.

Investing to build the team to deliver in the short term and the long term

The greater financial resources available to the Group have also been deployed in expanding the team, in particular the sales and customer relations team and the IT team.

"Combined with our growth in agents and property listings, the investment in marketing has also led to a substantial increase in visitor traffic to OnTheMarket.com, generating substantially greater value to our agent investors and customers through a higher volume of high-quality leads."

At Admission on 9 February 2018, the field sales team numbered 15 employees. As at 31 January 2019 this had been increased to 50. This significant expansion in sales and customer relations support enables us to rapidly and effectively recruit new agents whilst implementing and maintaining the expected levels of service for existing and new customer agents during the period of rapid growth.

The sales team has progressively broadened its focus to engage with customers to seek to increase the number of agents prepared to adopt "New & exclusive" for their new instructions as well as increase property alert sign-ups. In addition, the team continues to focus on the value delivered to customers as the short-term introductory contracts come to an end and we explore with them the opportunities to convert to paying contracts.

Likewise, as at 31 January 2019, the IT team had been increased from 21 to 58.

The enlarged team is focused on technical support for on-boarding agents and property data, specifying and delivering new products for consumers and customers and the continuous improvement of existing products.

The success of the rapid but controlled growth in the organisation has depended on a culture of disciplined inclusion and empowerment. This reflects the powerful combination of entrepreneurial spirit and seasoned management within the leadership team and across the business.

Creating new products and services for our property advertisers

In addition to the core property and agency listing service, the two market-leading UK property portals offer a variety

of paid-for additional consumer-facing promotion and branding products, as well as a variety of back-office products for agents and new homes developers.

The Company aims first to match and then to better the core set of agent products and services of its competitors, ranging from advertising products to a full set of intelligence-based services to enable them to track their performance locally and nationally across a range of valuable measures.

I am pleased to report that after much preparatory work in the year ended January 2019 the Company has since launched the first phase of its back-office service to its agents in the form of a "Market Appraisal Guide" to support agents with intelligence and branded materials for appraisal meetings with clients.

I am equally pleased to report that OnTheMarket has recently launched a range of value-adding products to enable agents to boost the visibility of their brand and their listings on the portal. These products, including enhanced property presentation and banners on our portal and property alerts, are bought separately from the contractual listing fee. Further revenue-generating products will be released later this year.

A Market Intelligence Report product is currently in beta testing and is expected to be ready for release shortly.

Additionally, the Group continues to evaluate opportunities to acquire businesses, particularly in the area of property technology, which can offer solutions to current business problems faced by its agent customers.

Broadening our advertiser base

The Company's growth strategy will in due course address the wider property market, including new home developers and the commercial and overseas property markets. We will also offer 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 new homes market is our initial focus and preparatory work has been initiated to enable us to address this opportunity in the current year.

Responding positively to market conditions

The Directors believe that the UK agency market has continued to be under pressure from the uncertainty caused by a number of economic and political factors.

Nevertheless, the volume of housing transactions at a national level remained resilient throughout 2018, broadly in line with the 5-year average, and house prices at a national level have also continued to increase, albeit modestly and with some strong regional differences.

In 2019, many industry bodies have reported a slow start to the year with agents' property for sale stocks down on last year.

Overall UK agent office numbers, including hybrid agents, have not reduced significantly, indicating that competition in the market for agency services remains strong, with downward pressures on commission rates.

Against this backdrop, independent agents' portal costs have continued to rise significantly.

Some portals are competing with their agent customers for cross-sell revenues.

The Directors believe that these market developments provide a strong rationale for agents to support OnTheMarket, which provides substantially fair pricing and increasing value as we deliver on our strategy, including increasing website traffic amongst the property-seeking public and growing the volume of quality enquiries from these property-seekers to the agents listing at OnTheMarket.com.

Litigation

In July 2017, judgment was handed down by the Competition Appeal Tribunal in favour of Agents' Mutual and against Gascoigne Halman Limited on all competition issues: the One Other Portal rule* was upheld as lawful and enforceable and Agents' Mutual was awarded £1.2m as an interim payment towards its litigation costs.

* The One Other Portal rule is a provision included in Agents' Mutual's original listing agreements whereby agents committed to list their properties on OnTheMarket.com and contractually agreed to using a maximum of one other competing portal.

Chief Executive Officer's Report

Continued

In December 2017, having had an application to appeal to the Competition Appeal Tribunal refused, Gascoigne Halman Ltd was granted leave to appeal the judgment of the Competition Appeal Tribunal at the Court of Appeal.

The hearing of the appeal took place on 27 November 2018 for three days. I am pleased to report that in January 2019 the Court of Appeal unanimously and comprehensively dismissed Gascoigne Halman's appeal and issued judgment in favour of Agents' Mutual with regard to all the competition issues in its proceedings against Gascoigne Halman.

Whilst the residual non-competition issues relating to our claim remain to be resolved, OnTheMarket emerges from this stage of the litigation stronger and as committed as ever to injecting much needed competition into the property portals market, which had previously been heavily dominated by two large groups. The litigation proceedings are now focused on the recovery of material costs and damages suffered by the Group due to Gascoigne Halman's breach of contract.

Outlook

I am proud of what the Group has achieved this year.

As the UK's agent-backed residential property portal provider, the Group's strategy to build strong network effects and deliver increasing value to our agents is working.

The investment in marketing has led to a substantial increase in visitor traffic to OnTheMarket.com, generating greater value to our customers through a greater volume of high-quality leads.

We have benefited from growing agent support since Admission. We are positioned to continue our growth in agent offices listing and in agent firms converting to becoming investors alongside long-term paying contracts.

The investment in expanding the team has provided OnTheMarket with a workforce with the talent, motivation and capacity to deliver a first-class product and service to both property-advertising agent customers and property-seeking consumers.

With a clear vision and direction of travel, our outlook is therefore positive. Our progress to date and the clear support for an agent-backed portal give us confidence that we can continue to build on this strong start and develop a market-leading, agent-backed alternative to Rightmove and Zoopla. Agents have demonstrated their support and have begun converting to, or signing up for, paying contracts, predominantly long-term in nature.

Agents provide the core content that any successful property portal requires. With the continued support of agents we are therefore well placed to deliver long-term value to shareholders.

Group revenues are now broadly covering operational costs before marketing expenditure and growing and at 31 May 2019 we had a cash balance of £10.2m. The ongoing growth in paying contracts is key to our future success and remains our focus. We will look to support this by offering the range of products and services agents require, increasing further the value for money we provide them and aligning many of them with the long-term interests of the Company as shareholders.

Such a strong year of delivery could not have been achieved without an outstanding team across all areas of the business. I thank my exceptionally committed colleagues for all their hard work and I welcome all those new employees who have recently joined us.

Ian Springett

Chief Executive Officer

12 June 2019



Financial Review and Key Performance Indicators

During the year ended 31 January 2019 and following Admission and the associated capital raise on 9 February 2018, the Group implemented its transformational growth strategy.

As a result, throughout the year we saw an increase in agents listing, almost exclusively under free, short-term introductory trial offers. Some agents, however, received shares in OnTheMarket and entered long-term paying listing agreements. Together with other market factors, this led to an increase in revenues. Prior year figures for revenue and administrative expenses have been restated under IFRS 15 as further set out in note 2.5.

The Group delivered revenue of £14.2m in the year ended 31 January 2019, reflecting a 4% increase (2018: £13.6m), and an adjusted operating loss of £13.6m (2018: adjusted operating profit £3.9m). This loss reflected the investment of capital raised in increased marketing expenditure and expansion of the team.

At 31 January 2019 the Group had net cash of £15.7m (2018: £3.2m). It had £10.2m of net cash at 31 May 2019.

The reported operating loss of the Group was £14.5m (2018: £10.8m) and is further analysed as follows:

Group operational KPIs were as follows:

- ARPA £130 (2018: £198), reflecting the strategy to grow rapidly through free short-term introductory trial offers;
- average branches listing 9,460 (2018: 5,694);
- visits 158.9m (2018: 77.3m); and
- as at 31 January 2019, OnTheMarket had signed listing agreements with UK estate and letting agents with more than 12,500 offices – an increase of over 7,000 offices since Admission.

The Group's financial performance is presented in the Consolidated Income Statement on page 31. The loss for the year attributable to the owners of the Group was £14.5m (2018: £12.1m).

Administrative expenses in 2019 increased to £27.8m (2018: £9.7m) as the Group invested capital raised at Admission in increased marketing expenditure and expansion of the team, in line with the new growth strategy. Marketing expenditure was £14.9m (2018: £2.2m).

Reconciliation of operating loss to adjusted operating (loss)/profit:	2019 £'000	2018 £'000
Operating loss	(14,544)	(10,839)
Adjustments for:		
Professional fees (note 6)	597	1,436
Agent recruitment charges (note 6)	565	-
Share-based management incentives (note 22)	(257)	13,290
Adjusted operating profit	(13,639)	3,887

The loss per share in the year was 24.02p (2018: 34.03p).

Financial Review and Key Performance Indicators

Continued

Professional fees of £0.6m (net of costs of £0.2m awarded) were incurred in the year (2018: £1.4m net of costs of £1.2m awarded, in relation to the litigation with Gascoigne Halman Limited and Admission (see note 6).

An agent recruitment charge of £0.6m was incurred in relation 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.

During the year there arose a non-cash credit of £0.3m in relation to share option awards made to employees (2018: non-cash charge of £13.3m). Further details on options awarded, exercised and forfeited are set out in note 22.

Receivables increased to £3.3m as at 31 January 2019 (2018: £0.6m) mainly as a result of prepayments recognised for agent shares issued. Details on the accounting treatment are set out in note 2.16.

Trade and other payables as at the year-end increased to £4.7m (2018: £3.0m) mainly as a result of an increase in trade payables including payables resulting from increased advertising expenditure.

The Group currently incurs losses and its strategy to achieve profitability is based upon increasing the number of paying customer agents, primarily through converting those agents who joined on an introductory free trial to paying customers.

At the end of the year, the Statement of Financial Position showed total assets of £23.0m (2018: £7.4m) and total equity of £17.3m (2018: £(9.7)m). The increase reflects the capital raise of £30m (gross) that completed on 9 February 2018. At the same time all outstanding long-term borrowings (£11.3m at 31 January 2018) were extinguished under a debt for equity swap.

The Group has a number of customers who are not paying their contractually committed listing fees. The majority of these chose 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. It is the intention of the Company to engage with these customers in due course, to seek either payment of both fees outstanding and further fees as they fall due 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 2019, net unrecovered cash amounted to approximately £6.8m.

Key Performance Indicators

ARPA

(2018: £198)

£130

Offices

an increase of over 7,000

12,500

Visits to OnTheMarket.com

(2018: 77.3m)

158.9m

Average branches listing

(2018: 5,694)

9,460

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 19, that the Group is exposed to include:

Commercial		
Risk	Description	Monitoring and mitigation
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.	<ul style="list-style-type: none"> 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, in future, new home 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.	<ul style="list-style-type: none"> 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.
Conversion of agents to paying contracts	The Group's strategy is to offer free listings under short-term introductory trial offers to agents with a view to converting these 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.	<ul style="list-style-type: none"> 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 shareholders	The Group's policy of issuing shares to estate agents in return for listing contracts 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.	<ul style="list-style-type: none"> 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.

Risk Management and Principal Risks

Continued

Reputational		
Risk	Description	Monitoring and mitigation
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 on 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.	<ul style="list-style-type: none"> 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		
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.	<ul style="list-style-type: none"> 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.
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.	<ul style="list-style-type: none"> 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.	<ul style="list-style-type: none"> 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.	<ul style="list-style-type: none"> 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.
Legal		
Litigation	Agents' Mutual Ltd is party to litigation with Gascoigne Halman Ltd, an estate agent in the North West of England, in relation to an agreement between the Company and Gascoigne Halman Ltd under which Gascoigne Halman Ltd agreed to become a member of Agents' Mutual Ltd and to list certain of its properties at OnTheMarket.com.	<ul style="list-style-type: none"> The Competition Appeal Tribunal handed down judgment in the Group's favour. The Court of Appeal unanimously upheld the Competition Appeal Tribunal's judgment. Following the Court of Appeal ruling, Connells Ltd (which owns Gascoigne Halman Ltd) has been joined in the action as 2nd defendant. The Company continues to take expert legal advice to recover legal costs incurred and to seek damages for breach of contract. The Company takes expert legal advice as required in relation to any other potential litigation.

On behalf of the Board
Ian Springett – Chief Executive Officer
 12 June 2019

Governance

“The Company has adapted well to being a listed company, retaining its entrepreneurial culture and pro-agent ethos whilst embracing the corporate governance challenges that are part of life within a publicly listed company.”

Christopher Bell, Non-Executive Chairman



Board of Directors

year ended 31 January 2019

Christopher Bell

Non-Executive Chairman

Christopher joined OnTheMarket as its Non-Executive Chairman in October 2017 as the Group prepared for its proposed placing and admission to AIM. Christopher has considerable listed board experience across a range of sectors. He 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.

He is Non-Executive Chairman of three other AIM-listed companies, at all of which he serves on key governance committees. He took both XL Media plc and TechFinancials, Inc to market and has since May 2018 chaired Team17 Group plc. Chris was Chairman of Gaming Realms plc from October 2017 until his resignation in June 2018.

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.

Ian Springett

Chief Executive Officer

Ian joined the business in April 2013 as founding CEO. After holding a number of senior banking roles over 15 years within NatWest Group, the last five years of which as Managing Director of Lombard Bank, Ian founded PrimeLocation.com in 2000 and, as Chief Executive, led its growth and ultimate sale to Daily Mail and General Trust plc in 2006. He remained with the business until 2008, when he left to pursue other interests.

From 2012, he worked with the agent founders of Agents' Mutual to develop its strategy and proposition and led the recruitment of the broader group of agents who provided funding for the venture in early 2014. Ian has driven the successful launch and growth of the OnTheMarket.com business and led its demutualisation in preparation for admission to AIM and the associated capital raise.

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.

Clive Beattie

Chief Financial 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.

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.

Directors' Report

year ended 31 January 2019

The Directors present their report together with the financial statements for the year ended 31 January 2019.

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 31 and shows the result for the year.

No dividends were proposed or paid (2018: £nil) to the holders of ordinary shares during the year.

Directors

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

C Beattie
I Springett
H Whiteley
C Bell
I Francis

Political and charitable donations

The Group made no charitable donations during the year (2018: £nil).

Directors' interests

The present membership of the Board, together with biographies on each, is set out on page 17.

All of these Directors served during the year. 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 £14,500k (2018: £12,092k) and as at 31 January 2019 the Group had a net cash balance of £15,673k (2018: £3,174k). At 31 May 2019 the Group had a net cash balance of £10,164k.

The Group currently incurs losses albeit that revenues almost cover fixed costs and are growing. The Group's strategy to achieve profitability is based upon increasing the number of paying customer agents, primarily through converting those agents who joined on an introductory free trial to paying customers.

The Directors have prepared and reviewed the Group's cash forecast and projections for the next 12 months in light of the experience of conversions to date, among other factors. They have also conducted sensitivity analyses and considered scenarios where future conversions fall below the rate and number expected, 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 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 19 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.

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.

Corporate Governance Statement

The Board is committed to effective and robust corporate governance and has progressed the Company's corporate governance since Admission.

The Board has agreed to apply the QCA Code. 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 17. At the date of this report, the Board comprises three Executive Directors and two Non-Executive Directors, one of which is the Non-Executive Chairman.

- Christopher Bell - Non-Executive Chairman - Joined October 2017
- Ian Springett - Chief Executive Officer - Joined July 2017
- Clive Beattie - Chief Financial Officer - Joined July 2017
- Helen Fiona Whiteley - Commercial Director - Joined July 2017
- Ian Raymond Francis - Non-Executive Director - Joined October 2017

The Chairman and the CEO have separate and clearly defined roles. The Chairman is responsible for overseeing the Board and the CEO is responsible for implementing the stated strategy of the Company and for its operational performance.

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 two independent Non-Executive Directors, Christopher Bell (Non-Executive Chairman) and Ian Francis, 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. 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.

Director	Position	Board		Committee			Agent Recruitment
		Max possible attendance	Meetings attended	Nomination	Audit	Remuneration	
Christopher Bell	Non -Executive Chairman	11	10		4	1	2
Ian Raymond Francis	Non-Executive Director	11	11		4	1	2
Ian Springett	Chief Executive Officer	11	11				2
Clive Beattie	Chief Financial Officer	11	11				2
Helen Fiona Whiteley	Commercial Director	11	11				2

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 23 to 24.

The Remuneration Committee

The Remuneration Committee is chaired by Christopher Bell and Ian Francis is the other member. 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 is the other member. 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 Ian Springett 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 of the 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

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 Chairman and the Non-Executive Director 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. The committee is also the primary forum within which Board development is discussed. The Nomination Committee, comprising the Chairman, the Non-Executive Director and the Chief Executive Officer, 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 executives meet with shareholders on formal roadshows after publication of interim and preliminary final results and hold ad hoc meetings with shareholders during the course of the year.

Annual General Meeting

The AGM will be held at 1 Wood Street, London EC2V 7WS on 16 July 2019 at 09:30. 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

Ian Springett
Chief Executive Officer

12 June 2019

Directors' Remuneration Report

year ended 31 January 2019

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 Christopher Bell and its other member is Ian Francis.

The Committee seeks input from the 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 (2018: £535k).

With effect from 1 February 2018, and based upon a review by the Remuneration Committee of performance and of rates for similar posts, Executive Directors' salaries were amended as follows:

Director	Previous Salary (£'000)	New Salary (£'000)
I Springett	170	250
H Whiteley	170	200
C Beattie	170	190

There were no changes to the rates of fees for Non-Executive Directors.

Bonus

The Company has a formal bonus scheme which was effective for the Executive Directors. Bonuses were paid to the Executive Directors by the Group of £nil (2018: £81k).

Pensions

Contributions made to Directors' pensions in the year were £3k (2018: £1k).

Share incentive

No share options were exercised by the Directors during the period.

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	2019 Total £'000	2018 Total £'000
Executive Directors:				
C Beattie	190	–	190	162
I Springett	250	–	250	204
H Whiteley	200	–	200	204
	640	–	640	570
Non-Executive Directors:				
C Bell	100	–	100	32
I Francis	53	–	53	14
	153	–	153	46
Total remuneration before pension contributions	793	–	793	616
Pension contributions	3	–	3	1
Total remuneration	796	–	796	617

Changes to Board members

There have been no changes to the board members in the year.

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:

	2019		2018	
	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	30,303	–	30,303	–
I Francis	–	–	–	–
	248,484	5,351,066	248,484	5,351,066

No dividends were paid to the Directors during the year.

On behalf of the Board

Christopher Bell

Non-Executive Chairman

12 June 2019

Directors' Responsibilities Statement

year ended 31 January 2019

The Directors are responsible for preparing the Strategic Report, the Directors' Report and the consolidated 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 to prepare the Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), – UK Generally Accepted Accounting Practice ("UK GAAP"), 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;
- 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 have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and Group and to prevent and detect 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.

Independent Auditor's Report to the Members of OnTheMarket plc

year ended 31 January 2019

Opinion

We have audited the financial statements of OnTheMarket plc (the "parent company") and its subsidiaries (the "group") for the year ended 31 January 2019 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 their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

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 2019 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 IFRSs as adopted by the European Union and as applied in accordance with the Companies Act 2006; 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 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.

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.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the group and parent company 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 and parent company financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Group key audit matters

Going concern

Risk

As disclosed in Note 2.4, the Group is in the process of converting agents on free contracts and signing up new agents to the OnTheMarket portal. The forecasted revenues from these agents, together with forecast 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 judgments. 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.

Response

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.

Revenue recognition

Risk

As at 1 February 2018 IFRS 15 "Revenue from contracts with customers" became effective for the Group. IFRS 15 requires the group to assess whether the five-point revenue recognition criteria set out by IFRS 15 has been met. As disclosed in Note 2.5, this has impacted the treatment of revenue recognised where payment by agents is considered not to be probable. On this basis there is significant risk associated with determining whether revenue has been recognised in respect of arrangements which do not meet the definition of a contract with a customer.

Response

Our audit procedures to address the risk of material misstatement relating to revenue recognition included:

- Performing a review of management's transition calculations at 31 January 2018 and calculations performed at 31 January 2019 for arrangements which were not deemed to meet the definition of a contract under IFRS 15.

- Performing an assessment of trade receivable recoverability at 31 January 2019 and 31 January 2018 to confirm revenue had not been recognised in respect of trade receivables for arrangements which do not meet the definition of a contract with a customer.

Parent company key audit matters

Impairment of group receivables

Risk

As disclosed in Note 16, the company has a group receivable with a carrying value of £28.2m at 31 January 2019. Under IFRS 9, management must calculate an expected credit loss provision in respect of this balance. There is significant measurement uncertainty involved assessing the forecasts and probabilities assigned to this calculation. As a result the valuation of group receivables was significant to our audit of the parent company financial statements.

Response

Our audit procedures included reviewing the significant assumptions within management's expected credit loss calculation and considering their appropriateness in light of management's forecasts in relation to the underlying subsidiary.

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. During planning materiality for the group financial statements as a whole was calculated as £700,000 which was not significantly changed during the course of our audit. We also applied a lower level of financial statement materiality of £335,000 for our work performed over turnover. Materiality for the parent company financial statements as a whole was calculated as £354,000, which was not significantly changed during the course of our audit. We agreed with the Audit Committee that we would report to them all unadjusted differences in excess of £5,000, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

An overview of the scope of our audit

Our audit was scoped by obtaining an understanding of the group and its control environment and assessing the risks of material misstatement. The financial statements were audited on a consolidated basis using group materiality. The scope of our audit covered 100% of both consolidated profit before tax and consolidated net assets.

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 25, 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

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12 June 2019

Financial Statements

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Consolidated Income Statement

year ended 31 January 2019

	Notes	2019 £'000	2018 (restated) £'000
Revenue	4	14,172	13,553
Administrative expenses	5	(27,811)	(9,666)
Operating (loss)/profit before specific professional fees, share-based payments and non-recurring items		(13,639)	3,887
Specific professional fees, share-based payments and non-recurring items:			
Share-based management incentive	22	257	(13,290)
Professional fees net of compensation received	6	(597)	(1,436)
Share-based agent recruitment charges	6	(565)	–
Operating loss	7	(14,544)	(10,839)
Finance income	9	85	2
Finance expense	10	(35)	(1,233)
Loss before income tax		(14,494)	(12,070)
Income tax	11	(6)	(22)
Loss and total comprehensive income for the year attributable to owners of the parent		(14,500)	(12,092)
Loss per share from continuing operations		Pence	Pence
Basic and diluted	12	(24.02)	(34.03)

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 39 to 65 are an integral part of these consolidated financial statements.

Consolidated Statement of Financial Position

at 31 January 2019

Company Reg. No. 10887621

	Notes	2019 £'000	2018 £'000
ASSETS			
Non-current assets			
Property, plant and equipment	13	130	18
Intangible assets	14	3,948	3,654
		4,078	3,672
Current assets			
Trade and other receivables	16	3,286	553
Cash and cash equivalents		15,673	3,174
		18,959	3,727
TOTAL ASSETS		23,037	7,399
LIABILITIES			
Current liabilities			
Trade and other payables	17	(4,730)	(2,957)
Borrowings	18	–	(1,217)
Provisions	21	(776)	(1,258)
Current tax		(6)	(22)
		(5,512)	(5,454)
Non-current liabilities			
Borrowings	18	–	(11,256)
Provisions	21	(233)	(354)
		(233)	(11,610)
TOTAL LIABILITIES		(5,745)	(17,064)
NET ASSETS/(LIABILITIES)		17,292	(9,665)
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT			
Share capital	23	123	71
Share premium		40,698	–
Merger reserve		(71)	(71)
Other reserve		111	(252)
Retained earnings		(23,569)	(9,413)
TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT		17,292	(9,665)

The notes on pages 39 to 65 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 12 June 2019 and are signed on its behalf by:

Clive Beattie
Chief Financial Officer

Company Statement of Financial Position

at 31 January 2019

Company Reg. No. 10887621

	Notes	2019 £'000	2018 £'000
ASSETS			
Non-current assets			
Investments in subsidiaries	15	–	–
Current assets			
Trade and other receivables	16	28,221	23,389
Cash and cash equivalents		15,107	–
TOTAL ASSETS		43,328	23,389
LIABILITIES			
Current liabilities			
Trade and other payables	17	(222)	(82)
Borrowings	18	–	(512)
Current tax		(6)	(22)
		(228)	(616)
Non-current liabilities			
Borrowings	18	–	(11,256)
TOTAL LIABILITIES		(228)	(11,872)
NET ASSETS		43,100	11,517
EQUITY			
Share capital	23	123	71
Share premium		40,698	–
Other reserve		111	(252)
Retained earnings		2,168	11,698
TOTAL EQUITY		43,100	11,517

The Company's loss and total comprehensive income for the year was £4,754k (2018: profit of £91k).

The notes on pages 39 to 65 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 12 June 2019 and are signed on its behalf by:

Clive Beattie
Chief Financial Officer

Consolidated Statement of Changes in Equity

year ended 31 January 2019

	Share capital £'000	Share premium £'000	Share-based payment £'000	Other reserves £'000	Merger reserve £'000	Retained earnings £'000	Total equity £'000
Balance as at 1 February 2017	71	–	–	–	(71)	(8,999)	(8,999)
Loss for the financial period	–	–	–	–	–	(12,092)	(12,092)
Total comprehensive expense for the period	–	–	–	–	–	(12,092)	(12,092)
Transactions with owners:							
Share options issued	–	–	11,678	–	–	–	11,678
Transfer to retained earnings	–	–	(11,678)	–	–	11,678	–
Legal fees on Admission and placing	–	–	–	(252)	–	–	(252)
Balance as at 31 January 2018	71	–	–	(252)	(71)	(9,413)	(9,665)
Balance as 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	–
Balance as at 31 January 2019	123	40,698	–	111	(71)	(23,569)	17,292

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.

Consolidated Statement of Changes in Equity

Continued

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 39 to 65 are an integral part of these consolidated financial statements.

Company Statement of Changes in Equity

year ended 31 January 2019

	Share capital £'000	Share premium £'000	Share-based payment reserve £'000	Other reserves £'000	Retained earnings £'000	Total equity £'000
Balance as at 27 July 2017	–	–	–	–	–	–
Profit for the financial period	–	–	–	–	91	91
Total comprehensive income for the period	–	–	–	–	91	91
Transactions with owners:						
Issue of ordinary shares	71	–	–	–	–	71
Share options issued	–	–	11,678	–	–	11,678
Transfer to retained earnings	–	–	(11,678)	–	11,678	–
Legal fees on Admission and placing	–	–	–	(252)	–	(252)
IAS 27 adjustment ¹	–	–	–	–	(71)	(71)
Balance as at 31 January 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 income 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	–
Balance as at 31 January 2019	123	40,698	–	111	2,168	43,100

¹ In the circumstances of a group reorganisation as was undertaken in the prior year, IAS 27 requires that the newly formed parent company accounts for its interest in the original parent company at cost and it requires that cost to be measured at the carrying amount of its share of the equity items shown in the separate financial statements of the original parent at the date of the reorganisation. Since the original parent, Agents' Mutual, had negative equity at the relevant date, the investment was valued at £nil. In order to record the shares issued to effect the reorganisation at their nominal value (£71k) an equal and opposite debit entry is recognised against equity.

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.

Company Statement of Changes in Equity

Continued

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 39 to 65 are an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

year ended 31 January 2019

	2019 £'000	2018 £'000
Cash flows from operating activities		
Loss for the year after income tax	(14,500)	(12,092)
<i>Adjustments for:</i>		
Income tax	6	22
Finance income	(85)	(2)
Finance expense	35	1,233
Amortisation	1,856	1,440
Depreciation	33	27
Agent recruitment expense	342	–
(Profit)/loss on disposal of FA	(9)	–
Share-based payment	344	11,678
<i>Operating cash flows before movements in working capital</i>	(11,978)	2,306
(Increase)/decrease in trade and other receivables	(1,224)	3,156
Increase/(decrease) in trade and other payables	1,591	(2,980)
Increase in provisions	(601)	1,612
Tax paid	(22)	–
<i>Net cash (used in)/generated from operating activities</i>	(12,234)	4,094
Cash flows from investing activities		
Finance income received	85	2
Acquisition of intangible assets	(2,150)	(1,538)
Acquisition of property, plant and equipment	(155)	(1)
Proceeds from disposal of property, plant and equipment	19	1
<i>Net cash used in investing activities</i>	(2,201)	(1,536)
Cash flows from financing activities		
Finance expense paid	(35)	(1,395)
Proceeds from issue of shares	30,000	–
Repayment of borrowings	(1,217)	–
Expenses incurred for share listing	(1,814)	(252)
<i>Net cash generated from/(used in) financing activities</i>	26,934	(1,647)
Net movement in cash and cash equivalents	12,499	911
Cash and cash equivalents at the beginning of the year	3,174	2,263
Cash and cash equivalents at the end of the year	15,673	3,174

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 39 to 65 are an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

year ended 31 January 2019

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 solus 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; and
- disclosure of the future impact of new International Financial Reporting Standards in issue but not yet effective at the reporting date.

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 £14,500k (2018: £12,092k) and as at 31 January 2019 the Group had a net cash balance of £15,673k (2018: £3,174k). At 31 May 2019 the Group had a net cash balance of £10,164k.

The Group currently incurs losses albeit that revenues almost cover fixed costs and are growing. The Group's strategy to achieve profitability is based upon increasing the number of paying customer agents, primarily through converting those agents who joined on an introductory free trial to paying customers.

The Directors have prepared and reviewed the Group's cash forecast and projections for the next 12 months in light of the experience of conversions to date, among other factors. They have also conducted sensitivity analyses and considered scenarios where future conversions fall below the rate and number expected, 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 2018.

- Annual Improvements to IFRS standards 2014-2016 cycle was issued on 8 December 2016 and addresses the following amendments:
 - IFRS 1 “First time adoption of International Financial Reporting Standards” deleted the short-term exemptions dealing with IFRS 7 Financial Instruments: Disclosures, IAS 19 Employee Benefits and IFRS 10 Consolidated Financial Statements. The amendment is effective for annual periods beginning on or after 1 January 2018. The reliefs provided are no longer applicable and had been available to the Group for reporting periods that have now passed.
 - IFRS 12 “Disclosure of interest in other entities” clarifies that entities are not exempt from all of the disclosure requirements in IFRS 12 when entities have been classified as held for sale or as discontinued operations. The amendment is effective for annual periods beginning on or after 1 January 2017. No changes have been made in respect of this amendment as it does not apply to the Group.
 - IAS 28 “Investments in associates and joint ventures” provides a choice of accounting for investments in joint ventures and associates at fair value or using the equity method. The amendment is effective for annual periods beginning on or after 1 January 2018. No changes have been made in respect of this amendment as it does not apply to the Group.
- IFRS 2, “Classification and measurement of share-based payment transactions”, provides requirements on the accounting for: the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments; share-based payment transactions with a net settlement feature for withholding tax obligations; and a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled. The standard is effective for accounting periods beginning on or after 1 January 2018. The Group has implemented the standard and no retrospective adjustments were made.
- IFRS 9, “Financial instruments”, addresses the classification, measurement and recognition of financial assets and financial liabilities. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 is effective for accounting periods beginning on or after 1 January 2018. An expected credit losses model replaces the incurred loss impairment model used in IAS 39.

Under IAS 39, an “incurred loss” model previously applied to the Group’s intercompany loans. However, IFRS 9 requires a liability to be recognised for the weighted average expected payments due from the Company’s subsidiary when the subsidiary does not have sufficient accessible highly liquid resources to repay the loan at the reporting date. On transition to IFRS 9 the modified retrospective application method has been applied and the opening intercompany loan has been recalculated to reflect the expected credit losses impairment model. Prior years are not restated.

The application of IFRS 9 has not changed the measurement of the Group’s financial liabilities or the Group’s accounting policies for the recognition or derecognition of financial instruments, other than the Company’s recognition of a provision for expected credit losses on amounts due from its subsidiary undertakings. No material impact was identified on transition to IFRS 9 for applying the expected credit losses model to trade and other receivables.

Notes 2.12, 3, 16 and 19 contain further information with respect to the adoption of IFRS 9, the Group’s policies under IFRS 9 and the expected credit loss on amounts due to the Company from its subsidiary undertakings.

- IFRS 15, "Revenue from contracts with customers", deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard is effective for annual periods beginning on or after 1 January 2018.

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

The year to 31 January 2019 was the first period in which the Group was required to prepare financial statements under IFRS 15, "Revenue from contracts with customers". Previously under IAS 18 all amounts due under contracts with customers were included as revenues and a corresponding bad debt expense was recognised within administrative expenses in respect of amounts due from agents.

Under IFRS 15 these amounts are no longer recognised within revenues or administrative expenses 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. The prior period comparatives have been restated on the same basis to aid comparison.

	Revenue £'000	Administrative expenses £'000	Operating loss £'000
As originally stated 31 January 2018	16,046	(12,159)	10,839
IFRS 15 adjustment	(2,493)	2,493	–
Year to 31 January 2018 (restated)	13,553	(9,666)	10,839
As if recognised under IAS 18 at 31 January 2019	16,634	(30,273)	14,544
IFRS 15 adjustment	(2,462)	2,462	–
Year to 31 January 2019	14,172	27,811	14,544

New standards, amendments and interpretations not yet adopted

- 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.
 - IFRS 11 "Joint arrangements" states that when a party subsequently obtains joint control, it must not remeasure its previously held interest.
 - 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.

- IFRS 16, “Leases”, addresses the definition of a lease, recognition and measurement of leases, and it establishes principles for reporting useful information to users of financial statements about the leasing activities of both lessees and lessors. A key change arising from IFRS 16 is that almost all operating leases will be accounted for on balance sheet for lessees. The standard replaces IAS 17, “Leases”, and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2019 and earlier application is permitted, subject to the entity adopting IFRS 15, “Revenue from contracts with customers”, at the same time. The Directors have reviewed all lease contracts and concluded that 39 motor vehicles leases would be affected by IFRS 16. The cumulative catch up method will be taken, together with the practical expedients to apply a single discount rate to a portfolio of leases with reasonably similar characteristics and to exclude leases from the calculation where the lease term ends within 12 months of the date of initial application. The financial impact applying the catch up method will be to recognise opening balances as at 1 February 2019 as follows:

2.6 Functional and presentation currency

2.7 Property, plant and equipment

Fixtures, fittings and equipment	Straight line 4 years
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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.

2.9 Impairment of property, plant and equipment 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.

2.10 Investments in subsidiaries

The investment in the Company's subsidiary undertakings is 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.

2.11 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.

2.12 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, discounted using an effective interest rate, and weighted for probability likelihood variations in cash flows.

2.13 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.

2.14 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.

2.15 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.

2.16 Share-based payments

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.

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.

2.17 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.

2.18 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 represents listing fees in respect of the property portal OnTheMarket.com. The transaction price, being the monthly listing fee, does not include any other elements e.g. no incentives or free periods. There is only one performance obligation therefore. Revenue is recognised evenly over the life of the contract. Amounts are billed monthly in advance and released to the income statement over the period of access to the portal. Details on the application of IFRS 15 have been included in note 2.5.

Within one reporting segment, there is only one major service provision line. All revenue relates to services transferred over time, namely a period of one month, as the Group invoices on a monthly basis. Sales are billed monthly in advance and predominantly collected via direct debit. At the end of the year, one month of deferred income is outstanding.

2.19 Leased assets

Operating leases – Group as lessee

All leases are operating leases. Payments on operating lease agreements are recognised as an expense on a straight-line basis over the lease term. Associated costs, such as maintenance and insurance, are expensed as incurred.

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.

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 or administrative expenses.

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 is obtained management 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 2019, an expected credit loss is calculated under IFRS 9.

The calculation is based upon the expectation that Agents' Mutual Limited will trade profitably in the future and that this will allow it to repay the loans in time. Forecast cash flows under a range of possible outcomes are discounted to derive a probability-weighted present 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, the probability weightings assigned and the effective discount rate applied. Further details on the impairment provision are set out in note 16.

4. Revenue and segmental information

The Group has determined that the 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 time, namely a period of one month, as the Group invoices on a monthly basis. Sales are billed monthly in advance and payments are recognised as deferred income. The Group has no contract assets but has contract liabilities of £1,126k at 31 January 2019 (2018: £1,042k) in respect of deferred income.

All revenue is generated in the UK for this service.

5. Expenses by nature

Expenses are comprised of:

	2019 £'000	2018 (restated) £'000
Depreciation	33	27
Amortisation	1,856	1,440
Staff costs (note 8)	6,136	3,416
Operating lease expense - property	664	397
Operating lease expense - other	177	113
Advertising expenditure	14,905	2,199
Other administrative expenses	4,040	2,073
	27,811	9,665

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

	2019 £'000	2018 £'000
Professional fees	797	2,679
Compensation	(200)	(1,243)
Agent recruitment charges	565	–
	1,162	1,436

Professional fees incurred were in relation to the Group's admission to AIM and the capital raise by way of an associated placing, as well as to ongoing litigation. Compensation received was in respect of ongoing litigation. These costs relate to one off events that are not expected to be recurring and they have therefore been classified separately.

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

	2019 £'000	2018 £'000
Operating loss is stated after charging:		
Depreciation of property, plant and equipment	33	27
Gain on disposal of property, plant and equipment	9	2
Amortisation of intangible assets	1,856	1,440
Operating lease expense - property	664	397
Operating lease expense - other	177	113
Share-based payment expense (note 22)	344	11,678
Foreign exchange losses / (gains)	10	(2)
Audit fees payable to the Company's auditor		
- audit of Group financial statements	80	55
- audit related assurance services	8	–
Other fees payables to the Company's auditor:		
- taxation compliance services	14	58
- corporate finance transaction services	67	–
- all other services not covered above	42	68

In addition to the above fees paid to the Company's auditor there is a further £nil for other services (2018: £46k) which is disclosed within other reserves.

8. Employees and Directors

Group	2019 £'000	2018 £'000
Staff costs (including Directors) comprise:		
Wages and salaries	6,727	3,999
Social security costs	824	497
Pension	63	11
	7,614	4,507

The amounts above include £1,478k (2018: £1,092k) of staff costs that have been capitalised to intangible assets.

Company	2019 £'000	2018 £'000
Staff costs (including Directors) comprise:		
Wages and salaries	153	46
Social security costs	19	–
Pension	1	–
	173	46

	2019 Number	2018 Number
The average monthly number of persons employed by the Group during the year was:		
Non-Executive Directors	2	1
Marketing, sales and administration	72	40
IT	31	20
	105	61

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

Directors' remuneration	2019	2018
Group	£'000	£'000
Aggregate emoluments	793	616
Pension contributions	3	1
Share-based payments	–	7,724
	796	8,341
Highest paid Director	2019	2018
Group	£'000	£'000
Aggregate emoluments	250	204

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 (2018: £49k) due in respect of the Directors.

9. Finance income

	2019 £'000	2018 £'000
Finance income:		
Other interest receivable	85	2

10. Finance expense

	2019 £'000	2018 £'000
Interest arising on:		
Interest payable on loan notes	29	1,230
Other interest payable	6	3
	35	1,233

11. Income tax

	2019 £'000	2018 £'000
Current tax:		
UK corporation tax on income for year	6	22
Total current tax	6	22
Deferred tax:		
Origination and reversal of timing difference	–	–
Total deferred tax	–	–
Income tax charge	6	22

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:

	2019 £'000	2018 £'000
Loss before taxation	(14,500)	(12,070)
Loss before taxation multiplied by the effective rate of corporation tax 19% (2018: 19.18%)	(2,755)	(2,315)
Effects of:		
Expenses not deductible for tax purposes	476	539
Share-based payment not deductible for tax purposes	54	2,549
Deferred tax not recognised	(257)	(1,032)
Capital allowances in excess of depreciation	(310)	281
Losses carried forward	2,798	–
Tax expense	6	22

The Finance Act 2016 was enacted during the prior period. The Finance Act 2016 includes provisions to reduce the main rate of corporation tax to 17% from 1 April 2020. Deferred tax is measured at 17% (2018: 17%) as this is the materially correct rate at which deferred tax assets and liabilities are expected to unwind. The subsidiary, Agents' Mutual, has trading losses available for carry forward of £14,726k (2018: £8,798k) 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 £385k (2018: £412k).

The Group has not recognised a deferred tax liability arising on non-current asset timing differences of £58k (2018: £95k) due to the availability of tax losses to extinguish this liability.

12. Earnings per share

	2019 £'000	2018 £'000
Numerators: Earnings attributable to equity		
Loss for the year from continuing operations attributable to owners of the Company	(14,500)	(12,092)
Total basic earnings and diluted earnings	(14,500)	(12,092)
	No.	No.
Denominators: Weighted average number of equity shares		
Basic and diluted	60,371,132	35,530,263

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.

13. Property, plant and equipment

Group	Fixtures, fittings and equipment £'000
Cost:	
At 1 February 2017	116
Additions	1
Disposals	(1)
At 31 January 2018	116
Depreciation:	
At 1 February 2017	71
Charge for the year	27
At 31 January 2018	98
Net book value:	
At 31 January 2018	18
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

Depreciation is included within administrative expenses in the income statement.

14. Intangible assets

Group	Development costs £'000
Cost:	
At 1 February 2017	5,062
Additions – internally developed	1,538
At 31 January 2018	6,600
Amortisation:	
At 1 February 2017	1,506
Charge for the year	1,440
At 31 January 2018	2,946
Net book value:	
At 31 January 2018	3,654
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

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.

15. Investments in subsidiaries

Company	Subsidiary undertakings £'000
At 27 July 2017	–
Additions	–
At 31 January 2018	–
At 31 January 2019	–

The Company has the following investments in subsidiary undertakings:

	Class of shares held ¹	Principal activity	Ownership 2019
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.

16. Trade and other receivables

	Group 2019 £'000	Company 2019 £'000	Group 2018 £'000	Company 2018 £'000
Trade receivables	368	–	433	–
Amounts due from Group undertakings	–	28,178	–	23,366
Other receivables	330	–	59	–
Prepayments and accrued income	2,588	43	61	23
	3,286	28,221	553	23,389

The aged analysis of trade receivables is shown in note 19.

Included within prepayments is £1.3m in relation to prepaid agent recruitment share-based payment charges (2018: nil). Of this, £0.95m is not due to be recognised in the income statement until the year to 31 January 2021 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 fair 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 2019 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 2.12. See also note 19.

Upon transition to IFRS 9 an impairment of £5,120k was included within the Company's opening retained earnings.

Following an impairment review as at 31 January 2019, the provision has been adjusted to £9,123k. The credit risk is not deemed to have increased significantly but the larger provision reflects the larger intercompany receivable (£37,301k before impairment). 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.

17. Trade and other payables

	Group 2019 £'000	Company 2019 £'000	Group 2018 £'000	Company 2018 £'000
Current liabilities				
Trade payables	1,580	2	317	1
Social security and other taxes	471	199	637	5
Other payables	21	1	–	–
Accruals and deferred income	2,658	20	2,003	76
	4,730	222	2,957	82

18. Borrowings

	Group 2019 £'000	Company 2019 £'000	Group 2018 £'000	Company 2018 £'000
Current borrowings				
Accrued loan interest	–	–	1,217	512
Non-current borrowings				
Loan notes	–	–	11,256	11,256
	–	–	12,473	11,768

On Admission to AIM, the Company issued 6,821,237 ordinary shares of £0.002 each at £1.65 per share to the loan note holders on a £ for £ basis equivalent to their loan note holdings. The loan notes were extinguished by this issue.

Accrued loan interest was settled in cash from the placing proceeds immediately following Admission. Details of the terms and conditions attached to the loan notes held at 31 January 2018 are disclosed in the prior year annual report.

Reconciliation of liabilities arising from financing activities:

	31 January 2018 £'000	Cash flows £'000	Non-cash flows £'000	31 January 2019 £'000
Accrued loan interest	1,217	(1,217)	–	–
Loan notes	11,256	–	(11,256)	–
	12,473	(1,217)	(11,256)	–

19. 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.

Notes to the Consolidated Financial Statements

Continued

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.

The Group is exposed to credit risk primarily on its trade receivables, which are spread over a range of customers. There are no specific concentrations of credit risk. The maximum credit risk exposure relating to financial assets is represented by their carrying value at the statement of financial position date.

The Group assesses the risk associated with its customers based on its own experience with the customer before entering into binding contracts and, where considered necessary, the use of independent credit rating agency reports. The risk is mitigated further by requesting advance payment from customers. Each customer account is reviewed on an on-going basis based on available information and payment history.

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	
	2019 £'000	2018 £'000
Current assets		
Trade and other receivables	516	492
Cash and cash equivalents	15,673	3,174
Total financial assets	16,189	3,666

	Financial liabilities held at amortised cost	
	2019 £'000	2018 £'000
Current liabilities		
Trade and other payables	1,601	317
Borrowings - accrued interest	–	1,217
Accrued expenses	1,532	961
Non-current liabilities		
Borrowings	–	11,256
Total financial assets	3,133	13,751

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.

Cash at bank, included in cash and cash equivalents, is with institutions with credit ratings of A or better.

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

	2019 £'000	2019 %	2018 £'000	2018 %
0 – 30 days	83	23%	146	34%
31 – 60 days	72	20%	49	11%
61 – 90 days	40	11%	45	10%
91 – 120 days	46	12%	49	11%
Over 120 days	127	35%	144	33%
	368		433	

The year to 31 January 2019 was the first period in which the Group was required to prepare financial statements under IFRS 15, "Revenue from contracts with customers". Previously under IAS 18 all amounts due under contracts with customers were included as revenues and a corresponding bad debt expense was recognised within administrative expenses in respect of amounts due from agents in breach of the payment obligations within their listing agreements, subject to a review of recoverability by management. Under IFRS 15 these amounts are no longer recognised within revenues or administrative expenses.

The total value of debts past due but not impaired is £285k (2018: £287k). 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 considered to be 0%. This is because the balance relates to VAT due from HMRC on bad debts written off in previous periods.

Financial liabilities

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
2019				
Trade and other payables	1,601	1,601	–	–
Accrued expenses	1,532	1,532	–	–
	3,133	3,133	–	–
	Carrying amount £'000	6 months or less £'000	6-12 months £'000	1 year or more £'000
2018				
Trade and other payables	317	317	–	–
Accrued loan interest	1,217	1,217	–	–
Borrowings	11,256	–	–	11,256
Accrued expenses	961	961	–	–
	13,751	2,495	–	11,256

All financial liabilities are denominated in Sterling.

The borrowings consisted of loan notes which were long-term in nature, however these were extinguished during the current year by way of a share issue.

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 16 details the impairment provision applied.

20. Deferred income tax – Group and Company

	2019 £'000	2018 £'000
Asset		
At 1 February	–	–
Charge to income statement	–	–
At 31 January	–	–

21. Provisions

	Social security on share options granted £'000
At 1 February 2018	1,612
Exercise of share options	(2)
Grant of share options	19
Revaluation	(620)
At 31 January 2019	1,009

	2019 £'000	2018 £'000
Disclosed as:		
Current liability	776	1,258
Non-current liability	233	354
	1,009	1,612

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 option scheme.

22. Share-based payments

The Group issued agent recruitment shares during the year. 960,293 ordinary shares were granted. Fair value was determined in accordance with the accounting policy set out in note 2.16. The weighted average fair value of shares granted was £1.74.

The Group operates management and employee equity settled share schemes under which nil cost options over its shares were awarded.

The options issued during the prior and the current year under the management incentive plan and the employee share scheme were issued at a nil strike price. As a result, the Black-Scholes model was not appropriate. Accordingly, these options were fair valued by reference to the closing share price of the shares on the day of admission to AIM or the date of grant. The fair value is charged to the profit and loss account over the vesting period related to ongoing employment. Where there is no such vesting period the charge is recognised in full on grant.

Notes to the Consolidated Financial Statements

Continued

For the options issued under the Company Share Option Plan during the current year, the Black Scholes method was used to value share options. Expected volatility was determined by reference to historic share prices. The valuation model inputs used to determine the fair value at the grant date, are as follows:

Grant date	20/11/2018
Expiry date	20/11/2028
Share price at grant date	£1.15
Strike price	£1.65
Expected volatility	58.11%
Dividend yield	0%
Risk-free interest rate	1.44%
Fair value at grant date	£0.69

The grant by the Company of options over its equity instruments to the employees of subsidiary undertakings in the Group is treated as an intragroup loan. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the relevant period as an increase to debtors, with a corresponding credit to equity.

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.

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		2019 Number	2018 Number
		per share £	Fair value £		
Granted 15 September 2017	2027	nil	1.48	7,940,842	7,950,842
Granted 19 September 2017	2027	nil	1.48	512,953	526,043
Granted 10 October 2017	2027	nil	1.48	39,998	78,178
Granted 20 November 2018	2028	1.65	0.69	742,913	—
Granted 4 December 2018	2028	nil	1.13	42,424	—
Outstanding at 31 January				9,279,130	8,555,063

The value of employee services provided of £344k (2018: £11,678k) has been charged to the income statement.

Management Incentive Plan

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

	2019 Number	Weighted average exercise price £
Opening at 1 February	7,799,327	—
Granted	—	—
Exercised	(10,000)	—
Outstanding at 31 January	7,789,327	—
Exercisable at 31 January	6,056,143	—

These share options expire 10 years after the date of grant. Share options granted under this scheme have a nil exercise price. 1,733,184 options are exercisable as to 10% after the first anniversary of Admission (as described in Background and origins at the start of these accounts), a further 10% after the second anniversary and the remainder after the fifth anniversary. The remaining 6,056,143 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 the Admission, a further 10% after the second anniversary and the remainder after the fifth anniversary. The fair value of all these options is charged to the profit and loss account in full in the year to 31 January 2018.

Employee share scheme

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

	2019 Number	Weighted average exercise price £
Opening at 1 February	755,736	
Granted in the period	42,424	–
Forfeited in the period	(51,270)	–
Outstanding at 31 January	746,890	–
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:

	2019 Number	Weighted average exercise price £
Granted in the period	746,671	1.65
Forfeited in the period	(3,758)	1.65
Outstanding at 31 January	742,913	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 forfeit 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% for a total credit of £601k (2018: expense of £1,612k).

The following have been expensed to the consolidated income statement:

	2019 £'000	2018 £'000
Share-based payment charge	344	11,678
Employer's social security on share options	(601)	1,612
	257	13,290

23. Share capital

Share capital issued and fully paid

	2019 No.	2018 No.
Opening Ordinary shares of £0.002 each	35,530,263	2
Issued in the year	25,963,348	35,530,261
Closing Ordinary shares of £0.002 each	61,493,611	35,530,263

	2019 £'000	2018 £'000
Ordinary shares of £0.002 each	123	71

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.

There is no additional share capital authorised for further share issues.

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

In September 2017, the Company issued 35,530,261 ordinary shares of £0.002 each at par. This issue was in exchange for the member interests in the subsidiary undertaking, Agents' Mutual, as part of a group reconstruction.

On 9 February 2018, the Company's entire issued share capital was admitted to trading on AIM at the London Stock Exchange.

By way of a placing associated with admission to AIM, the Company raised £30m (gross) through the issue of 18,181,818 ordinary shares.

Effective on Admission, the Company issued 6,821,237 ordinary shares to the loan note holders on a £ for £ basis equivalent to their loan note holdings. The loan notes were extinguished by this issue.

The Company issued 757,203 ordinary shares on 31 May 2018, 29,392 ordinary shares on 31 July 2018, 47,761 ordinary shares on 8 October 2018 and 125,937 ordinary shares on 21 December 2018 to specific agents in exchange for a long-term contract to advertise all of their UK residential sales and letting properties on OnTheMarket.com. These shares were granted for non-cash consideration. The shares are accounted for as set out in note 2.16.

Share option scheme

At the year end, there were a total of 9,279,130 (2018: 8,555,063) 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. Leases

Operating leases

At year end, the Group had the following future minimum lease payments under non-cancellable operating leases for each of the following periods:

	2019 £'000	2018 £'000
<i>Land and buildings:</i>		
Not later than one year	565	432
Later than one year and not later than five years	–	–
	565	432
<i>Other:</i>		
Not later than one year	172	11
Later than one year and not later than five years	273	–
	445	11
	1,010	443

25. 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 £nil (2018: £nil) were outstanding.

	2019 £'000	2018 £'000
Contributions payable by the Group for the year	60	11

26. Controlling parties

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

27. Related party relationships and transactions

Some directors of Agents' Mutual during the 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 year during which they were directors of Agents' Mutual of £46k was received from such shareholders (2018: £1,417k). 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 year.

At the year end, following the issue, effective on Admission, of ordinary shares of £0.002 each at £1.65 per share to the loan note holders which extinguished the loan notes and the settlement of loan interest in cash, £nil (2018: £5,194k) of the Group's loan note instruments were held by such shareholders and these instruments had interest due of £nil (2018: £650k).

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 £587k (2018: £478k) and at the year end the Group owed £68k (2018: £56k).

28. Post balance sheet events

There have been no post balance sheet events.

Company Information

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