OnTheMarket plc - OTMP Final results to 31 January 2019
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OnTheMarket plc
("OnTheMarket", the "Company" or the "Group")

FINAL RESULTS TO 31 JANUARY 2019

STRONG FIRST YEAR OF OPERATIONAL PROGRESS TOWARDS DELIVERING TRANSFORMATIONAL GROWTH STRATEGY

OnTheMarket plc (AIM: OTMP), the agent-backed company which operates the OnTheMarket.com property portal with over 12,500 branches under contract, today announces its audited results for the year ended 31 January 2019. A final results presentation will shortly be available to view at https://plc.onthemarket.com/investors.

Operational and strategic highlights

- **Conversion of agents from free to paying contracts** is underway and new agents are being recruited directly to paying contracts. A total of almost 1,000 branches have been signed under paying contracts since conversion commenced, with an average ARPA of £337 per month.
- Of these new contracts, 57% are long-term commitments of three or five years with shares and the majority of the balance are on 1 year contracts with an option to convert to a longer-term contract with shares.
- The ongoing growth in paying contracts is key to the Group's transition into profitability and is supported by:
  - **Growing property stock**: As at 3 June 2019, the portal displayed over 650,000 UK residential property listings, already approximately 65% of Rightmove's[1] and over 83% of Zoopla's[1]. Continued growth in agent branches on OnTheMarket.com remains key to our strategy and future success;
  - **Growing consumer traffic**: In May 2019, a record 25.4m visits were made to the portal, up 8% from the previous record in January 2019;
  - **Growing consumer engagement:** In the month of May 2019, more than 1m people were using our property alerts service and over 100m instant alert emails were sent. Across 2018, Rightmove sent an average of 65m instant alert emails per month to over 2m people;
  - **Growing leads to agents**: In May 2019, the Group's average leads per UK residential property advertiser rose to 102 per month. Based on their most recently published information, Zoopla's average per month fell to 92 (H1 2018) and Rightmove's fell to 171 (FY 2018);
  - **Improving value for money**: Based upon an ARPA[2] of £337 per month, in May 2019 the Group provided an average of 30 leads per £100. In FY 2018, Rightmove provided on average 17 leads per month per £100, down from 28 leads in FY 2015. The Board is particularly pleased with this as it highlights the significant value we are providing to our customers; and
  - **Matching Rightmove's core agent products**: In March 2019 we began

rolling out products which support agents' operations within the listing fee and provide them with additional advertising opportunities at extra cost.

- Preparatory work to extend our offering to new home developers has begun.
- The Group continues to evaluate opportunities to acquire businesses, particularly in the area of property technology, which can offer solutions to current business problems faced by its agent customers.
- With revenues broadly covering operational costs before marketing expenditure and growing, a cash balance at 31 May 2019 of £10.2m and the continued support of agents, we are well placed to deliver long-term value to shareholders.

Financial highlights and KPIs

- As at 31 January and 31 May 2019, OnTheMarket had signed listing agreements with UK estate and letting agents with more than 12,500 offices. This reflects continued recruitment of new agents on free trials or straight to paying contracts, offset by agents who have been removed from the portal following the end of their free trial periods.
- ARPA[2] £130 (2018: £198), reflecting the strategy to grow rapidly through free short-term introductory trial offers. Average branch numbers listed at OnTheMarket.com 9,460 (2018: 5,694), visits[3] 158.9m (2018: 77.3m).
- Group revenue of £14.2m (2018[4]: £13.6m).
- Administrative expenses of £27.8m (2018[4]: £9.7m) after advertising expenditure of £14.9m (2018: £2.2m) as the Group invested capital raised in increased marketing and expansion of the team, in line with the new growth strategy. The Group is pleased to report that its marketing spend during the year was more efficient than originally envisaged and expects to continue this trend in the future.
- Adjusted operating loss[5] £13.6m (2018: adjusted operating profit[5] £3.9m).
- Operating loss of £14.5m (2018: £10.8m) which includes £0.9m (2018: £14.7m) of specific professional fees, share-based payments and non-recurring items.
- Loss after tax attributable to shareholders £14.5m (2018: £12.1m).
- Cash balance at 31 January 2019 £15.7m (2018: £3.2m).

Ian Springett, Chief Executive Officer of OnTheMarket plc, commented: "*OnTheMarket has delivered a year of strong operational progress since its IPO in February last year. The Group's strategy to build strong network effects and deliver increasing value to our agents is working. We are established as one of the leading portals and our progress to date has given us confidence that we can continue to build on this strong start and develop a market-leading, agent-backed alternative to Rightmove and Zoopla.*

"We are benefitting from growing agent support and are strongly positioned to continue our growth in agent offices listing and in agent firms converting to becoming investors alongside long-term paying contracts. The Board believes that with the continued support of agents, we are well placed to deliver long-term value to shareholders."

1) *Rightmove, in its 2018 Annual Report, stated that it had "1 million UK residential properties". As at 3 June 2019, Zoopla stated on its website that it was listing 562,144 UK residential sales properties and 225,592 UK residential lettings properties, totalling 787,736 properties - down from 822,250 as at 3 July 2018.*
2) *Average revenue per property advertiser, being revenues due from property advertisers for a period divided by the average number of property advertisers for that period. ARPA presented herein is the average of the monthly ARPAs for the year.*
3) *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.*
4) *Revenues and administrative expenses for the year ended 31 January 2018 have been restated under IFRS 15. Further information is set out in note 2.4.*
5) *Adjusted operating loss / profit is defined as operating loss / profit before finance costs, taxation, share-based payments, specific professional fees or non-recurring items. This is an alternative performance measure and should not be considered an alternative to IFRS measures, such as revenue or operating loss / profit. Please see the Financial Review and Key Performance Indicators for a reconciliation of operating loss to adjusted operating loss.*

OnTheMarket	**0207 930 0777**
Ian Springett, CEO	
Clive Beattie, CFO	
TB Cardew (Financial PR adviser)	**0207 930 0777** / onthemarket@tbcardew.com
Ed Orlebar	07738 724 630
Lucas Bramwell	07939 694 437
Zeus Capital (Nominated Adviser/Joint Broker)	**0203 829 5000**
Martin Green, Pippa Hamnett, Jamie Peel (Corporate Finance)	
Benjamin Robertson, John Goold (Broking)	
Shore Capital (Joint Broker)	

Daniel Harris, Rose Ramsden **0207 601 6100**

Background on OnTheMarket:

OnTheMarket plc, the agent-backed company which operates the OnTheMarket.com property portal, is the third biggest UK residential property portal provider in terms of traffic. It aims to deliver a market-leading, agent-backed alternative to Rightmove and Zoopla, offering a first-class service to agents at sustainably fair prices and becoming the go-to portal for serious property-seekers.

OnTheMarket plc was admitted to AIM in February 2018 with £30 million in new capital in order to support a new growth strategy for the business.

At its IPO in February 2018, OnTheMarket was 70% owned by over two thousand agent firms.

Chairman's Statement

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

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

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

- agent offices under listing contracts up by more than 7,000 since Admission, with over 12,500 as at 31 January 2019;
- traffic to the portal in the year to 31 January 2019 was 158.9m visits, compared with 77.3m in the prior year; and
- key sales-force and IT recruitment ahead of plan, with team numbers increased since Admission from 15 to 50 and 21 to 58 respectively by 31 January 2019.

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

Governance

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

Current trading

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

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

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

Christopher Bell - **Non-Executive Chairman**

Chief Executive Officer's Report

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

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

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

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

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

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

Leveraging our unique agent-backed business model

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

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

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

Accelerating the growth in classic network effects

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

Building the agent branch base and property listings

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

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

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

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

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

Conversion of agents from introductory trial offers to paying contracts underway

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

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

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

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

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

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

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

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

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

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

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

Leads to agent customers also reached record monthly levels in May 2019 with an average of 102 leads per advertiser per month, despite the uncertainty surrounding the UK residential property market. Based on its last published half-year report as ZPG plc (H1 2018), Zoopla delivered an average of 92 leads per advertiser per month for that period, down from 136 in FY 2015 (the year that OnTheMarket.com was launched). In FY 2018, Rightmove delivered an average of 171 leads per advertiser per month, down from 210 in FY 2015.

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

In June 2018, 4 months after our Admission to AIM, a YouGov survey of all adults recorded our prompted brand awareness at 19%. Amongst active property-seekers, being those surveyed who had moved within the prior 5 months or who were actively looking to move, our prompted brand awareness was 27%.

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

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

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

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

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

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

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

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

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

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

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

Creating new products and services for our property advertisers

In addition to the core property and agency listing service, the two market-leading UK property portals offer a variety of paid-for additional consumer-facing promotion and branding products, as well as a variety of back-office products for agents and new homes developers.

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

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

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

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

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

Broadening our advertiser base

The Company's growth strategy will in due course address the wider property market, including new home developers and the commercial and overseas property markets. We will also offer non-property advertisers the opportunity to promote themselves and their products and services to our very large and growing audience of active and engaged property-seekers.

The new homes market is our initial focus and preparatory work has been initiated to enable us to address this opportunity in the current year.

Responding positively to market conditions

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

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

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

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

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

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

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

Litigation

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

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

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

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

Outlook

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

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

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

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

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

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

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

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

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

Ian Springett - **Chief Executive Officer**

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

Financial Review and Key Performance Indicators

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

As a result, throughout the year we saw an increase in agents listing, almost exclusively under free, short-term introductory trial offers. Some agents, however, received shares in OnTheMarket and entered long-term paying listing agreements. Together with other market factors, this led to an increase in revenues. Prior year figures for revenue and administrative expenses have been restated under IFRS 15 as further set out in note 2.4.

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

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

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

	2019 £'000	**2018 £'000**
Reconciliation of operating loss to adjusted operating (loss)/profit:		
Operating loss	(14,544)	(10,839)
Adjustments for:		
Professional fees (note 5)	597	1,436
Agent recruitment charges (note 5)	565	-
Share-based management incentives (note 9)	(257)	13,290
Adjusted operating profit	(13,639)	3,887

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

Group operational KPIs were as follows:

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

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

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

Professional fees of £0.6m (net of costs of £0.2m awarded) were incurred in the year (2018: £1.4m net of costs of £1.2m awarded) in relation to the litigation with Gascoigne Halman Limited and Admission (see note 5).

An agent recruitment charge of £0.6m was incurred in relation to share-based charges arising on the issue of shares to agents in return for committing to long-term listing agreements, in line with the Group's strategy to grow the agent shareholder base.

During the year there arose a non-cash credit of £0.3m in relation to share option awards made to employees (2018: non-cash charge of £13.3m). Further details on options awarded, exercised and forfeited are set out in note 9.

Receivables increased to £3.3m as at 31 January 2019 (2018: £0.6m) mainly as a result of prepayments recognised for agent shares issued. Details on the accounting treatment are set out in note 2.6.

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

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

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

The Group has a number of customers who are not paying their contractually committed listing fees. The majority of these chose to breach the One Other Portal rule in their listing agreements and their properties were removed from the portal some time ago. Under IFRS 15 these amounts are not recognised as revenues. It is the intention of the Company to engage with these customers in due course, to seek either payment of both fees outstanding and further fees as they fall due or to reach a compromise position such that historic debts are held in abeyance and potentially waived in the future in return for entering, and honouring, a new long-term listing agreement with the Company. As at 31 January 2019, net unrecovered cash amounted to approximately £6.8m.

Consolidated Income Statement: year ended 31 January 2019

	Notes	2019	2018 *(restated)*
		£'000	£'000
Revenue		14,172	13,553
Administrative expenses	**4**	(27,811)	(9,666)
Operating (loss)/profit before specific professional fees, share-based payments and non-recurring items		(13,639)	3,887
Specific professional fees, share-based payments and non-recurring items:			

Share-based management incentive	**9**	257	(13,290)
Professional fees net of compensation received	**5**	(597)	(1,436)
Share-based agent recruitment charges	**5**	(565)	-
Operating loss		(14,544)	(10,839)
Finance income		85	2
Finance expense		(35)	(1,233)
Loss before income tax		(14,494)	(12,070)
Income tax		(6)	(22)
Loss and total comprehensive income for the year attributable to owners of the parent		(14,500)	(12,092)

Loss per share from continuing operations		**Pence**	**Pence**
Basic and diluted	**7**	(24.02)	(34.03)

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

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

Consolidated Statement of Financial Position: at 31 January 2019

	Notes	**2019 £'000**	**2018 £'000**
ASSETS			
Non-current assets			
Property, plant and equipment		130	18
Intangible assets	**8**	3,948	3,654
		4,078	3,672
Current assets			
Trade and other receivables		3,286	553
Cash and cash equivalents		15,673	3,174
		18,959	3,727
TOTAL ASSETS		23,037	7,399
LIABILITIES			
Current liabilities			
Trade and other payables		(4,730)	(2,957)
Borrowings		-	(1,217)
Provisions		(776)	(1,258)
Current tax		(6)	(22)
		(5,512)	(5,454)
Non-current liabilities			
Borrowings		-	(11,256)
Provisions		(233)	(354)
		(233)	(11,610)
TOTAL LIABILITIES		(5,745)	(17,064)
NET ASSETS/(LIABILITIES)		17,292	(9,665)
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT			
Share capital	**10**	123	71
Share premium		40,698	-

Merger reserve	(71)	(71)
Other reserve	111	(252)
Retained earnings	(23,569)	(9,413)
TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT	17,292	(9,665)

Consolidated Statement of Changes in Equity: year ended 31 January 2019

	Share capital £'000	Share premium £'000	Share-based payment £'000	Other reserves £'000	Merger reserve £'000	Retained earnings £'000	Total equity £'000
Balance as at 1 February 2017	71	-	-	-	(71)	(8,999)	(8,999)
Loss for the financial period	-	-	-	-	-	(12,092)	(12,092)
Total comprehensive expense for the period	-	-	-	-	-	(12,092)	(12,092)
Transactions with owners:							
Share options issued	-	-	11,678	-	-	-	11,678
Transfer to retained earnings	-	-	(11,678)	-	-	11,678	-
Legal fees on Admission and placing	-	-	-	(252)	-	-	(252)
Balance as at 31 January 2018	71	-	-	(252)	(71)	(9,413)	(9,665)
Balance as at 1 February 2018	71	-	-	(252)	(71)	(9,413)	(9,665)
Loss for the financial period	-	-	-	-	-	(14,500)	(14,500)
Total comprehensive expense for the period	-	-	-	-	-	(14,500)	(14,500)
Transactions with owners:							
Shares issued for placing	36	29,964	-	-	-	-	30,000
Shares issued for agent recruitment shares	2	1,895	-	-	-	-	1,897
Shares issued to extinguish loan notes	14	10,905	-	-	-	-	10,919
Legal and professional fees on placing shares issued	-	(1,814)	-	-	-	-	(1,814)
Transfer to share premium	-	(252)	-	252	-	-	-
Agent recruitment share-based payment	-	-	-	111	-	-	111
Share-based payment charge on employee options	-	-	344	-	-	-	344
Transfer to retained earnings	-	-	(344)	-	-	344	-
Balance as at 31 January 2019	123	40,698	-	111	(71)	(23,569)	17,292

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

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

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

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

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

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

Consolidated Statement of Cash Flows: year ended 31 January 2019

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

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

Selected notes to the Consolidated Financial Statements: year ended 31 January 2019

1. General information

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

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

2. Summary of significant accounting policies

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

2.1. Basis of preparation

The financial information set out above does not constitute the Company's statutory accounts for the year ended 31 January 2019, but is derived from those accounts. Statutory accounts for 31 January 2018 have been delivered to the Registrar of Companies and those for 31 January 2019 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 2019.

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

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

The Directors have prepared and reviewed the Group's cash forecast and projections for the next 12 months in light of the experience of conversions to date, among other factors. They have also conducted sensitivity analyses and considered scenarios where future conversions fall below the rate and number expected, together with the mitigating actions they may take in such circumstances, such as a reduction in budgeted discretionary expenditure, a significant proportion of which relates to advertising and marketing cost that can be reduced materially at short notice.

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

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

2.4. Adoption of new and revised standards and interpretations

Application of new and amended standards

For the preparation of these consolidated financial statements, IFRS 15, "Revenue from contracts with customers", was mandatory for the first time for the financial year beginning 1 February 2018.

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

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

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

Under IFRS 15 these amounts are no longer recognised within revenues or administrative expenses as it is not probable that the Group will collect the revenue it is entitled to on the due date. This therefore does not constitute a contract. The prior period comparatives have been restated on the same basis to aid comparison.

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

2.5. 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.

2.6. Share-based payments

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

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

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

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

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

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

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

Upon contract commencement an agent recruitment share reserve is credited (shown within other reserves in the financial statements) and a prepayment created, based on the value of the shares, which is then amortised over the life of the contract.

3. Critical accounting judgements and key sources of estimation uncertainty

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

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

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

4. Expenses by nature

Expenses are comprised of:

	2019 £'000	2018 (restated) £'000
Depreciation	33	27
Amortisation	1,856	1,440
Staff costs (note 6)	6,136	3,416
Operating lease expense - property	664	397

Operating lease expense - other	177	113
Advertising expenditure	14,905	2,199
Other administrative expenses	4,040	2,073
	27,811	9,665

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

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

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

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

6. Employees and Directors

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

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

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

7. Earnings per share

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

As the Group made a loss for the year there is no dilutive effect. Instruments that would dilute earnings per share have not been included as these are anti-dilutive.

8. Intangible assets

Group	Development costs £'000
Cost:	
At 1 February 2017	5,062
Additions - internally developed	1,538

At 31 January 2018	6,600
Amortisation:	
At 1 February 2017	1,506
Charge for the year	1,440
At 31 January 2018	2,946
Net book value:	
At 31 January 2018	**3,654**
Cost:	
At 1 February 2018	6,600
Additions - internally developed	2,150
At 31 January 2019	8,750
Amortisation:	
At 1 February 2018	2,946
Charge for the year	1,856
At 31 January 2019	4,802
Net book value:	
At 31 January 2019	**3,948**

Amortisation is included within administrative expenses in the income statement.

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

9. Share-based payments

The Group issued agent recruitment shares during the year. 960,293 ordinary shares were granted. Fair value was determined in accordance with the accounting policy set out in note 2.6. The weighted average fair value of shares granted was £1.74.

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

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

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

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

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

Employer's National Insurance Contributions are accrued, where applicable, at a rate of 13.8%. The amount accrued is based on the market value of the shares at the period end after deducting the exercise price of the share option, adjusted to account for any vesting period related to ongoing employment.

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

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

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

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

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

These share options expire 10 years after the date of grant. Share options granted under this scheme have a nil exercise price. 1,733,184 options are exercisable as to 10% after the first anniversary of Admission, a further 10% after the second anniversary and the remainder after the fifth anniversary. The remaining 6,056,143 options are exercisable immediately, however any shares arising from exercise are subject to a restriction on sale such that shares deriving from up to 10% of the options are available to be sold after the first anniversary of the Admission, a further 10% after the second anniversary and the remainder after the fifth anniversary. The fair value of all these options is charged to the profit and loss account in full in the year to 31 January 2018.

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

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

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

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

	2019 Number	Weighted average exercise price £
Granted in the period	746,671	1.65
Forfeited in the period	(3,758)	1.65
Outstanding at 31 January	742,913	1.65
Exercisable at 31 January	-	-

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

National Insurance Contributions
National insurance contributions are payable by the Group in respect of all share-based payment schemes except the Company Share Option Plan. A provision has been recognised at 13.8% for a total credit of £601k (2018: expense of £1,612k).

The following have been expensed to the consolidated income statement:

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

10. Share capital

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

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

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

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

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

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

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

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

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

The Company issued 757,203 ordinary shares on 31 May 2018, 29,392 ordinary shares on 31 July 2018, 47,761 ordinary shares on 8 October 2018 and 125,937 ordinary shares on 21 December 2018 to specific agents in exchange for a long-term contract to advertise all of their UK residential sales and letting properties on OnTheMarket.com. These shares were granted for non-cash consideration. The shares are accounted for as set out in note 2.6.

Share option scheme
At the year end, there were a total of 9,279,130 (2018: 8,555,063) share options under the Company's share option plans (note 9), which on exercise can be settled either by the issue of ordinary shares or by market purchases of existing shares.

11. Controlling parties

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

12. Post balance sheet events

There have been no post balance sheet events.

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