OnTheMarket

Interim results to 31 July 2020

13 October 2020

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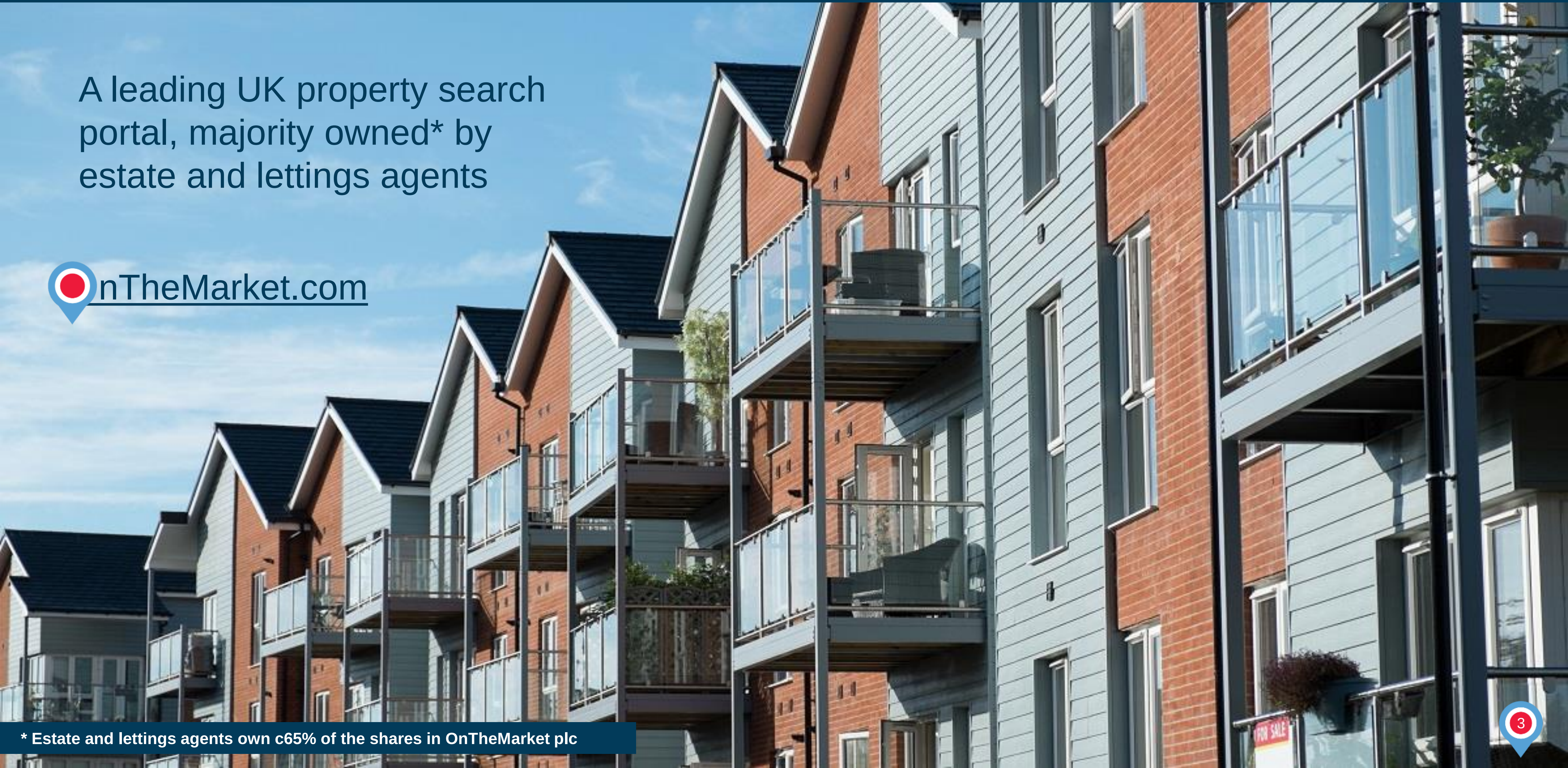
Who we are

A leading UK property search portal, majority owned* by estate and lettings agents

OnTheMarket.com



* Estate and lettings agents own c65% of the shares in OnTheMarket plc

Our growth strategy

Aim to be the property portal of 1st choice for UK agents and consumers

- Grow paying & shareholding agent branch network
- Grow consumer portal traffic and leads to customers
- Expand new advertisers
  New homes developers

Driven by
Marketing strategy

- Provide agents with competitive portal functionality
- Provide enhanced consumer proposition
- New and enhanced products and services

Driven by
Technology strategy

Half year results to 31 July 2020

H1 20/21 – Financial highlights for the period

+28%	Group revenue of £10.2m (H1 19/20: £8.0m) +50% before COVID-19 customer discounts
£9.8m	Period end cash balance, debt free excluding £2.0m deferred creditors
£0.8m	Adjusted operating profit (H1 19/20: loss of £6.7m)
£0.5m	Revenue contribution from New Homes Segment, launched September 2019
+0.85p	Fully Diluted Earnings per Share (H1 19/20: FD loss per share of 11.16p)
+15%	ARPA[2] of £124 (H1 19/20: £108) Agency ARPA up 19% to £129

1 Adjusted operating profit / (loss) is defined as operating loss before share based payments (including charges relating to shares issued for agent recruitment), share of profit or loss from associates, 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.

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 period.

H1 20/21 – Operational highlights for the period

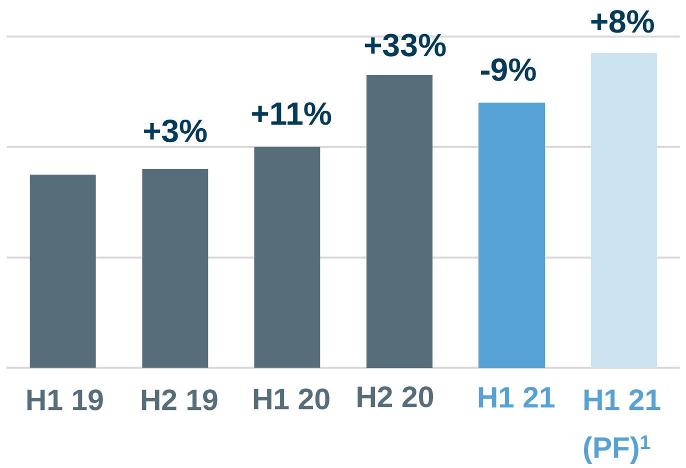
13,757	Total advertisers[1] listed as at 31 July 2020, up 10% from 31 July 2019
+173%	July visits[2] of 27.5m up year-on-year
1,512	New homes developments listed at 31 July 2020, following segment launch in Sep 2019
148	Average leads per advertiser in July 2020, up 56% year-on-year

1 Advertisers are either estate and lettings agent branches or new home developments listed at OnTheMarket.com.
2 Visits comprise individual sessions on OnTheMarket's web based portal or mobile applications by users for the period indicated as measured by Google Analytics.

Revenues and ARPA by segment

Period ended 31 July	2020	2019	Change
Group revenue			
Agency	**£9.6m**	£8.0m	+20%
New Homes	**£0.5m**	Nil	N/A
Other	**£0.1m**	Nil	N/A
Average advertisers			
Agency	**12,363**	12,434	(1)%
New Homes	**1,228**	Nil	N/A
ARPA			
Agency	**£129**	£108	19%
New Homes	**£75**	Nil	N/A

Estate agency revenue growth (%)



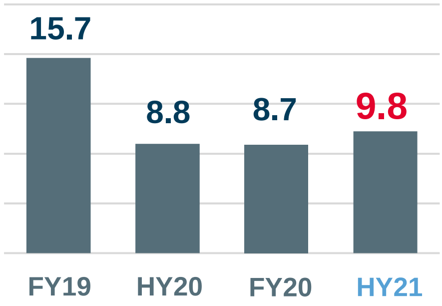
[1] H1 21(PF) is adjusted to add back the COVID-19 discount of £1.8m in the period, with growth versus H2 20

- New homes revenues building following developments listing growth
- Estate agency revenue growth impacted by COVID-19 discounts and the curtailment of conversion activity

Managing the impact of COVID-19

- Our focus was to safeguard employee well-being, provide value and support to our agent and housebuilder customers and to manage costs and conserve cash
- Activity across agency, lettings and new build sectors halted during lockdown and consumer engagement with portals reduced
- We committed to support agents in these circumstances and beyond, providing discounts totalling £1.8m in H1 20/21
- Cost cutting initiatives enabled us to return a profit and conserve cash, with marketing expenditure in particular reduced, down by £4.4m to £2.2m (H1 19/20: £6.6m)
- Nevertheless, once restrictions were lifted, we were particularly pleased with the strong consumer engagement with the portal, with very high volumes of traffic and leads
    - July traffic and leads per advertiser were up 173% and 56% respectively year-on-year

Net cash before deferred creditors[1] (£m)



The Group is financially stable, enjoying strong consumer engagement and has a clear strategy for growth

1 Deferred creditors were £0.7m at 31 January 2020 and £2.0m at 31 July 2020.

Post period end highlights

Post period end strategic and operational highlights

- As agents reflected on the short and longer-term implications of COVID-19, we were pleased to welcome more on share-based contracts
    - At 30 September 2020, the Group had almost 3,800 estate and letting agents as shareholders, or under contract to become shareholders, operating 6,800 offices between them
    - This represents a significant proportion of the independent agents that comprise the majority of the agency market
- Customer discounts continued through August and September, totalling £0.8m
- Continued growth in new home development listings with the addition of Taylor Wimpey plc's developments to the portal
    - Joining other leading housebuilders including Barratt Developments PLC, Persimmon Plc and Bellway plc
    - 7 of the 10 largest housebuilders now under listing agreements with OnTheMarket
    - 1,673 developments listed at 30 Sep 2020, up 11% since period end
- Continuing consumer engagement with OnTheMarket
    - Quarter ending 30 Sep 2020 was our record for traffic (>80m) and leads (5.9m)
    - Targeted, data-driven approach to resumption of marketing investment to support consumer engagement and lead generation for advertisers

Our business in numbers

Delivering strong growth across our key metrics

11,799
Agent branches listing[1]

1,673
New homes developments listing[1]

>80m
Record quarterly website visits to Sep 2020[3]

9,400+
Agent branches under paying contracts[1]

149
Record monthly leads per advertiser[2]

>160m
Instant property alerts sent Jul 2020

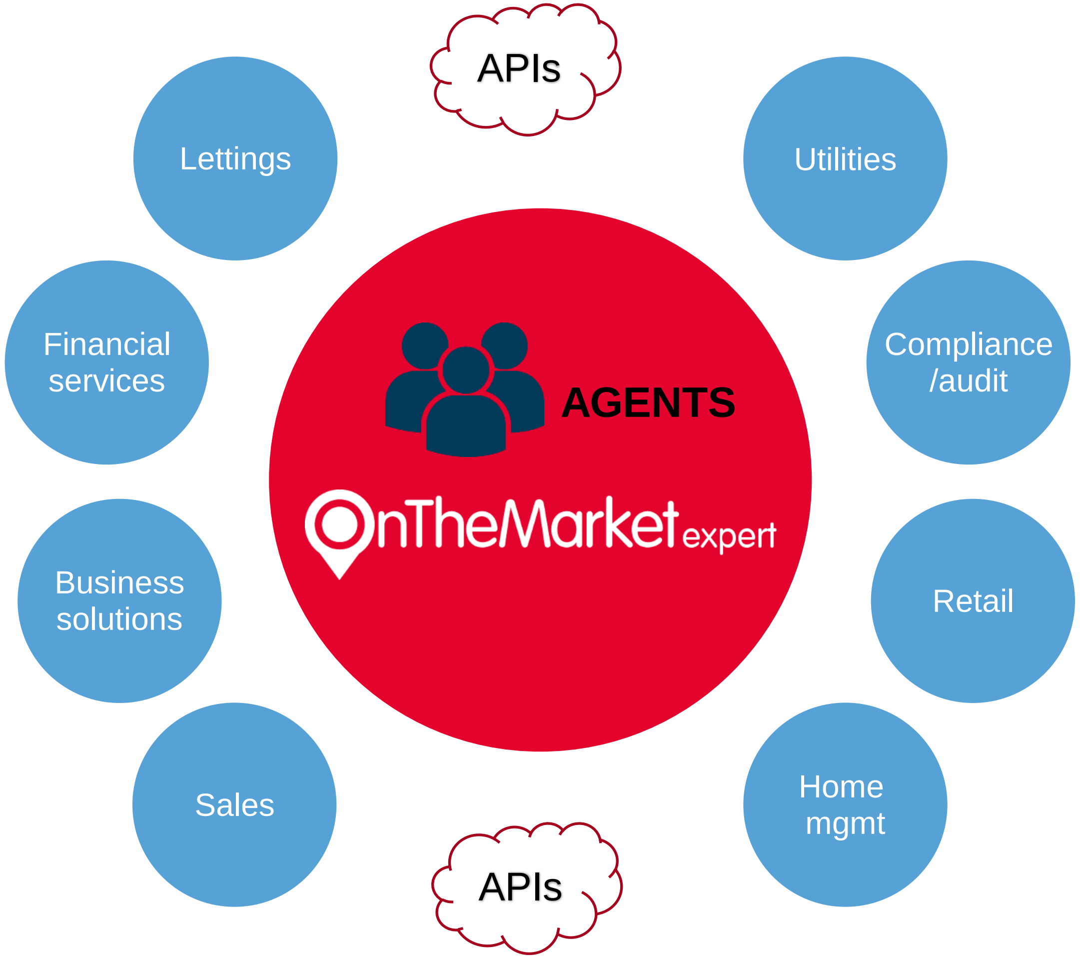
1. Company data, as at 30 Sep 2020, contracts signed including those with a future payment start date
2. August 2020 - average leads per UK residential property advertiser
3. Total visits to OnTheMarket.com and app in the quarter ended 30 Sep 2020 as measured by Google Analytics

Opportunities for further growth

- Continued growth in paying agent branches, with 9,400+ at 30 Sep 2020
  - This includes c3.5k branches on discounted rates that we will seek to manage to full-tariff over time
- 2,000+ branches on free of charge contracts still targeted for conversion to paying
  - We have begun to remove agents who choose not to enter paying contracts at this time and will engage with them over the coming months to encourage them to rejoin under paying contracts
- Opportunity for increasing market share
- Ongoing growth in new homes developments
- c.32m new shares to offer agents alongside new full-tariff paying long-term contracts
  - Increase numbers of agents listing, paying full-tariff and being invested as shareholders; currently almost 3,800 agent customers operating 6,800 branches
  - Share ownership aligns agent's interests with OnTheMarket's
  - Share issuance is earnings accretive
- Established majority agent-owned portal provides platform to offer new and enhanced products and services to a large, engaged and supportive audience

Driving value from an established consumer portal

- Our vision is to increasingly provide valued, tech-enabled products and services to enhance customer efficiencies and provide mutual revenue opportunities
- We have invested in Glanty Ltd, which provides a cloud-based lettings platform ("teclet") automating 80% of the actions in a tenancy agreement
- Additional revenue opportunities arise from API partners with ongoing additional product development



Outlook

UK residential housing market

- Since the lifting of restrictions in May 2020, agents and housebuilders have seen very high levels of activity, driven by:
    - Pent up demand from lockdown and from 2019 political issues, incl. Brexit
    - Consumers reassessing housing needs in light of COVID-19
    - Market stimulus from stamp duty concessions
- There remain concerns as to the impact of macro-economic conditions on housing markets from Q4 2020 and into 2021
- If market activity falls, we believe the need for agents to support a portal providing sustainably fair pricing increases
- COVID-19 has changed for good the way that agents and housebuilders operate, with technology and value-added services designed to meet and adapt to the “new world” key
    - We believe we can drive more meaningful interactions with consumers in an environment driven by technology, but informed by data
    - We are seeking to differentiate our offering on more than just price through providing enhanced and additional products and services to customers, in ways that meet their business needs
    - Quality, and efficiency, over quantity is become increasingly important to customers

Outlook

- We have taken actions to stabilise the business through lockdown and position ourselves for the new market environment
    - Maintained financial discipline, with net cash of £10.3m at 30 Sep 2020 and, excluding deferred creditor payments of £2.0m, no borrowings
    - First profitable reporting period since Admission to AIM
    - Limited restructuring, including some redundancies
- Announced the appointment of Jason Tebb, joining on 14 Dec 2020
    - Adds agency experience and understanding as we look to enhance and differentiate our customer offering
- Anticipate revenues and costs up H2 20/21 vs. H1 20/21
    - Invest to enhance products and services
- Assuming the UK housing markets remain open and active, the Group expects to achieve a broadly breakeven adjusted operating profit position for the full financial year to 31 Jan 2021

Summary

Investment case

Positive market dynamics

- Operate in a **large, fragmented market**
- Strong **structural shift to online** initial property search and lead generation
- Growing sentiment against **other providers not aligned with agents' interests**
- **Encouraging housing market metrics** with greater demand than supply, although the impact of COVID-19 on future trading conditions is uncertain

Growing customer offering

- **Sustainably low, fair listing fees** for agents with built-in caps in annual increases
- Continuously **developing valuable products and services** to better serve agents and consumers
- Seeking opportunities to **invest in new technologies** and partnerships to add value to agent and portal functionality
- **Broadening offering** to new advertiser segments (housebuilders)

Strong agent ownership

- Strong market support from estate and letting agents through equity ownership - **c65% agent-owned**
- Stable agent owner base, many on **long-term contracts** to 2023 and beyond
- 32 million shares authorised to issue to agents alongside paying contracts - **strengthen agent ownership and support**

Managing for success

- **Strong, experienced Board** and management team
- **Good revenue visibility** with 3-5yr agent contracts
- Strong **operational focus** on cost efficiencies and investment rigour
- **Net cash** position, no debt*
- **Clearly articulated growth strategy** to drive number of paying agents and new advertisers, increase portal visits and brand awareness and grow leads per agent

* Excluding deferred creditor payments

New & exclusive – a unique advantage

- New & exclusive:
    - shifts consumer traffic
    - allows agents to support OTM at no additional cost
- Imminent launch of marketing schemes to reward agents for supporting N&e
    - Targeted social media support locally

Summary

- H1 20/21 was unlike any other due to the COVID-19 pandemic
- The period ended with the Group financially secure, profitable and enjoying strong consumer engagement, providing record leads to our customers
- We are actively pursuing a range of opportunities to adapt and enhance our offering to provide increasing utility and value to customers in the new market environment
- Whilst near-term uncertainty remains, we see significant opportunities for future growth
- With our differentiated proposition based around sustainably fair listing fees and our significant agent ownership, we remain confident that we have the right strategy to support our longer-term vision to become the portal of choice for agent customers and property-seekers alike

Right moment to take stock
and move on?

OnTheMarket
Owned by agents. Run for agents.

Appendices – Summary Financial Statements

H1 20/21 summary consolidated income statement

	6 months to 31 July 2020	6 months to 31 July 2019	Change
Group revenue	**£10.2m**	£8.0m	+28%
Administrative expenses	**£(9.4)m**	£(14.7)	+36%
Adjusted operating profit / (loss)[1]	**£0.8m**	£(6.7)m	+£7.5m
Specific and non-recurring charges	**£(0.1)m**	£(0.4)m	+75%
Profit / (loss) before tax	**£0.7m**	£(7.2)m	+£7.9m
Profit / (loss) after tax	**£0.7m**	£(7.2)m	+£7.7m
EPS (p)	**0.94p**	(11.16)p	+12.10p
Fully Diluted EPS (p)	**0.85p**	(11.16)p	+12.01p

1 Adjusted operating profit / (loss) is defined as operating loss before finance costs, taxation, share based payments (including charges relating to shares issued for agent recruitment), share of profit or loss from associates, 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.

H1 20/21 summary consolidated statement of financial position

	At 31 July 2020	At 31 January 2020
Non-current assets	**£6.2m**	£6.2m
Trade and other receivables	**£5.1m**	£6.1m
Cash and cash equivalents[1]	**£9.8m**	£8.7m
Total assets	**£21.1m**	£21.0m
Current liabilities	**£6.5m**	£7.7m
Non-current liabilities	**£0.4m**	£0.2m
Total liabilities	**£6.9m**	£7.9m
NET ASSETS	**£14.2m**	£13.1m

1 Deferred creditors were £0.7m at 31 January 2020 and £2.0m at 31 July 2020.

H1 20/21 summary consolidated statement of cash flows

	6 months to 31 July 2020	6 months to 31 July 2019
Profit / (loss) after income tax	**£0.7m**	£(7.0)m
Agent recruitment expense	**£0.6m**	£0.3m
Share-based payments	**£0.4m**	£0.3m
Amortisation and depreciation	**£1.2m**	£1.1m
Other adjustments	**-**	£(0.2)m
Operating cash flows before movements in working capital	**£2.9m**	£(5.5)m
Net cash inflow / (used) in operating activities	**£2.9m**	£(5.6)m
Net cash used in investing activities	**£(1.7)m**	£(1.2)m
Net cash used in financing activities	**£(0.1)m**	£(0.1)m
Net movement in cash and cash equivalents	**£(1.1)m**	£(6.9)m
Cash and cash equivalents at the beginning of the period	**£8.7m**	£15.7m
Cash and cash equivalents at the end of the period	**£9.8m**	£8.8m

Get in touch

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