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OnTheMarket plc
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8 June 2021

OnTheMarket plc

("OnTheMarket", the "Company" or the "Group")

FULL-YEAR RESULTS TO 31 JANUARY 2021

Strong operational progress positions the Company to capitalise on long-term growth opportunities

OnTheMarket plc (AIM: OTMP), the majority agent-owned company which operates the OnTheMarket.com property portal, today announces its audited results for the year ended 31 January 2021.

Highlights of the year

Year ended 31 January	**2021**	**2020**	**Change**
Group revenue	£23.0m	£18.8m	22%
Adjusted operating profit / (loss)[1]	£2.4m	£(9.2)m	£11.6m
Operating profit / (loss)	£1.2m	£(11.7)m	£12.9m
Profit / (loss) after tax	£2.7m	£(11.5)m	£14.2m
Year-end cash	£10.7m	£8.7m	23%
ARPA[2]	£142	£122	16%
Average advertisers[3] listed	13,285	12,740	4%
Total advertisers at 31 Jan	12,687	13,364	(5)%
Traffic/visits[4]	267m	237m	13%
Average monthly leads per advertiser	117	96	22%

- Revenue and ARPA up 22% and 16% respectively
  - In part reflects increased revenues from new home developers and despite COVID-19 related customer support discounts of £2.6m and the curtailment of contract conversion activity in H1 FY21.
  - Conversion activity resumed in H2 FY21 with 93% of agency advertisers on paying contracts at year end (2020: 68%).
- Delivered first full year of profitability with profit after tax of £2.7m (2020: loss after tax of £11.5m).
- Cost base carefully managed in response to the pandemic - administrative expenses reduced by 26% against 2020.
- Cash generated from operating activities of £5.1m (2020: £(7.0)m).
- Strong balance sheet with year-end cash of £10.7m before deferred creditor payments of £0.4m (31 January 2020: £8.7m before deferred creditors of £0.7m).
- Strong operational performance with growing consumer engagement amongst active property-seekers
  - Visits and average monthly leads per advertiser up 13% and 22% respectively, despite the effective suspension of UK housing market activity during the first lockdown and the curtailment of advertising expenditure (down 51% on FY20 to £5.9m).
  - Once property market restrictions were lifted, H2 FY21 visits and average monthly leads per advertiser were up 30% and 31% respectively to 151m (H2 FY20: 116m) and 130 (H2 FY20: 99).

Strategic and corporate developments

- An in-depth strategic assessment has been completed and the business has a clear vision to build a differentiated, technology-enabled property business providing services for agents, housebuilders, advertisers and consumers that offers 'best in class' products and platforms across the broader property ecosystem, consisting of:

  - an engaging and relevant property **portal**;
  - **software solutions** to meet evolving customer needs;
  - the provision of market leading **data and market intelligence**; and

- a leading property **communications and marketing** capability, both on behalf of, and in conjunction with, our customers.

· Following the year end OnTheMarket has announced a number of corporate developments including:

- the acquisition of the remaining 80% of Glanty Limited, a property technology business which specialises in providing solutions to the UK residential estate and lettings sectors;
- a media partnership with Reach plc, the UK's largest commercial news publisher, to enhance consumer engagement and support our agents' brands;
- new agreements with both Canopy and Sprift Technologies, to provide agent customers with free tenant referencing checks and enhanced Market Appraisal Guides; and
- the launch of three new areas of website functionality to support interactions between agents and consumers.

· Given the strong performance, strength of balance sheet and confidence in the future, the Company will be repaying to HMRC the grants of £449k it received under the Coronavirus Job Retention Scheme.

Outlook

- Positive start to FY22 with current trading in line with the Board's expectations.
- Marketing activity has resumed and is driving consumer engagement and ARPA is anticipated to continue to grow as agent conversions to paying contracts annualise in FY22, FY21 discounts unwind and as the migration of customers on reduced rate contracts towards full-tariff continues.
- The Group has a strong balance sheet which the Board has a reasonable expectation is sufficient to support the Group's organic growth strategy. Having achieved profitability in FY21, the Board expects to be able to invest further operationally into the business and return to normalised levels of marketing expenditure without damaging the Group's prospects for the foreseeable future, assuming no materially adverse unforeseen circumstances arise.
- Cash at 31 May 2021, after the acquisition of Glanty, was £10.0m (before borrowings and deferred creditor payments within Glanty of £0.2m).
- The Board believes that the Group's recent considerable operational and financial progress, together with a substantial, loyal advertiser base, provides a strong platform for the implementation of its strategy, in order to drive long-term profitable growth.

Jason Tebb, Chief Executive Officer, commented:

"I am delighted to be reporting a strong performance in my first set of results. Despite the unprecedented conditions we have faced, we have continued to grow the business and achieve profitability. Our operational and financial progress is a testament to the efforts of team and, since joining OnTheMarket in December, I have been incredibly impressed by them and the underlying strength of the business.

OnTheMarket has come a long way since its launch by agents in 2015. From this position of strength, it is now time for the next stage of our development and our new strategy is based on a clear vision of building a tech-enabled property business. We will become more than just a portal and provide best in class products and services that benefit agents, housebuilders and consumers.

We have achieved a great deal in the last six months. We have engaged and listened to agents. We know what they want and their support and belief in the business remains strong. We have completed the acquisition of Glanty, a property technology business, and launched a number of commercial partnerships to enhance our offering. We have launched a number of new products at OnTheMarket.com to drive greater interaction between consumers and customers. Our agents, housebuilder customers, partners and colleagues are all aligned, and, with a lot more to come, I am confident that we will continue to increase value to all our stakeholders.

We look to the future with great excitement. The UK property market continues to be very active and our significant market opportunity remains. With our strong foundations and a new vision and strategy, we are well positioned to succeed."

1) *Adjusted operating profit or loss is defined as operating profit or loss before share-based payments (including charges relating to shares issued for agent recruitment), specific professional fees and non-recurring items. This is an alternative performance measures and should not be considered an alternative to IFRS measures, such as revenue or operating profit. Please see the Financial Review and Key Performance Indicators section below for a reconciliation of operating profit / loss to adjusted operating loss / profit.*
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. A property advertiser is a listed agency branch or a new home development advertising on OnTheMarket.com.*
3) *Advertisers are either estate and lettings agent branches or new homes developments listed at OnTheMarket.com.*
4) *Visits comprise individual sessions on OnTheMarket.com's web based portal or mobile applications by users*

for the period indicated as measured by Google Analytics.

ENDS

For further information, please contact:

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A presentation for analysts will be held at 9:00am on 08 June 2021. Please contact OTM@tulchangroup.com for further information.

Background on OnTheMarket:

OnTheMarket plc, the majority agent-owned company which operates the OnTheMarket.com property portal, is a leading UK residential property portal provider.

Its objective is to create value for shareholders and property advertiser customers by delivering an agent-backed, technology enabled portal, offering a first-class service to agents and new homes developers at sustainably fair prices and becoming the go-to portal for serious property-seekers.

OnTheMarket provides a unique opportunity for agents to participate in the equity value of their own portal. Agent backing and support enable OnTheMarket to display "New & Exclusive" properties to serious property-seekers 24 hours or more before agents release these properties to other portals.

Chairman's Statement

I am pleased to report OnTheMarket's full year results to 31 January 2021.

The year began positively, with increasing activity in the UK residential property market following the UK general election in December 2019 and the UK's withdrawal from the EU on 31 January 2020. However, the year was dominated by the onset and impact of the COVID-19 pandemic.

As we have previously expressed, our thoughts have been first and foremost with those who have been impacted by the pandemic.

Despite the unprecedented challenges, the Group delivered a strong performance and FY21 was a year of considerable progress for OnTheMarket. Continued growth in paying customers combined with the migration of customers on discounted rates towards full-tariff contracts saw our revenues grow 22% to £23m, despite COVID-19 related discounts to customers of £2.6m. Careful cost management, in particular a significant reduction in marketing spend, down £6.1m to £5.9m (2020: £12.0m), during the early months of the crisis proved effective as the Group achieved an adjusted operating profit of £2.4m (2020: adjusted operating loss £9.2m).

The national lockdown restrictions in response to COVID-19 which were implemented in March 2020 gave rise to substantial uncertainty for businesses, including ours. OnTheMarket took quick and decisive actions to support our staff, assist our customers and protect our business, further details of which are set out in the Financial Review section below.

One of these actions was to utilise the government's Coronavirus Job Retention Scheme, receiving grants totalling £449k. Doing so undoubtedly allowed us to protect the jobs of many of our team. However, the other mitigating actions we took proved effective in protecting our business and conserving our cash. In light of our performance since the onset of the COVID-19 pandemic, the strength of our balance sheet and our confidence in the business, we have chosen to repay the £449k of grants received to HMRC.

Following the easing of national lockdown restrictions in May 2020, and despite the substantial reduction in advertising expenditure, consumer engagement with OnTheMarket.com has been very strong and the leads we have achieved indicate to us that those consumers most active in the property market visit our portal.

I am particularly delighted to welcome Jason Tebb as our new Chief Executive Officer. Jason started with us on 14 December 2020 and has settled in quickly. We are excited about his vision for our business and his enthusiasm to deliver tangible results in the short and longer term, further details of which are set out in the Chief Executive Officer's review below.

After the year end we completed the acquisition of Glanty Limited. The business brings a range of additional products, services and capabilities to OnTheMarket and it provides us with the ability to fast-track some of the planned enhancements to our wider offering to customers and users, including revenue generating and revenue sharing products and services. I extend my warmest welcome to my new colleagues who are now part of the wider OnTheMarket team following the acquisition.

Governance

During the year we made changes to the Board that we believe will best enable us to continue our progress as a strong, agent-backed, profitable and technology-enabled business. I reported on these in my statement in last year's accounts, with the exception of the appointment of Jason as Chief Executive Officer.

Jason brings extensive property and estate agency experience across digital and physical markets, having been Group COO of Ultimate Holdings for the last three years, a group of companies specialising in property investment and finance, property management, property development and property technology. Prior to this, Jason successfully launched, scaled and exited Ivy Gate, an estate and letting agency, was a Regional Managing Director at Main Market listed LSL Property Services plc for three years and held senior management positions at agents Chestertons Limited and Foxtons Group plc.

Chief Financial Officer, Clive Beattie, took on the additional role of Acting Chief Executive Officer from March through to Jason's start in December. I would like to once more record my thanks to Clive for taking on this role and for all he achieved under exceptionally challenging circumstances.

Outlook

UK residential property markets remain very active, aided by ongoing government support initiatives. We continue to work tirelessly to support our agent and housebuilder customers with improved and more extensive products and services, whilst providing consumers with the tools and information they seek from a modern, property technology business. I am confident that the many initiatives my colleagues are working on will continue to deliver increasing value to all our stakeholders.

The dedication and resilience exhibited by my colleagues in the face of unprecedented challenges during the year reinforce to me that our business is founded on the people within it. Once more, I offer them my sincerest thanks for their continued support, as well as the support we have been grateful to receive from our shareholders, customers and suppliers.

Christopher Bell - **Non-Executive Chairman**

Chief Executive Officer's Report

I am delighted to be making my inaugural statement as Chief Executive Officer of OnTheMarket and am very excited about the future of our business.

The year under review was unprecedented due to the impact of COVID-19. We have previously reported details of the measures we took to mitigate the impact on all our stakeholders, which have proved successful, and these are summarised in the Financial Review section below.

As a business dedicated to supporting our customers and enabling their competitive advantage, we acted quickly to offer significant discounts amounting to £2.6m to support agents through the first lockdown period. Following the easing of national lockdown restrictions in May 2020, activity levels in the UK residential property market have been extremely high. The combination of demand built up during and prior to the lockdowns, a reassessment of housing wants and needs by many of the British public, continuing record low interest rates and the stamp duty holiday introduced by the Chancellor in July 2020 have all contributed towards significant activity, which continues to this day.

I have been particularly pleased by the assistance we were able to provide to our customers as market activity increased. Record site visits produced record leads to customers and evidences strong consumer engagement the portal now has, especially with the most serious property-seekers, while our brand awareness continues to grow. These results were achieved despite the significant reduction in advertising expenditure during the year.

- Visits were up 13% to 267 million (FY20:237 million). This growth is despite a decline in visits during the months of March to May 2020 while the first national lockdown was in place. Visits in H2 FY21 were up 30%, to 151m (H2 FY20: 116m).

- Average monthly leads per advertiser were up 22% to 117 (FY20: 96), reflecting strengthening engagement with property-active consumers. As with visits, leads also saw a decline during the months of March to May 2020 as housing market activity was effectively suspended. However, average monthly leads per advertiser in H2 FY21 were up 31% to 130 (H2 FY20: 99).

Our marketing activities have now resumed at normal levels. During the key period from Boxing Day through January 2021 we ran an extensive multi-channel marketing campaign, including TV, radio, video on demand and digital.

A new vision for OnTheMarket

As we move forward, our vision is to build a differentiated, technology-enabled property business providing services for agents, housebuilders, advertisers and consumers that offers 'best in class' products and platforms across the broader property ecosystem. Our strategy will be focussed around four key pillars, consisting of:

1. an engaging and relevant property **portal**;

2. **software solutions** to meet evolving customer needs;

3. the provision of market leading **data and market intelligence**; and

4. a leading property **communications and marketing** capability, both on behalf of, and in conjunction with, our customers.

Further details of these strategic pillars are set out later in my report.

We will remain true to our commitment to sustainably low listing fees, aligned to first-class service to all stakeholders and the provision of a proposition differentiated by agent ownership, currently at c60% following the acquisition of Glanty.

Some examples of our early but significant progress towards a more holistic offering within the broader property marketplace above are also set out later in my report.

Product development

Notwithstanding the impact of COVID-19, the Group continued to innovate during the year with developments to assist customers. During the national lockdown, we adapted our filters to allow consumers to search for properties that included video tours or imagery, a function designed to help qualify potential purchasers or tenants before they made contact with agents or housebuilders. This recognised the significant constraints our customers faced and the need to try and identify the most serious prospects, improving the quality of our leads and time efficiency for consumers.

In December 2020 we launched an automated valuation model. Users of OnTheMarket.com can now click on a 'Value my home' tab and, after entering a few details, obtain an estimate of the value of their house. Consumers are also presented with the opportunity to contact agents to seek a full, professional valuation, which in turn supports the provision of high-quality leads to our customers.

Advertiser customers

In response to COVID-19, during the first half of the year the Group chose to suspend conversion activity of those agents on free or discounted listing contracts. The decision was made in order to further support agents given the financial stress and uncertainty that weighed on their businesses. In April 2020, we introduced new full-tariff contracts, albeit with an initial free listing period to September 2020 to provide support whilst the market recovered, which offered agents shares in the Company alongside their listing agreements. These contracts provide for the issue of a number of initial welcome shares, with additional shares to be issued based on fees paid to OnTheMarket up to 31 August 2022.

In the second half of the year, once agency markets had reopened and housing transactions started to complete, we restarted the paused conversion process. As expected, not all those on free of charge listing contracts opted to migrate immediately to paying contracts and this led to the removal of a number of agents from the portal. We believe that it is only fair that the minority of agents who remained under extended free contracts are now asked to pay, alongside the majority who already do so and who provide us with the revenues that we have reinvested to continue to increase our value to them through a greater quantity and quality of leads.

Reflecting this strategic decision, agency branches were down 15% to 10,645 as at 31 January 2021 (2020: 12,470). However, the percentage of agency advertisers on paying contracts at the year end was 93% (31 January 2020: 68%).

New homes advertiser numbers continued to grow strongly through the period, with 2,042 developments listed at 31 January 2021, up 128% from 894 at 31 January 2020. Our objective is to deliver housebuilders increasing value through access to highly-motivated and active property seekers and the delivery of incremental high quality leads. We are pleased with the progress we have made in this area over the last 12 months.

Total property advertisers were 12,687 at 31 January 2021 (2020: 13,364). Whilst advertiser numbers declined slightly, the conversion or removal of those under free listings has led to a corresponding increase in agency ARPA. Much of the impact will be more evident in the current financial year, given that the conversions or removals occurred during the second half of the year to 31 January 2021, as well as that ARPA in FY21 was supressed by the customer support discounts which we offered to agents. Nevertheless, agency ARPA in the year to 31 January 2021 was up 21% to £150 (2020: £124). New Homes ARPA increased to £83 in the year to 31 January 2021, up 168% from £31 in the year to 31 January 2020.

Financial performance

Group revenue and ARPA were up 22% and 16% respectively to £23m and £142, despite COVID-19 related customer support discounts of £2.6m and the curtailment of contract conversion activity during H1 FY21.

The Group achieved profitability in the year as a result of measures implemented to reduce costs and conserve cash. In particular, marketing expenditure was down 51% to £5.9m (2020: £12.0m). We ended the year with a strong balance sheet, with year-end net of £10.7m before deferred creditor payments of £0.4m (31 January 2020: £8.7m before deferred creditors of £0.7m).

Further details on the Group's financial performance are set out in the Financial Review and Key Performance Indicators section.

Litigation settlement

On 13 March 2020, the Group was pleased to announce that it had reached an out of court settlement between Agents' Mutual Limited and Gascoigne Halman Limited and Connells Limited. The agreement ended all litigation proceedings between the parties.

Post year-end developments

On 31 March 2021 the Group announced a commercial media partnership with Reach plc, the UK's largest commercial news publisher. This relationship is expected to enhance our consumer engagement as well as provide a valuable platform to support our estate agents' brands via social media campaigns on a hyperlocal basis.

In May 2021, we signed a commercial partnership with Insurestreet Limited, trading as Canopy, a residential lettings platform providing a rental passport for tenants, enabled by open banking, which provides tenants with the ability to report rental payments to the two main UK credit agencies (Experian and Equifax) to improve their credit history and credit score. This commercial partnership will provide our agency customers with the opportunity for free tenant referencing checks. With the private rental sector currently estimated to comprise almost 6 million households in the UK and growing, this offers us the opportunity to create more leads and value for our advertisers.

Also in May 2021, we signed an exclusive commercial partnership with Sprift Technologies, the award-winning property data specialist. This will enable us to provide our agent customers with free Market Appraisal Guides which are powered by the Sprift platform via OnTheMarket Expert.

On 28 May 2021 we completed the acquisition of the remaining 80% of Glanty Limited that we did not already own, following our initial investment in December 2019. Glanty is a property technology business which specialises in providing solutions to the UK residential estate and lettings sectors. The acquisition is expected to allow the Company to:

- integrate Glanty's products and services into the OnTheMarket platform; and
- develop 'best in class' products and platforms to benefit and drive engagement with estate agents, housebuilders and consumers.

Glanty is the owner and developer of software products and services designed to reduce overheads, maximise efficiencies and increase revenues for estate and lettings agents. At the time of OnTheMarket's investment in December 2019, Glanty's primary product was "teclet", an automated portal for the lettings industry which manages the lettings process end-to-end, from the creation of a tenancy through to its management to renewal. In the period since that investment, revenue from sales of "teclet" has increased as its customer base has continued to grow and further new products offering similar efficiency savings for the estate agency sector have been developed. This includes a range of API partnerships which are expected to accelerate OnTheMarket's digital commerce strategies, offering agents the opportunity to earn income by directly presenting buyers, sellers, tenants and landlords with products and services that they can purchase at appropriate points in their property journey.

The initial consideration for the remaining 80% of the shares in Glanty that the Company did not already own was £156k in cash and the issue of 1,528,832 shares in OnTheMarket, alongside the repayment of £1.4m of loans. The initial consideration is subject to adjustment post-completion (with such adjustment based on Glanty's actual net cash/net debt and actual working capital position as at completion), which may result in additional payments or recoveries depending on whether OnTheMarket or the selling shareholders of Glanty are liable in respect of any balancing payment.

Additional consideration may become payable under earn-out arrangements based on revenue and EBITDA performance in the 12-month period commencing on the day following the second anniversary of completion (capped at £12m and payable in shares or cash at the Company's discretion) and in the event that Glanty receives R&D tax credits from HMRC which relate to periods prior to completion (capped at £150k).

The consideration shares are subject to lock-in arrangements which restrict their sale save in limited circumstances. 474,194 Consideration Shares are locked-in for 3 years post-completion and 1,054,638 Consideration Shares are locked-in for 4 years post-completion, relating to certain sellers actively involved in the business. All consideration shares are subject to orderly market arrangements for a further 12 months after the above initial lock-in periods have expired.

Further information on Glanty is set out in the notes below.

Future strategy

As I set out above, our vision for the business sees OnTheMarket being structured around four core strategic 'pillars' which will drive our future growth, delivered through a mix of in-house developments, partnerships with 'best in class' specialist providers and, if appropriate, acquisitions.

1. **Property portal**

Following on from extensive estate agent, letting agent, developer and consumer work groups, we have embarked upon a complete refresh of the user experience (UX) at OnTheMarket.com, with a new look and feel. The design team, which is working from a position of strength with an already popular portal, will be focusing specifically on consumer engagement strategies within the UX to encourage users to visit the site time and time again and to improve conversion rates from visits to leads.

The introduction of several new 'lead types' (e.g. Automated Valuation Model leads and AskTheAgent) is providing new ways for consumers to interact with our advertisers, whilst at the same time providing a clear proposition which encourages such interactions. The design of new products and functionality will be focussed on increasing lead and valuation opportunities for customers.

We have embarked upon a large 'customer journey' project, highlighting and segmenting the different cohorts of buyers, sellers, tenants and landlords with the ultimate aim of providing tailored and specific content which is useful, informative, educational and entertaining for them, as well as conducive to encouraging interaction with our advertisers.

Our New Homes section of the site has grown significantly in the last 12 months and we are further developing this part of the business in response to growing numbers of housebuilder customers joining the portal.

2. **Software solutions**

As a technology-enabled property business, OnTheMarket will continually evolve and innovate to meet the needs of both our customers' and consumers.

Our strategy is to become a valuable resource for consumers that provides detailed property data, intuitive tools and expert content to help make their property journey easier and simpler to navigate. We will adopt a rapid and nimble development strategy, driven by consumer behaviours that will provide intuitive solutions to 'real world' problems.

In parallel, we will seek to empower agents by developing information-led solutions that enable them to operate more efficiently and support their compliance responsibilities, as well as deliver digitally based campaigns and asset toolkits, all with the ultimate aim of generating more leads and adding more value to their own social media and marketing strategies.

3. Data and market intelligence

A key piece of feedback from the 'Town Hall' and one-to-one meetings I have held with OnTheMarket agents since joining is the requirement for more data, for, amongst other purposes, conducting valuations and providing market intelligence.

In parallel, there is an increasing focus by the National Trading Standards Estate and Letting Agency Team on portals to provide consumers with more detailed information on all properties listed for sale, in order to provide increased transparency to potential buyers about any property prior to making an offer.

To address these factors, in May 2021 we signed a commercial partnership with award-winning property data specialists Sprift Technolgies Limited ("Sprift") which will enable OnTheMarket to provide significantly enhanced property data to its customers. Market Appraisal Guides powered by the Sprift platform will be available for free via OTM Expert and we believe these will be a very valuable tool for agent customers.

We will continue to innovate to develop the data-led services that our customers need to win instructions, convert leads and operate most efficiently.

4. Communications and marketing

As one of my priorities on joining the business, I conducted a 'root and branch' marketing and communications review. This led me to conclude that the OnTheMarket brand, marketing and PR execution would benefit from a new approach, with a particular focus on consumer behaviour to ensure that we can successfully compete with incumbent businesses as well as new entrants to the sector. In a competitive space, understanding who we are as a brand from the consumer's perspective is crucial to gaining and retaining user engagement, which in turn creates a platform for our advertisers' brands from which to create leads.

This has led to the appointment of a new marketing and communications agency, Aylesworth Fleming, with significant experience in the property sector. Aylesworth Fleming has provided a brand refresh and execution strategy for both the consumer and B2B client base. This will inform all areas including the consumer facing website, 'above the line' activities, such as new television and radio advertising creatives and Out Of Home advertising, and 'below the line' activities including social media and digital advertising campaigns, as well as the introduction of nurture path strategies designed to create long-term, targeted consumer engagement.

Our commercial media partnership with Reach plc is part of this new marketing and communications strategy; as the UK's largest commercial news publisher, Reach plc's brands 'reach' 80% of all UK consumers every day, through a stable of mainstream titles. In working with Reach plc on a digital campaign, we can leverage their proprietary contextual marketing platform to directly generate traffic to OnTheMarket.com, as well as motivated leads for our agents, together with supporting our agents in their own hyperlocal social media campaigns.

By leveraging this relationship, we intend to create a leading property communications and marketing suite, both on behalf of, and in conjunction with, our customers. The product is expected to comprise of a bespoke social media marketing support service to agents to enhance their local presence, promote their brand through 'success message' and proposition USPs, and specifically engage with local consumers. This local support alongside national coverage will benefit our agent customers and provide economies of scale advantages.

Cash position

As at 31 May 2021, the Group had cash of £10.0m (before borrowings and deferred creditor payments within Glanty of £0.2m). The Directors have prepared and reviewed cash forecasts and projections for the Group for the next 12 months. They have also conducted sensitivity analyses and considered scenarios where the impact on future revenues is more significant and more sustained than currently experienced or anticipated, together with the mitigating actions they may take in such circumstances.

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

Outlook

I am pleased to have joined the Company at a time when OnTheMarket.com has become established as a leading UK residential property portal, a significant achievement. I am particularly excited about the opportunities for further differentiation and to provide enhanced offerings to our customers and consumers, moving the business from being seen as 'just a portal' towards being a provider of end-to-end services for estate and lettings agents and housebuilders and a key value-generating element of their business strategies.

I have a clear vision for our direction of travel; to become a technology-enabled property business across the four pillars of portal, software, data and market intelligence and communications and marketing. Most pleasing is that my colleagues within the business share the same vision and the drive to succeed.

The operational and financial progress during the year to 31 January 2021 are a testament to the strength of the team and of the business. The return to a normal level of advertising expenditure, in conjunction with the steps we have taken since year end, including the acquisition of Glanty Limited and several commercial partnerships, and our substantial, loyal and supportive customer base, provide a strong platform from which to implement our strategy.

I am pleased to report that trading in the first few months of the current financial year is in line with our expectations. With the strong financial foundation the Company has established, I believe we are well placed to invest in our vision for the business, which will allow us to deliver profitable growth as we move forwards. Having achieved profitability in FY21, the Board expects to be able to invest further operationally into the business and return to normalised levels of marketing expenditure without damaging the Group's prospects for the foreseeable future, assuming no materially adverse unforeseen circumstances arise.

I would like to thank all of my new colleagues for their welcome and for their support and I look forward to working alongside them with the common goal of delivering our vision and, in doing so, value to all our stakeholders.

Jason Tebb - **Chief Executive Officer**

Financial Review and Key Performance Indicators

The year ended 31 January 2021 saw revenue and ARPA up 22% and 16% respectively, despite COVID-19 related customer support discounts of £2.6m and the curtailment of contract conversion activity for some months following the first lockdown in March 2020. These increases reflect the growth in paying customers and the migration of customers on discounted rates towards full-tariff contracts.

The Group delivered revenue of £23.0m in the year ended 31 January 2021 (2020: £18.8m) and an adjusted operating profit of £2.4m (2020: adjusted operating loss £9.2m).

At 31 January 2021, the Group had cash of £10.7m before deferred creditors of £0.4m (2020: £8.7m before deferred creditors of £0.7m). It had £10.0m of cash at 31 May 2021 (before borrowings and deferred creditor payments within Glanty of £0.2m).

The reported operating profit of the Group was £1.2m (2020: reported operating loss of £11.7m) and is further analysed as follows:

	2021 £'000	**2020 £'000**
Reconciliation of operating profit/(loss) to adjusted operating profit/(loss):		
Operating profit/(loss)	**1,231**	**(11,688)**
Adjustments for:		
Share-based employee incentives	683	355
Compensation net of professional fees incurred	(941)	1,233
Share-based agent recruitment charges	1,406	921
Government grant	(449)	-
Payments in relation to loss of office	304	-
Non-recurring staff related costs	192	-
Adjusted operating profit/(loss)	**2,428**	**(9,179)**

The basic and diluted profit per share in the year were 3.76p and 3.42p respectively (2020: basic and diluted loss per share 17.99p).

COVID-19 response

As previously announced, in response to COVID-19 and the associated public health restrictions, the Group took a number of measures during the year to safeguard employee well-being, provide value and support to agent and housebuilder customers and to manage costs and conserve cash.

In particular, the Group acted decisively before the formal lockdown restrictions came into place to support customers through this period of uncertainty by offering discounts on full-tariff listing agreements. Accordingly, revenue growth in the year was tempered by these discounts, which amounted to £2.6m, as well as by the suspension of activity to convert agents on short-term, introductory free of charge contracts to paying contracts during H1 FY21.

The measures that were implemented to reduce costs and conserve cash proved effective. We, like many of our customers, utilised the Coronavirus Job Retention Scheme, without which there would very likely have been a significant number of redundancies. This, together with voluntary pay waivers by staff, gave rise to a reduction of £0.6m in staff costs. Marketing expenditure was significantly curtailed, down 51% to £5.9m (2020: £12.0m) in the year to support the Group's ability to offer COVID-19 related discounts to its customers. Government grant income of £0.4m was received under the Coronavirus Job Retention Scheme, which is treated as a non-recurring item.

Analysis of revenue and ARPA by source

Following the launch of the Group's new homes function in September 2019, the Group reports revenues attributable to products and services offered to:

- estate and letting agents;
- new home developers; and
- other, non-property advertiser customers.

Costs, assets and liabilities are not attributed to the different revenue sources and so segmental reporting under IFRS 8 is not appropriate.

Year ended 31 Jan	**2021**	**2020**	**Change**
Group revenue			
- Agency	£21.2m	£18.7m	13%
- New Homes	£1.5m	£0.1m	1,400%
- Other	£0.3m	£0.0m	N/a
- Group	£23.0m	£18.8m	22%
Average advertisers			
- Agency	11,789	12,497	(6)%
- New Homes	1,496	584	156%
- Group	13,285	12,740[1]	4%
ARPA			
- Agency	£150	£124	21%
- New Homes	£83	£31	168%
- Group	£142	£122	16%

1 Average for the year impacted as New Homes only commenced in Sep 2019. Average in first 7 months of FY20 was 12,453 and in last 5 months including New Homes was 13,140.

Operational KPIs

Group operational KPIs were as follows:

As at 31 Jan	**2021**	**2020**	**Change**
Total advertisers	12,687	13,364	(5)%
Agency branches	10,645	12,470	(15)%
New homes developments	2,042	894	128%

- Agency branches listed at 31 January 2021 were lower year-on-year as in the second half of the year the Group removed agents who had come to the end of their introductory free listing and chose not to enter a paying contract.
- ARPA was £142, reflecting the growing number of agents under paying contracts in the year and the migration of customers on discounted rates towards full-tariff contracts, offset by customer discounts offered in response to the COVID-19 pandemic (FY20: £122).
- Visits were up 13% to 267 million (FY20:237 million). This included a decline in visits during the months of March to May 2020 during which the national lockdown was in place. Visits in the second half of the year were up 30% to 151m (H2 FY20: 116m).

- Average monthly leads per advertiser were up 22% to 117 (FY20: 96), reflecting strong engagement with property-active consumers. Leads also saw a decline during the months of March to May 2020. Average monthly leads per advertiser in the second half of the year were up 31% to 130 (H2 FY20: 99).

The Group's financial performance is presented in the Consolidated Income Statementbelow. The profit for the year attributable to the owners of the Group was £2.7m (2020: loss attributable to the owners £11.5m).

Administrative expenses in 2021 decreased by £7.4m to £20.6m (2020: £28.0m). This movement is primarily as a result of cost reduction measures implemented during the COVID-19 pandemic. Staff costs (including temporary workers and consultants) fell to £10.0m (2020: £11.9m), with £0.6m of the reduction due to utilisation of the Coronavirus Job Retention Scheme and from voluntary pay waivers and the majority of the balance from reduced staff commission payments due to the market impact of the COVID-19 response measures. Marketing expenditure was down 51% to £5.9m (2020: £12.0m), following a significant reduction implemented to support the Group's ability to offer COVID-19 related discounts to its customers.

Compensation net of professional fees of £0.9m was received in the year (2020: professional fees net of compensation incurred £1.2m), predominantly in relation to the litigation with Gascoigne Halman Limited which was settled in the year (see note 6).

Grant income of £0.4m was received under the Coronavirus Job Retention Scheme (2020: £nil).

An agent recruitment charge of £1.4m (2020: £0.9m) was incurred in relation to share-based charges arising on the issue of shares to certain new and existing agents following them having earlier signed new long-term listing agreements to advertise all of their UK residential sales and letting properties at OnTheMarket.com.

During the year there arose a non-cash charge of £0.7m in relation to share option awards made to employees (2020: £0.4m). Further details on options awarded, exercised and forfeited are set out in note 13.

Intangible assets were flat at £4.7m (2020: £4.7m), due to the capitalisation of staff and consultant costs incurred in the ongoing development of OnTheMarket.com being offset by the amortisation charge arising on costs previously capitalised.

Receivables fell to £4.8m as at 31 January 2021 (2020: £6.1m), mainly as a result of a fall in prepayments with respect to advertising and in prepayments recognised for agent shares issued. Details on the accounting treatment for agent shares issued are set out in note 2.8.

Trade and other payables as at the year end fell to £4.9m (2020: £6.8m), mainly as a result of lower year-end payables relating to advertising expenditure and the settlement of litigation during the year to 31 January 2021. Amounts due and accrued at 31 January 2020 in relation to the settled litigation were paid or credited in full in the current year.

A deferred tax asset of £1.6m (2020: £nil) was recognised in the year. Further details are set out in note 8.

At the end of the year, the Statement of Financial Position showed total assets of £22.9m (2020: £21.0m) and total equity of £16.9m (2020: £13.0m).

Consolidated Income Statement: year ended 31 January 2021

	Notes	**2021 £'000**	**2020 £'000**
Revenue	**4**	23,028	18,810
Administrative expenses	**5**	(20,602)	(27,989)
Operating profit / (loss) before specific professional fees, share-based payments and non-recurring items		2,426	(9,179)

	Notes		
Specific professional fees, share-based payments and non-recurring items:	6		
Share-based management incentive		(683)	(355)
Professional fees net of compensation received		941	(1,233)
Share-based agent recruitment charges		(1,406)	(921)
Government grant		449	-
Payments in relation to loss of office		(304)	-
Non-recurring staff related costs		(192)	-
Operating profit / (loss)		1,231	(11,688)
Finance income		25	45
Finance expense		(22)	(16)
Share of loss of associate	12	(94)	-
Profit / (loss) before income tax		1,140	(11,659)
Income tax	8	1,542	192
Profit / loss and total comprehensive income for the year attributable to owners of the parent		2,682	(11,467)
Profit / (loss) per share from continuing operations		**Pence**	**Pence**
Basic	9	3.76	(17.99)
Diluted	9	3.42	(17.99)

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

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

Consolidated Statement of Financial Position: at 31 January 2021

	Notes	2021 £'000	2020 £'000
ASSETS			
Non-current assets			
Property, plant and equipment		103	127
Right-of-use assets	10	180	373
Intangible assets	11	4,685	4,697
Investments in associates	12	851	985
Deferred tax asset		1,558	-
		7,377	6,182
Current assets			
Trade and other receivables		4,793	6,113
Cash and cash equivalents		10,719	8,685
		15,512	14,798
TOTAL ASSETS		22,889	20,980
LIABILITIES			
Current liabilities			
Trade and other payables		(4,934)	(6,814)
Lease liabilities	10	(157)	(200)
Provisions		(622)	(707)
Current tax		(16)	(7)

		(5,729)	(7,728)
Non-current liabilities			
Lease liabilities	**10**	(2)	(110)
Provisions		(258)	(101)
		(260)	(211)
TOTAL LIABILITIES		(5,989)	(7,939)
NET ASSETS		16,900	13,041
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT			
Share capital	**14**	145	140
Share premium		47,453	46,814
Merger reserve		(71)	(71)
Other reserve		782	701
Retained earnings		(31,409)	(34,543)
TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT		16,900	13,041

Consolidated Statement of Changes in Equity: year ended 31 January 2021

	Share capital £'000	**Share premium £'000**	**Share-based payment £'000**	**Other reserves £'000**	**Merger reserve £'000**	**Retained earnings £'000**	**Total equity £'000**
At 1 February 2019	123	40,698	**-**	111	(71)	(23,569)	17,292
Loss for the financial period	-	-	-	-	-	(11,467)	(11,467)
Total comprehensive expense for the period	-	-	-	-	-	(11,467)	(11,467)
Transactions with owners:							
Shares issued for placing	10	3,390	-	-	-	-	3,400
Shares issued for agent recruitment shares	6	2,912	-	590	-	-	3,508
Shares issued for employee share options	1	-	-	-	-	-	1
Legal and professional fees on placing shares issued		(186)	-	-	-	-	(186)
Share-based payment charge on employee options	-	-	493	-	-	-	493
Transfer to retained	-	-	(493)	-	-	493	-

earnings							
At 31 January 2020	140	46,814	-	701	(71)	(34,543)	13,041
At 1 February 2020	140	46,814	-	701	(71)	(34,543)	13,041
Profit for the financial period	-	-	-	-	-	2,682	2,682
Total comprehensive income for the period	-	-	-	-	-	2,682	2,682
Transactions with owners:							
Shares issued for agent recruitment shares	2	639	-	81	-	-	722
Shares issued for employee share options	3	-	-	-	-	-	3
Share-based payment charge on employee options	-	-	452	-	-	-	452
Transfer to retained earnings	-	-	(452)	-	-	452	-
At 31 January 2021	145	47,453	-	782	(71)	(31,409)	16,900

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

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

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

Other reserves
Other reserves represent movements in share prices from contract date to share issue date in relation to the issue of agent recruitment shares (see note 2.8).

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.

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

Consolidated Statement of Cash Flows: year ended 31 January 2021

	2021 £'000	2020 £'000
Cash flows from operating activities		
Profit / (loss) for the year after income tax	2,682	(11,467)
Adjustments for:		
Income tax	(1,542)	(192)
Finance income	(25)	(45)
Finance expense	22	16

Amortisation	2,204	1,856
Depreciation	388	273
Agent recruitment expense	1,406	921
Share-based payment	452	493
Share of loss of associate	94	-
Operating cash flows before movements in working capital	5,681	(8,145)
Decrease / (increase) in trade and other receivables	592	(343)
(Decrease) / increase in trade and other payables	(1,267)	1,517
Increase / (decrease) in provisions	72	(201)
Tax (paid)/received	(7)	193
Net cash generated from / (used in) operating activities	5,071	(6,979)
Cash flows from investing activities		
Finance income received	25	45
Acquisition of intangible assets	(2,192)	(2,605)
Acquisition of tangible assets	(26)	(37)
Acquisition of associate	(527)	(418)
Net cash used in investing activities	(2,720)	(3,015)
Cash flows from financing activities		
Finance expense paid	(18)	(8)
Proceeds from issue of shares	2	3,400
Repayment of lease liabilities	(301)	(200)
Expenses incurred for share listing	-	(186)
Net cash (used in) / generated from financing activities	(317)	3,006
Net movement in cash and cash equivalents	2,034	(6,988)
Cash and cash equivalents at the beginning of the year	8,685	15,673
Cash and cash equivalents at the end of the year	10,719	8,685

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.

Selected notes to the Consolidated Financial Statements: year ended 31 January 2021

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

The financial information set out above does not constitute the Company's statutory accounts for the year ended 31 January 2021, but is derived from those accounts. Statutory accounts for 31 January 2020 have been delivered to the Registrar of Companies and those for 31 January 2021 will be delivered following the Company's annual general meeting. The auditors have reported on those accounts: their reports were unqualified, did not draw attention to any matters by way of emphasis and did not contain statements under s498 (2) or (3) of the Companies Act 2006.

While the financial information included in this results announcement has been prepared in accordance with the recognition and measurement criteria of International Financial Reporting Standards ("IFRS"s), this announcement does not itself contain sufficient information to comply with IFRSs. The Company expects to publish full financial statements that comply with IFRSs in June 2021.

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. Going concern

The Group made a profit after tax for the year of £2.7m (2020: loss of £11.5m) and as at 31 January 2021 the Group had a cash balance of £10.7m before deferred borrowings of £0.4m (2020: £8.7m before deferred borrowings of £0.7m). At 31 May 2021, the Group had cash after the acquisition of Glanty of £10.0m (before borrowings and deferred creditor payments within Glanty of £0.2m).

The Directors have prepared and reviewed cash forecasts and projections for the Group for the next 12 months. They have also conducted sensitivity analyses and considered scenarios where there is an adverse impact on future revenues, together with the mitigating actions they may take in such circumstances, such as a reduction in budgeted discretionary expenditure.

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.

2.4. 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 2020.

- Amendments to IFRS 9, IAS 39 and IFRS 17: Interest Rate Benchmark Reform (issued on 26 September 2019);
- Amendments to IAS 1 and IAS 8: Definition of Material (issued on 31 October 2018);
- Amendments to References to the Conceptual Framework in IFRS Standards (issued on 29 March 2018); and
- Amendments to IFRS 3: Business Combinations (issued on 22 October 2018).

The above standards have been endorsed by both the EU and the UK (from 1 January 2021). The amendments are effective for annual periods beginning on or after 1 January 2020. No changes have been made in respect of these amendments as they do not apply to the Group.

For the preparation of these consolidated financial statements, the following new or amended standards are available for early adoption for the financial year ending 31 January 2021.

- Amendments to IFRS 16 Leases: COVID-19 Related Rent Concessions (issued on 28 May 2020);
- Amendments to IFRS 4: Insurance Contracts
- Deferral of IFRS 9: (issued on 25 June 2020); and
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16: Interest Rate Benchmark Reform - Phase 2 (issued on 27 August 2020).

The Group had no leases in the period to which the amendment to IFRS 16 would have been applicable. The other amendments have no impact or do not apply to the Group.

2.5. Leases

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

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

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

Lease vehicles	-	Straight line 3 years
Leased premises	-	Straight line over lease term

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

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

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

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

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

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

Subsequent measurement of the lease liability
Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

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

2.6. Intangible assets

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

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

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

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

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

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

2.7. Investments in associates in the consolidated financial statements

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

Investments in associates are accounted for using the equity method.

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

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

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

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

2.8. Share-based payments

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

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

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

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

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

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

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

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

2.9. Government grants

Grants are recognised only when there is reasonable assurance that the Group will comply with the conditions attached to them and that the grants will be received. Grants that are receivable as compensation for expenses already incurred are recognised in profit or loss in the period in which they become receivable.

2.10. Revenue

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

The Group offers its advertising customers contracts that range from rolling notice periods to 5-year term listing agreements. The Group has some agents who did not pay their contractually committed fees in the year to 31 January 2021. Under IFRS 15, amounts due under these contracts are only recognised within revenues when it is considered probable that the Group will collect the revenue it is entitled to. Otherwise, amounts due under contracts are not recognised as revenues and only recognised if and when received.

Within each reporting segment, there is only one major service provision line, namely the provision of products and services, including where relevant the provision of access to the online portal OnTheMarket.com. All revenue relates to services transferred over the term of the listing agreement. Sales are predominantly billed monthly in advance and the majority collected via direct debit. At the end of the year, an amount of deferred income is outstanding relating to amounts received in respect of the following month. Sales billed monthly in arrears are recognised as accrued income.

3. Critical accounting judgements and key sources of estimation uncertainty

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

Critical accounting judgements

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

Critical accounting judgements

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

Revenue recognition
Where customers default 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. Amounts, if subsequently received, are recognised as revenue at the time of receipt.

Investment in associate
The Group acquired 20% of the shares in Glanty Limited in December 2019. The terms and conditions of the arrangement included a call option for the Group to acquire the remaining 80% of shares in Glanty Limited. The Group therefore must consider whether the potential voting rights are substantive so that the Group has control of, and not just significant influence over, Glanty Limited. This will impact whether Glanty Limited is treated as a subsidiary or an associate.

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

The Directors consider that, despite the Group holding an option over the remaining 80% of the shares in Glanty Limited during the year to 31 January 2021, these potential voting rights are not substantive and therefore the Directors do not consider that control has been achieved. This is because the time period for delivery of the remaining shares means that the Company cannot immediately direct the activities of Glanty Limited upon exercise of the option. On this basis, the investment in Glanty Limited has been classified as an investment in an associate.

Key sources of estimation uncertainty

Call and put options in respect of Glanty Limited
As part of the agreement under which OnTheMarket acquired 20% of the shares in Glanty Limited in December 2019, the Company was granted a call option, under which it had the right, but not the obligation, to enter into a share purchase agreement to acquire the remaining shares in Glanty for an initial consideration of approximately £1.5m (payable in cash or shares at OnTheMarket's option), plus a revenue and EBITDA based earnout arrangement, alongside the repayment of approximately £1.4m of loans.

The call option was exercised after the year end on 19 March 2021. Had it not exercised the call option, OnTheMarket also had a put option to sell its 20% shareholding to an existing shareholder of Glanty for £797k. The same Glanty shareholder also had a call option to acquire OnTheMarket's shares for £797k in the event that the Company's call option lapsed. Both these options effectively lapsed on 19 March 2021 following the exercise of the Company's call option.

Inherently the call option value is determined by whether the right it conveyed to acquire the remaining shares on the prescribed terms allowed the Company to obtain those shares at a significantly discounted price to fair value. The Directors do not believe this to be the case as they believe the terms of the acquisition, including the possible payment of additional consideration contingent on the performance of the business, provide for fair value based on expected future performance. In addition, the Directors are unaware of any higher counter-offers from third parties.

The put option value is determined by the value of the ability it gives to enforce a sale of the 20% of shares the Company acquired back to a selling shareholder at acquisition cost (£757k).

The Directors have therefore concluded that the call option has no value, as the acquisition terms did not give rise to a discounted acquisition price. No value was recognised for the put option as any value was contingent on the call option not being exercised.

Deferred tax
At 31 January 2021 Agents' Mutual Limited had tax losses available to carry forward. The company was profitable in the year to 31 January 2021 and the Directors believe it will make taxable profits in the future, against which the tax losses carried forward will be available to offset future corporation tax payments. A deferred tax asset has therefore been recognised in respect of these losses. The amount recognised is based upon the Directors' judgement of possible taxable profits arising in the foreseeable future. In forming this judgement, The Directors are required to estimate possible revenues and profits that may arise and the asset is restricted to forecast profits in the foreseeable future.

4. Revenue

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

Following the launch of the Group's new homes function, the Group reports revenues attributable to products and services offered to:

- estate and letting agents;
- new home developers; and
- other, non-property advertising income.

Costs, assets and liabilities are not attributed to the different revenue sources and so segmental reporting under IFRS 8 is not appropriate.

Revenues for the year ended 31 January	**2021**	**2020**	**Change**
	£m	**£m**	
Group revenue			
- Agency	21.2	18.7	13%
- New Homes	1.5	0.1	1,400%
- Other	0.3	nil	N/a
- Total	23.0	18.8	22%

Within each source of revenue, there is only one major service provision line. All revenue relates to services transferred over the term of the listing agreements or, for Agency and New Homes, contracts for the provision of ancillary products or services.

Sales are predominantly billed monthly in advance and these are recognised as deferred income. The Group has contract liabilities as follows in respect of deferred income:

Deferred income as at 31 January	**2021 £m**	**2020 £m**	**Change**
Group revenue			
- Agency	1.7	1.5	13%
- New Homes	0.1	0.1	N/a
- Other	nil	nil	N/a
- Total	1.8	1.6	13%

Contract liabilities of £1.6m at 31 January 2020 were recognised as revenue in the year ended 31 January 2021.

A proportion of sales in New Homes and Other are billed monthly in arrears and are recognised as accrued income.

All revenue is generated in the UK for the Group's services.

5. Expenses by nature

Expenses are comprised of:

	2021 £'000	2020 £'000
Depreciation	388	273
Amortisation	2,204	1,856
Staff costs (note 7)	7,521	8,901
Short-term lease expenses	732	719
Advertising expenditure	5,898	11,985
Other administrative expenses	3,859	4,255
	20,602	27,989

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

	2021 £'000	2020 £'000
Share-based employee incentives (see note 13)	683	355
Professional fees net of compensation	(941)	1,233
Share-based agent recruitment charges	1,406	921
Government grant	(449)	-
Payments in relation to loss of office	304	-
Non-recurring staff related costs	192	-
	1,195	2,509

Share-based employee incentive charges include employer's national insurance charge on options exercised in the year as well as the movement in the expected future employer's national insurance charge based on the year-end share price. See note 13 for further details.

Professional fees net of compensation incurred during the current year was in relation to litigation which was settled in the year.

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

Government grant income relates to receipts under the Coronavirus Job Retention Scheme. The Group has not utilised the scheme since October 2020 and has no current intention to do so. The grant income is therefore considered to be non-recurring.

Payments in relation to loss of office reflect contractual compensation to Ian Springett on the termination of his employment and associated legal costs.

Non-recurring staff related costs relate predominantly to professional fees paid in relation to the search for a Chief Executive Officer following Ian Springett's departure from the Group.

All of these items have been separately analysed as the Directors believe the adjusted operating profit calculated and disclosed before accounting for these amounts provides useful additional information as an alternative performance measure. However, it should not be considered an alternative to IFRS measures, such as revenue or operating loss or profit.

7. Employees and Directors

Group Staff costs (including Directors) comprise:	2021 £'000	2020 £'000
Wages and salaries	7,582	9,076
Social security costs	949	1,148
Pension	128	132
	8,659	10,355

The amounts above include £1,138k (2020: £1,454k) of staff costs that have been capitalised to intangible assets.

	2021 Number	2020 Number
The average monthly number of persons employed		
by the Group during the year was:		
Non-Executive Directors	3	2
Marketing, sales and administration		

	109	111
IT	29	33
	141	146

8. Income tax

	2021 £'000	2020 £'000
Current tax:		
UK corporation tax on income for year	16	(194)
Under-provision in respect of prior period	-	2
Total current tax	16	(192)
Deferred tax:		
Origination and reversal of temporary differences	(1,558)	-
Income tax charge	(1,542)	(192)

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:

	2021 £'000	2020 £'000
Profit / (loss) before taxation	1,140	(11,659)
Profit / (loss) before taxation multiplied by the effective rate of corporation tax of 19% (2020: 19%)	217	(2,215)
Effects of:		
Expenses not deductible for tax purposes	209	314
Depreciation in excess of capital allowances	49	21
Expenditure on intangible assets claimed as incurred	2	(142)
Tax losses (utilised in year) / carried forward	(461)	2,094
Adjustment recognised for prior periods	-	2
Research and development tax credit	-	(201)
Previously unrecognised tax losses	(1,558)	-
Tax income	(1,542)	(192)

Deferred taxes reflected in these financial statements have been measured using the enacted tax rates at the Balance Sheet date. For UK corporation tax the enacted rate of 19% was used to measure the net deferred tax asset. Following on from the Budget of 3 March 2021 this deferred tax asset will have to be remeasured based on the potential recognition of these assets at the rate of 25% in the year ended 31 January 2022.

The Group was profitable in the year, utilising trade losses brought forward to offset tax that would otherwise have been payable. The subsidiary, Agents' Mutual Limited, has trading losses available for carry forward of £32.4m (2020: £34.8m).

Based upon estimations of profits arising in the foreseeable future, a deferred tax asset of £1.6m (2020: £nil) has been recognised for these losses. This deferred tax asset comprises temporary differences attributable to:

	2021 £'000	2020 £'000
Amounts recognised in profit or loss:		
Employee share-based payments	1,204	-
Property, plant and equipment temporary	116	-

differences		
Development cost temporary differences	(890)	-
Losses	1,128	
Deferred tax asset	1,558	-

9. Earnings per share

Numerators: Earnings attributable to equity			
Profit/(loss) for the year from continuing operations	2021 £'000	2019 £'000	2020 £'000
attributable to owners of the Company		2,682	(11,467)
Total basic earnings and diluted earnings		2,682	(11,467)

	No.	No.
Denominators: Weighted average number of equity shares		
Weighted average number of equity shares used in calculating basic earnings per share	71,280,183	63,742,852
Adjustments for calculating diluted earnings per share: options over equity shares	7,073,784	-
Weighted average number of equity shares used in calculating diluted earnings per share	78,353,967	63,742,852

In periods where the Group made a loss there is no dilutive effect. In these periods, instruments that would dilute earnings per share have not been included as these are anti-dilutive. See share options disclosed in note 13 for details of instruments.

10. Right-of-use assets and lease liabilities

The Group has lease contracts for motor vehicles.

The amounts presented in the financial statements are as follows:

Right-of-Use Assets

	Motor Vehicles £'000	Leasehold Premises £'000	Group £'000
At 1 February 2019	573	-	**573**
Additions	33	-	**33**
Depreciation charge	(233)	-	**(233)**
At 1 February 2020	373	-	**373**
Additions	-	164	**164**
Disposals	(90)	-	**(90)**
Depreciation charge	(236)	(103)	**(339)**
Depreciation charge on disposals	72	-	**72**
At 31 January 2021	119	61	**180**

Lease Liabilities

Motor Vehicles £'000	Leasehold Premises £'000	Group £'000

At 1 February 2019	468	-	**468**
Lease additions	34	-	**34**
Interest expense	8	-	**8**
Lease payments	(200)	-	**(200)**
At 1 February 2020	310	-	**310**
Lease additions	-	164	**164**
Lease disposals	(18)	-	**(18)**
Interest expense	3	1	**4**
Lease payments	(197)	(104)	**(301)**
At 31 January 2021	98	61	**159**

Non-current lease liabilities amount to £2k (2020: £110k) and are all due between 1-5 years.

At year end, the Group had future short-term minimum lease payments under non-cancellable operating leases in respect of land and buildings amounting to £136k within one year (2020: £800k). In the year ended 31 January 2021, a charge of £732k was recognised in respect of short-term leases (2020: £719k).

At 31 January 2021, the Group had £336k commitments within one year and £268k commitments between one and five years for leases that had not commenced at that date (2020: £104k and £62k respectively).

Changes in liabilities arising from financing activities relate to lease liabilities only. The movement during the year in lease liabilities is set out above. During the year, cash repayments of lease liabilities totalled £301k (2020: £200k) and cash payments of short-term lease expenses were £732k (2020: £719k).

11. Intangible assets

Group	**Development costs £'000**
Cost:	
At 1 February 2019	8,750
Additions - internally developed	2,605
At 31 January 2020	11,355
Amortisation:	
At 1 February 2019	4,802
Charge for the year	1,856
At 31 January 2020	6,658
Net book value:	
At 31 January 2020	**4,697**
Cost:	
At 1 February 2020	11,355
Additions - internally developed	2,192
At 31 January 2021	13,547
Amortisation:	
At 1 February 2020	6,658
Charge for the year	2,204
At 31 January 2021	8,862
Net book value:	
At 31 January 2021	**4,685**

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.

12. Investments in associates

	£'000
Group and Company	
At 1 February 2019	-
Additions	985
At 31 January 2020	985
Adjustments	(40)
Share of after-tax loss	(94)
At 31 January 2021	851

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

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

[1]The Group and Company also held at 31 January 2021 an option to acquire the remaining 80%.

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

Glanty Limited has a 31 December accounting period end. Management information has therefore been used for calculating the Group's share of the after-tax loss and is the basis for the other financial disclosures at 31 January.

As at 31 January	2021 £'000	2020 £'000
Current assets	85	612
Non-current assets	1,436	2,291
Total assets	1,521	2,903
Current liabilities	(482)	(596)
Non-current liabilities	(1,530)	(1,459)
Total liabilities	(2,012)	(2,055)
Net (liabilities) / assets	(491)	848

For the year to 31 January 2021 Glanty reported revenues of £823k (2020: £514k) and a loss after tax of £470k (2020: £359k).

Total consideration initially amounted to £797k, of which £230k formed the upfront consideration and was paid in the year to 31 January 2020. £567k related to deferred consideration.

Under the terms of the investment, the consideration was to be reduced by up to £40k should Glanty Limited receive a tax credit for qualifying research and development expenditure. Following the receipt of a payment in May 2020, the investment was reduced by the full £40k. The balance of £527k after payment of the upfront consideration and reduction due to the tax credit received was paid in the year to 31 January 2021.

The Group has reviewed the position of Glanty Limited as at 31 January 2021 and concluded that no loss event as set out under IAS 28 has occurred and, accordingly, no impairment of the investment is appropriate.

As part of the agreement under which OnTheMarket acquired 20% of the shares in Glanty Limited in December 2019, the Company was granted a call option, under which it had the right, but not the obligation, to enter into a share purchase agreement to acquire the remaining shares in Glanty for an initial consideration of approximately £1.5m (payable in cash or shares at OnTheMarket's option), plus a revenue and EBITDA based earnout arrangement, alongside the repayment of approximately £1.4m of loans.

The call option was exercised after the year end on 19 March 2021. Had it not exercised the call option, OnTheMarket also had a put option to sell its 20% shareholding to an existing shareholder of Glanty for £797k. The same Glanty shareholder also had a call option to acquire OnTheMarket's shares for £797k in the event that the Company's call option lapsed. Both these options effectively lapsed on 19 March 2021 following the exercise of the Company's call option. See note 3 for further details regarding the options and the accounting treatment adopted.

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

13. Share-based payments

Agent recruitment shares
The Group issued agent recruitment shares during the year. 742,393 ordinary shares were granted (2020: 3,258,567). Fair value was determined in accordance with the accounting policy set out in note 2.8. The weighted average fair value of shares granted was £0.79 (2020: £1.05).

Management and employee share schemes
The Group operates management and employee equity settled share schemes. Options over its shares were awarded under the employee share scheme in the year to 31 January 2021, as set out below.

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

Grant date of option	Expiry	Option exercise per share £	Fair value £	2021 Number	2020 Number
Granted 15 September 2017	2027	nil	1.48	6,044,454	7,467,525
Granted 19 September 2017	2027	nil	1.48	225,568	491,137
Granted 10 October 2017	2027	nil	1.48	25,454	49,088
Granted 20 November 2018	2028	1.65	0.69	572,219	639,864
Granted 4 December 2018	2028	nil	1.13	42,424	42,424
Granted 10 September 2020	2030	nil	0.77	119,048	-
Granted 10 September 2020	2030	nil	0.65	285,714	-
Granted 14 December 2020	2030	nil	0.93	379,249	-
Outstanding at 31 January				7,694,130	8,690,038

The value of employee services provided of £452k (2020: £493k) has been charged to the income statement.

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

	2021 Number	Weighted average exercise price £
Opening at 1 February	7,316,010	-
Granted	-	-

Exercised	(1,423,071)	-
Outstanding at 31 January	5,892,939	-
Exercisable at 31 January	4,506,389	-

These share options expire 10 years after the date of grant and have a nil exercise price. 1,386,550 are exercisable on the fifth anniversary (9 February 2023). The remaining 4,506,389 options are exercisable immediately. The fair value of all these options was charged to the profit and loss account in full in the year to 31 January 2018.

During the year 1,423,071 options were exercised. The weighted average share price at exercise was £0.600.

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

	2021 Number	Weighted average exercise price £
Opening at 1 February	734,164	-
Granted in the period	784,011	-
Forfeited in the period	(1,523)	-
Exercised in the period	(287,680)	-
Outstanding at 31 January	1,228,972	-
Exercisable at 31 January	402,537	-

These share options expire 10 years after the date of grant. During the year 287,680 options were exercised. The weighted average share price at exercise was £0.99.

All options granted in prior years are exercisable at 31 January 2021 save for 42,424 options which vest on 4 December 2021. Share options granted under this scheme have a nil exercise price and those awarded in prior years vest 3 years after the date of grant. Details of the options granted in the current financial year are as follows:

- the options were issued pursuant to the Company's Long Term Investment Plan;
- they are subject to performance conditions based on the total shareholder return achieved by the Company relative to the FTSE AIM 100 Index in the three years prior to the performance period end date and are, save for limited circumstances, forfeited should the employee leave prior to the vesting date;
- 119,048 options were granted on 10 September 2020 and vest on 1 February 2023;
- 285,714 options were granted on 10 September 2020 and vest on 10 September 2025; and
- 379,249 options were granted on 14 December 2020 and vest on 14 December 2025.

The options granted were valued using a bespoke Monte-Carlo model. The inputs used to determine the fair value at the date of grant were as follows:

Grant date	Options	Performance period end date	Share price at grant date (£)	Exercise price (£)	Expected volatility	Dividend yield	Risk-free interest rate	Fair value derived per option (£)
10/09/20	119,048	31/01/23	0.92	Nil	35%	0%	(0.103)%	0.77
10/09/20	285,714	09/09/23	0.92	Nil	35%	0%	(1.3)%	0.65
14/12/20	379,249	13/12/23	1.32	Nil	35%	0%	(0.086)%	0.93

As the Company was listed on AIM for a period shorter than the expected life of some of the options, expected volatility was calculated using both historical data and looking at a basket of comparable companies.

The fair value of share options under the employee share scheme is charged to the profit and loss account over the period to vesting. The share options are, save for limited circumstances, forfeited should the employee leave prior to this date.

Company Share Option Plan
Further details of the company share option plan are as follows:

	Number	Weighted average exercise price £
Outstanding at 31 January 2020	639,864	1.65
Forfeited in the period	(67,645)	1.65
Outstanding at 31 January 2021	572,219	1.65
Exercisable at 31 January 2021	-	-

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, save for limited circumstances, forfeited should the employee leave.

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

The following have been expensed in the consolidated income statement:

	2021 £'000	2020 £'000
Share-based payment charge	452	493
Employer's social security on share options	231	(138)
	683	355

14. Share capital

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

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

Share capital issued and fully paid	2021 No.	2020 No.
Opening Ordinary shares of £0.002 each	70,082,638	61,493,611
Issued in the year	2,362,408	8,589,027
Closing Ordinary shares of £0.002 each	72,445,046	70,082,638

	2021 £'000	2020 £'000
Ordinary shares of £0.002 each	145	140

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

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

By a resolution dated 22 December 2017 the Directors are authorised to issue up to 40,000,000 shares to estate agents in connection with such agents signing listing agreements with the Company or its subsidiaries. The Directors confirmed that at most they will issue 36,363,636 under this authority, which expires on 22 December 2022. As at 31 January 2021, 4,961,253 shares had been issued under this authority (2020: 4,218,860) leaving 31,402,383 shares authorised but unissued (2020: 32,144,776).

The Company issued 174,879 ordinary shares on 30 April 2020, 105,149 ordinary shares on 31 July 2020, 124,557 ordinary shares on 30 October 2020 and 337,808 ordinary shares on 31 January 2021 to certain new and existing agents following them having earlier signed new long-term listing agreements to advertise all of their UK residential sales and letting properties on OnTheMarket.com. These shares were granted for cash at nominal value and for additional non-cash consideration. The shares are accounted for as set out in note 2.8.

The Company issued shares following the exercise of options by employees as follows during the year:

	Shares
11 February 2020	173,317
30 April 2020	200,000
8 June 2020	549,754
26 June 2020	200,000
31 July 2020	300,000
7 October 2020	56,222
29 October 2020	14,544
20 November 2020	32,726
15 December 2020	14,545
29 January 2020	78,907
	1,620,015

Share option scheme
At the year end, there were a total of 7,694,130 (2020: 8,655,494) share options under the Company's share option plans (note 13), which on exercise can be settled either by the issue of ordinary shares or by market purchases of existing shares. During the year to 31 January 2021, 90,736 options were settled through market purchases by the Employee Benefit Trust.

15. Controlling parties

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

16. Post balance sheet events

Glanty Limited
As part of the agreement under which OnTheMarket acquired 20% of the shares in Glanty Limited in December 2019, the Company was granted a call option, under which it had the right, but not the obligation, to enter into a share purchase agreement to acquire the remaining shares in Glanty. The call option was exercised after the year end on 19 March 2021 and the acquisition of the remaining 80% of shares in Glanty Limited completed on 28 May 2021. Goodwill on the acquisition is primarily related to growth expectations, expected future profitability and the substantial skill and expertise of Glanty Limited's workforce. Further details relating to Glanty Limited, the call option exercise and its implications and the rationale for the acquisition are set out in note 12 and in the Chief Executive Officers' Report.

As the acquisition of Glanty only completed on 28 May 2021, the initial accounting for the acquisition was incomplete at the time these accounts were authorised for issue. On this basis, no assessment has yet been performed to determine the fair value of assets and liabilities and the fair value of the consideration. The Group intends to disclose the required information within its interim accounts for the year to 31 January 2022.

Commercial agreements
A number of commercial agreements have been entered into since 31 January 2021. Further details are included within the Chief Executive Officers' Report.

CSOP ISSUE
On 19 March 2021 239,112 options were granted under the Company Share Option Plan to certain employees. The options have a £0.95p exercise price, a 3 year vesting period and expire 10 years after the grant. No Directors were awarded any of these CSOP options.

Share issues
Since year end a further 174,250 ordinary shares have been issued to agents alongside listing agreements and 82,542 ordinary shares have been issued following the exercise of options by employees.

There have been no other post balance sheet events.

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