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OnTheMarket plc
12 October 2021

This announcement contains inside information for the purposes of Article 7 of the Market Abuse Regulation (EU) 596/2014 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 ("MAR"), and is disclosed in accordance with the Company's obligations under Article 17 of MAR.

12 October 2021

ONTHEMARKET PLC
("OnTheMarket", "OTM", the "Group" or the "Company")

INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 JULY 2021

STRONG GROWTH AND STRATEGIC PROGRESS DRIVING PERFORMANCE AHEAD OF EXPECTATIONS

OnTheMarket plc (AIM: OTMP), the majority agent-owned company which operates the OnTheMarket.com property portal, today announces its unaudited interim results for the six months ended 31 July 2021 ("H1 21/22").

Highlights

Period ended 31 July	**2021**	**2020**	**Change**
Group revenue	£14.9m	£10.2m	46%
Adjusted operating profit[1]	£2.1m	£0.8m	163%
Operating profit	£0.0m	£0.7m	n/a
Profit after tax	£0.5m	£0.7m	(29)%
Period-end net cash	£9.9m	£10.7m[2]	(7)%
ARPA[3]	£188	£124	52%
Average monthly advertisers[4] listed	12,972	13,592	(5)%
Period-end advertisers	13,362	12,687[5]	5%
Period-end agency branches	11,198	10,645[5]	5%
Period-end new homes developments	2,164	2,042[5]	6%
Traffic/visits[6]	159m	117m	36%
Average monthly leads per advertiser	132	105	26%

- Revenue and ARPA up 46% and 52% respectively. Adjusting for COVID-19 H1 20/21 related customer support discounts of £1.8m, revenue and ARPA growth still strong at 24% and 28% respectively.
- Adjusted operating profit increased 163% to £2.1m, despite increases of 105% in marketing expenditure, to £4.5m, and 28% in staff costs, to £4.7m.
- Profit after tax of £0.5m, reduced by non-recurring costs arising from the Glanty acquisition, the repayment of government grants and an increase in non-cash share-based agent recruitment charges.
- Strong balance sheet retained with cash generated from operating activities of £2.6m after repaying CJRS loans of £0.4m (H1 20/21: £2.9m, after receiving CJRS loans of £0.3m). Period-end net cash was £9.9m, with no borrowings (31 January 2021: £10.7m before deferred creditor payments of £0.4m).
- Average monthly advertisers listed were down 5% period on period, reflecting a reduction in H2 20/21 as agents on long-term free of charge contracts were asked to migrate to paying contracts. Since 31 January 2021, agency branches listing have risen 5% and new homes developments listed by 6%.
- Increased branches listed under paying contracts, up 3% since 31 January 2021 to 10,190 at 31 July 2021.
- Continued strong operational performance, with traffic and average monthly leads per advertiser up versus both H1 and H2 20/21.
- Significant progress in strategy to build a differentiated, technology-enabled property business, with the acquisition of Glanty, new commercial partnerships and new website functionality and lead types.

Outlook:

- After a positive first 6 months, the Board now anticipates revenues to be slightly ahead of expectations and adjusted operating profit to be substantially ahead of expectations for the full year to 31 January 2022.
- Demand for residential properties in the UK has remained at very high levels, however

sales and lettings instructions remain subdued.

- Rollout of refreshed brand and website planned for H2 21/22 release, designed to further encourage consumer engagement and provide increasing support and competitive advantage to our customers.
- Agents using OnTheMarket.com as their only property listings portal now represent 968 branches, demonstrating our ability to help customers secure instructions and complete transactions, without them needing any other portal subscriptions.
- Encouraging pipeline of new commercial arrangements to further differentiate and add value to our offering.
- Strong balance sheet to support our strategic vision to create a tech-enabled property business across the broader property ecosystem and drive long-term profitable growth.

The Company will be hosting a live presentation open to all existing and potential shareholders via the Investor Meet Company platform at 6:00pm BST on 19 October 2021. Full details of this session will be included in a separate announcement to be released shortly after these interim results are published.

Jason Tebb, Chief Executive Officer of OnTheMarket, commented:

"*I am delighted to report that the first half of our year has seen a strong financial performance, operational growth and real progress with our strategic objective of building a differentiated, tech-enabled property business.*

Since joining OnTheMarket I have been focussed on engaging with our customers to understand how we can better serve them. Having spoken with hundreds of agents, I am encouraged that they are not only pleased we are listening, but also that the changes we have made to our proposition have been well received.

The first stage of our transition is complete and we see this as the start of a mutually beneficial journey. We will continue to innovate and are actively exploring further new customer product and service offerings. As part of the next stage of our development we are undertaking a review of our branding and proposition to clearly articulate our USPs to serious property seekers and at the same time provide more tools for our agents and housebuilders, continuing to add value to customers and consumers alike.

None of this would be possible without the hard work and enthusiasm of my colleagues. I thank all of them and look forward to working with them to deliver value to all of our stakeholders.

With a growing and loyal customer base, strong engagement with serious and active property-seekers, progress against our strategic roadmap and a balance sheet and cash generation to support the Group's current strategy, the Board looks to the future with confidence."

Footnotes

1) *Adjusted operating profit is defined as operating profit 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 measure 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 to adjusted operating profit.*
2) *Period-end net cash in the 2020 column is net cash at 31 January 2021. Net cash at 31 July 2020 was £9.8m.*
3) *Average revenue per property advertiser, being revenues due from property advertisers for a period divided by the number of property advertisers for that period. ARPA presented herein is the average of the monthly ARPAs for the period unless otherwise stated. A property advertiser is a listed agency branch or a new home development advertising on OnTheMarket.com.*
4) *Advertisers are either estate and lettings agent branches or new home developments listed at OnTheMarket.com.*
5) *Period-end figures in the 2020 column are at 31 January 2021. Advertisers, agency branches and new home developments as at 31 July 2020 were 13,757, 12,245 and 1,512 respectively.*
6) *Visits comprise individual sessions on OnTheMarket's web based portal or mobile applications by users for the period indicated as measured by Google Analytics.*
7) *Unless otherwise stated, all figures refer to the six months ended 31 July 2021 and comparative figures are for the six months ended 31 July 2020 ("H1 20/21").*

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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.

This announcement contains forward-looking statements that are based on current expectations or beliefs, as well as assumptions about future events. These forward-looking statements can be identified by the fact that they do not relate only to historical or current facts. Forward-looking statements often use words such as anticipate, target, expect, estimate, intend, plan, goal, believe, will, may, should, would, could, is confident, or other words of similar meaning. Undue reliance should not be placed on any such statements because they speak only as at the date of this document and, by their very nature, they are subject to known and unknown risks and uncertainties and can be affected by other factors that could cause actual results, plans and objectives to differ materially from those expressed or implied in the forward-looking statements. There are a number of factors which could cause actual results to differ materially from those expressed or implied in forward-looking statements. The Group undertakes no obligation to revise or update any forward-looking statement contained within this announcement, regardless of whether those statements are affected as a result of new information, future events or otherwise, save as required by law and regulations.

Chief Executive Officer's Report

The period to 31 July 2021 saw us build on the progress made in the year to 31 January 2021. Our encouraging financial and operational performance sat alongside positive momentum in delivering our vision to create a tech-enabled property business across the broader property ecosystem, structured around four strategic pillars, with the following highlights:

1. Property portal - further growth in paying customers and revenues and increased consumer traffic and leads, alongside the introduction of new lead types.
2. Software solutions - acquisition of the remaining 80% of Glanty and a commercial partnership with Canopy.
3. Data and market intelligence - agreement with Sprift to power 'best in class' market appraisal guides to support new instructions for our customers and the launch of the OnTheMarket Property Sentiment Index.
4. Communications and marketing - commercial partnership with Reach plc, the UK's largest commercial news publisher.

These achievements are all the more impressive as they were delivered within just a few short months against a backdrop of the ongoing COVID-19 pandemic. Stakeholder safety remains our upmost priority. Our staff continue to work from home, save where they choose to attend the office, and these arrangements will remain in place at least to the end of 2021. Meetings with other stakeholders have been predominantly virtual, in line with their preferences. We continue to have the interests of our stakeholders and communities at the heart of our decision making.

Summary of the half-year period

Revenues and ARPA both grew strongly, up 46% and 52% respectively. Adjusting the prior period revenues to add back COVID-19 related customer support discounts of £1.8m, revenue and ARPA growth remained strong at 24% and 28% respectively. This followed the conversion activity undertaken in the second half of the year to 31 January 2021, whereby agents on long-term free of charge contracts were asked to migrate to paying contracts in order to continue listing at OnTheMarket.com. The Group also benefited from an accelerated roll out of agency products, specifically the Group's Automated Valuation Model.

Whilst the conversion activity led to a reduction in agency branches listing during H2 20/21, we continue to positively engage with those agents who chose not to migrate to paying contracts at that time, as well as those agents who have yet to list with us. We believe the development of our offering and our continued growth in engagement with serious property-seekers make the value agents receive through listing at OnTheMarket.com increasingly compelling.

This has led to an increase in agency branches listing in the current period, up 5% since 31 January 2021 to 11,198. Whilst this increase benefits from one element of our customer acquisition strategy, which is to offer targeted, short-term free of charge listing periods for certain new customers considering listing at OnTheMarket.com, we still enjoyed an increase in total branches listed under paying contracts, up 3% to 10,190 at 31 July 2021. The greater number of agency branches under paying contracts in the period gave rise to strong agency ARPA growth.

New homes advertiser numbers also continued to grow during the period, with 2,164 developments listed at 31 July 2021, up 6% from 2,042 at 31 January 2021 and up 43% on the number listed at 31 July 2020. New homes monthly ARPA increased by 23% to £92 (H1 20/21: £75), notwithstanding a reduction in the need for new homes developers to advertise properties amidst the exceptional demand from buyers in the UK residential market during the period.

Attracting serious property-seekers to visit the portal and then to engage with our customers remains a fundamental part of our offering. We enjoyed strong growth in both traffic and average monthly leads per advertiser, up 36% and 26% respectively, with 159m visits and 132 leads per advertiser per month. Whilst H1 20/21 was impacted by the effective suspension of the property market as a result of the coronavirus pandemic, both of these metrics also represent growth on H2 20/21, a period of intense activity as consumers sought to move as lockdown ended. The ratio of leads to visits suggests our marketing, which is targeted to engage serious property-seekers, has continued to be effective.

We offer consumers engaging with OnTheMarket.com real advantages, perhaps particularly in the current market environment where properties are often going under offer very shortly after listing. Each month we have thousands of properties listed as "New & exclusive", properties that are available to view at OnTheMarket.com 24 hours or more before they appear on Rightmove or Zoopla.

We also enjoy the support and confidence of agents with 968 branches who list their properties at OnTheMarket.com and no other property portal, up from 700 in March 2021. We believe this is strong evidence of our ability to offer value-for-money property listing services that help these customers secure instructions and complete transactions, by introducing serious and active property-seekers to them. "New & exclusive" properties and properties of agents listing exclusively with OnTheMarket help attract motivated property-seekers, who in turn deliver value to our advertiser customers through the provision of high-quality leads.

The Group achieved an adjusted operating profit of £2.1m (H1 20/21: £0.8m) and a profit after tax of £0.5m (H1 20/21: £0.7m). A strong balance sheet was maintained. Cash generated from operating activities was £2.6m after repaying CJRS loans of £0.4m (H1 20/21: £2.9m after receiving £0.3m of CJRS loans). After costs, consideration and loan repayments totalling £1.8m connected with the acquisition of Glanty, period-end net cash was £9.9m, with no borrowings (31 January 2021: £10.7m before deferred creditor payments of £0.4m).

Strategic developments - the "4 pillars"

1. Property portal

We introduced two new lead types to the site, Ask the Agent and Reserve Buyers List. Both are designed to encourage consumer interaction with estate agents in a different way to the conventional lead generation methods. We are combining 'good old fashioned' agency principles with modern technological solutions, solving real world problems for agents in a tangible way. Although only recently launched, both products are generating leads to agents that we believe are incremental to those arising from standard portal listings services.

On 8 October 2021 we signed an exclusive agreement with Autoenhance.ai Limited to provide our customers with its photo enhancement software services in respect of advertised properties. The image enhancements are designed to display properties so as to generate greater consumer engagement and therefore more high quality leads to our customers.

2. Software solutions

In May 2021 we completed the acquisition of the remaining 80% of Glanty Limited that we did not already own. Although it is still very early days, the business has performed in line with our expectations and our focus is on developing software products and platforms to drive engagement between our customers and consumers, as well as generate revenues for the Group. Further details on the acquisition are set out in Note 11.

We entered into a commercial agreement to provide our agency customers with the opportunity for free tenant referencing checks through the Canopy platform, another opportunity to deliver more value and more leads to our customers.

We also launched an automated call service partnership with Callwell to provide agents real time connections to potential clients who use our automated valuation model or request a valuation through our instant valuation tool. These potential vendors represent very high quality leads and the ability to connect immediately by phone a competitive advantage to agents in securing instructions.

3. Data and market intelligence

In May 2021 we signed an exclusive commercial partnership with Sprift Technologies, the award-winning property data specialist. The relationship enables OnTheMarket to provide its customers with free Market Appraisal Guides which are powered by the Sprift platform via OTM Expert. The guides provide enhanced data and market intelligence on residential properties, supporting our agent customers in providing expert valuations and winning new instructions, increasing the value they receive from listing with OnTheMarket.

In July 2021 we also released our inaugural OnTheMarket Property Sentiment Index, which will be published monthly. The OnTheMarket Property Sentiment Index is unique as it focuses on buyer and seller confidence and mover attitudes towards mortgage borrowing.

The insights contained in the Property Sentiment Index are determined from consumer responses to questions asked on the OnTheMarket website, with an average response rate of over 120,000 per month over the three months prior to launch. OnTheMarket believes this to be the largest monthly consumer sentiment index to date in terms of buying and selling residential property in the UK. It provides advertisers and consumers additional market intelligence to inform their decision making, whilst reinforcing the OnTheMarket brand as leading player in the UK residential property industry.

4. Communications and marketing

In March 2021, we signed a commercial media partnership with Reach plc, the UK's largest commercial news publisher, to increase our brand exposure and drive consumers to OnTheMarket.com. To date this has resulted in:

- over 12,000 sign ups to our combined newsletter, with coverage in local as well as national titles; and
- over 94 million ad impressions from OnTheMarket prospecting and retargeting display advertising campaigns.

Furthermore, we will soon be launching a bespoke social media tool for our agents and housebuilders to empower them to increase their own local reach via our platform. Testing has been completed on a small number of campaigns for agents and developers and a full roll out is about to commence.

ESG

OnTheMarket continues to be mindful of the impact its operations and decisions have on the environment, staff, communities and other stakeholders.

The Group is reviewing its ESG functions, processes and targets, in order to establish an ESG strategy and framework with appropriate goals and structures to achieve them. Further details will be provided in due course.

For our people, reflecting our ongoing commitment to staff development, we have created a learning and development department to improve performance and satisfaction, just one of the ways we continue to invest in our staff to ensure that we have a productive, motivated and inspired team.

Outlook

The Group performed strongly in H1 21/22, delivering revenues and adjusted operating profits of £14.9m and £2.1m respectively.

Revenue growth in H1 21/22 benefited from agent conversions to paying contracts and an accelerated roll out of agency products, specifically the Group's Automated Valuation Model, as well as the impact of COVID-19 customer discounts on prior periods. In H2 21/22 the Group will focus on enhancing and demonstrating the value of it's offering to customers to support future conversion activity to full-tariff contracts. Full-year advertising expenditure is expected to be H2 21/22 weighted, with the rollout of a refreshed brand and website, designed to further encourage consumer engagement and provide increased value to our customers, as well as usual cyclical factors. This increased marketing investment is expected to result in H2 21/22 adjusted operating profit being approximately breakeven.

Trading has continued positively into H2 21/22, with a greater number of agents paying and more listing to trial our offering, and the Board now anticipates revenues for the full year to 31 January 2022 to be slightly ahead of expectations. Adjusted operating profit is expected to be substantially ahead of expectations for the current year, reflecting the Group's positive operating leverage.

Demand for residential properties in the UK has remained at very high levels, however sales and lettings instructions remain subdued. OnTheMarket will continue to focus on providing increasing value for money, support and competitive advantage to its customers.

We have scoped and agreed a refreshed proposition for our brand and website from the ground up, with the consumer front and centre of everything we do. Alongside new features and innovations, this is designed to further encourage consumer 'stickiness' to the site and make OnTheMarket.com an engaging and useful property search tool for serious buyers, sellers, tenants and landlords. Increasing consumer engagement with our portal should ensure we continue to deliver high numbers of good quality leads to our customers at very competitive rates.

We have a number of new commercial partnerships in the pipeline that will add further value to our product offering as well as continuing to differentiate our business as an agent and house builder focused proposition. We are focussed on continuing to improve lead quality to customers, particularly in these times of unprecedented demand.

The Group continues to operate with a strong balance sheet and disciplined cost management remains key. As at 30 September 2021, the Group had net cash of £9.6m and no borrowings.

With the transformation of OnTheMarket to create a tech-enabled property business across the broader property ecosystem underway and accelerating, we are confident that we have a platform from which to drive long-term profitable growth. I have been encouraged by the enthusiasm and support for positive change amongst my colleagues and look forward to working with them to create value for all our stakeholders.

Jason Tebb
Chief Executive Officer

Financial Review and Key Performance Indicators

Financial review

Revenue for the period was up 46% at £14.9 million (H1 20/21: £10.2 million). Adjusting the prior period revenues to add back COVID-19 related customer support discounts of £1.8m, revenue growth remained strong at 24%. Agency branches listed under paying contracts increased 3% to 10,190 in the period. 91% of agency advertisers were on paying contracts at 31 July 2021 (31 January 2021: 93%), which reflects the small number of free of charge listing periods offered to prospective new agent customers during the period.

Glanty revenues since acquisition were £0.1m. Like-for-like revenue growth excluding Glanty was 45%.

The reported operating profit of the Group was £0.0m (H1 20/21: £0.7 million). This includes an operating loss of £(0.1)m attributable to Glanty since acquisition and is further analysed as follows:

	H1 21/22 £'000	**H1 20/21 £'000**
Reconciliation of operating profit to adjusted operating profit:		
Operating profit	13	666
Adjustments for:		
Share-based employee incentives	174	416
Professional fees incurred net of compensation received	164	(974)
Share-based agent recruitment charges	1,214	605
Government grant repaid/(received)	449	(325)
Payments in relation to loss of office	-	304
Staff related costs	95	133
Adjusted operating profit	2,109	825

The basic and diluted profit per share in the period were 0.66p and 0.60p respectively (H1 20/21: basic and diluted profit per share 0.94p and 0.85p respectively).

Operating profit and profit before and after tax for H1 20/21 benefitted from compensation received in relation to litigation settled in that period.

The Group ended the period with cash of £9.9 million and no borrowings (31 January 2021: £10.7 million before deferred creditor payments of £0.4).

Revenue and ARPA by source

The Group reports revenues attributable to products and services offered to:

- estate and letting agents;
- new home developers;
- other, non-property advertiser customers; and
- Glanty customers (since its acquisition on 28 May 2021).

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

Period ended 31 July	**2021**	**2020**	**Change**
Group revenue			
- Agency	£13.5m	£9.6m	41%
- New Homes	£1.1m	£0.5m	120%
- Other advertisers	£0.2m	£0.1m	100%
- Glanty	£0.1m	N/a	N/a
Average advertisers			
- Agency	10,900	12,363	(12)%
- New Homes	2,072	1,228	69%
ARPA			
- Group	£188	£124	52%
- Agency	£207	£129	60%
- New Homes	£92	£75	23%

Operational KPIs

Group operational KPIs were as follows:

	31 July 2021	**31 January 2021**	**Change**
Total advertisers	13,362	12,687	5%
Agency branches	11,198	10,645	5%
New homes developments	2,164	2,042	6%

- Average agency branches listed in the period were 12% lower period-on-period, following the removal in H2 20/21 of those customers who had enjoyed long-term free listing contracts and who were not prepared to enter into a paying contract. Average new homes developments listed grew strongly.

- ARPA was up 52% to £188 and up 28% after adjusting the prior period revenues to add back the £1.8m COVID-19 customer discounts provided. This growth reflects an increase in agency ARPA, due to the higher number of agents under paying contracts in the period, and the growth in new homes developments listed and new homes ARPA.

- During the 6 months to 31 July 2021, agency branches and new homes developments listed grew by 5% and 6% respectively.

- Visits and average monthly leads per advertiser were up 36% and 26% to 159 million and 132 in the period respectively (H1 20/21: 117 million and 105), reflecting both the ongoing strength of engagement with property-active consumers and the decline in visits and leads during the months of March to May 2021, during which the national lockdown was in place.

The Group's financial performance is presented in the Condensed Consolidated Income Statement below. The profit for the period attributable to the owners of the Group was £0.5m (H1 20/21: £0.7m).

Administrative expenses have increased by £3.4m to £12.8m in the period to 31 July 2021 (6 months to 31 July 2020: £9.4m). This was driven by an increase in marketing expenditure of £2.3m to £4.5m (H1 20/21: £2.2m) and staff costs, which rose by £1m to £4.7m (H1 20/21: £3.7m). The increase in staff costs was in part driven by voluntary pay waivers and lower commission payments in H1 20/21 due to the impact of COVID-19 on the business.

A charge of £0.2m (H1 20/21: £0.4m) was incurred in relation to share-based employee incentives and the movement in the expected future employer's national insurance charge based on the period-end share price.

There was a net charge to professional fees due to one off costs of the acquisition of Glanty Limited during the period. In the prior period this was an income as a result of compensation received following settlement of the litigation with Gascoigne Halman Limited and Connells Limited.

A share-based agent recruitment charge of £1.2m (H1 20/21: £0.6m) was incurred in relation to the issue, or expected issue, of shares to agents alongside signing new long-term listing agreements, in line with the Group's strategy to grow the agent shareholder base.

On 28 May 2021 the Group purchased the remaining 80% of shares in Glanty Limited. Up until this date, the Group's 20% interest was accounted for as an associated undertaking, and this resulted in a £0.1m share of loss of associate for the period. An additional cumulative gain of £0.1m arose from the difference in the fair value of the investment and the carrying value in the accounts at the acquisition date. Furthermore, from the acquisition date Glanty is accounted for as a fully owned subsidiary and its results consolidated within the Group accounts. From the acquisition date to 31 July 2021, Glanty has contributed £0.1m of revenues and a loss after tax of £0.1m.

Intangible assets increased to £7.7m (31 January 2021: £4.7m). This was driven by the acquisition of Glanty Limited and the fair values of acquired customer related intangibles and technology related intangibles of £2.6m. There was also an increase due to the capitalisation of expenditure on development activities in relation to the OnTheMarket.com portal of £1.4m.

The acquisition in Glanty Limited created Goodwill of £3.5m in relation, inter alia, to earnings attributable to potential future new customers of the company.

The deferred tax asset increased from £1.6m to £2.0m, due to an increase in the substantially enacted corporate tax rate to 25% as well as the use of losses to offset the deferred tax liability of £0.2m recognised on the acquisition of Glanty.

Receivables fell to £4.2m as at 31 July 2021 (31 January 2021: £4.8m), mainly as a result of the release in the period of prepayments previously recognised for agent shares issued.

Trade and other payables increased to £5.3m as at 31 July 2021 (31 January 2021: £4.9m). This was in line with the increase in marketing expenditure and an additional increase in accrued agent share expense during the period.

At 31 July 2021, the Statement of Financial Position showed total assets of £28.0m, up from £22.9m as at 31 January 2021, primarily due to the acquisition of Glanty Limited. Total equity was £18.9m at 31 July 2021, up from £16.9m as at 31 January 2021, which reflects the profit incurred and the issue of shares.

Condensed Consolidated Income Statement

For the period ended 31 July 2021

	Notes	**Unaudited 6 months to 31 July 2021 £'000**	**Unaudited 6 months to 31 July 2020 £'000**
Revenue	**6**	14,947	10,241
Administrative expenses		(12,838)	(9,416)
Operating profit before specific professional fees, share-based payments and non-recurring items		2,109	825
Specific professional fees, share-based payments and non-recurring items:	**7**		
Share-based employee incentives		(174)	(416)
Professional fees		(164)	974
Share-based agent recruitment charges		(1,214)	(605)
Government grant (repaid)/received		(449)	325
Payments in relation to loss of office		-	(304)
Staff related costs		(95)	(133)
Operating profit		13	666
Finance income		12	14
Finance expense		(2)	(4)
Share of loss of associate	**10**	(104)	-
Fair value gain on step acquisition	**10**	126	-
Profit before income tax		45	676
Income tax		440	(12)
Profit and total comprehensive income for the period attributable to owners of the parent		485	664

Profit per share from continuing operations		**Pence**	**Pence**
Basic	**8**	0.66	0.94
Diluted	**8**	0.60	0.85

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

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

Condensed Consolidated Statement of Financial Position

At 31 July 2021

	Notes	**Unaudited at 31 July 2021 £'000**	**Audited at 31 January 2021 £'000**
ASSETS			
Non-current assets			
Goodwill	**11**	3,529	-
Property, plant and equipment		96	103
Right-of-use assets		567	180
Intangible assets	**9**	7,721	4,685
Investments in associates		-	851
Deferred tax asset		1,998	1,558
		13,911	7,377
Current assets			
Trade and other receivables		4,150	4,793
Cash and cash equivalents		9,912	10,719
		14,062	15,512
TOTAL ASSETS		27,973	22,889
LIABILITIES			
Current liabilities			
Trade and other payables		(5,323)	(4,934)
Lease liabilities		(401)	(157)
Provisions		(616)	(622)
Current tax		(16)	(16)
		(6,356)	(5,729)
Non-current liabilities			
Lease liabilities		(150)	(2)
Provisions		(253)	(258)
Deferred consideration	**11**	(2,109)	-
Deferred tax liability		(198)	-
		(2,710)	(260)
TOTAL LIABILITIES		(9,066)	(5,989)
NET ASSETS		18,907	16,900
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT			
Share capital		149	145
Share premium		48,795	47,453
Merger reserve		(71)	(71)
Other reserve		791	782
Retained earnings		(30,757)	(31,409)
TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT		18,907	16,900

Condensed Consolidated Statement of Changes in Equity

For the period ended 31 July 2021

	Share capital £'000	Share premium £'000	Share based payment £'000	Other reserve £'000	Merger reserve £'000	Retained earnings £'000	Total equity £'000
Balance as at 1 February 2020	140	46,814	-	701	(71)	(34,543)	13,041
Profit for the financial period	-	-	-	-	-	664	664
Total comprehensive income for the period	-	-	-	-	-	664	664
Transactions with owners:							
Shares issued as agent recruitment shares	1	192	-	78	-	-	271
Shares issued for employee share options	3	-	-	-	-	-	3
Share-based payment charge on employee options	-	-	249	-	-	-	249
Transfer to retained earnings	-	-	(249)	-	-	249	-
Balance as at 31 July 2020	144	47,006	-	779	(71)	(33,630)	14,228
Balance as at 1 February 2021	145	47,453	-	782	(71)	(31,409)	16,900
Profit for the financial period	-	-	-	-	-	485	485
Total comprehensive income for the period	-	-	-	-	-	485	485
Transactions with owners:							
Share consideration for Glanty Limited	4	1,227	-	-	-	-	1,231
Costs incurred in issue of shares relating to Glanty		(70)					(70)
Shares issued as agent recruitment shares	-	185	-	9	-	-	194
Share-based							

payment charge on employee options	-	-	167	-	-	-	167
Transfer to retained earnings	-	-	(167)	-	-	167	-
Balance as at 31 July 2021	149	48,795	-	791	(71)	(30,757)	18,907

Condensed Consolidated Statement of Cash Flows
For the period ended 31 July 2021

	Unaudited 6 months to 31 July 2021 £'000	**Unaudited 6 months to 31 July 2020 £'000**
Cash flows from operating activities		
Profit for the period after income tax	485	664
Adjustments for:		
Income tax	(440)	12
Finance income	(12)	(14)
Finance expense	2	4
Agent recruitment expense	1,214	605
Share-based payment	174	416
Amortisation	1,154	1,051
Depreciation	282	183
Fair value gain on step acquisition	(126)	-
Share of loss of associate	104	-
Operating cash flows before movements in working capital	2,837	2,921
Decrease in trade and other receivables	37	619
(Decrease) in trade and other payables	(250)	(717)
(Decrease)/increase in provisions	(11)	50
Net cash generated from operating activities	2,613	2,873
Cash flows from investing activities		
Finance income received	12	14
Acquisition of intangible assets	(1,509)	(1,113)
Acquisition of property, plant and equipment	(20)	(182)
Acquisition of associate	-	(358)
Acquisition of subsidiary net of cash acquired	(1,562)	-
Net cash used in investing activities	(3,079)	(1,639)
Cash flows from financing activities		
Finance expense paid	(2)	(4)
Proceeds from issue of shares	-	4
Loan repayments	(50)	-
Repayment of lease liabilities	(289)	(134)
Net cash used in financing activities	(341)	(134)
Net movement in cash and cash equivalents	(807)	1,100
Cash and cash equivalents at the beginning of the period	10,719	8,685
Cash and cash equivalents at the end of the period	9,912	9,785

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.

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 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. Its shares are listed on AIM.

2. Significant changes in the current reporting period

On 28 May 2021 the Group purchased the remaining 80% of shares in Glanty Limited. Up until this date, the Group's 20% interest was accounted for as an associated undertaking. From the acquisition date, Glanty is accounted for as a fully owned subsidiary and its results consolidated within the Group accounts. The acquisition of Glanty Limited has been accounted for in line with IFRS 3: Business Combinations. Further information is set out below in Notes 10 and 11.

The Group repaid in full £449k of grants received in 2020 under the Coronavirus Job Retention Scheme.

3. Basis of preparation of half-year report

The interim results for the six months ended 31 July 2021 should be read in conjunction with the Group's last annual consolidated financial statements as at and for the year ended 31 January 2021. These condensed interim financial statements have been prepared in accordance with the recognition and measurement requirements of UK-adopted International Accounting Standards (UK-IAS) and adopting the accounting policies that will be applied in the 31 January 2022 financial statements, but do not contain all the disclosures required for full compliance with UK-IAS. They should be read in conjunction with the financial statements for the year ended 31 January 2021 which were prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual financial statements.

The 31 January 2021 full year accounts have been reported on by the Group's auditors and delivered to the Registrar of companies. The auditors' report was unqualified and did not contain any statements under section 498 (2) or (3) of the Companies Act 2006 or any matter to which the auditors drew attention by way of emphasis.

The interim financial statements were approved by the board of directors on 11 October 2021. The interim results do not constitute statutory financial statements within the meaning of section 434 of the Companies Act 2006. The half year results for the current period are unaudited.

4. Accounting policies

The same accounting policies, presentation and methods of computation are followed in these interim condensed set of financial statements as have been applied in the Group's latest annual audited financial statements, with the addition of IFRS 3: Business Combinations, further information on which is set out below and in Note 11:

Business Combinations

The acquisition of subsidiaries is accounted for using the acquisition method. The consideration transferred is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Costs directly attributable to the business combination are recognised in the income statement in the period they are incurred. The cost of a business combination is allocated at the acquisition date by recognising the acquiree's identifiable assets, liabilities and contingent liabilities that satisfy the recognition criteria at their fair values at that date.

The acquisition date is the date on which the acquirer effectively obtains control of the acquiree. Intangible assets are recognised if they meet the definition of an intangible asset contained in IAS 38 and their fair value can be measured reliably. The excess of the cost of acquisition over the fair value of the Group's share of identifiable net assets acquired is recognised as goodwill.

Goodwill

Goodwill represents the excess of the fair value of purchase consideration over the net fair value of identifiable assets and liabilities acquired. Goodwill is recognised as an asset at cost and subsequently measured at cost less accumulated impairment.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit and loss on disposal.

Going concern

The Group made a profit after tax for the period ended 31 July 2021 of £0.5m (6 months to 31 July 2021: £0.7m). The Group had a period end net cash balance of £9.9m and no borrowings (31 January 2021: £10.7m before deferred creditor payments of £0.4m). At 30 September 2021 the Group had a net cash balance of £9.6m and no borrowings.

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, a significant proportion of which relates to advertising and marketing cost that can be reduced materially at short notice.

The Directors are confident that the Group will remain cash positive and will have sufficient funds to continue to meet its liabilities as they fall due for a period of at least a period of 12 months from the date of the half year announcement and have therefore prepared the half year announcement on a going concern basis.

5. Judgement and Estimates

There have been no changes to the critical accounting judgements and key sources of estimation uncertainty from those presented in the 31 January 2021 financial statements, with the exception of:

Accounting for the investment in associate and associated call and put options are no longer critical accounting judgements and key sources of estimation uncertainty following the acquisition of the remaining 80% holding in Glanty Limited during the period.

The Group has the following additional key sources of estimation uncertainty:

Business combinations

Management uses valuation techniques when determining the fair values of certain assets and liabilities acquired in a business combination (see Note 11). In particular, the fair value of contingent consideration is dependent on the outcome of many variables including the acquiree's future profitability.

6. Revenue by source

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

Following the acquisition of Glanty Limited in May 2021, the Group reports revenues attributable to products and services offered to:

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

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

Period ended 31 July	**2021** **£m**	**2020** **£m**	**Change**
Group revenue			
- Agency	13.5	9.6	41%
- New Homes	1.1	0.5	120%
- Other advertisers	0.2	0.1	100%
- Glanty	0.1	N/a	N/a
Total	14.9	10.2	46%

Within each source of revenue, there is only one major service provision line. All revenue relates to services transferred over the term of the underlying contracts.

Agency 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:

As at 31 July	2021	2020	Change
Contract liabilities	£1.8m	£1.1m	64%

The increase in deferred income predominantly reflects the COVID-19 related discount offered to full-tariff agent customers, which lowered deferred income at 31 July 2020. Contract liabilities of £1.8m at 31 January 2021 were recognised as revenue in the period ended 31 July 2021.

New Homes and Other advertiser sales are predominantly billed monthly in arrears and are recognised as accrued income.

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

7. Profit and loss information

Profit for the half-year includes the following costs in relation to specific professional fees, share-based payments and one-off events that are not expected to be recurring:

	Unaudited 6 months to 31 July 2021 £'000	Unaudited 6 months to 31 July 2020 £'000
Share-based employee incentives	174	416
Professional fees incurred	164	(974)
Share-based agent recruitment charges	1,214	605
Government grant repaid/(received)	449	(325)
Payments in relation to loss of office	-	304
Staff related costs	95	133
	2,096	159

Share-based employee incentive charges include the movement in the expected future employer's national insurance charge based on the period-end share price.

Professional fees incurred in the period relate predominantly to fees and expenses in relation to the acquisition of the remaining 80% of Glanty Limited. In the prior period, compensation net of professional fees incurred were in relation to litigation which was settled in that period. Compensation related to the recovery of litigation costs.

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.

The government grant costs in the period reflect the repayment of amounts received in the year to 31 January 2021 (£124k was received after 31 July 2020) under the Coronavirus Job Retention Scheme.

Payments in relation to loss of office reflect contractual compensation to Ian Springett for loss of office and associated legal costs.

Staff related costs in the period relate to costs associated with termination of employment of employees and costs associated with employee share-based plans. Staff related costs in the prior period relate predominantly to professional fees paid in relation to the search for a permanent Chief Executive Officer following Ian Springett's departure from the Group.

8. Earnings per share

	Unaudited 6 months to 31 July 2021 £'000	Unaudited 6 months to 31 July 2020 £'000
Numerators: Earnings attributable to equity		
Profit for the period from continuing operations attributable to owners of the parent company	485	664
Total basic earnings and diluted earnings	485	664
	No.	**No.**
Denominators: Weighted average number of equity shares		

Basic	73,143,265	70,636,577
Diluted	80,377,685	78,186,896

Earnings per share	**Pence**	**Pence**
Basic	0.66	0.94
Diluted	0.60	0.85

9. Intangible assets

Group	Development Costs £'000	Technology related intangibles £'000	Customer related intangibles £'000	Total
Cost:				
At 1 February 2021	13,547	-	-	13,547
Acquisition through business combination		1,671	1,010	2,681
Additions, internally developed	1,362	-	-	1,362
Additions, separately acquired	147	-	-	147
At 31 July 2021	15,056	1,671	1,010	17,737
Amortisation:				
At 1 February 2021	8,862	-	-	8,862
Charge for the period	1,098	35	21	1,154
At 31 July 2021	9,960	35	21	10,016
Net book value:				
At 31 July 2021	5,096	1,636	989	7,721

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, as well as the internal costs incurred in developing Glanty's technologies since acquisition. 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 assets' future economic benefits. The development costs are amortised from the point at which the asset is ready for use within the business.

The technology and customer related intangible assets represent the fair value of those assets acquired as part of the Group's acquisition of Glanty. They are amortised over a period of 8 years, which represents the period over which the Directors expect the Group to consume the assets' future economic benefits.

10. Investment in associate

Group and Company	**£'000**
At 31 January 2021	851
Share of after-tax loss (to 28 May 2021)	(104)
Deemed disposal of associate interest in Glanty Limited	(747)
At 31 July 2021	-

As set out in Note 11 the Group exercised the call option to acquire the remaining 80% of shares in Glanty Limited on 28 May 2021, thereby obtaining control and from which date Glanty has been accounted for as a subsidiary undertaking.

The Group's 20% investment in Glanty Limited, previously accounted for as an investment in associate, was remeasured to fair value. On 28 May 2021, a cumulative gain of £126k arising from changes in the fair value of the investment was recognised in the consolidated income statement.

The Group's share of after tax loss in Glanty Limited includes non-recurring amounts totalling £94k relating to pre-acquisition one-off costs and the payment in the period of staff and other costs previously deferred in response to COVID-19.

During the period, until 28 May 2021, the Group and Company held the following investments in associated undertakings:

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

11. Acquisition of subsidiary

Glanty Limited is a property technology business which specialises in providing solutions to the UK residential estate and lettings sectors. It is the owner and developer of software products and services designed to reduce overheads, maximise efficiencies and increase revenues for estate and lettings agents. The acquisition of Glanty was in line with the Group's strategy to create a tech-enabled property business across the broader property ecosystem.

OnTheMarket made an initial strategic investment for a 20% share in Glanty Limited ("Glanty"), in December 2019. As part of that investment, 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 80% of Glanty shares. The call option was exercised on 19 March 2021 and the acquisition of the remaining 80% of shares in Glanty completed on 28 May 2021. From that date Glanty has been accounted for as a subsidiary.

Consideration transferred

The initial consideration of £1,533,477 (the "Initial Consideration") required to be paid by OnTheMarket under the share purchase agreement was satisfied by way of the issue of 1,528,832 ordinary shares of 0.2 pence each in the capital of OnTheMarket in aggregate and a cash payment of £156,000.

The Initial Consideration was subject to an adjustment post-completion based on Glanty's actual net cash/net debt and actual working capital position as at completion. This has resulted in a reduction in the Initial Consideration of £147,000, which will lead to the return to OnTheMarket of 163,154 ordinary shares of 0.2 pence each in the capital of OnTheMarket. These shares will not be eligible to be voted and must be cancelled or disposed of within three years.

The remaining 1,365,678 shares issued as part of the Initial Consideration (the "Consideration Shares") are subject to lock-in arrangements which restrict their sale save in limited circumstances. 423,589 Consideration Shares are locked-in for 3 years post-completion and 942,089 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.

The purchase agreement includes additional consideration which 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 if Glanty receives R&D tax credits from HMRC which relate to periods prior to completion (capped at £150k). The Group has calculated the fair value of the contingent consideration based on probabilities assigned to forecasts based on different assumptions.

The provisional fair value of the consideration for the 80% of Glanty shares acquired is as follows:

	£'000
Fair value of consideration transferred	
Cash consideration	156
Share consideration	1,377
Adjustment to share consideration for net working capital	(147)
Fair value of earn out	2,035
R&D tax credit earn out	75
Total purchase consideration	**3,496**
Loans repaid on acquisition	**1,356**

Fair Value of previously held 20% investment in Glanty Limited	**874**
Total consideration	**5,726**
Amounts provisionally recognised for identifiable net assets	
Technology related intangibles	1,671
Customer related intangibles	1,010
Total non-current assets	**2,681**
Debtors	71
Cash	19
Total current assets	**90**
Deferred Tax Liabilities	(198)
Total non-current liabilities	**(198)**
Trade and other payables	(326)
Bank loan	(50)
Total current liabilities	**(376)**
Identifiable net assets	**2,197**
Goodwill	**3,529**

Previously held investment in Glanty Limited
On the acquisition date, the Group's 20% investment in Glanty Limited, previously accounted for as an investment in associate, has been remeasured to fair value. On that date, a cumulative gain of £126k arising from difference in the fair value of the investment and the carrying value in the accounts at the acquisition date is recognised in the consolidated income statement. The previously held investment is considered part of what was given up by the Group to obtain control of Glanty Limited. Accordingly, the fair value of the investment is included in the determination of goodwill.

Identifiable net assets
As at the 28 May 2021, the fair values of acquired customer related intangibles and technology related intangibles amounted to £2,681k.

The fair value of the trade and other receivables acquired as part of the business combination amounted to £71k.

Goodwill
Goodwill of £3,529k relates to earnings attributable to future new customers of the Company, new technologies developed that will complement/replace the existing suite of products, the highly skilled assembled workforce (which cannot be separately recognised as an intangible asset) and an amount for general operational purposes.

Glanty Limited's contribution to the Group results
From the acquisition date to 31 July 2021, Glanty has contributed £138k of revenues and a loss after tax of £118k.

Had the acquisition occurred on 1 February 2021, Glanty would have contributed £349k of revenues and a loss after tax of £604k. This loss includes £600k of one-off costs in relation to deferred employment payments because of COVID-19 and the acquisition by OTM. These amounts have been determined by applying the Group's accounting policies and adjusting the results of Glanty Limited to reflect additional amortisation that would have been charged assuming the fair value adjustments to intangible assets had been applied from 1 February 2021, together with their consequential tax effects.

12. Related party relationships and transactions

In the ordinary course of business the Group has entered into transactions with Whiteleys Chartered Certified Accountants, a company which, up until 30 June 2021, was controlled by a direct relation of Helen Whiteley, an Executive Director of the Group. Up until 30 September 2020, Whiteleys Chartered Certified Accountants provided an outsourced finance function to the Group. From the 1 October 2020 the finance function transferred in-house under the TUPE regulations. The Group continues to occupy an office space in the building owned by Whiteleys, paying a monthly rental. During the period 1 February 2021 to 30 June 2021, when Whiteleys ceased to be controlled by a direct relation of Helen Whiteley, the Group purchased services amounting to £11K (H1 20/21: £382k) and at the period end the Group owed £nil (31 July 2020: £82k).

In the ordinary course of business the Group has entered into transactions with Media Magnifique Limited, a company owned by an associate of Jason Tebb, Chief Executive Officer of the Group. Media Magnifique Limited provides an outsourced PR function to the Group. During the period, the Group purchased services amounting to £36k (H1 20/21: £nil) and at the period end the Group owed £nil (31 July 2020: £nil).

Associates

Investment in associate is set out in Note 10.

Other related party transactions

There were no further related party transactions during the period.

13. Post balance sheet events

Option issues

On 24 August 2021, 1,089,308 options were granted under the employee share scheme, as follows:

Name	Position	Number of Ordinary Shares over which options awarded
Jason Tebb	Chief Executive Officer	418,965
Clive Beattie	Chief Financial Officer	266,896
Helen Whiteley	Chief Commercial Officer	206,896
Morgan Ross	Product and Technology Director	196,551

The options are exercisable from 24 August 2026, save in limited circumstances. All the options have a nil exercise price and 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 from grant.

There were no other significant post balance sheet events.

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