



Annual Report and Consolidated Financial Statements

for the year ended 31 January 2022





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Highlights of the year ended 31 January

Group Revenue

↑ **+32%**

2021 £23.0m

2022 **£30.4m**

Adjusted operating profit¹

↑ **+13%**

2021 £2.4m

2022 **£2.7m**

ARPA²

↑ **+32%**

2021 £142

2022 **£188**

Total advertisers at 31 January

↑ **+8%**

2021 13,285

2022 **13,732**

Traffic / visits³

↑ **+6%**

2021 267m

2022 **283m**

- 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 or loss. Please see the Financial Review and Key Performance Indicators section below for a reconciliation of operating profit to adjusted operating loss / profit.
- Average revenue per property advertiser, being revenues due from property advertisers before the deduction of non-cash share-based agent recruitment charges for a period divided by the average number of property advertisers for that period. ARPA presented herein is the average of the monthly ARPAs for the year. A property advertiser is a listed agency branch or a new home development advertising on OnTheMarket.com.
- Advertisers are either estate and lettings agent branches or new homes developments listed at OnTheMarket.com.

Highlights of the year

Year ended 31 January	2022	2021	Change
Group revenue	£30.4m	£23.0m	32%
Adjusted operating profit ¹	£2.7m	£2.4m	13%
Operating (loss) / profit	£(0.6)m	£1.2m	£(1.8)m
Profit after tax	£0.1m	£2.7m	£(2.6)m
Year-end cash	£8.4m	£10.7m	(21)%
ARPA ²	£188	£142	32%
Average advertisers ³ listed	13,296	13,285	-
Total advertisers at 31 Jan	13,732	12,687	8%
Traffic / visits ⁴	283m	267m	6%
Average monthly leads per advertiser	117	117	-

Highlights of the year

- Revenue and ARPA up 32%, reflecting growth in paying customers, the migration of customers on discounted rates towards full-tariff contracts, continued growth in new homes revenues and COVID-19 customer support discounts that totalled £2.6m in 2021.
- Adjusted operating profit up 13% to £2.7m (2021: £2.4m), in part reflecting a 80% increase in marketing expenditure to £10.6m (2021: £5.9m).
- Cash generated from operating activities of £3.7m (2021: £5.1m), reflecting cash generated by Agents' Mutual Limited ("Agents' Mutual"), partially offset by investment in Glanty Limited ("Glanty") since acquisition.
- Strong balance sheet, with year-end cash of £8.4m (31 January 2021: £10.7m) after the acquisition of Glanty, strategic investments and full furlough scheme repayment in the period, which together represented £2.6m of cash payments.
- Focus on valuation leads⁵, up 58% from FY21, and serious property-seekers, with site visits up 6% to a record 283m (2021: 267m).

Strategic and corporate developments

OnTheMarket has continued to make significant progress with its strategy of building a differentiated, technology-enabled property business based on the following pillars:

Portal

- A complete refresh of the user experience at OnTheMarket.com, launching our new website, logo and branding.
- To emphasise that OnTheMarket features thousands of newly listed properties 24 hours or more before Rightmove or Zoopla every month, 'New & exclusive' properties, together with properties featured on OnTheMarket.com and not on either Rightmove or Zoopla ("totally exclusive"), are now labelled as 'Only With Us'.

Software solutions

- Completed the acquisition of Glanty. Product development is ongoing, in particular the development of a CRM system and an associated product targeted at the sales market, complementing the teclat lettings product already available.
- Commercial partnership with Canopy to give all our agency customers the opportunity for free and unlimited comprehensive tenant referencing check, potentially saving them thousands of pounds a year.

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 or loss. Please see the Financial Review and Key Performance Indicators section below for a reconciliation of operating profit to adjusted operating loss / profit.

2) Average revenue per property advertiser, being revenues due from property advertisers before the deduction of non-cash share-based agent recruitment charges for a period divided by the average number of property advertisers for that period. ARPA presented herein is the average of the monthly ARPAs for the year. A property advertiser is a listed agency branch or a new home development advertising on OnTheMarket.com.

3) Advertisers are either estate and lettings agent branches or new homes developments listed at OnTheMarket.com.

4) Visits comprise individual sessions on OnTheMarket.com's web-based portal or mobile applications by users for the period indicated as measured by Google Analytics.

5) Valuation leads are email requests for a sales or lettings valuation to an agent.



Data and market intelligence

- Commercial partnership with Sprift Technologies to provide our customers with 'best-in-class' data and market intelligence tools and, more recently, a full-service canvassing and prospecting system.
- Release of our monthly OnTheMarket Property Sentiment Index, with a unique focus on buyer and seller confidence, determined from consumer responses to questions with an average response rate of over 120,000 per month.

Communications and marketing

- A new marketing and communications strategy, with new TV creative to drive increased levels of consumer awareness amongst serious property seekers and generate valuation leads for customers.

"Get Real About Moving. Get OnTheMarket."

- Commercial media partnership signed with Reach plc, the UK's largest commercial news publisher, to further boost consumer engagement.

Outlook

- Positive start to FY23 with current trading in line with the Board's expectations.
- UK residential property markets remain very active, with demand for properties significantly outweighing supply, notwithstanding a slight recent rebalancing as the level of new instructions increased.
- The Board believes that the Group's recent operational and financial progress, together with a substantial, loyal advertiser base, provides a strong platform for the implementation of its strategy.

What our advertisers are saying

We're listening...

I recommend that member agents invest an hour of their time in attending the OnTheMarket Town Hall events. Jason is listening to every word and more importantly taking action to implement our ideas.

Roger Lightfoot, Hobbs Parker

We're innovating...

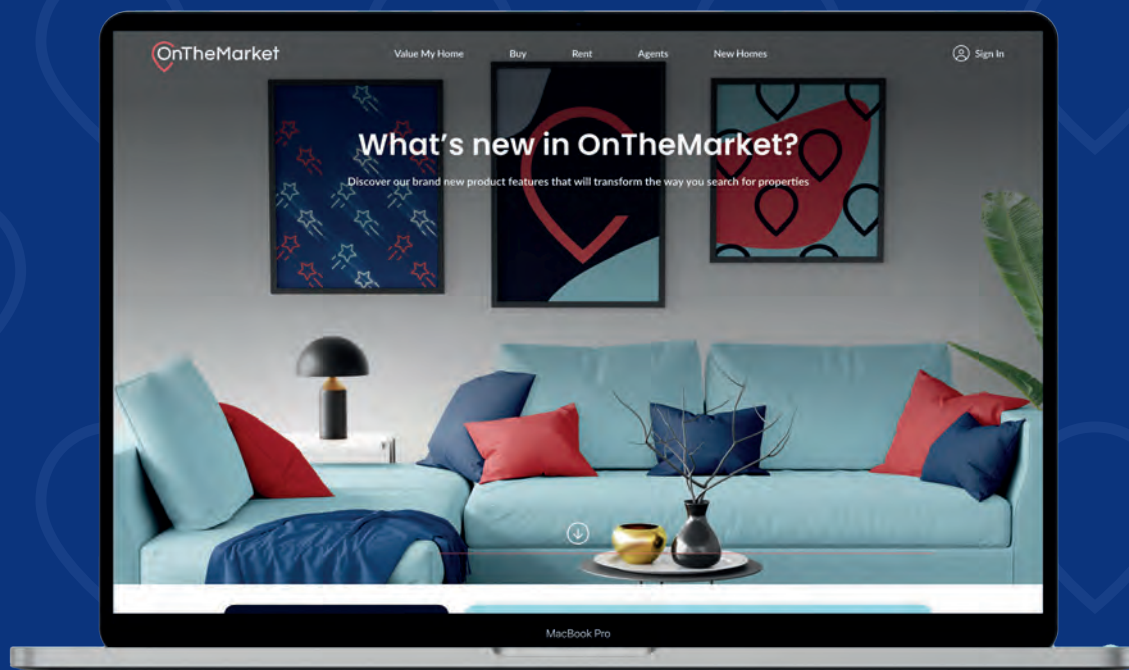
OnTheMarket is innovative, adaptive, brand fresh and cohesively managed. If you haven't fully bought into it yet then now is the time to get off the fence.

Quintyn Howard Evans, Cooper and Tanner

We're delivering...

Canopy has been an excellent friendly service that actually does what is promised. I estimate it will have saved us £8,000 in the first year of using it.

Trevor Hames, Cambridge Property Lettings



Chairman's Statement

I am pleased to report OnTheMarket's full year results to 31 January 2022.

Christopher Bell – Independent Non-Executive Chairman



The year saw positive momentum in the Group's strategy of creating a differentiated, tech-enabled property business across the broader property ecosystem. Our vision is to build the business around four key strategic pillars, namely:

- 1 **Property portal**
- 2 **Software solutions**
- 3 **Data and market intelligence**
- 4 **Communications and marketing**

We have seen significant progress in each of these areas during the year, which Jason Tebb, Chief Executive Officer, will detail further in his report below.

The team's achievements are even more impressive as they were delivered in a year which saw continued macroeconomic uncertainty from the COVID-19 pandemic. The interests of stakeholders and communities remain the driving factor in our decision making. Further information on these aspects of our business is set out under our s172 Statement and our Environmental, Social and Governance ("ESG") section later in these accounts. The executive team continued its impressive management of the business in the face of these challenges, and as a measure of their success we were proud to have been able to repay in full the furlough scheme monies we had received in 2020.

The Group delivered a strong performance in FY22. Agency revenues benefitted from the growth in paying customers during the latter part of FY21, which saw us start FY22 with a higher monthly revenue run rate versus FY21, combined with the continued migration of customers on discounted rates towards full-tariff contracts. Our new homes business also showed strong growth in both developments listed and revenues generated.

In May 2021 we completed the acquisition of Glanty, which operates under our Software Solutions pillar, offering subscription-based software solutions to help agents operate more efficiently and effectively, as well as providing us with a pipeline of products under development.

Outlook

UK residential property markets remain very active, with demand for properties significantly outweighing supply. We are committed to supporting our agent and housebuilder customers with improved and more extensive products and services that reflect these market conditions, whilst providing consumers with tools and content that we believe make OnTheMarket.com a must visit site for serious property seekers. Our aim is to deliver increasing value to all our stakeholders.

Our people remain our most valuable asset. Once again, I am extremely grateful to them for their dedication during the year. I would also like to extend my thanks to our shareholders, customers and suppliers for their ongoing support.

Christopher Bell
Independent Non-Executive Chairman

13 June 2022

Strategic Report



Chief Executive Officer's Review

I am delighted to be making this statement after my first full year as Chief Executive Officer of OnTheMarket, and I am pleased to outline the strong results delivered by the Group and the significant steps we are taking in creating a differentiated, tech-enabled property business across our four strategic pillars.

Jason Tebb – Chief Executive Officer



FY22 saw extremely high activity levels in the UK residential property market. The change in working patterns saw property seekers re-evaluating their housing wants and needs. This, alongside a highly competitive mortgage market and low interest rates, created exceptional demand for UK residential properties during the year.

I have been particularly pleased by the value we are able to provide to our agent and housebuilder customers as market activity continued apace. FY22 was a record year for site visits, and we have established our position as a leading property search site for the most serious property seekers in the UK. In particular, during the year we sought to provide increasing numbers of valuation leads to our agent customers to combat the challenging market conditions they faced, which saw low levels of new property instructions coming to market. I am pleased to report our valuation leads increased 58% from FY21.

We have remained committed to our sustainably low listing fees, alongside first-class service for all stakeholders and we continue to offer a unique proposition to the industry due to our agent ownership of c60%.

We continue to engage with our agent customers, including my 'listening tour' of Town Hall events and 1-1 clinics. As a direct result of the conversations we have had, the most significant changes to our offering since launch in January 2015 have been implemented. In the last year, we launched a new brand, a new OnTheMarket website with a completely re-designed user experience, and a new TV creative. Feedback from our clients demonstrates that these initiatives have been well received.

Advertiser customers

Agency branches listing at OnTheMarket.com were up 8% to 11,451 as at 31 January 2022 (2021: 10,645). The percentage of agency advertisers on paying contracts at the year-end was 90% (2021: 93%).

New homes advertiser numbers continued to grow strongly throughout the period, with 2,281 developments listed at 31 January 2022, up 12% from 2,042 at 31 January 2021. Our objective is to deliver housebuilders increasing value through access to highly motivated and active property seekers and the delivery of increasing numbers of high-quality leads. We are pleased with the progress we have made in this area over the last 12 months.

Total property advertisers were therefore 13,732 on 31 January 2022 (2021: 12,687), an increase of 8%.

Financial performance

Group revenue and ARPA were up 32% to £30.4m and £188, reflecting growth in paying customers, the migration of customers on discounted rates towards full-tariff contracts, continued growth in new homes revenues and COVID-19 customer support discounts that totalled £2.6m in 2021.

Average monthly agency ARPA in the year to 31 January 2022 was up 36% to £204 (2021: £150), whilst new homes average monthly ARPA increased to £100, up 20% from £83 in the year to 31 January 2021.

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

More than just a portal

A strategic move from a specific listing service to a holistic approach towards service and product delivery.



Portal

Continued development of the onthemarket.com website with additional products, services and functionality.

OnTheMarket.com



Software

Developing software solutions that benefits estate agents and house builders.

Glanty & other software



Data & Market Intelligence

A commitment to data and market information to inform consumers and help agents win more instructions.

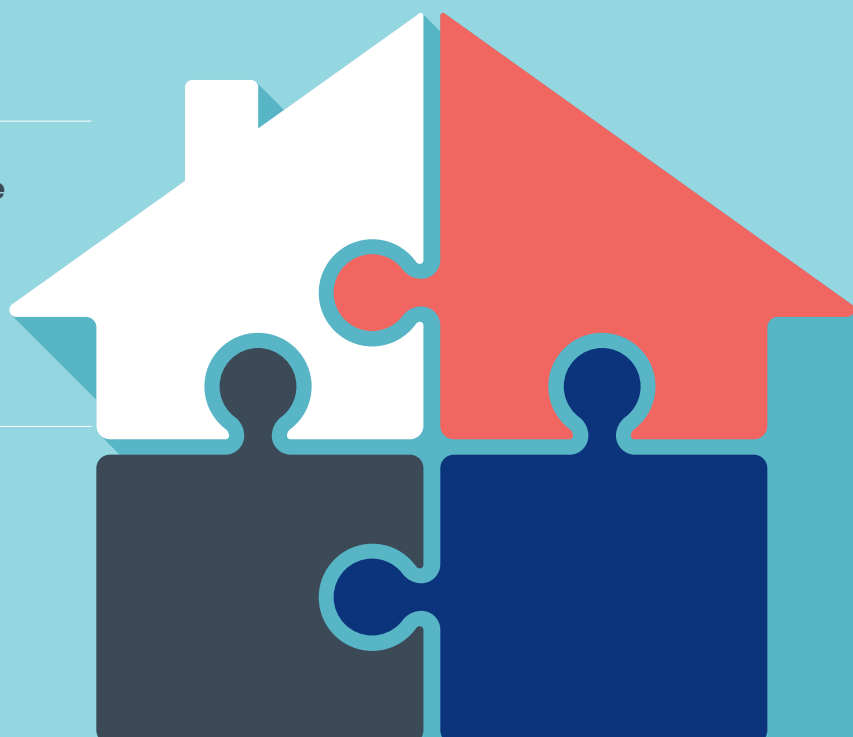
Data Provision



Communications & Marketing Tools

Support consumer interactions in a post covid virtual environment and provide agents with engagement tools.

Communications Centre



OnTheMarket's vision

In September 2021, after extensive consultation with our customers and staff, we unveiled our company's mission statement:

Listening. Innovating. Delivering.

This is our commitment to all our customers and stakeholders and serves to provide purpose and goals to our team in realising our shared vision.

We are building a differentiated, technology-enabled property business, providing a suite of tools and services for agents, housebuilders, advertisers and consumers alike. We aim to offer 'best-in-class' products and platforms across the broader property ecosystem.

Our vision is structured around four core strategic 'pillars' through which to drive our future growth. These pillars are being built through a mix of in-house developments, partnerships with specialist providers and, where appropriate, strategic acquisitions.

The four pillars are:

- 1 an engaging and relevant property **portal** that attracts the most serious property seekers;
- 2 **software solutions** to meet evolving customer needs;
- 3 the provision of leading **data and market intelligence**; and
- 4 a leading **communications and marketing** capability, both on behalf of, and in conjunction with, our customers.

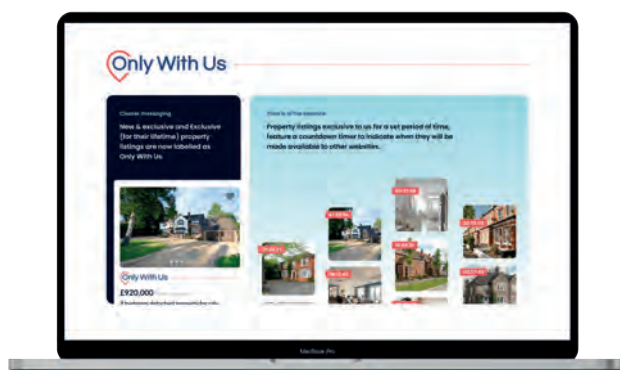
1. Property portal

In December 2021 we embarked upon a complete refresh of the user experience ("UX") at OnTheMarket.com, launching our new website, logo and branding. Following an extensive period of consumer research, customer engagement, testing and product development, this refresh constitutes the largest ever upgrade to our features and functionality.

The new user interface and features have been re-designed from the ground up, with a suite of upgrades, features and improvements. Many of our decisions were based on suggestions from our agent community or consumers. Improvements include functionality utilising intuitive search such as Wish List, Help Me Choose, Travel Time Search and Street Search, as well as UX updates to Ask The Agent, Reserve Buyers List and Viewing Time Requests. The new functionality represents one of our core priorities: combining traditional 'tried and tested' agency principles with modern technological solutions, allowing us to help our customers operate in the most time-efficient, commercially minded manner.

To emphasise that OnTheMarket features thousands of newly listed properties 24 hours or more before Rightmove or Zoopla every month, what were called 'New & exclusive' properties, together with properties featured at OnTheMarket.com and not on either Rightmove or Zoopla ("totally exclusive"), are now labelled as 'Only With Us'. A new countdown timer feature has been added to show consumers how long remains until the Only With Us listing will be made available on Rightmove or Zoopla. Properties totally exclusive to OnTheMarket are still labelled as Only With Us, but do not feature the countdown timer.

The new logo and branding demonstrate an evolution of the original 'map marker' imagery, representing a more consumer-centric, contemporary approach, illustrating the continued evolution of OnTheMarket into a property-technology company. The branding and execution were featured in the new TV advert and supported the multi-platform campaign that launched in late December 2021. More on this is outlined under "Communications and Marketing" below.



Chief Executive Officer's Review continued

2. Software solutions

As a technology-enabled property business, OnTheMarket is committed to continuing to evolve and innovate to meet the needs of our customers and consumers.

Our strategy is to become an indispensable resource for consumers by providing exclusive property listings, detailed property data, intuitive tools and expert content to help make their property journey easier to navigate. We have adopted a rapid and agile development strategy, driven by consumer behaviours, and providing intuitive solutions to problems faced by customers or consumers.

In addition to this, we seek to empower agents by developing information-led solutions that enable them to operate more efficiently and support their businesses whilst simultaneously generating more high-quality leads and adding greater value to them.

In May 2021 we completed the acquisition of Glanty. Investment in product development is ongoing, in particular the development of a CRM system and an associated product targeted at the sales market, complementing the teclet lettings product already available. In January 2022 we began a series of beta-test sessions with agents, and we have recruited a new head of sales with experience in the CRM space to lead our activities as we launch Glanty's new products and services.

In May 2021 we also signed a commercial partnership with Canopy, a residential lettings platform, enabled by open banking and providing tenants with the ability to report rental payments to the two main UK credit agencies (Experian and Equifax) to improve their credit history and score. This commercial partnership gives all of our estate agency customers free, unlimited tenant referencing, potentially saving them thousands of pounds a year. With the private rental sector currently estimated to include 4.4 million households in the UK, this gives us the chance to create higher-quality, pre-qualified leads and more value for our advertisers.

The Canopy partnership was well received, being praised regularly at our "Town Hall" events, which led us to extend this arrangement beyond the initial twelve-month period.

With a market in which agents have been experiencing historically low levels of new property sales and lettings instructions at the forefront of our minds, we put particular focus on generating high-quality valuation leads for our customers. As a result, we launched an automated call service partnership with Callwell to provide agents with real-time connections to potential clients who use our automated valuation model ("AVM"). These potential vendors represent very high-quality leads and the ability to connect immediately by phone is a competitive advantage to agents when securing instructions, with 60% of calls connected leading to a valuation appointment being booked on the call. We also released our AgentVal tool, allowing agents to use our AVM within their own website, free of charge to our customers, and demonstrating that we are providing increased levels of value to our agents' own websites as well as at portal level.

Our engagement with our customers through our beta-testing, working groups and "Town Hall" events has led to a series of "by popular-demand" improvements on site, including improved functionality within our back office OnTheMarket Expert, the addition of lead history information, new labels on site to improve the user experience (chain free, EV charger, auction), the support of what3words in a listing description and enrichments to properties with additional information (EPC, broadband, mobile data). We also introduced a development display label for our new homes customers, allowing them to promote listings across a whole development.

In January 2022 we released the functionality for our exclusive agreement with Autoenhance.ai Limited, providing our customers with its photo enhancement software services. The image enhancements are designed to display properties to generate greater customer engagement and therefore more high-quality leads to our customers. Initially available to those who upload properties manually, we are currently looking at extending this to those who upload via CRM software.

Also in January 2022, we announced an exclusive commercial partnership with Brickflow, the UK's new comparison site for development finance, which will provide our customer agents with the ability to instantly connect their property developer clients with lenders and earn significant additional revenue on land deals. This new partnership with us is a sector-first in the portal space, offering a valuable service to housebuilders and developers, whilst also enabling estate agents to offer an additional service to their land and new homes departments.

3. Data and market intelligence

We have continued to innovate and develop the data-led services that our clients need to win instructions, convert leads and operate efficiently. Key feedback raised consistently during our customer engagement has been the requirement for more data for conducting valuations and the provision of enhanced market intelligence.

In May 2021 we signed an exclusive commercial partnership with Sprift Technologies, an award-winning property data specialist. This relationship benefits our customers with free market appraisal guides which are powered by the Sprift platform via our own back-office system, OnTheMarket Expert.

The guides provide enhanced data and market intelligence on residential properties for both sales and lettings, supporting our agent customers in providing expert valuations and winning new instructions, increasing the value they receive from listing at OnTheMarket.com.

In January 2022 we extended our partnership with Sprift and announced exclusive access for our agent and housebuilder customers to Sprift's prospecting tool, SmartMail. SmartMail is a full-service canvassing and prospecting system that enables multi-trigger mailings to be sent directly to specifically targeted properties, including those listed with another agent or currently not on the market at all.

Agents can use SmartMail to specify which events trigger alerts for specific homes, for example a newly listed property or one which has been on the market for a set period of time. Agents can also prospect or canvass for instructions in specific streets or areas, as well as by type or value.

In July 2021 we released our OnTheMarket Property Sentiment Index. This monthly report has a unique focus on buyer and seller confidence and mover attitudes towards mortgage borrowing. The insights contained within 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. OnTheMarket believes this to be the largest monthly consumer sentiment index to date in terms of attitudes to buying and selling residential property in the UK. It provides advertisers and consumers with additional market intelligence to inform their decision making, whilst reinforcing the OnTheMarket brand as a thought leader in the UK residential property industry.

For our housebuilder customers, we also released lead mapping, supply and demand intelligence tools and performance comparison reports. These provide them with enhanced data to better understand the source location of leads, as well as perform buyer demand analysis by area and track their performance versus competitors.

4. Communications and marketing

It was important that, in a competitive industry, we are clear with consumers as to the value of our proposition and the advantages that we offer to the most serious property seekers, giving them an advantage in their property search.

As such, we have completely re-engineered our internal and external communications strategies to both customers and consumers. Using the framework of a 'professionally informal' approach, we have refreshed our brands' tone of voice, our use of imagery and our explainer tools, with a focus on simplifying our messaging.

At the core of this strategy was our new TV creative, which was broadcast for the first time on 26 December 2021. The aim of the new creative is to make our brand recognisable whilst driving increased levels of consumer awareness. It is designed to encourage serious property seekers to visit the site, request a valuation, set up a property alert and enquire about properties for sale or rent with the campaign directing consumers' attention to getting serious about their property search.



Chief Executive Officer's Review continued

"Get Real About Moving. Get OnTheMarket."

In addition to this, the new creative has also been applied to all our digital display and paid social campaigns. We also refreshed the co-branding marketing materials, delivering new marketing packs to our agent customers across the country throughout January 2022. Marketing of our portal by our agent customers is an effective and low-cost strategy to increase our consumer exposure further.

In March 2021 the Group announced a commercial media partnership with Reach plc, the UK's largest commercial news publisher. Reach plc's brands 'reach' 80% of all UK consumers every day, through a suite of mainstream titles. In working with Reach plc on digital campaigns, we can leverage their coverage of the consumer market to drive incremental traffic to the OnTheMarket.com website.

A consistent request from our agent customers was the desire for training and development programmes for their business. As a direct result of this, in October 2021 we agreed an exclusive commercial partnership with business coaching specialists, Property Academy. The relationship provides our full fee-paying customers with free access to bespoke leadership coaching sessions, run by industry stalwart and speaker Peter Knight.

In line with OnTheMarket's strategy of building a differentiated, technology-enabled property business, we announced a partnership with Kremer Signs in January 2022. Kremer Signs supplies signage to all sectors within the property industry, including residential, commercial and land and new homes. They have also developed the Smartboard product and our partnership supplies our agent customers with Smartboards which are added to for-sale signs and use QR codes to generate a new type of lead.

We will continue to evolve our brand and the ways we promote it in the current year.

ESG

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

During FY22 OnTheMarket started working with external climate consultants to calculate and benchmark our carbon footprint. This will support the development of OnTheMarket's sustainability strategy aimed at reducing our business emissions. OnTheMarket has also established a Green Working Group to generate ideas and engage our people on sustainability.

As part of our ongoing commitment to staff development, we have created a learning and development platform to improve performance and employee satisfaction, as well as the introduction of a significant benefits package available to all.

The welfare and safety of our staff is one of our top priorities and we have maintained a hybrid working model post-restrictions easing. In December 2021, an employee engagement group was established to further engage with our staff, with a view to ensuring their voice is heard at senior management level.

Further details on our ESG actions are set out within the s172 statement and the ESG sections of the Strategic Report on pages 20 to 22 of these financial statements.

Post year-end developments

On 26 May 2022 at a general meeting of the Company shareholders approved a resolution for a proposed cancellation of the share premium account that would provide the Company with greater flexibility to make distributions to shareholders, should the Board consider it appropriate in the future. Subject to the approval of the Court, the cancellation is expected to become effective on 7 July 2022. Further details are set out in note 32.

UK residential property market

There is currently a level of macroeconomic uncertainty in the UK, arising from the increasing cost of living (particularly energy and food costs) and rising bank interest rates, which have been put in place to try to curb inflation. In addition, the ongoing geo-political issues and conflicts are clearly contributing to this uncertainty.

Our data suggests that, despite these challenges, UK property seekers have to date not been deterred from moving. The results of our latest Property Sentiment Index shows that in April 2022, 82% of sellers were confident that they could complete a sale within three months (the same percentage as in March and February 2022).

Strong demand from serious buyers remains, with our data showing that in April 2022, 63% of properties in the UK were sold subject to contract within 30 days of first being advertised for sale.

Buyers are also confident about obtaining the mortgages they need. While there have been four interest rate rises, taking rates up to 1% from the low of 0.1% seen during the height of the pandemic, mortgage availability doesn't seem to be a concern. More than a third of buyers already had a mortgage agreement in principle in place in April 2022, with only 1% of movers surveyed reported to be 'very worried' about mortgage availability.

The number of properties newly listed for sale is slowly increasing and supply/demand economics suggest that, if this continues, housing price growth will moderate. If there's more choice of properties for sale and buyer numbers remain consistent, or even start to drop off, there could be a levelling off in activity and prices.

However, the fundamental lack of housing stock means that values should hold. While there may be further challenges to come, for now our data shows strong confidence from both buyers and sellers, which is continuing to fuel the UK housing market. There are many reasons why people need to move and there are plenty looking to do so. The challenges of the past two years have ingrained a sense of positivity in the housing market which shows no signs of slowing. The 'new normal' is a housing market which shows resilience as long as stock levels continue to improve, and confidence is maintained.

Outlook

I am pleased to report on such strong results as we continue our strategic transition, building on the solid foundations which were already in place. Our vision for our future is clear; to become a differentiated, tech-enabled property business across the four pillars of portal, software, data and market intelligence and the provision of communications and marketing tools.

I am proud of this evolution of the business and thanks to the extraordinary efforts of the team we have been able to achieve this transition in just over 12 months. We have a fresh, new and contemporary website, which we believe is the simplest and most easy-to-use property search site in the UK.

We have delivered a suite of new products, services and functionality to help our customers operate more effectively and efficiently, whilst focusing on serious property seekers and valuation opportunities. There is so much more to come; our roadmap for internal development already extends past the next three years and we are now used to a pace of change and innovation that was unimagined a year ago.

Going forwards, our focus will remain on delivering increasing levels of value to our estate agents, letting agents and housebuilder customers, whilst also offering innovative solutions to consumers, giving them an advantage in their property search. In the future, we want all serious property seekers to consider OnTheMarket an essential tool in their property journey, before during and after they have moved home. This is an ambitious objective but one which we are determined to deliver.

The operational and financial progress to 31 January 2022 is a testament to the strength of the team and of the business. I am also pleased to report that trading in the first few months of the current financial year is in line with our expectations. Our rebranded and improved portal, the opportunities arising from our acquisition of Glanty, our commercial partnerships, our product development pipeline and our increasing engagement with our supportive customer base, together provide a strong platform from which to take the next step in delivering our strategy.

I would like to thank my colleagues for their hard work and commend them for sharing so enthusiastically in our common vision, to deliver value to all stakeholders. Together we will work tirelessly to continue to listen, innovate and deliver.

OnTheMarket's momentum is building, and we are looking to the future with confidence. But we're only just getting started, there is much more to come.



Jason Tebb

Chief Executive Officer

13 June 2022

In December 2021 we launched our new TV creative.

Our new TV creative was broadcast for the first time on 26 December 2021. The aim of the new creative is to make our brand recognisable whilst driving increased levels of consumer awareness. It is designed to encourage serious property seekers to visit the site, request a valuation, set up a property alert and enquire about properties for sale or rent with the campaign directing consumers' attention to getting serious about their property search.



Users of OnTheMarket.com can obtain an estimate of the value of their house.

Consumers are also presented with the opportunity to contact agents



Valuation leads increased 58% from FY21



Financial Review and Key Performance Indicators

The year ended 31 January 2022 saw revenue and ARPA up 32%, reflecting growth in paying customers, the migration of customers on discounted rates towards full-tariff contracts, continued growth in new homes revenues and 2021 COVID-19 customer support discounts that totalled £2.6m. The Group delivered revenue of £30.4m in the year ended 31 January 2022 (2021: £23.0m) and an adjusted operating profit of £2.7m (2021: £2.4m), up 13%.

At 31 January 2022, the Group had cash of £8.4m and no borrowings (2021: £10.7m before deferred creditors of £0.4m). Adjusting for cash payments of £0.4m to repay in full furlough loans, £1.8m incurred in acquiring Glanty and £0.4m of strategic investments in commercial partners, net cash increased by £0.3m. This reflects cash generation by Agents' Mutual, offset by investment in Glanty since acquisition.

The reported operating loss of the Group was £0.6m (2021: reported operating profit of £1.2m) and is further analysed as follows:

Reconciliation of operating (loss)/profit to adjusted operating profit:

	2022 £'000	2021 £'000
Operating (loss)/profit	(645)	1,231
Adjustments for:		
Share-based employee incentives	467	683
Professional fees net of compensation	211	(941)
Share-based agent recruitment charges	1,586	1,406
Government grant	449	(449)
Payments in relation to loss of office	-	304
Staff related costs	106	192
Acquisition related costs	129	-
Operating profit before specific professional fees, share-based payments and non-recurring items	2,303	2,426
Non-cash agent recruitment charges within revenues (see notes 2.22 and 4)	404	-
Adjusted operating profit	2,707	2,426

The basic and diluted profit per share in the year were 0.15p and 0.13p respectively (2021: basic and diluted profit per share were 3.76p and 3.42p respectively).

Analysis of revenue and ARPA by source

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

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

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

Year ended 31 Jan	2022 £'000	2021 £'000	Change
Group revenue			
Agency	£27.0m	£21.2m	27%
New Homes	£2.5m	£1.5m	67%
Glanty	£0.6m	-	N/a
Other	£0.3m	£0.3m	-
Group	£30.4m	£23.0m	32%
Average advertisers			
Agency	11,171	11,789	(5)%
New Homes	2,125	1,496	42%
Group	13,296	13,285	-
ARPA			
Agency	£204	£150	36%
New Homes	£100	£83	20%
Group	£188	£142	32%

Financial Review and key performance indicators continued

Operational KPIs

Group operational KPIs were as follows:

As at 31 Jan	2022	2021	Change
Total advertisers	13,732	12,687	8%
Agency branches	11,451	10,645	8%
New homes developments	2,281	2,042	12%

- Group ARPA was £188, an increase of 32%, reflecting the growing number of agents under paying contracts in the year and the migration of customers on discounted rates towards full-tariff contracts (FY21: £142).
- Site visits were up 6% to an annual record of 283 million (FY21: 267 million).
- Average monthly leads per advertiser were constant at 117 (FY21: 117). Valuation leads increased by 58% in the year, reflecting strong engagement with property-active consumers.

Income statement

The Group's financial performance is presented in the Consolidated Income Statement on page 47. The profit for the year attributable to the owners of the Group was £0.1m (2021: £2.7m).

Administrative expenses in 2022 increased by £7.5m to £28.1m (2021: £20.6m). This movement is primarily due to decisions taken in 2020 to reduce costs and conserve cash in light of the COVID-19 pandemic. In particular, marketing expenditure increased 80% to £10.6m (2021: £5.9m) and staff costs (including temporary workers and consultants) increased to £11.4m (2021: £10.0m) as headcount, bonuses and commissions were lower in FY21.

During the year there arose a non-cash charge of £0.5m in relation to share option awards made to employees (2021: £0.7m). Further details on options awarded, exercised and forfeited are set out in note 26.

Professional fees of £0.2m were incurred in the year (2021: compensation received net of professional fees £0.9m), predominantly in relation to the acquisition of Glanty (see note 14). Additional charges of £0.4m were recognised arising from the Group's associate holding in Glanty and the amortisation of acquisition related costs (2021: share of loss of associate £0.1m).

An agent recruitment charge of £1.6m (2021: £1.4m) was incurred in relation to non-cash share-based charges arising on the issue of shares to certain new and existing agents following them having earlier signed new long-term listing agreements to advertise all of their UK residential sales and letting properties at OnTheMarket.com.

In FY22, the Group fully repaid the grant income received in FY21 under the Coronavirus Job Retention Scheme of £0.4m (2021: grant income received £0.4m).

Statement of financial position

Intangible assets increased to £7.5m (2021: £4.7m), which includes the acquisition of Glanty's intangible assets at fair value in FY22 of £1.9m. There was also additional capitalisation of staff and consultant costs incurred in the ongoing development of OnTheMarket.com and Glanty products, partially offset by the amortisation charge arising on those costs and on costs previously capitalised.

Goodwill of £1.5m was recognised within the Group as a result of the acquisition of Glanty in the year. Goodwill represents the excess of the fair value of Glanty's purchase consideration over Glanty's net fair value of identifiable assets and liabilities acquired.

Right of Use Assets increased by £0.5m to £0.7m (2021: £0.2m). This was because of new motor vehicle leases, a renewal of the leasehold premise in Agents' Mutual and a new lease from the acquisition of Glanty.

Investments of £0.4m arose in the year, from investment into Insurestreet Limited, trading as Canopy, and into Property Funding Hub Limited, trading as Brickflow.

A deferred tax asset of £2.6m (2021: £1.6m) was recognised in the year. Further details are set out in note 12.

Receivables increased to £5.1m as at 31 January 2022 (2021: £4.8m), mainly as a result of an increase in prepayments in respect of advertising expenditure and an increase in trade receivables, partially offset by a fall in the share-based agent recruitment prepayment. Details on the accounting treatment for agent shares issued are set out in note 2.20.

Trade and other payables as at the year end rose to £5.6m (2021: £4.9m), mainly as a result of higher year end payables in relation to staff bonus accruals and an accrual in respect of future issues of agent recruitment shares under listing agreements signed with customers, partially offset by a reduction in VAT payable. Details on the accounting treatment for agent shares issued are set out in note 2.20.

At the end of the year, the Statement of Financial Position showed total assets of £26.3m (2021: £22.9m), with the increase primarily due to the acquisition of Glanty.

Total equity was £18.7m at 31 January 2022 (2021: £16.9m), which reflects the issue of shares on the acquisition of Glanty. This has been accounted for under s.612 of the Companies Act 2006 and a merger reserve has been created. A general meeting was held on the 26 May 2022 at which shareholder approval for a proposed cancellation of capital was received. As part of the cancellation of capital, legal advice was received over the classification of reserves that led to the Group adjusting its reserves in FY22. Reserves of £3.7m, previously classified as share premium, have now been categorised as other reserves. See note 31 for further details.



Risk Management and Principal Risks

The Board assumes responsibility for risk management and the effective and appropriate delegation of responsibilities in this regard. Risks and risk management are subject to regular review by the Board.

The key risks, other than financial risks discussed in note 24, that the Group is exposed to include:

Commercial

Risk	Description	Monitoring and mitigation
Competitive portal industry	The UK property portal market includes large, established and well-resourced competitors, as well as new and potential new entrants looking to disrupt the market with new and evolving business models. Competition from these, or the reversal in trends such as the move to online digital advertising, may impact the Group's ability to retain its customers or to win new customers.	- Offering competitive pricing and value for money. - Strengthening the brand and profile of OnTheMarket.com and increasing consumer traffic and customer leads through marketing spend and product development, to provide increasing value to customers. - Maintaining strong agent support through shareholdings, fair pricing, developing new and value-added products and services and through increasing engagement and customer service, including our town hall initiative. - Focussing on our 4 pillars strategy (set out in the Chief Executive Officer's report above) to differentiate the core proposition from competitors.
Changes to the UK macroeconomic environment and / or residential property market	The Group principally derives its revenues from the UK residential property market; its customers include estate agents, letting agents and new homes developers, who pay a combination of listing fees and additional product fees to market their property listings and services on the Group's platforms. As such, the Group may be adversely affected by factors outside its control, such as changes in the United Kingdom's macroeconomic environment and / or residential property markets, including impacts from rising interest rates and higher inflation, which may reduce the advertising spend of its customers and/or reduce the number of estate agents, letting agents and new home developers seeking to use the Group's services.	- Offering competitive pricing and value for money to customers regardless of market conditions. - Adopting revenue models that do not depend directly on volumes or prices in the underlying customer markets. - Strengthening the brand and profile of OnTheMarket.com and increasing consumer traffic and customer leads through marketing spend to provide increasing value to customers. - Developing new products and services to differentiate OnTheMarket. - Developing engagement strategies with those serious property seekers most likely to transact in any market.
Inability to increase the number of agents on full-tariff contracts	The Group may be unable to convert agents to full-tariff contracts in the numbers or at the speed it wishes due to a range of factors, which may reduce revenues and customer numbers.	- Continuing to invest in marketing and people to provide a first-class service to property-advertising customers and the property-seeking public. - A commitment to charging property advertisers sustainably fair prices. - Developing new products and services to offer greater value to property-advertising customers. - Developing additional revenue creating opportunities for our customers.
Recruitment of agents as shareholders	The Group's policy of issuing shares to estate agents alongside new listing agreements to generate a significant and dispersed share-owning estate agency paying customer base may not be successful or may give rise to greater than anticipated dilution.	- Investment in marketing and growth in traffic to the OnTheMarket.com portal provides reassurance on value for money to paying customers. - Growth in agents listing underpins the longer-term success of OnTheMarket.com. - Offering competitive pricing to provide an incentive for agents to support the Company's longer-term success.



Reputational

Risk	Description	Monitoring and mitigation
Brand strength	A strong brand and reputation are vital to the Group's growth strategies. Brand strength and awareness are important to drive end user traffic to OnTheMarket.com which in turn should underpin the retention and recruitment of advertising customers.	- Investment in brand development through marketing spend. - Regular risk review and oversight from the Board and senior management. - Instilling a culture based on ethical behaviour and commitment to stakeholders throughout the workforce.

Human resources

Risk	Description	Monitoring and mitigation
Employees	The Group's operations are dependent on the experience, skills and knowledge of its executive officers and on its ability to attract and retain talented employees. Should key employees leave the Group, or should the Group be unable to recruit new staff with the required capabilities, it may be unable to deliver its strategy for growth.	- Instilling a strong team culture within the Group. - Providing competitive compensation packages, which vest over time to encourage retention. - Monitoring and assessing staff satisfaction and engagement with surveys and analysis.

IT/Data

Risk	Description	Monitoring and mitigation
Security breaches	The Group's information technology systems may be impacted by breaches of security or may fail, or the transmission of property listings data from agents may be disrupted or impaired, with material negative consequences for the Group.	- Maintenance of up-to-date security measures and regular review. - Regular security testing of IT systems. - Provision of appropriate staff training and access levels. - Testing of builds against the latest web app security threats.
Data	The Group processes personal data as part of its business. There is a risk that this data could become public if there were a security breach at the Group or third-party service providers in respect of such data and the Group could face liability under data protection laws.	- All infrastructure, devices and laptops that touch personal data are encrypted in transit and at rest. - The Company's email and document storage are encrypted in transit and at rest. - Personal information is anonymised and pseudonymised where reasonably needed. - Staff are trained on handling personal information.
The General Data Protection Regulation ("GDPR")	Failure to comply with GDPR could result in the Group being liable under GDPR, including for fines.	- OnTheMarket has policies, procedures, and security in place to protect personal data in accordance with applicable data protection laws, including GDPR. - OnTheMarket has an ongoing programme of security by design.

s172 Statement

The Board has a duty under s172 of the Companies Act 2006 to promote the success of the Company for the benefit of its stakeholders.

All decisions are made with this objective and the Board considers the long-term implications of its actions. Stakeholder engagement is a critical part of our business strategy, to ensure we have effective working relationships across all our stakeholder groups.

The reputation of the Group and its brand image are considered by the Board to be critical to its success in attracting advertising customers and consumer visitors to its platforms. As such the Board promotes a culture and workplace that demonstrate integrity, inclusion and where all employees are encouraged to perform in line with best business practices and with respect for others.

We have a continuous stakeholder engagement programme in which both Executive and Non-Executive Directors participate to ensure the Board is aware of stakeholder interests.

The Directors believe that the long-term success of the business depends on them giving due regard to all stakeholder interests when making decisions and that the decisions made should prioritise long-term value creation over short-term gains. The acquisition of Glanty, with the prospect of developing and offering relevant and valuable products and services to customers and consumers over time and, through that, creating value for our investors, is an example of prioritising long-term value creation.

The Directors also consider the impact of the Group's activities on the environment and the community. Further information in this regard is set out in the Environmental, social and governance section that follows.

The key stakeholder groups we have identified are:

1. Our people

Our people are our most valuable asset and at the heart of our business. Our success relies on their dedication and shared vision of our business objectives.	Engagement	Engagement impact and decisions taken
	We undertake staff surveys to gauge employee satisfaction and identify areas for improvement. We seek staff input into the development of training modules that they acquire the skills to further their own careers.	We hired a dedicated Digital Learning and Development Manager to provide in-house relevant courses to our people across areas including job skills, management and leadership, health and safety and diversity and inclusion. Our "Colleague of the Month" scheme continues and rewards exceptional performance within the team. As a result of feedback from staff, we are rolling out an enhanced benefits package covering life assurance, healthcare and a Save As You Earn scheme to encourage share ownership by employees and provide them the opportunity to share in our future success.

2. Our customers

Estate and lettings agents and new homes developers that advertise their properties for sale or to rent at OnTheMarket.com, with whom strong relationships are essential for our success.	Engagement	Engagement impact and decisions taken
	We work very closely with customers, from "listening tour" Town Hall events with the Chief Executive Officer, to active client account management across all levels of the business.	Feedback received from our customer engagement programme has led directly to changes to our products and services to allow us to improve the value of our customer offer. Examples in the year include our brand and website refresh and new TV creative, as well as products designed to increase consumer engagement with our customers and the provision of enhanced data and market intelligence for customers

3. Our consumers

Serious property seekers, home sellers and landlords who engage with our platforms across multiple stages of their property transactions.

Engagement

We continually monitor site usage and journeys of our consumers to improve their experience and provide the data and tools they most value. We plan our advertising to engage and attract serious property seekers, sellers and landlords to our platforms. We also engage through market surveys.

Engagement impact and decisions taken

Understanding our consumers better has led to site changes and we believe consumers are finding the new site easier to engage through. Our refreshed Only With Us offering has been well received, with a large uplift in consumer engagement and click through for those properties.

We launched our monthly Property Sentiment Index based on feedback from a monthly survey of our consumers, a report which we believe to be the largest monthly consumer sentiment index to date in terms of attitudes to buying and selling residential property in the UK.

4. Our suppliers

Partners who provide key services to us, in areas such as data and IT, platform development, marketing and corporate support and services.

Engagement

We engage regularly with our suppliers to build effective relationships and seek mutually beneficial improvements to contract terms. We seek to work with suppliers who share common values and ethics.

Engagement impact and decisions taken

Through collaboration we have worked with our suppliers to improve services and products we offer to our customers and to identify efficiencies and improvements to our business.

We are committed to paying suppliers on time.

We have worked jointly with suppliers to amend terms, in areas such as advance payments in return for discounts and fixed terms rather than time and materials.

5. Our investors

We have a strong and supportive investor base consisting of agents and institutional and retail investors whose support we value highly. We believe our significant agent shareholdings provide them and us with strategic benefits. Our aim is to generate long-term growth to the benefit of all our shareholders.

Engagement

We engage regularly with our shareholders, primarily through meetings and presentations by the Chief Executive Officer and Chief Financial Officer and at the Company's AGM. However, all board members are available to meet with shareholders should it be appropriate.

Engagement impact and decisions taken

To ensure we are providing equal information and treating all investors fairly, we engage through a variety of channels.

During the year we held 1-1 and group shareholder meetings, providing materials on our investor website for all investors to access. The Chief Executive Officer and Chief Financial Officer presented virtually at meetings open to all investors, giving opportunities for engagement and to raise questions.

We continued to offer agents opportunities to join as new customers and new shareholders. 0.5m shares were issued to agents during the year, following them signing new long-term listing agreements (see note 26 to these accounts for further details)

Business updates have been recorded in podcast and video interviews made available to investors through retail investor platforms. We also provide email communications to our agent shareholders as appropriate.

Overall, in considering and taking decisions the Board seeks to act in the best interests of the business and all its stakeholders, treating all members fairly.

Environmental, Social and Governance

OnTheMarket is committed to being a responsible corporate citizen and to delivering long-term, sustainable success for our stakeholders whilst supporting them and reducing our impact on the environment.

Some of our actions taken during the year are summarised below.

A Green Working Group has been established to generate ideas and engage our people on sustainability. Following a benchmarking survey, ongoing staff engagement has been maintained through competitions, staff Q&A's and a monthly sustainability newsletter with thoughts and ideas on possible sustainability initiatives our people can adopt. The newsletter also includes sustainability news and updates from across the property industry, to encourage dialogue on these issues between our people and our stakeholders.

We have worked with external climate consultants to calculate and benchmark our carbon footprint. The data from this analysis is intended to inform our short, medium and long-term strategies for reducing our business emissions.

We provide a cycle to work scheme, having selected a not-for-profit provider who we believe shares our values and who reinvest fees into promoting commuter cycling further.

We prepared and released the first in a series of compulsory training modules addressing equality, diversity and inclusivity in the workplace to develop staff awareness and understanding of this topic.

We continued to support our team through remote or hybrid working arrangements, seeking to provide a work-life balance that was appropriate in the face of the ongoing COVID-19 pandemic during the year.

We continue to explore new ESG initiatives and look forward to sharing our progress in these areas with all stakeholders in the future.

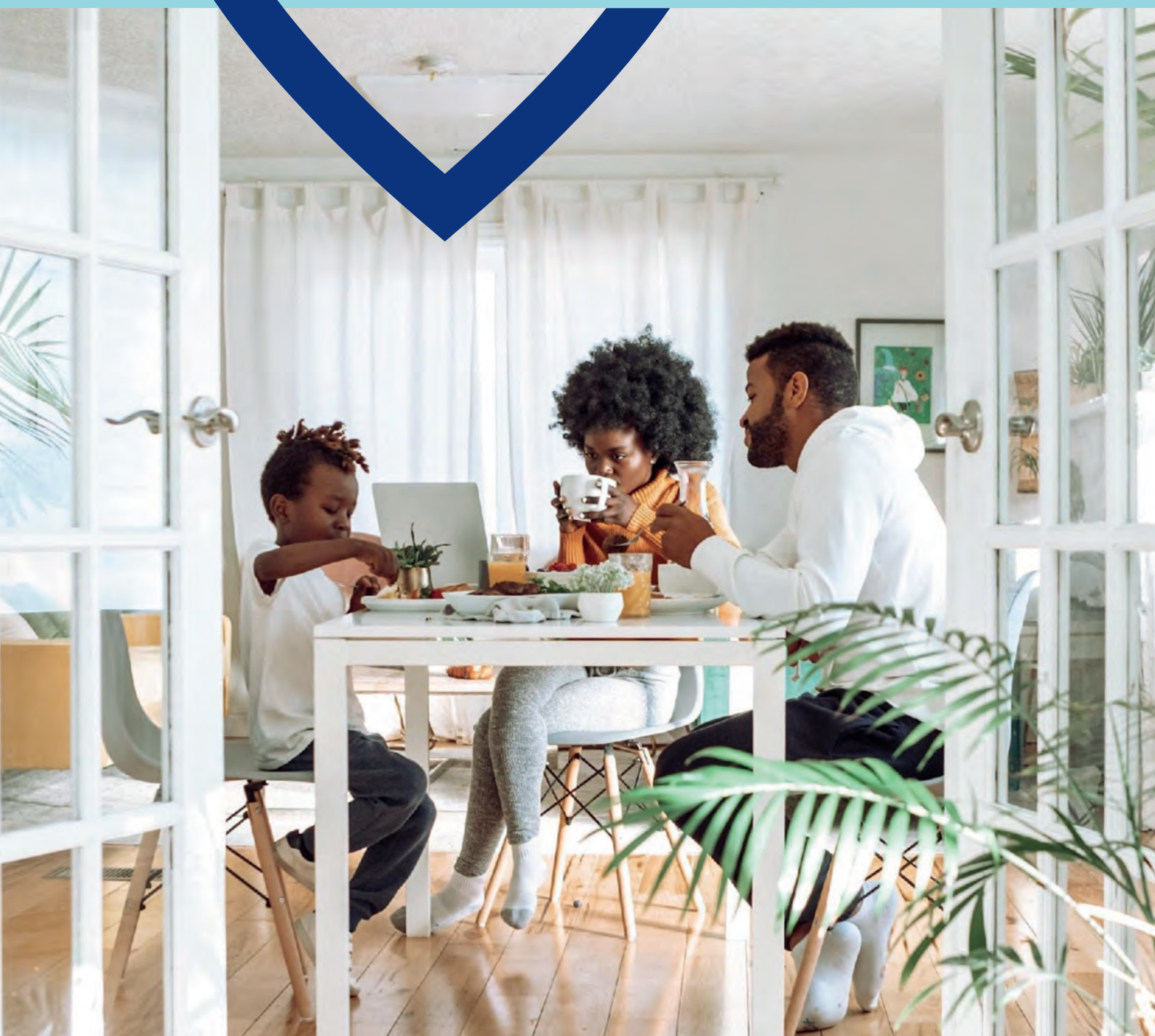
Strategic report signed on behalf of the Board



Jason Tebb
Chief Executive Officer

13 June 2022

Governance



Board of Directors



Christopher Bell
Independent Non-Executive
Chairman

Chris joined OnTheMarket as its Independent Non-Executive Chairman in October 2017 as the Group prepared for its proposed placing and admission to AIM. He has considerable listed board experience across a range of sectors. From 2015 through to January 2022 he acted as Senior Independent Director for The Rank Group plc, where he also served on the Audit Committee, the Nominations Committee, the Remuneration Committee and the Safer Gambling Committee. As Non-Executive Chairman, he took both XL Media plc and TechFinancials, Inc to market and has since May 2018 chaired Team17 Group plc. He resigned from TechFinancials, Inc in March 2020, from Rank Group in January 2022 and from XL Media in February 2022. In February 2022 Chris was appointed as the Non-Executive Chair of Codere, an international business based in Madrid.

Chris joined Ladbroke Group plc in 1991, becoming Managing Director of its Racing Division in 1995. In 2000, he became Chief Executive of Ladbrokes Worldwide and joined the Board of the rebranded Hilton Group plc, becoming Chief Executive of Ladbrokes plc, following the sale of the Hilton International Hotel division, until 2010. He has also served as Non-Executive Director at Spirit Pub Company plc (from 2011 to 2015) and as Senior Independent Director at Quintain Estates and Development plc (from 2010 to 2015). Prior to joining Ladbrokes plc, he held senior marketing positions at Allied Lyons plc. Chris has also been a Non-Executive Director of the Royal Air Force Charitable Trust Enterprises since 2017.



Jason Tebb
Chief Executive Officer

Jason joined the business on 14 December 2020. He brings extensive property and estate agency experience across digital and physical markets, having been Group COO of Ultimate Holdings for the previous three years, a group of companies specialising in property investment and finance, property management, property development and property technology.

Prior to this, Jason successfully launched, scaled and exited Ivy Gate, an estate and letting agency, was a Regional Managing Director at main market listed LSL Property Services PLC for three years and held senior management positions at agents Chestertons and Foxtons.



Clive Beattie
Chief Financial Officer

Clive joined the business in March 2017.

Having qualified as a chartered accountant with PriceWaterhouse he spent 12 years working in investment banking with UBS before working six years at ThruVision, a security technology business, initially as Chief Financial Officer and then also as Chief Executive Officer. Clive then spent three years as Chief Executive Officer and Chief Financial Officer at Croft Associates, a business specialising in containers for the transport, storage and disposal of radioactive materials.



Helen Whiteley
Chief Commercial Officer

Helen joined Agents' Mutual in August 2013, having previously been Sales & Marketing Director and part of the founding management team at PrimeLocation.com. Helen began her career at Citibank and later joined Lombard Bank, where, as Marketing Director, she developed the Lombard Direct brand with national TV, press and direct marketing campaigns to achieve a market-leading position. Helen has been central to the planning, development and growth of OnTheMarket.com, with responsibility for sales, member relations and marketing.



Ian Francis
Independent Non-Executive Director

Ian joined OnTheMarket as an Independent Non-Executive Director in October 2017 as the Company prepared for its proposed placing and admission to AIM. Ian has extensive listed board experience both from his executive career as a senior audit partner with Ernst & Young and from his subsequent roles. He served as Independent Non-Executive Director at Southern Water from September 2018 to February 2019.

He was appointed to the board of Paysafe Group plc (previously Optimal Payments plc) in 2010 as a Non-Executive Director and served as Chairman of the Audit Committee until its sale in December 2017.

He also served, from 2009 to 2014, as a Non-Executive Director of Umeme Limited, the privatised national power distribution company of Uganda, which was listed on the Uganda and Nairobi Securities Exchanges in 2012. Ian established and chaired Umeme's Audit Committee.

Prior to this, he was a senior audit partner with Ernst & Young London until 2009, specialising in FTSE-listed and multinational companies.

Ian is also an active mentor at Board Mentoring, supporting executive and non-executive directors stepping into new situations and roles.



Rupert Sebag-Montefiore
Independent Non-Executive Director

Rupert joined OnTheMarket as an Independent Non-Executive Director in February 2020. Rupert has extensive Board experience at both listed and private companies. He is currently a Non-Executive Director at Clarion Housing Association (the UK's largest housing association) and Pigeon Land Limited (a development land promotion company). Prior to this he was on the Savills plc main Board, followed by the Group Executive Board, for 21 years. His roles included Chief Executive Officer of Savills' principal UK subsidiary for 12 years and Head of Global Residential.

He has also previously served as Non-Executive Chairman of Fastcrop plc, which operated the property web portal PrimeLocation, as Non-Executive Director of Adventis, a marketing company, during its flotation on AIM, and as Chairman of the Finance Committee for a university. Rupert now sits on a number of external investment committees, including Christ Church College at the University of Oxford, is a Trustee of the Orchestra of the Age of Enlightenment and chairs the property companies for the private office of a European family.

Directors' Report

year ended 31 January 2022

The Directors present their report together with the financial statements for the year ended 31 January 2022.

Principal activities

The principal activity of OnTheMarket plc (the "Company") during the year was that of a holding company. The principal activities of the subsidiaries (which together with the Company form the "Group") in the year under review were the provision of online property portal services to businesses in the estate and lettings agency industry under the trading name of OnTheMarket.com, and the provision of software services to UK estate and lettings agents by Glanty under the trading name teclet. In operating the OnTheMarket.com website and associated apps, the Group seeks to provide the best online advertising environment for properties and the best property search experience for property-seeking consumers. Glanty seeks to provide software services to allow UK sales and lettings agents to operate more efficiently.

The Directors consider the principal place of business to be 2-6 Boundary Row, London SE1 8HP.

Results and dividends

An analysis of the Group's performance is contained within the Strategic Report. The Group's income statement is set out on page 47 and shows the result for the year.

No dividends were proposed or paid (2021: £nil) to the holders of ordinary shares during the year.

Directors

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

Clive Beattie
Jason Tebb
Helen Whiteley
Christopher Bell
Ian Francis
Rupert Sebag-Montefiore

Political and charitable donations

The Group made no charitable donations during the year (2021: £nil).

Directors' interests

The present membership of the Board, together with biographies of each Director, are set out on pages 24-25.

All Directors served for all of the year. Directors' interests in shares in the Company are set out in the Directors' Remuneration Report.

Directors' third-party indemnity provisions

The Group maintains appropriate insurance to cover directors' and officers' liability. The Group provides an indemnity in respect of all the Group's directors. Neither the insurance nor the indemnity provides cover where the Director has acted fraudulently or dishonestly.

Employees

The Group believes in valuing a diverse workforce. It is our policy to provide employment equality to all, irrespective of gender, sexual orientation, race, ethnic or national origins, nationality, colour, disability, gender reassignment, religion or belief, marriage or civil partnership, pregnancy and maternity or age. All job applicants, employees and others who work for us will be treated fairly and will not be discriminated against on any of the above grounds.

Going concern

The Group made a profit after tax for the year of £0.1m (2021: £2.7m) and as at 31 January 2022 the Group had a cash balance of £8.4m, with no borrowings (2021: £10.7m before deferred creditors of £0.4m). At 31 May 2022, the Group had cash of £8.2m, with 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.

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

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

Future developments

The Directors have discussed the future developments for the business within the Outlook section of the Strategic Report on page 13, in accordance with Section 414C(11) of the Companies Act 2006.

Financial instruments

The Group's risk management policies in relation to financial instruments are set out in note 24 to these Consolidated Financial Statements.

Independent auditors

A resolution to reappoint RSM UK Audit LLP, Chartered Accountants, as auditor will be put to the shareholders at the annual general meeting.

Research and development

The Group undertakes research and development activity to develop new products and services and to continually improve the OnTheMarket.com portal. Further details are disclosed in note 2.11 to these Consolidated Financial Statements.

Post Balance Sheet Events

Details of significant events since 31 January 2022 are disclosed in note 32 to these Consolidated Financial Statements.

Statement of disclosure to auditors

We, the Directors of the Company and Group, who held office at the date of the approval of these Consolidated Financial Statements as set out above, each confirm so far as we are aware, that:

- there is no relevant audit information of which the Group's auditor is unaware; and
- we have taken all the steps that we ought to have taken as Directors in order to make ourselves aware of any relevant audit information and to establish that the Group's auditor is aware of that information.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

On behalf of the Board



Jason Tebb

Chief Executive Officer
13 June 2022

Corporate Governance Statement

year ended 31 January 2022

The Board is committed to effective and robust corporate governance and continues to progress and embed the Company's corporate governance procedures.

The Board has agreed to apply the QCA Code without any significant deviations. The disclosures required by the QCA Code can be found at the company's website, <https://plc.onthemarket.com/governance-corporate-governance/>. The QCA Code is available from the QCA website, www.theqca.com.

The Board

The full biographies of the Directors can be found on pages 24-25. At the date of this report, the Board comprises three Executive Directors and three Non-Executive Directors, one of whom is the Non-Executive Chairman.

- **Christopher Bell** - Independent Non-Executive Chairman - Joined October 2017
- **Clive Beattie** - Chief Financial Officer - Joined July 2017
- **Helen Whiteley** - Chief Commercial Officer - Joined July 2017
- **Ian Francis** - Independent Non-Executive Director - Joined October 2017
- **Rupert Sebag** - Montefiore - Independent Non-Executive Director - Joined February 2020
- **Jason Tebb** - Chief Executive Officer - Joined December 2020

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

The Chairman is committed to ensuring that the Board comprises sufficient Non-Executive Directors to establish an independent oversight which is challenging and constructive in its operation. The Board believes that the Non-Executive Directors are of sufficient experience and quality to bring an expert and objective dimension to the Board. The Company ensures that the Non-Executive Directors are enabled to call on specialist external advice where necessary.

Directors are expected to attend Board and Committee meetings and to devote enough time to the Company and its business to fulfil their duties as Directors.

Non-Executive Directors/Board independence

The Company has three independent Non-Executive Directors, Christopher Bell (Non-Executive Chairman), Ian Francis and Rupert Sebag-Montefiore, who provide an important contribution to its strategic development.

The Non-Executive Chairman acquired 30,303 shares in the Company in the placing which occurred on 9 February 2018 and 14,285 shares in the placing which occurred on 23 December 2019. On 3 July 2020 Rupert Sebag-Montefiore acquired 11,365 shares in the Company. However, due to the small size of these shareholdings, the Directors do not consider that this impacts on either Director's independence.

Board meetings

The Board meets on a regular basis throughout the financial year and as required on an ad hoc basis with a mandate to consider strategy, operational and financial performance and internal controls. In advance of each meeting, the Chairman sets the agenda, with the assistance of the Company Secretary. Directors are provided with appropriate and timely information, including board papers distributed in advance of the meetings. Those papers include reports from the executive team and other operational heads as appropriate.

The Company Secretary attends all meetings and advises on Corporate Governance matters. The Company Secretary produces full minutes of each meeting, including a log of actions to be taken, then follows up on each action at the next meeting, or before if appropriate.

Position	Board		Committee				Independence
	Max possible attendance	Meetings attended	Nomination	Audit	Remuneration	Agent Recruitment	
Christopher Bell							
Independent Non -Executive Chairman	11	11	1	3	4	–	✓
Ian Francis							
Independent Non-Executive Director	11	10	1	3	4	–	✓
Rupert Sebag-Montefiore							
Independent Non-Executive Director	11	11	1	3	4	–	✓
Jason Tebb							
Chief Executive Officer	11	11	–	–	–	–	–
Clive Beattie							
Chief Financial Officer	11	11	–	–	–	4	–
Helen Whiteley							
Chief Commercial Officer	11	11	–	–	–	–	–

Matters reserved for the Board

Matters reserved for the decision of the Board include:

- Strategy and management
- Structure and capital
- Financial reporting and controls
- Risk management and internal controls
- Bank facilities, guarantees and indemnities
- Communication with shareholders
- Board membership and other appointments
- Remuneration, employee benefits and employee issues
- Delegation of authority
- Corporate governance matters
- Policies

Committees

The Board has in place Audit, Nomination and Remuneration Committees, which comply with the stated terms of reference for each committee. The Company also has an Agent Recruitment Committee. The Directors' Remuneration Report can be found on pages 35-38.

Corporate Governance Statement continued

The Remuneration Committee

The Remuneration Committee is chaired by Rupert Sebag-Montefiore and Christopher Bell and Ian Francis are the other members. Meetings are usually held at least twice a year. The Remuneration Committee is responsible for advising on the remuneration policy for Directors and Senior Management only.

The Remuneration Committee has responsibility for determining, within agreed terms of reference, the Group's policy on the remuneration of senior executives and specific remuneration packages for Executive Directors, including pension payments and compensation rights.

It is also responsible for making recommendations for grants of options to Directors and senior management under the Group's share-based plans.

The remuneration of Non-Executive Directors is a matter for the Board. No Director may be involved in any discussions as to their own remuneration. Details of the level and composition of the Directors' remuneration and changes to these are disclosed in the Directors' remuneration report.

The Audit Committee

Ian Francis chairs the Audit Committee and Christopher Bell and Rupert Sebag-Montefiore are the other members. The Audit Committee meets at least twice a year.

The Audit Committee has the primary responsibility for ensuring that the financial performance of the Group is properly measured, reported on and monitored. In performing this role, part of its function is to review management's approach to any key judgmental areas of reporting and the related comments of the external auditor on these.

The Audit Committee also ensures that at least some of each meeting with the auditors is conducted without any executives present.

The Audit Committee makes recommendations to the Board on the appointment, re-appointment, and removal of the external auditor. In making the recommendation on the annual re-appointment of the external auditor, it monitors the relationship to assess independence, objectivity, and cost effectiveness of the external auditor. It is responsible for ensuring that an appropriate relationship between the Group and the external auditors is maintained, including reviewing non-audit services and fees.

The Nomination Committee

Christopher Bell chairs the Nomination Committee. Ian Francis and Rupert Sebag-Montefiore are the other members of this committee.

Nomination Committee meetings are held as required and provide a formal and transparent procedure to the appointments of new directors to the Board. The Nomination Committee will evaluate the balance of skills, experience, independence, and knowledge on the Board and, in light of this evaluation, prepare a description of the role and capabilities required for a particular appointment.

The Agent Recruitment Committee

The Board has also established an Agent Recruitment Committee, comprising any one of the Non-Executive Directors and any two Executive Directors, in order to ensure that there is appropriate oversight of any issues of Agent Recruitment Shares. The Agent Recruitment Committee approves the Group strategy in relation to share issues to agents, approves guidelines for such share issues and is required to pre-approve issues to agents over a certain threshold.

The Agent Recruitment Committee delegated authority over the issue of Agent Recruitment Shares within certain parameters to a sub-committee of any two Directors or any Director and the Company Secretary. During the year the sub-committee met four times to approve the issue of Agent Recruitment Shares. No Agent Recruitment Shares were issued under terms that required the Agent Recruitment Committee to be convened.

Election and re-election of the Directors

Rupert Sebag-Montefiore retired and was re-elected at the Company's annual general meeting in July 2020. Accordingly, he is not retiring and standing for re-election at this year's annual general meeting.

All of the other Directors retired and were re-elected at the Company's annual general meeting in July 2021. Accordingly, they are not retiring and standing for re-election at this year's annual general meeting.

Support for Directors

Each Director has access to the advice and support of the Company Secretary, who ensures compliance with the Board's procedures and advice as to applicable rules and regulations. The Company also provides professional training for the Directors where necessary (at the Company's expense).

Internal control

The Board is ultimately responsible for maintaining the Company's risk framework system of internal control and for reviewing the effectiveness of such system. No system can be perfect, but the Board considers the Company's systems manage risks appropriately in order that the Company can achieve its business objectives. The Board delegates day-to-day risk management to the executives, however it requires regular feedback on the risk systems adopted, any issues or new risks arising, and actions proposed and taken.

More details on the key risks the Board believes the Group faces are set out in the Risk Management and Principal Risks section of these financial statements.

Corporate Governance Report

The Directors recognise the importance of sound corporate governance commensurate with the size and nature of the Group and the interests of its shareholders. The QCA has published the QCA Code, a set of corporate governance guidelines, which include a code of best practice, comprising principles intended as a minimum standard, and recommendations for reporting corporate governance matters. The Board has adopted the QCA Code, and the Company has taken steps to ensure compliance by the Directors and relevant employees with the key governance principles of the QCA Code.

Compliance with the QCA Code – OnTheMarket's approach

Principle 1: Establish a business strategy and business model which promotes long-term value for shareholders

The Group's stated strategy is to build a differentiated, technology-enabled property business providing services for agents, housebuilders, advertisers and consumers that offers 'best-in-class' products and platforms across the broader property ecosystem. Our strategy will be focussed around four key pillars, consisting of a property portal, property related software solutions, the provision of relevant data and market intelligence and a leading communications and marketing capability. A fuller disclosure of our strategy and business model can be found in the Chief Executive Officer's report on pages 7 to 13 of these financial statements.

Principle 2: Seek to understand and meet shareholder needs and expectations

The Board is committed to an open and ongoing engagement with its shareholders, and it also reviews and discusses the make-up of the Company's shareholder base at Board meetings. The main methods of communication with shareholders will be the Annual Report & Accounts, the interim and full-year results announcements, the Annual General Meeting and the Company's website.

In addition, the Chief Executive Officer and the Chief Financial Officer meet regularly with institutional investors and analysts to ensure that the Company's objectives and any business developments are clearly communicated, and they are available to respond to any enquiries following Company announcements, together with other Company advisers. The Non-Executive Directors are also available to discuss any matters that shareholders wish to raise and discuss.

Principle 3: Take into account wider stakeholder and social responsibilities and their implications for long term success

The Board is regularly updated on wider stakeholder engagement feedback to stay abreast of stakeholder insights into the issues that matter most to them and to the Company's business and to enable the Board to understand and consider these issues in decision-making.

Further details are included in the s172 statement and the environmental, social and governance sections of these financial statements.

Principle 4: Embed effective risk management, considering both opportunities and threats, throughout the organisation

The Board is ultimately responsible for maintaining the Company's risk framework system of internal control and for reviewing the effectiveness of such system. No system can be perfect, but the Board considers the Company's systems manage risks appropriately in order that the Company can achieve its business objectives. The Board delegates day-to-day risk management to the executives, however it requires regular feedback on the risk systems adopted, any issues or new risks arising, and actions proposed and taken.

More details on the key risks the Board believes the Group faces are set out in the Risk Management and Principal Risks section of these financial statements.

Corporate Governance Statement continued

Principle 5: Maintain the board as a well-functioning, balanced team led by the chair

The Board comprises the Independent Non-Executive Chairman, three Executive Directors and two additional Independent Non-Executive Directors who meet regularly. The Independent Directors are identified in the table above in this report. All Executive Directors are full-time employees of the Group. Non-executive Directors are required to commit sufficient time to enable them to perform their duties effectively.

The Board is satisfied that it has a suitable balance between independence on the one hand and knowledge of the Company on the other, to enable it to discharge its duties and responsibilities effectively. All Directors are encouraged to use their independent judgement and to challenge all matters, whether strategic or operational. The Remuneration Committee regularly reviews the performance of each Director.

Principle 6: Ensure that between them the directors have the necessary up-to-date experience, skills and capabilities

The Board is satisfied that between the Directors, it has an effective and appropriate balance of skills and experience, including in the areas of finance, innovation, ecommerce, and marketing, as demonstrated by the Directors' biographies on pages 24 to 25 of these financial statements. All Directors receive regular and timely information on the Group's operational and financial performance. Relevant information is circulated to the Directors in advance of meetings. The business reports monthly on its headline performance against its agreed budget and the Board reviews the monthly update on performance and any significant variances at each meeting.

Appointment, removal and re-election of Directors

The Board and the Nomination Committee make decisions regarding the appointment and removal of Directors and there is a formal, rigorous and transparent procedure for appointments.

The Company's Articles of Association require that all Directors must stand for re-election at least once every three years and that any new Directors appointed during the year must stand for election at the AGM immediately following their appointment.

Independent advice

All Directors are able to take independent professional advice in the furtherance of their duties, if necessary, at the Company's expense. No such advice was taken during FY22. In addition, the Directors have direct access to the advice and services of the Company Secretary and Chief Financial Officer.

Principle 7: Evaluate board performance based on clear and relevant objectives, seeking continuous improvement

The focus of Board activity is on the review of progress being achieved by the management team against a clearly expressed growth strategy with published KPIs which are well understood by stakeholders.

The Board has established a Remuneration Committee comprised of the Chairman and two Non-Executive Directors which will usually meet at least twice in each calendar year. This committee, in the course of its work, reviews the performance of individual Directors and senior managers and the workings of the Board and its committees, in consultation with the Chief Executive Officer. The committee is also the primary forum within which Board development is discussed. The Nomination Committee, comprised of the Chairman and the two Non-Executive Directors, is the formal decision-making body in relation to Board appointments, structure composition and resourcing. The Nomination Committee will meet at least once a year.

The effectiveness of the structures and processes described above is assessed by the Chairman as part of the annual Board evaluation. The Chairman determines the form and structure of the annual evaluation and whether external input is required. No external input was deemed necessary in the year. The assessment of the Board's performance and the Directors' performance which make it up is undertaken by the Remuneration Committee, by assessing the performance of Directors and the determination of their pay, and by the Nomination Committee, which considers whether the Company needs more or different board members.

Principle 8: Promote a corporate culture that is based on ethical values and behaviours

The Board places significant importance on the promotion of ethical values and good behaviour within the Company and takes ultimate responsibility for ensuring that these are promoted and maintained throughout the organisation and that they guide the Company's business objectives and strategy.

The central role that sound ethical values and behaviour play within the Company is enshrined in the Employee Handbook, which promotes this culture through all aspects of the business, from initial recruitment and hiring to career advancement. The Employee Handbook also sets out the Company's requirements and policies on such matters as whistleblowing, communication and general conduct of employees.

An external consultant has been engaged to oversee regular, anonymous employee feedback surveys. Results will be reported to the Board and seek to identify areas where employees believe the Board and management could take actions to improve the work environment and corporate culture, internally and externally.

Principle 9: Maintain governance structures and processes that are fit for purpose and support good decision-making by the board

The Chairman leads the Board and is responsible for its governance structures, performance, and effectiveness. The Chairman is also responsible for ensuring that the links between the Board and the shareholders, are strong and efficient. Meanwhile, the Chief Executive Officer, the Chief Commercial Officer and the Chief Financial Officer and senior management are responsible for the day-to-day management of the business and for implementing the strategic goals agreed by the Board.

The matters reserved for the Board have been set out on page 29 and further details on Board committees are on pages 29-30 of these financial statements.

Principle 10: Communicate how the company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders

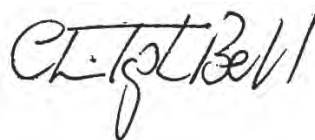
The Company communicates with shareholders through the Annual Report and Accounts, full-year and half-year announcements, the AGM and meetings with existing or potential new shareholders. A range of corporate information (including all Company announcements and presentations) is also available to shareholders, investors, and the public on the Company's corporate website.

The Directors' Remuneration Report is set out below on pages 35-38 of these statements and details on the Audit Committee are set out earlier in this statement.

Annual General Meeting

The AGM is currently planned to be held at 11a.m. on Tuesday 26 July. The Notice of AGM, setting out the resolutions proposed, is contained in a separate document and is available on the Company's website <https://plc.onthemarket.com/investors-results-and-reports/>

On behalf of the Board



Christopher Bell

Independent Non-Executive Chairman
13 June 2022

Report of the Audit Committee

year ended 31 January 2022

Overview

The Audit Committee has the primary responsibility for ensuring that the financial performance of the Group is properly measured, reported on and monitored. In performing this role, part of its function is to review management's approach to any key judgmental areas of reporting and the related comments of the external auditor on these. As part of this process, it reviews papers prepared by management on key judgements and estimates, as well as papers on accounting treatments adopted.

The Audit Committee makes recommendations to the Board on the appointment, re-appointment, and removal of the external auditor. In making the recommendation on the annual re-appointment of the external auditor, it monitors the relationship to assess independence, objectivity, and cost effectiveness of the external auditor. It is responsible for ensuring that an appropriate relationship between the Group and the external auditors is maintained, including reviewing non-audit services and fees.

The Audit Committee terms of reference are available on the Company's website.

Composition and meetings

The Audit Committee has three members, all of whom are independent Non-Executive Directors with one having recent and relevant financial experience with competence in accounting or auditing. The Chief Financial Officer attends the committee meetings by invitation.

The members of the Audit Committee are Ian Francis, who chairs the Audit Committee, and Christopher Bell and Rupert Sebag-Montefiore. The Audit Committee meets at least twice a year.

Internal controls and risk assessment systems

The Audit Committee is charged with oversight of the internal financial control and risk management framework in the business. This framework is intended to provide reasonable, but not absolute, assurance against material financial misstatement or loss. The Audit Committee has concluded that sound risk management and internal controls have been in operation throughout the period.

Internal audit function

Given the Group's size and complexity, the Board does not consider it necessary to have an internal audit function at this time. This position will be reviewed annually.

External audit

The Committee has reviewed and agreed the scope and methodology of the work undertaken by the Group's external auditors, RSM. It has considered their independence and objectivity and has agreed the terms of their engagement and their fees.

RSM have been the Group's auditors since the Group's shares were admitted to AIM. A review of their independence and audit process effectiveness is performed each year before a recommendation is made to the Board to propose their reappointment at the AGM.



Ian Francis

Independent Non-Executive Director,
Audit Committee Chairman
13 June 2022

Directors' Remuneration Report

year ended 31 January 2022

As an AIM listed company, the Company is not required to comply with Schedule 8 of the Companies Act. However, in accordance with AIM rule 19, the Company has provided, in the Directors' Remuneration Report, the necessary disclosure of the Directors' remuneration earned in respect of the financial year by each Director of the Company acting in such a capacity during the financial year. The Directors also feel it is appropriate to provide the following information to shareholders.

Remuneration Committee

The remuneration of each Executive Director is determined by the Remuneration Committee. It is chaired by Rupert Sebag-Montefiore and Christopher Bell and Ian Francis are its other members.

The Remuneration Committee seeks input from the Chief Executive Officer. The Remuneration Committee refers to external evidence of pay and employment conditions in other companies and is free to seek advice from external advisers.

During the year, the Remuneration Committee considered and approved new remuneration arrangements for the Executive Directors. Further details on these arrangements, including the award of options under the Company's Long Term Investment Plan, are set out below in this report.

Policy on remuneration of Directors

The Remuneration Committee has responsibility for determining, within agreed terms of reference, the Group's policy on the remuneration of senior executives and specific remuneration packages for the Executive Directors, including pension payments and compensation rights. It is also responsible for making recommendations for grants of options under Company share option plans.

The remuneration of Non-Executive Directors is a matter for the Board. It consists of fees for their services in connection with Board and Committee meetings. No Director may be involved in any discussions as to their own remuneration.

The remuneration policy is designed to shape the Company's remuneration strategy for the future, ensuring that the structure and levels of executive remuneration continue to remain appropriate for the Company. The policy aims to:

- pay competitive salaries to aid recruitment, retention and motivation being reflective of the executive's experience and importance to the Group;
- pay annual bonuses to incentivise the delivery of stretching short-term business targets whilst maintaining an element of variability allowing flexible control of the cost base and being able to respond to market conditions; and

- provide long-term share incentive plans designed to incentivise long-term value creation, reward execution of strategy, align Directors' interests with the long-term interests of investors and promote retention.

The main remuneration components are:

Basic salary or fees

Basic salary or fees for each Director are determined taking into account the performance of the individual and information from independent sources on the rates of salary and fees for similar posts. The salaries and fees paid to Directors by the Group were £893k (2021: £948k, including contractual payments due on loss office).

Jason Tebb was on a salary of £270,000 per annum until 31 January 2022. From 1 February 2022, his salary has been £278,000 per annum. Helen Whiteley was on a salary of £200,000 per annum until 31 January 2022. From 1 February 2022, her salary has been £205,000 per annum.

Christopher Bell, Independent Non-Executive Chairman, received fees of £100k per annum until 31 January 2022. From 1 February 2022, his fees increased to £110k per annum.

Ian Francis and Rupert Sebag-Montefiore, Independent Non-Executive Directors, received fees of £48k per annum until 31 January 2022, with an additional £5k per annum for chairing the Audit Committee and Remuneration Committee respectively. From 1 February 2022, their fees increased to £53k per annum, again with an additional £5k per annum for chairing the Audit Committee and Remuneration Committee respectively.

There were no other changes to the salaries of the Executive Directors or to the rates of fees for Non-Executive Directors during the year.

Annual Bonus Plan

The Company has a formal bonus scheme which was effective for the Executive Directors. Awards are predominantly (80%) made based on achievement against financial targets (revenues and adjusted operating profits) during the year, although 20% of the award is made at the discretion of the Remuneration Committee. Any bonus awards are paid as to 50% in cash following the completion of the Group audit, with the remaining 50% awarded in options that vest in equal proportions 2 and 3 years after award, subject to ongoing employment.

Bonus awards were approved by the Remuneration Committee in the year in line with the terms of the annual bonus scheme, subject to the completion of the Group audit. Details of these bonuses earned are included under Director's emoluments

Directors' Remuneration Report continued

below and the cash element of Director bonuses is expected to be paid within June 2022 payroll. No bonus awards were made in the prior year.

Pensions

Contributions made to Directors' pensions in the year were £4k (2021: £3k). The Executive Directors and the Chairman receive pensions from the Company under the government

workplace NEST pension scheme (currently contributions of 3% of qualifying remuneration are paid by the Company).

Benefits

Benefits for Executive Directors comprise life assurance, income protection and private health care arrangements. The benefits were introduced late in 2020 and total £23k in the year (2021: £3k).

Share incentive

Share options were issued to Directors as follows during the year:

Director	Date of grant	Date of normal vesting	Holding period end date	Number of options	Fair value of options (£)
J Tebb	24 August 2021	24 August 2024	24 August 2026	418,965	259,758
C Beattie	24 August 2021	24 August 2024	24 August 2026	266,896	165,476
H Whiteley	24 August 2021	24 August 2024	24 August 2026	206,896	128,276
				892,757	553,510

All the above options were issued pursuant to the Company's Long Term Investment Plan over ordinary shares of £0.002 in the Company. 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 prior to the relevant normal vesting date.

A summary of options held is as follows:

Director	Options at 1 Feb 2021	Exercised in FY22	Exercise value	Awarded in FY22	Options at 31 Jan 2022	Of which exercisable
J Tebb	379,249	–	–	418,965	798,214	–
C Beattie	556,277	(85,000)	£101,150	266,896	738,173	66,515
H Whiteley	1,733,184	–	–	206,896	1,940,080	1,733,184
					3,476,467	1,799,699

Company policy on contracts of service

The Executive Directors of the Company do not have a notice period in excess of 12 months under the terms of their service contracts. Their service contracts contain no provisions for pre-determined compensation on termination which exceeds 12 months' salary and benefits in kind. Non-Executive Directors do not have service contracts with the Company but have letters of appointment which can be terminated on 3 months' notice.

Company policy on external appointments

The Company recognises that its directors are likely to be invited to become non-executive directors of other companies and that exposure to such non-executive duties can broaden their experience and knowledge, which will benefit the Group. Executive and Non-Executive Directors are, therefore, subject to approval of the Company's Board, allowed to accept non-executive appointments, as long as these are not with competing companies and are not likely to lead to conflicts of interest. Executive and Non-Executive Directors are allowed to retain the fees paid.

Directors' emoluments

The figures below represent emoluments earned by Directors from the Group during the financial year:

	Salary & fees £'000	Annual Bonus ¹ £'000	Benefits £'000	Pensions £'000	2022 Total £'000	2021 Total £'000
Executive Directors:						
J Tebb	270	125	5	1	401	38
C Beattie	215	84	10	1	310	255
H Whiteley	202	93	8	1	304	192
I Springett ²	–	–	–	–	–	277
	687	302	23	3	1,015	762
Non-Executive Directors:						
C Bell	100	–	–	1	101	96
I Francis	53	–	–	–	53	50
R Sebag-Montefiore	53	–	–	–	53	46
	206	–	–	1	207	192
Total remuneration	893	302	23	4	1,222	954

1 See above for details of cash and option awards under the Annual Bonus Plan, figures in the table reflect only the cash bonus received. Option awards are expensed from award over the life of the option (2 or 3 years).

2 I Springett salary for 2021 includes contractually entitled payment of notice of termination of £250,000. Resigned 9 March 2020.

Changes to Board members

There were no changes to the Board during the year.

Directors' Remuneration Report continued**Directors' interests**

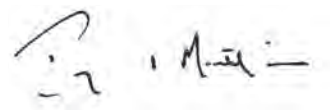
The interests of the Directors and their spouses in the shares of the Company at 31 January were as follows:

OnTheMarket plc ordinary shares of £0.002:

	2022		2021	
	Shares No.	Options No.	Shares No.	Options No.
C Beattie	115,303	738,173	30,303	556,277
H Whiteley	90,909	1,940,080	90,909	1,733,184
C Bell	44,588	–	44,588	–
I Francis	–	–	–	–
R Sebag-Montefiore	11,365	–	11,365	–
J Tebb	–	798,214	–	379,249
	262,165	3,476,467	177,165	2,668,710

No dividends were paid to the Directors during the year.

On behalf of the Board



Rupert Sebag-Montefiore

Independent Non-Executive Director,
Remuneration Committee Chairman
13 June 2022

Directors' Responsibilities Statement

year ended 31 January 2022

The Directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and Company financial statements for each financial year. The Directors have elected under company law and are required by the AIM Rules of the London Stock Exchange to prepare Group financial statements in accordance with UK-adopted International Accounting Standards and have elected under company law to prepare the Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including Financial Reporting Standard 101: Reduced Disclosure Framework ("FRS 101").

The Group financial statements are required by law and UK-adopted International Accounting Standards to present fairly the financial position and performance of the Group. The Companies Act 2006 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group for that period.

In preparing each of the Group and Company financial statements, the Directors are required to:

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and accounting estimates that are reasonable and prudent;
- c. for the Group financial statements, state whether they have been prepared in accordance with UK-adopted International Accounting Standards; and
- d. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and the Company and enable them to ensure that the financial statements comply with the requirements of the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the OnTheMarket plc website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent Auditor's Report to the Members of OnTheMarket plc

year ended 31 January 2022

Opinion

We have audited the financial statements of OnTheMarket plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 January 2022 which comprise the Consolidated Income Statement, Consolidated Statement of Financial Position, Company Statement of Financial Position, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Statement of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK-adopted International Accounting Standards and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 January 2022 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with UK-adopted International Accounting Standards;
- the parent company financial statements have been properly prepared in accordance with UK-adopted International Accounting Standards and as applied in accordance with the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Summary of our audit approach

	Group	Parent Company
Key audit matters	• Acquisition of Glanty Limited	• None
Materiality	• Overall materiality: £250,000 (2021: £230,000) • Performance materiality: £187,000 (2021: £173,000)	• Overall materiality: £174,000 (2021: £115,000) • Performance materiality: £130,000 (2021: £86,000)
Scope	Our audit procedures covered 100% of revenue, 100% of total assets and 100% of profit before tax.	

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the group financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on the overall audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the group financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Acquisition of Glanty Limited	
Key audit matter description	The relevant related disclosures are given in notes 3 and 14 of the financial statements. On 28 May 2021, the Group acquired a controlling stake in Glanty Limited ("Glanty"). Prior to the date of acquisition, ownership was 20% and was treated as an Investment in Associate. Accounting for the transaction must follow the requirements of IFRS 3 - Business Combinations, for a business combination achieved in stages. Judgement is applied by management in assessing the fair value of the consideration transferred, and the assets and liabilities acquired, in the business combination, including any identified intangible assets, in accordance with IFRS 13: Fair Value Measurement. We, therefore, identified the acquisition of Glanty as a key audit matter.
How the matter was addressed in the audit	Our audit procedures included: • Considering the date at which control was obtained and obtaining appropriate evidence to support this; • Obtaining and reviewing management's accounting paper in relation to the acquisition of Glanty to verify that the acquisition accounting and fair value adjustments are appropriate and in accordance with IFRS 3 - Business Combinations; • Verifying the components of the consideration transferred to supporting calculations and appropriate evidence (such as purchase agreements and bank statements); • Critically challenging management's judgements in relation to fair value adjustments and recognition of separately identifiable intangible assets; • Considering the allocation of payments made between consideration and remuneration; • Obtaining management's valuation of separately identifiable intangibles, together with the initial independent valuation report, and engaging with our internal valuations team to assist with the review of the valuation models adopted and the related inputs; and • Considering whether the financial statement disclosures provide users with a sufficient understanding of the transaction and are in accordance with IFRS 3 - Business Combinations.

Our application of materiality

When establishing our overall audit strategy, we set certain thresholds which help us to determine the nature, timing and extent of our audit procedures. When evaluating whether the effects of misstatements, both individually and on the financial statements as a whole, could reasonably influence the economic decisions of the users we take into account the qualitative nature and the size of the misstatements. Based on our professional judgement, we determined materiality as follows:

	Group	Parent Company
Overall materiality	£250,000 (2021: £230,000)	£174,000 (2021: £115,000)
Basis for determining overall materiality	0.8% of Revenue	0.3% of Net Assets capped for group materiality purposes
Rationale for benchmark applied	Revenue is a key indication of the group's growth. This is a driver for ultimate profitability in the long-term on the basis that a proportion of the group's overhead expenditure is discretionary. This measure therefore eliminates variations in profitability.	Net assets is considered to be the most appropriate benchmark for the parent company as it is primarily a holding company. The percentage applied to the benchmark has been restricted for the purposes of calculating an appropriate component materiality.
Performance materiality	£187,000 (2021: £173,000)	£130,000 (2021: £86,000)
Basis for determining performance materiality	75% of overall materiality	75% of overall materiality
Reporting of misstatements to the Audit Committee	Misstatements in excess of £12,500 and misstatements below that threshold that, in our view, warranted reporting on qualitative grounds.	Misstatements in excess of £8,700 and misstatements below that threshold that, in our view, warranted reporting on qualitative grounds.

Independent Auditor's Report continued

An overview of the scope of our audit

The group consists of three components, all of which are based in the United Kingdom.

Full Scope audits were performed on all components. Our audit procedures covered 100% of revenue, 100% of total assets and 100% of profit before tax.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the group's and parent company's ability to continue to adopt the going concern basis of accounting included reviewing forecasts, for a period of at least 12 months post the expected date of approval of the financial statements, and challenging the assumptions therein.

These forecasts showed that the business is expected to continue operating for a period of at least 12 months post the expected date of approval of the financial statements, with no requirements for third party funding.

We performed our own sensitivity analysis of the forecasts by reference to existing cash levels, current revenue run rate and consideration of the level of discretionary expenditure.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's or the parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 39, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

Independent Auditor's Report continued

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the group audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory frameworks that the group and parent company operates in and how the group and parent company are complying with the legal and regulatory frameworks;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws, including review of relevant correspondence and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

The most significant laws and regulations were determined as follows:

Legislation / Regulation	Additional audit procedures performed by the Group audit engagement team included:
UK-adopted IAS and Companies Act 2006	• Review of the financial statement disclosures and testing to supporting documentation. • Completion of disclosure checklists to identify areas of non-compliance.
Tax compliance regulations	• Inspection of advice received from external tax advisors.

The areas that we identified as being susceptible to material misstatement due to fraud were:

Risk	Audit procedures performed by the audit engagement team:
Capitalisation of development costs	• Testing a sample of additions in the year to supporting contracts and invoices. • Assessing the reasonableness of costs capitalised for each relevant member of staff or contractor year on year. • Holding discussions with the group's Product & Technology Director.
Revenue recognition, including bad debt expense and cut off	• Performed data analytics testing using a recognised software tool to assess the occurrence and accuracy of revenue. The analytic tool assesses transactions affecting the relevant sales cycle (revenue, receivables, cash, etc.) during the year. • Specific testing of the bad debt expense and review of after date cash receipts. • Separately tested cut-off by reviewing a sample of invoices raised around the year end to ensure that the revenue had been accounted for in the correct period.
Management override of controls	• Testing the appropriateness of journal entries and other adjustments; • Assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and • Evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

COLIN ROBERTS (Senior Statutory Auditor)

For and on behalf of RSM UK Audit LLP, Statutory Auditor

Chartered Accountants

Third Floor,

One London Square

Cross Lanes

Guildford

Surrey

GU1 1UN

13 June 2022

Financial Statements



Consolidated Income Statement

year ended 31 January 2022

	Notes	2022 £'000	2021 £'000
Revenue	4	30,443	23,028
Administrative expenses	6	(28,140)	(20,602)
Operating profit before specific professional fees, share-based payments and non-recurring items		2,303	2,426
Specific professional fees, share-based payments and non-recurring items:			
Share-based employee incentives	7, 26	(467)	(683)
Professional fees net of compensation received	7	(211)	941
Share-based agent recruitment charges	7	(1,586)	(1,406)
Government grant (repaid) / received	7	(449)	449
Payments in relation to loss of office	7	-	(304)
Staff related costs	7	(106)	(192)
Acquisition related costs	14	(129)	-
Operating (loss) / profit	8	(645)	1,231
Finance income	10	33	25
Finance expense	11	(11)	(22)
Share of loss of associate	20	(122)	(94)
Fair value loss on step acquisition	14	(183)	-
(Loss) / profit before income tax		(928)	1,140
Income tax	12	1,036	1,542
Profit and total comprehensive income for the year attributable to owners of the parent		108	2,682
Profit per share from continuing operations			
		Pence	Pence
Basic	13	0.15	3.76
Diluted	13	0.13	3.42

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

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

The notes on pages 53 to 81 are an integral part of these consolidated financial statements.

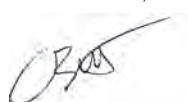
Consolidated Statement of Financial Position

at 31 January 2022

	Notes	2022 £'000	2021 £'000
ASSETS			
Non-current assets			
Goodwill	14,15	1,518	-
Intangible assets	16	7,520	4,685
Property, plant and equipment	17	96	103
Right-of-use assets	18	703	180
Investments in associates	20	-	851
Investments	21	405	-
Deferred tax asset	12	2,599	1,558
		12,841	7,377
Current assets			
Trade and other receivables	22	5,085	4,793
Cash and cash equivalents		8,412	10,719
		13,497	15,512
TOTAL ASSETS		26,338	22,889
LIABILITIES			
Current liabilities			
Trade and other payables	23	(5,580)	(4,934)
Lease liabilities	18	(421)	(157)
Provisions	25	(732)	(622)
Current tax		(12)	(16)
		(6,745)	(5,729)
Non-current liabilities			
Lease liabilities	18	(237)	(2)
Provisions	25	(203)	(258)
Deferred consideration	14	(75)	-
Deferred tax liability	12,14	(401)	-
		(916)	(260)
TOTAL LIABILITIES		(7,661)	(5,989)
NET ASSETS		18,677	16,900
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT			
Share capital	27	149	145
Share premium		43,756	47,453
Merger reserve		1,228	(71)
Other reserve		4,473	782
Retained earnings		(30,929)	(31,409)
TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT		18,677	16,900

The notes on pages 53 to 81 are an integral part of these consolidated financial statements.

These consolidated financial statements are approved by the Board of Directors and authorised for issue on 13 June 2022 and are signed on its behalf by:



Clive Beattie
Chief Financial Officer

Company Statement of Financial Position

at 31 January 2022

	Notes	2022 £'000	2021 £'000
ASSETS			
Non-current assets			
Intangible assets		45	–
Investments in subsidiaries	19	2,364	–
Investments in associates	20	–	851
Investments	21	405	–
		2,814	851
Current assets			
Trade and other receivables	22	43,235	43,011
Cash and cash equivalents		5,681	6,189
		48,916	49,200
TOTAL ASSETS		51,730	50,051
LIABILITIES			
Current liabilities			
Trade and other payables	23	(85)	(58)
Current tax		(12)	(16)
TOTAL LIABILITIES		(97)	(74)
NET ASSETS		51,633	49,977
EQUITY			
Share capital	27	149	145
Share premium		43,756	47,453
Merger reserve		1,228	
Other reserve		4,614	782
Retained earnings		1,886	1,597
TOTAL EQUITY		51,633	49,977

The Company's loss and total comprehensive loss for the year was £83k (2021: profit of £327k).

The notes on pages 53 to 81 are an integral part of these consolidated financial statements.

These consolidated financial statements are approved by the Board of Directors and authorised for issue on 13 June 2022 and are signed on its behalf by:



Clive Beattie

Chief Financial Officer

Consolidated Statement of Changes in Equity

year ended 31 January 2022

	Share capital £'000	Share premium £'000	Share-based payment £'000	Other reserves £'000	Merger reserve £'000	Retained earnings £'000	Total equity £'000
At 1 February 2020	140	46,814	–	701	(71)	(34,543)	13,041
Profit for the financial period	–	–	–	–	–	2,682	2,682
Total comprehensive expense for the period	–	–	–	–	–	2,682	2,682
Transactions with owners:							
Shares issued for agent recruitment shares	2	639	–	81	–	–	722
Shares issued for employee share options	3	–	–	–	–	–	3
Share-based payment charge on employee options	–	–	452	–	–	–	452
Transfer to retained earnings	–	–	(452)	–	–	452	–
At 31 January 2021	145	47,453	–	782	(71)	(31,409)	16,900
At 1 February 2021	145	47,453	–	782	(71)	(31,409)	16,900
Profit for the financial period	–	–	–	–	–	108	108
Total comprehensive income for the period	–	–	–	–	–	108	108
Reserves Reclassification (See note 31)	–	(3,697)	–	3,626	71	–	–
Transactions with owners:							
Share consideration for Glanty	3	–	–	–	1,228	–	1,231
Costs incurred in issue of shares relating to Glanty	–	–	–	(69)	–	–	(69)
Shares issued for agent recruitment shares	1	–	–	134	–	–	135
Shares issued for employee share options	–	–	–	–	–	–	–
Share-based payment charge on employee options	–	–	372	–	–	–	372
Transfer to retained earnings	–	–	(372)	–	–	372	–
At 31 January 2022	149	43,756	–	4,473	1,228	(30,929)	18,677

Share capital

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

Share premium

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

Share-based payment reserve

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

Other reserves

Other reserves represent movements in share prices from contract date to share issue date in relation to the issue of agent recruitment shares (see note 2.20).

Merger reserve

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

Retained earnings

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

The notes on pages 53 to 81 are an integral part of these consolidated financial statements.

Company Statement of Changes in Equity

year ended 31 January 2022

	Share capital £'000	Share premium £'000	Share-based payment reserve £'000	Other reserves £'000	Merger Reserve £'000	Retained earnings £'000	Total equity £'000
At 1 February 2020	140	46,814	–	701	–	818	48,473
Profit for the financial period	–	–	–	–	–	327	327
Total comprehensive expense for the period	–	–	–	–	–	327	327
Transactions with owners:							
Shares issued for agent recruitment shares	2	639	–	81	–	–	722
Shares issued for employee share options	3	–	–	–	–	–	3
Share-based payment charge on employee options	–	–	452	–	–	–	452
Transfer to retained earnings	–	–	(452)	–	–	452	–
At 31 January 2021	145	47,453	–	782	–	1,597	49,977
At 1 February 2021	145	47,453	–	782	–	1,597	49,977
Loss for the financial period	–	–	–	–	–	(83)	(83)
Total comprehensive loss for the period	–	–	–	–	–	(83)	(83)
Reserves Reclassification (See note 31)	–	(3,697)	–	3,697	–	–	–
Transactions with owners:							
Share consideration for Glanty	3	–	–	–	1,228	–	1,231
Shares issued for agent recruitment shares	1	–	–	135	–	–	136
Share-based payment charge on employee options	–	–	372	–	–	–	372
Transfer to retained earnings	–	–	(372)	–	–	372	–
At 31 January 2022	149	43,756	–	4,614	1,228	1,886	51,633

Share capital

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

Share premium

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

Share-based payment reserve

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

Other reserves

Other reserves represent movements in share prices from contract date to share issue date in relation to the issue of agent recruitment shares (see note 2.20).

Merger reserve

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

Retained earnings

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

The notes on pages 53 to 81 are an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

year ended 31 January 2022

	2022 £'000	2021 £'000
Cash flows from operating activities		
Profit for the year after income tax	108	2,682
<i>Adjustments for:</i>		
Income tax	(1,036)	(1,542)
Finance income	(33)	(25)
Finance expense	11	22
Amortisation	2,460	2,204
Depreciation	605	388
Agent recruitment expense	1,985	1,406
Share-based payment	372	452
Share of loss of associate	122	94
Fair value loss on step acquisition	183	-
Acquisition related costs	129	-
<i>Operating cash flows before movements in working capital</i>	4,906	5,681
(Increase) / decrease in trade and other receivables	(1,585)	592
(Decrease) in trade and other payables	(181)	(1,267)
(Decrease) / increase in provisions	(34)	72
Tax (paid) / received	(9)	(7)
<i>Net cash generated from operating activities</i>	3,097	5,071
Cash flows from investing activities		
Finance income received	33	25
Acquisition of intangible assets	(3,369)	(2,192)
Acquisition of tangible assets	(49)	(26)
Acquisition of subsidiary net of cash acquired	(983)	-
Acquisition of investment	(405)	-
Acquisition of associate	-	(527)
<i>Net cash used in investing activities</i>	(4,773)	(2,720)
Cash flows from financing activities		
Finance expense paid	-	(18)
Loan Repayment	(50)	-
Proceeds from issue of shares	1	2
Repayment of lease liabilities	(582)	(301)
<i>Net cash (used in) financing activities</i>	(631)	(317)
Net movement in cash and cash equivalents	(2,307)	2,034
Cash and cash equivalents at the beginning of the year	10,719	8,685
Cash and cash equivalents at the end of the year	8,412	10,719

Cash and cash equivalents

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

The notes on pages 53 to 81 are an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

year ended 31 January 2022

1. General information

The principal activity of the Company is that of a holding company. The principal activities of the Group in the year under review were the provision of online property portal services to businesses in the estate and lettings agency industry under the trading name of OnTheMarket.com, and the provision of software services to UK estate and lettings agents by Glanty under the trading name teclat.

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. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. They have been applied consistently to all periods presented with the addition of IFRS 3: Business Combinations, further information on which is set out below in notes 2.7, 2.8 and in note 14.

2.1. Basis of preparation

These consolidated financial statements have been prepared on a going concern basis and in accordance with UK-adopted international accounting standards (IFRS). The financial statements for the year ended 31 January 2022 were prepared in accordance International Accounting Standards in conformity with the requirements of the Companies Act 2006.

The consolidated financial statements comprise an income statement, a statement of financial position, a statement of changes in equity, a statement of cash flows and notes. Income and expenses, excluding the components of other comprehensive income, are recognised in the statement of profit or loss. Other comprehensive income is recognised in the statement of comprehensive income and comprises items of income and expenses (including reclassification adjustments) that are not recognised in the statement of profit or loss, as required or permitted by IFRS. Reclassification adjustments are amounts reclassified to profit or loss in the current period that were recognised in other comprehensive income in the current or previous periods. Transactions with the owners of the Group in their capacity as owners are recognised in the statement of changes in equity.

The Group presents the statement of profit or loss using the classification by function of expenses. The Group believes this method provides more useful information to the users of its financial statements as it better reflects the way operations are run from a business point of view. The statement of financial position format is based on a current/non-current distinction.

Measurement bases

The consolidated financial statements have been prepared under the historical cost convention. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

The preparation of the consolidated financial statements in compliance with adopted IFRS requires the use of certain critical accounting estimates and management judgements in applying the accounting policies. The significant estimates and judgements that have been made and their effects are disclosed in note 3.

2.2. Basis of consolidation

The consolidated financial statements incorporate those of OnTheMarket plc and all of its subsidiaries (i.e., entities that the Group controls through its power to govern the financial and operating policies so as to obtain economic benefits). These are adjusted, where appropriate, to conform to Group accounting policies.

All intra-group transactions, balances and unrealised gains on transactions between Group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

2.3. Reduced disclosures

The figures presented in relation to the Company's financial statements have been prepared in accordance with FRS 101 Reduced Disclosure Framework ("FRS 101").

In accordance with FRS 101 the following exemptions from the requirements of IFRS have been applied in the preparation of the Company financial statements and, where relevant, equivalent disclosures have been made in the consolidated financial statements of the Group:

- presentation of a Company Cash Flow Statement and related notes;
- disclosure of the objectives, policies and processes for managing capital;
- inclusion of an explicit and unreserved statement of compliance with IFRS;
- disclosure of Company key management compensation;
- disclosure of the categories of financial instrument and nature and extent of risks arising on these financial instruments;
- disclosure of share-based payment expense charge to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options and how the fair value of options granted was measured;
- related party disclosures in respect of two or more wholly owned members of the Group;
- disclosure of the future impact of new International Financial Reporting Standards in issue but not yet effective at the reporting date; and
- disclosures on fair values.

The financial statements of the Company are consolidated within these financial statements which are publicly available from Companies House, Crown Way, Cardiff, CF14 3OZ.

2.4. Going concern

The Group made a profit after tax for the year of £0.1m (2021: £2.7m) and as at 31 January 2022 the Group had a net cash balance of £8.4m (2021: £10.7m). At 31 May 2022, the Group had cash of £8.2m.

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

Notes to the Consolidated Financial Statements continued

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

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

2.5. Adoption of new and revised standards and interpretations

Application of new and amended standards

For the preparation of these consolidated financial statements, the following new or amended standards are mandatory for the first time for the financial year beginning 1 February 2021.

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

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

For the preparation of these consolidated financial statements, the following new or amended standards are available for early adoption for the financial year ending 31 January 2022.

- Amendments to IFRS 16 Leases: COVID-19 Related Rent Concessions (issued on 31 March 2021); and
- Amendments to IFRS 3 Business Combinations; IAS 16 Property, Plant and Equipment; IAS 37 Provisions, Contingent Liabilities and Contingent Assets; and Annual Improvements 2018-2020 (all issued on 14 May 2020).

The above amendments are not expected to have a material impact on the Group's financial statements.

2.6. Functional and presentation currency

The consolidated financial statements are presented in 'Pounds Sterling', rounded to the nearest thousand (£'000), which is also the Group's functional currency.

2.7. 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.

For business combinations achieved in stages, the Group remeasures its previously held equity interest in the acquiree at its acquisition date fair value and recognises the resulting gain or loss, if any, in the Income Statement as appropriate.

2.8. 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.

2.9. Property, plant and equipment

All property, plant and equipment are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Depreciation is calculated using an appropriate method to allocate their cost amounts to their residual values over their estimated useful lives, as follows:

Fixtures, fittings and equipment	Straight line 4 years
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2.10. Leases

Right-of-use assets

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

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

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

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

Lease liabilities

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

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

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

Initial measurement of the lease liability

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

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

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

Subsequent measurement of the lease liability

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

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

2.11. 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, or the development and enhancement of Glanty software assets, 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. The amortisation methods applied are as follows:

Development costs	-	Straight-line 4 years
Technology related intangibles	-	Straight-line 8 years
Customer related intangibles	-	Straight-line 8 years

Those separately identifiable intangible assets acquired at fair value under the purchase of Glanty are amortised over 8 years, being the period which the Directors believe best matches the basis of calculation of the fair values at which they were acquired.

2.12. Impairment of property, plant & equipment, right-of-use assets, intangible assets and goodwill

The carrying value of property, plant, and equipment, right of use assets and intangible assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Goodwill is tested for impairment annually and whenever there is an indication that they might be impaired. An impairment loss is recognised for the amount by which the carrying value of the asset exceeds its recoverable amount.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately as profit, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

2.13. Company investments in subsidiaries

Investments by the Company in subsidiary undertakings are stated at cost less any impairment. Where management identify uncertainty over these investments, the investment is impaired to an estimate of its net realisable value.

An impairment review is undertaken at each reporting date or more frequently when there is an indication that the recoverable amount is less than the carrying amount. Recoverable amount is the higher of fair value less costs to sell and value-in-use. In assessing value-in-use the estimated future cash flows of the cash-generating units relating to the investment are discounted to their present value using a pre-tax discount rate to discount the future pre-tax cash flows. If the recoverable amount of the cash-generating unit relating to the investment is estimated to be less than its carrying amount, the carrying value of the investment is reduced to its recoverable amount. An impairment loss is recognised in the income statement in the period in which it occurs and may be reversed in subsequent periods.

2.14. Investments in associates in the consolidated and Company financial statements

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

Investments in associates are accounted for using the equity method.

Notes to the Consolidated Financial Statements continued

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

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

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

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

2.15. Financial instruments

Recognition of financial instruments

Financial assets and financial liabilities are recognised when the Group becomes party to the contractual provisions of the instrument.

Financial assets

Initial and subsequent measurement of financial assets

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and other short-term deposits held by the Group with maturities of less than three months.

Trade, Group and other receivables

Trade receivables are initially measured at their transaction price. Group and other receivables are initially measured at fair value plus transaction costs.

Other Financial Assets

Other financial assets, including trade investments, are initially measured at fair value, which is normally the transaction price.

The Group may make an irrevocable election at initial recognition for trade investments that would otherwise be measured at fair value through profit or loss to present subsequent changes in fair value in other comprehensive income. As such these financial assets are subsequently carried at fair value and the changes in fair value are recognised in other comprehensive income.

Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

Initial and subsequent measurement of financial liabilities

Trade, Group and other payables

Trade, Group and other payables are initially measured at fair value net of direct transaction costs and subsequently measured at amortised cost.

Equity instruments

Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs. Ordinary shares are classified as equity.

Derecognition of financial assets (including write-offs) and financial liabilities

A financial asset (or part thereof) is derecognised when the contractual rights to cash flows expire or are settled, or when the contractual rights to receive the cash flows of the financial asset and substantially all the risks and rewards of ownership are transferred to another party.

When there is no reasonable expectation of recovering a financial asset it is derecognised ("written off").

The gain or loss on derecognition of financial assets measured at amortised cost is recognised in profit or loss.

A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

Any difference between the carrying amount of a financial liability (or part thereof) that is derecognised and the consideration paid is recognised in profit or loss.

2.16. Impairment of financial assets

An impairment loss is recognised for the expected credit losses on financial assets when there is an increased probability that the counterparty will be unable to settle an instrument's contractual cash flows on the contractual due dates, a reduction in the amounts expected to be recovered, or both. The probability of default and expected amounts recoverable are assessed using reasonable and supportable past and forward-looking information that is available without undue cost or effort. The expected credit loss is a probability-weighted amount determined from a range of outcomes and takes into account the time value of money.

For trade receivables, material expected credit losses are measured by applying an expected loss rate to the gross carrying amount. The expected loss rate comprises the risk of a default occurring and the expected cash flows on default based on the aging of the receivable.

For intercompany loans that are repayable on demand, expected credit losses are based on the assumption that repayment of the loan is demanded at the reporting date. If the subsidiary does not have sufficient accessible highly liquid assets in order to repay the loan if demanded at the reporting date, an expected credit loss is calculated. This is calculated based on the expected cash flows arising from the subsidiary, weighted for probability likelihood variations in cash flows.

2.17. Income taxes

Tax currently payable is calculated using the tax rates in force or substantively enacted at the reporting date. Taxable profit differs from accounting profit either because some income and expenses

are never taxable or deductible, or because the time pattern on which they are taxable or deductible differs between tax law and their accounting treatment.

Using the statement of financial position liability method, deferred tax is recognised in respect of all temporary differences between the carrying value of assets and liabilities in the consolidated statement of financial position and the corresponding tax base, with the exception of temporary differences arising from goodwill or from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the reporting date.

Deferred tax assets are recognised only to the extent that the Group considers that it is probable (i.e., more likely than not) that there will be sufficient taxable profits available for the asset to be utilised within the same tax jurisdiction.

Deferred tax assets and liabilities are offset only when there is a legally enforceable right to offset current tax assets against current tax liabilities, they relate to the same tax authority and the Group's intention is to settle the amounts on a net basis.

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except if it arises from transactions or events that are recognised in other comprehensive income or directly in equity. In this case, the tax is recognised in other comprehensive income or directly in equity, respectively. Where tax arises from the initial accounting for a business combination, it is included in the accounting for the business combination.

Since the Group is able to control the timing of the reversal of the temporary difference associated with interests in subsidiaries, associates and joint arrangements, a deferred tax liability is recognised only when it is probable that the temporary difference will reverse in the foreseeable future mainly because of a dividend distribution.

2.18. Government grants

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

2.19. Employee benefits

Defined contribution plans

The Group pays fixed percentage contributions into independent entities in relation to plans and insurances for individual employees. The Group has no legal or constructive obligations to pay contributions in addition to its fixed percentage contributions, which are recognised as an expense in the period that related employee services are received.

Short-term employee benefits

Short-term employee benefits, including holiday entitlement, are current liabilities included in pension and other employee obligations, measured at the undiscounted amount that the Group expects to pay as a result of the unused entitlement.

2.20. Share-based payments

Employee share schemes

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

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

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

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

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

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

Agent recruitment shares

The Group issues shares to key agents who commit to long-term listing agreements, in line with its strategy to grow the agent shareholder base. Shares are issued in return for payment of the nominal share value in cash and, in some cases historically, in return for share premium in non-cash consideration relating to the long-term listing agreements signed. Shares are either issued as soon as practicable after contract commencement or following the completion of contractual commitments, depending upon the contract terms.

For shares issued as soon as practicable after contract commencement, an agent recruitment share reserve is credited upon contract commencement (shown within other reserves in the financial statements) and a prepayment created, based on the value of the shares at contract date, which is then amortised over the life of the contract.

In instances where shares are issued after the completion of contract commitments, amounts are accrued during the life of the contract and the accrual released and other reserves credited upon issue of the shares. Amounts are accrued and deducted against revenue over the period in which the fees are earned.

Notes to the Consolidated Financial Statements continued

Upon the issue of shares to the agents, which predominantly takes place on a quarterly basis, the nominal value of the shares issued, which is paid in cash by the agent, is transferred to share capital.

2.21. Provisions

Where, at the reporting date, the Group has a present obligation (legal or constructive) as a result of a past event and it is probable that the Group will settle the obligation, a provision is made in the statement of financial position. Provisions are made using best estimates of the amount required to settle the obligation. Changes in estimates are reflected in profit or loss in the period they arise. Provisions for social security on share options granted are measured using the fair value of the expected number of share options to be exercised at the applicable tax rate in use at the measurement date.

2.22. Revenue

Revenue principally represents the amounts receivable from agency and new homes customers in respect of listing fees and the sale of products that provide additional marketing opportunities for customers. Glanty revenues are predominantly in respect of licence subscriptions and paid development contracts. The Group also receives revenues from non-property advertisers who pay for exposure to consumers using the Group's platforms.

Revenue is recognised based upon the transaction price specified in a contract with a customer. It is recognised at the point when the performance obligations are satisfied, through providing a customer with access to the OnTheMarket platforms and / or products or other services.

Further information on the main revenue sources is set out below.

Agency

For listing services, customers pay monthly subscriptions to list their properties on the OnTheMarket platforms. Contract fees for these services are predominantly based upon the size (number of branches) of the agent, branch locations and customer activities (sales, sales and lettings or lettings only). They vary in length from rolling monthly notice periods to five years, with agents on discounted rates or short-term introductory free of charge offers typically on shorter contracts.

Performance obligations are satisfied, and revenue recognised, from the point at which the customer has access to the platform to allow them to list their properties. Subscription revenue is spread over the life of the contract. Agency listing services are typically billed monthly in advance, from the point the customer gains access to the platforms.

Agent customers have the option to enhance their property listings and presence through purchasing additional advertising products. For products that provide enhanced brand exposure over a period of time, revenue is recognised over the life of the product, from the point the customer gains access to the product. Invoices for such products are sent on a monthly basis, in arrears.

For products with a one-off usage basis, revenue is recognised at the point in time or over time depending on the nature in which the customer chooses to apply and use the product.

Where contracts include an issue of shares to an agent customer following payment of listing fees, and the shares issued are

calculated as a percentage of the fees paid, the fair value of the shares expected to be awarded is accrued over the relevant period and treated as a discount to revenues.

New homes

For listing services, customers pay monthly subscriptions to list their developments on the OnTheMarket platforms. Revenues for these services are predominantly based upon a monthly fee per development listed. Contracts are predominantly rolling, and the contract will end when the listed development is fully sold.

Performance obligations are satisfied, and revenue recognised, from the point at which the customer has access to the platform to allow them to list their properties. Subscription revenue is spread over the life of the contract. New homes listing services are typically billed monthly in arrears, from the point the customer gains access to the platforms.

New homes customers have the option to enhance their property listings and presence through purchasing additional advertising products. For products that provide enhanced brand exposure over a period of time, revenue is recognised over the life of the product, from the point the customer gains access to the product. Invoices for such products are sent on a monthly basis, in arrears.

For products with a one-off usage basis, revenue is recognised at the point in time or over time depending on the nature in which the customer chooses to apply and use the product.

Glanty

Glanty revenue is derived from the sale of software licences or for the provision of software development services for customers.

Licence agreements with customers include a pre-defined subscription period during which the customer is entitled to the usage of the software. The length of the subscription period varies and might be one, 12, 24, or 36 months. Performance obligations are satisfied, and revenue recognised, when the customer has the contractual right to use the software. Revenue is then recognised on a monthly basis, over the life of the contract, from the point the customer has the right to access software. Invoices are issued under a range of billing agreements including monthly, quarterly, in advance and in arrears.

For paid development work, revenue is recognised on the basis of work performed over the life of the contract, with billing often based on contractual milestones within the contracts.

Other

Other revenue principally relates to advertising revenue paid by customers (not agency or new homes customers) to advertise non-property products on the OnTheMarket platforms. Performance obligations are met once a customer is actively advertising on the OnTheMarket platforms. Revenue is recognised from the point in time in which the customer advertised. Where third parties are acting as intermediaries between the Group and the advertiser customer, only net revenues receivable are recognised.

Contract assets and liabilities

Contract assets relate to the Group's rights to consideration for services that have been provided at the reporting date, predominantly under contracts invoiced in arrears. Contract assets are transferred to receivables when the rights to consideration have become unconditional.

Contract liabilities predominantly relate to advance consideration received from agency customers for listing services, for which revenue is recognised at a later date, as or when the services are provided.

2.23. Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results, where discrete financial information is available, are reviewed regularly by the Group's Chief Executive Officer to make decisions about resources to be allocated to the segment and assess its performance. Since its acquisition, Glanty has been accounted for as an operating segment under IFRS 8, distinct from the rest of the Group.

2.24. Derivative assets

Derivatives are initially recognised at fair value on the date a derivative contract is entered into, and they are subsequently remeasured to their fair value at the end of each reporting period.

Changes in the fair value of any derivative instrument are recognised immediately in profit or loss and are included in other gains/(losses).

3. Critical accounting judgements and key sources of estimation uncertainty

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

Critical accounting judgements

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

Revenue recognition

Where customers default on the payment terms of their contracts, management have made judgements as to whether there is any current intention to pay by these customers and, where there is judged not to be, the contract is deemed not to meet the contract recognition criteria under IFRS 15 and hence the amounts due are not included within revenues. Amounts, if subsequently received, are recognised as revenue at the time of receipt.

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 14). In particular, the fair value of contingent consideration is dependent on the outcome of many variables including the acquiree's future profitability.

Impairment of Goodwill, Intangible Assets and Investments in subsidiaries

Determining whether goodwill, intangible assets or investment in subsidiaries are impaired requires an estimation of the value in use of the cash-generating unit to which these have been allocated. The value in use calculation requires the company to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate to calculate present value. Projections are based on both internal and external market information and reflect past experience as set out in note 15.

Impairment of Company receivables

The Company has intercompany loans to its subsidiaries Agents' Mutual and Glanty which are repayable on demand. As the subsidiaries did not have sufficient highly liquid resources to repay the loans at 31 January 2022, an expected credit loss is calculated under IFRS 9.

The calculation is based upon a number of scenarios, ranging from a scenario which anticipates that Agents' Mutual and Glanty will trade profitably in the future and that this will allow it to repay the loans in time, to a scenario under which it is anticipated that the loan will not be fully recovered. Forecast cash flows under a range of possible outcomes are used to derive a probability-weighted value for the loans based upon the time taken to repay the outstanding amount in full. These calculations rely on management estimates as to the future cash flow forecasts and the probability weightings assigned. The estimates reflect the views of management at 31 January 2022 and the future cash flows therefore vary year to year. Further details on the impairment provision are set out in note 22.

Deferred tax

At 31 January 2022 Agents' Mutual had tax losses available to carry forward. Agents' Mutual was profitable in the year to 31 January 2022 and the Directors believe it will make taxable profits in the future, against which the tax losses carried forward will be available to offset future corporation tax payments. A deferred tax asset has therefore been recognised in respect of these losses. The amount recognised is based upon the Directors' judgement of possible taxable profits arising in the foreseeable future. In forming this judgement, The Directors are required to estimate possible revenues and profits that may arise and the asset is restricted to forecast profits in the foreseeable future (see note 12).

Notes to the Consolidated Financial Statements continued

4. Revenue

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

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

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

Revenues for the year ended 31 January	2022 £m	2021 £m	Change
Group revenue			
– Agency	27.0	21.2	27%
– New homes	2.5	1.5	67%
– Glanty	0.6	–	N/a
– Other	0.3	0.3	–
Total	30.4	23.0	32%

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:

Deferred income as at 31 January	2022 £m	2021 £m	Change
Group revenue			
– Agency	1.7	1.7	–
– New homes	–	0.1	(100%)
– Glanty	–	–	N/a
– Other	–	–	N/a
Total	1.7	1.8	(6)%

Contract liabilities of £1.8m at 31 January 2021 were recognised as revenue in the year ended 31 January 2022 (2021: £1.6m).

A proportion of sales in are billed monthly in arrears and are recognised as accrued income. Accrued income amounted to £0.4m for the year ended 31 January 2022 (2021: £0.2m).

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

During the year there was a charge of £0.4m to revenue in relation to shares that are issued after the completion of contract commitments. These are amounts that are initially accrued during the life of the contract and the accrual released and other reserves credited upon issue of the shares. Amounts are accrued and deducted against revenue over the period in which the fees are earned.

5. Operating Segments

The Group determines and presents operating segments based on internal information that is provided to the Chief Executive Officer, who is the Group's chief operating decision maker.

The Group's reportable segments are as follows:

- Glanty
- Rest of the Group

Management monitors the business segments at a revenue and operating profit level separately for the purpose of making decisions about resources to be allocated and of assessing performance. There was no inter-segment revenue during the year.

Costs, assets and liabilities are not attributed to the different revenue sources other than for Glanty and so segmental reporting under IFRS 8 is not appropriate for the remainder of the Group.

No customer made up more than 10% of Group revenues in the current or prior years.

Operating profit in relation to the Rest of the Group segment is managed together and as there are no internal measures of individual segment profitability, relevant disclosures have been shown under the heading Rest of the Group in the table below.

Year ended 31 January 2022 ¹	Glanty £m	Rest of the Group £m	Group £m
Revenue	0.6	29.8	30.4
Operating loss ²	(0.5)	(0.1)	(0.6)
Depreciation & amortisation	0.2	2.9	3.1

1 Glanty figures are for the period from acquisition on 28 May 2021 to 31 January 2022.

2 Operating loss is stated after the charge for depreciation and amortisation.

3 Assets and liabilities are not separately monitored by the Chief Operating Decision Maker and therefore not identified above.

6. Administrative expenses

Expenses are comprised of:

	2022 £'000	2021 £'000
Depreciation	605	388
Amortisation	2,460	2,204
Staff costs (note 9)	9,509	7,521
Short-term lease expenses	246	732
Advertising expenditure	10,574	5,898
Other administrative expenses	4,746	3,859
	28,140	20,602

Notes to the Consolidated Financial Statements continued

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

	2022 £'000	2021 £'000
Share-based employee incentives	467	683
Professional fees net of compensation	211	(941)
Share-based agent recruitment charges	1,586	1,406
Government grant repayment / (received)	449	(449)
Payments in relation to loss of office	-	304
Staff related costs	106	192
Acquisition related costs	129	-
	2,948	1,195

Share-based employee incentive charges include employer's national insurance charge on options exercised in the year as well as the movement in the expected future employer's national insurance charge based on the year-end share price. See note 26 for further details.

Professional fees incurred in the period relate predominantly to fees and expenses in relation to the acquisition of the remaining 80% of Glanty. 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 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 and professional fees 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.

Prepaid acquisition related costs relate to the amortisation of prepayments for employee services incurred as part of the acquisition of Glanty and amortised over the three-year period from acquisition.

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

8. Operating (loss)/profit

	2022 £'000	2021 £'000
Operating (loss)/profit is stated after charging:		
Depreciation of property, plant and equipment and right-of-use assets	605	388
Amortisation of intangible assets	2,460	2,204
Short-term lease expenses	246	732
Share-based payment expense (note 26)	372	452
Audit fees payable to the Company's auditor		
- audit of Group financial statements	132	101
- audit related assurance services	8	8

9. Employees and Directors

Group	2022 £'000	2021 £'000
Staff costs (including Directors) comprise:		
Wages and salaries	10,002	7,582
Social security costs	1,199	949
Pension	136	128
	11,337	8,659
Less staff costs capitalised to intangible assets	(1,828)	(1,138)
Staff costs expensed	9,509	7,521

Company	2022 £'000	2021 £'000
Staff costs (including Directors) comprise:		
Wages and salaries	206	191
Social security costs	25	23
Pension	1	1
	232	215

	2022 Number	2021 Number
The average monthly number of persons employed by the Group during the year was:		
Non-Executive Directors	3	3
Marketing, sales and administration	116	109
IT	52	29
	171	141

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

Directors' remuneration

Group	2022 £'000	2021 £'000
Aggregate emoluments	1,218	701
Contractual payment due on loss of office	-	250
Pension contributions	4	3
	1,222	954

Highest paid Director

Group	2022 £'000	2021 £'000
Aggregate emoluments	401	27
Contractual payment due on loss of office	-	250
	401	277

One Director, not the highest paid Director, exercised share options during the year.

Notes to the Consolidated Financial Statements continued

Key management personnel compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group. The Group considers the Directors to be the only key management personnel. As well as the emoluments above the Group paid employers national insurance contributions of £161k (2021: £125k) due in respect of Directors. A charge of £49k (2021: £39k) was recognised in respect of options awarded to Directors in the year. Chris Bell, Non-executive Chairman, and the Executive Directors receive payments from the Group into money-purchase pension schemes. Further details on Directors' remuneration are set out in the Directors' Remuneration Report within these accounts.

10. Finance income

	2022 £'000	2021 £'000
Finance income:		
Other interest receivable	33	25

11. Finance expense

	2022 £'000	2021 £'000
Interest arising on:		
Lease liability interest (note 18)	11	4
Other interest payable	-	18
	11	22

12. Income tax

	2022 £'000	2021 £'000
Current tax:		
UK corporation tax on income for year	5	16
Total current tax	5	16
Deferred tax:		
Origination and reversal of temporary differences	(580)	(1,558)
Arising from change in enacted tax rate	(461)	-
Income tax credit	(1,036)	(1,542)

Factors affecting tax charge for the year

The tax assessed for the year is different from the effective rate of corporation tax as explained below:

	2022 £'000	2021 £'000
(Loss) / profit before taxation	(928)	1,140
(Loss) / profit before taxation multiplied by the effective rate of corporation tax of 19% (2021: 19%)	(176)	217
Effects of:		
Expenses not deductible for tax purposes	281	209
Depreciation in excess of capital allowances	180	49
Expenditure on intangible assets claimed as incurred	(99)	2
Tax losses (utilised in year) / carried forward	(181)	(461)
Previously unrecognised tax losses	(1,041)	(1,558)
Tax income	(1,036)	(1,542)

Deferred taxes reflected in these financial statements have been measured using the enacted tax rates at the Balance Sheet date. For UK corporation tax the enacted rate of 19% was used for periods until 5 April 2023 and the enacted rate of 25% was used thereafter to measure the net deferred tax asset.

The subsidiary, Agents' Mutual, has trading losses available for carry forward of £30.2m (2021: £32.4m). Unused tax losses for which no deferred tax asset has been recognised total £18.9m (2021: £24.2m).

Based upon estimations of profits arising in the foreseeable future, a deferred tax asset of £2.6m (2021: £1.6m) has been recognised for these losses. This deferred tax asset comprises temporary differences attributable to:

	2022 £'000	2021 £'000
Amounts recognised in profit or loss:		
Employee share-based payments	1,271	1,204
Property, plant and equipment temporary differences	157	116
Development cost temporary differences	(1,307)	(890)
Losses	2,478	1,128
Deferred tax asset	2,599	1,558

The movement in the year in the deferred tax asset arising from the Agents' Mutual losses is as follows:

	£'000
Opening balance at 1 February 2021	1,558
Credited to profit and loss	1,041
Closing balance at 31 January 2022	2,599

The subsidiary, Glanty, has trading losses available for carry forward of £4.8m for which no deferred tax asset has been recognised. The Group has been implementing its strategic plans for the long-term development of the business. These plans envisage a period of strong growth in the future, underpinned by initial investment in product development and roll-out. As a result of the Group's strategic plans, circumstances with respect to recoverability of the deferred tax asset in relation to losses carried forward in the foreseeable future remain uncertain. Consequently, no deferred tax asset has been recognised. The Group has also not recognised a deferred tax liability arising on non-current asset timing differences of £321k due to the availability of tax losses to extinguish this liability.

A deferred tax liability of £401k has been recognised, based upon the potential tax payable should the Group dispose of the identifiable net assets acquired upon the acquisition of Glanty. The charge assumes tax at 25% of the excess of fair value over the tax base of the asset at the acquisition date. The liability reduces the goodwill arising on the acquisition of Glanty.

Notes to the Consolidated Financial Statements continued

13. Earnings per share

Numerators: Earnings attributable to equity

	2022 £'000	2021 £'000
Profit for the year from continuing operations attributable to owners of the Company	108	2,682
Total basic earnings and diluted earnings	108	2,682

	No.	No.
Denominators: Weighted average number of equity shares		
Weighted average number of equity shares used in calculating basic earnings per share	73,744,914	71,280,183
Adjustments for calculating diluted earnings per share:	7,194,021	7,073,784
- options over equity shares		
Weighted average number of equity shares used in calculating diluted earnings per share	80,938,935	78,353,967

14. Acquisition of subsidiary

Glanty 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, 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 £1,512k, offset by a prepayment arising in respect of bad leaver provisions of £580k.

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 led 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 shares were cancelled on 2 November 2021.

Contingent earn-out

The purchase agreement includes additional consideration which may become payable under earn-out arrangements (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 earnout targets are based on Glanty's recurring revenues and EBITDA in the third-year post completion, the mechanism for determining which is detailed in the share purchase agreement. The earnout will be payable if third year revenues exceed £2m and third year EBITDA exceeds £0.5m. Below those levels, no earnout is paid. If payable, the earnout payable will be 1 times third year revenues plus 1.5 times third year EBITDA, capped at an aggregate payment of £12m. Payment of any earnout will be made following the third anniversary of completion of the call option and allows time for drawing up and agreeing the relevant accounts on which the earnout is calculated.

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

	£'000
Fair value of consideration transferred	
Cash consideration	932
Share consideration	1,378
R&D tax credit earn out	75
Adjustment to share consideration for net working capital	(147)
Fair Value of previously held 20% investment in Glanty	520
Total consideration	2,758
	£'000
Amounts recognised for identifiable net assets	
Technology related intangibles	1,482
Customer related intangibles	444
Debtors	72
Cash	19
Deferred Tax Liabilities	(401)
Trade and other payables	(326)
Bank loan	(50)
Identifiable net assets	1,240
Goodwill	1,518

Previously held investment in Glanty

On the acquisition date, the Group's 20% investment in Glanty, previously accounted for as an investment in associate, has been remeasured to fair value. On that date, a cumulative loss of £0.2m 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 as the fair value loss on step acquisition. The previously held investment is considered part of what was given up by the Group to obtain control of Glanty. Accordingly, the fair value of the investment is included in the determination of goodwill.

Goodwill

Goodwill of £1.5m relates to earnings attributable to future new customers of the Company, new technologies that may be 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's contribution to the Group results

From the acquisition date to 31 January 2022, Glanty has contributed £0.6m of revenues and a loss after tax of £0.6m.

Had the acquisition occurred on 1 February 2021, Glanty would have contributed £0.8m of revenues and a loss after tax of £1.2m. This loss includes £0.6m of one-off costs in relation to additional payments crystallising prior to the acquisition by the Company. The Group revenue would have been £30.7m and a loss after tax of £0.7m.

Notes to the Consolidated Financial Statements continued

15. Goodwill

	Group £'000
At 1 February 2021	–
Additions arising on business combinations (see note 14)	1,518
At 31 January 2022	1,518

Impairment testing for cash generating units containing goodwill

The Group tests the carrying value of assets at the cash-generating unit Glanty for impairment annually, or more frequently if there are indicators that assets might be impaired. The review is undertaken by assessing whether the carrying value of assets is supported by their value-in-use, which is calculated as the net present value of future cash flows derived from those assets, using cash flow projections. If an impairment charge is required, this is allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (£1.5m) and then to the other assets of the cash generating unit, but subject to not reducing any asset below its recoverable amount. The impairment review in respect of Glanty concluded that no impairment charge was required.

For the impairment review, cash flows were prepared using Board approved forecasts to 31 January 2025, alongside management projections for a further two years. The projections demonstrate continued growth in revenue from existing customers including forecast growth in sales to the Group's listing agent customer base. Revenue growth in years 4 and 5 are forecast to slow but, given the early stage that the business is at, revenue growth rates for these years were still forecast above steady state industry norms. For the impairment review, a long-term revenue growth rate beyond the 5-year period of 0% has been assumed.

Key assumptions are those to which the recoverable amount of an asset or cash-generating unit is most sensitive.

The following key assumptions were used in the discounted cash flow model for Glanty:

- revenue growth in the base model for the years 1-5 is assumed at a CAGR of 44%;
- EBITDA margins increase to a steady state level of 40% in perpetuity; and
- 14% pre-tax discount rate.

Revenue growth in the base model is assumed at a CAGR of 44%. Glanty achieved growth in license revenue of 54% in the prior year. Management believe continued growth in the base model is achievable in accordance with the acquisition strategy of Glanty providing additional services for agents listed on the OnTheMarket.com portal and supports the move of the Group from specific listing services to a holistic approach towards service and product delivery. In addition, management believes the projected long term growth rate beyond 5 years of 0% revenue is prudent and justified, based on the maturity of growth in the business.

During the forecast period Glanty is expected to become profitable and EBITDA margins increase to a steady state level of 40% in perpetuity. Management believes this is reflective of a steady state within the industry and reflects the costs of supporting the business in the long run.

The discount rate of 14% pre-tax reflects management's estimate of the time value of money and the consolidated entity's weighted average cost of capital adjusted for Glanty, the risk-free rate and the volatility of the share price relative to market movements.

Sensitivity

As disclosed in note 3, the directors have made judgements and estimates in respect of impairment testing of goodwill. The impairment review is highly sensitive to reasonably possible changes in key assumptions used in the value-in-use calculations. Should these judgements and estimates not occur the resulting goodwill carrying amount may decrease. The sensitivities are as follows:

- Revenue growing less than a CAGR of 25% (with unchanged costs) could lead to an impairment arising
- EBITDA margin in perpetuity at approximately 21.5% (revenue growth in line with the base case), could lead to an impairment arising.

16. Intangible assets

Group	Development costs £'000	Technology related intangibles £'000	Customer related intangibles £'000	Total £'000
Cost:				
At 1 February 2020	11,355	–	–	11,355
Additions – internally developed	2,192	–	–	2,192
At 31 January 2021	13,547	–	–	13,547
Amortisation:				
At 1 February 2020	6,658	–	–	6,658
Charge for the year	2,204	–	–	2,204
At 31 January 2021	8,862	–	–	8,862
Net book value:				
At 31 January 2021	4,685	–	–	4,685
Cost:				
At 1 February 2021	13,547	–	–	13,547
Acquisition through business combination	–	1,482	444	1,926
Additions – internally developed	2,823	546	–	3,369
At 31 January 2022	16,370	2,028	444	18,842
Amortisation:				
At 1 February 2021	8,862	–	–	8,862
Charge for the year	2,258	165	37	2,460
At 31 January 2022	11,120	165	37	11,322
Net book value:				
At 31 January 2022	5,250	1,863	407	7,520

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 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 acquired through business combination relate to the development of software by Glanty for teclat lettings and teclat CRM products and represent the fair value of those assets acquired as part of the Group's acquisition of Glanty. The fair value costs at acquisition are amortised over a period of 8 years from the acquisition date, which represents the period over which the Directors expect the Group to consume the assets' future economic benefits. Development costs incurred in relation to the technology related intangibles after acquisition are amortised over 4 years from the point at which the asset is ready for use within the business.

No material amount was recognised as an expense in the period in relation to research and development expenditure.

Notes to the Consolidated Financial Statements continued

17. Property, plant and equipment

Group	Fixtures, fittings and equipment £'000
Cost:	
At 1 February 2020	292
Additions	26
At 31 January 2021	318
Depreciation:	
At 1 February 2020	165
Charge for the year	50
At 31 January 2021	215
Net book value:	
At 31 January 2021	103
Cost:	
At 1 February 2021	318
Additions	49
At 31 January 2022	367
Depreciation:	
At 1 February 2021	215
Charge for the year	56
At 31 January 2022	271
Net book value:	
At 31 January 2022	96

Depreciation is included within administrative expenses in the income statement.

18. Right-of-use assets and lease liabilities

The Group has lease contracts for motor vehicles and for premises.

The amounts presented in the financial statements are as follows:

Right-of-Use Assets

	Motor Vehicles £'000	Leasehold Premises £'000	Group £'000
At 1 February 2020	373	–	373
Additions	–	164	164
Disposals	(90)	–	(90)
Depreciation charge	(236)	(103)	(339)
Depreciation charge on disposals	72	–	72
At 1 February 2021	119	61	180
Additions	429	683	1,112
Disposals	–	(40)	(40)
Depreciation charge	(176)	(373)	(549)
At 31 January 2022	372	331	703

Lease Liabilities

	Motor Vehicles £'000	Leasehold Premises £'000	Group £'000
At 1 February 2020	310	–	310
Lease additions	–	164	164
Lease disposals	(18)	–	(18)
Interest expense	3	1	4
Lease payments	(197)	(104)	(301)
At 1 February 2021	98	61	159
Lease additions	429	683	1,112
Lease disposals	–	(42)	(42)
Interest expense	4	7	11
Lease payments	(202)	(380)	(582)
At 31 January 2022	329	329	658

Non-current lease liabilities amount to £237k (2021: £2k) and are all due between 1-5 years.

At 31 January 2022, the Group had no commitments for leases that had not commenced at that date (2021: £336k and £268k respectively).

Changes in liabilities arising from financing activities relate to lease liabilities only. The movement during the year in lease liabilities is set out above. During the year, cash repayments of lease liabilities totalled £582k (2021: £301k) and cash payments of short-term lease expenses were £246k (2021: £732k).

19. Investments in subsidiaries

Company	Subsidiary undertakings £'000
At 1 February 2020	–
Additions	–
At 31 January 2021	–
Additions	2,364
At 31 January 2022	2,364

The Company has the following investments in subsidiary undertakings:

	Class of shares held ¹	Principal activity	Ownership at 31 Jan 2022	Ownership at 31 Jan 2021
Agents' Mutual Limited	Member	Online property portal services	100%	100%
On The Market (Europe) Limited	Ordinary	Dormant	100%	100%
Glanty Limited	Ordinary	Property technology business	100%	20%

¹ Agents' Mutual is a company limited by guarantee and has no shares. The Company owns the only member interest in Agents' Mutual. OnTheMarket acquired the remaining 80% of Glanty shares on the 28 May 2021, see note 14 for further details.

All the above subsidiary undertakings share the same registered office as the Company apart from Glanty which is registered at 4 Prince Albert Road, London, NW1 7SN.

On The Market (Europe) Limited is a subsidiary of Agents' Mutual.

Notes to the Consolidated Financial Statements continued

20. Investments in associates

Group and Company	£'000
At 1 February 2020	985
Adjustments	(40)
Share of after-tax loss	(94)
At 31 January 2021	851
At 1 February 2021	851
Share of after-tax loss (to 28 May 2021)	(122)
Fair value loss on step acquisition	(183)
Deemed disposal of associate interest in Glanty	(546)
At 31 January 2022	-

As set out in note 14 the Group exercised the call option to acquire the remaining 80% of shares in Glanty on 28 May 2021, thereby obtaining control and from which date Glanty has been accounted for as a subsidiary undertaking.

21. Investments

Group and Company	£'000
At 1 February 2021	-
Additions	405
At 31 January 2022	405

Investment additions comprise £359k of Insurestreet Limited, trading as Canopy, and £46k into Property Funding Hub Limited, trading as Brickflow. Both businesses are unlisted companies and the investments were in return for minority interest share in the equity share capitals. The Group has designated these investments in equity instruments at FVTOCI as these are investments that the Group plans to hold in the long term for strategic reasons. No fair value adjustment was recognised due to proximity of the acquisition to the year-end date.

22. Trade and other receivables

	Group 2022 £'000	Company 2022 £'000	Group 2021 £'000	Company 2021 £'000
Trade receivables	1,215	-	733	-
Amounts due from Group undertakings	-	43,048	-	42,842
Other receivables	227	-	286	-
Prepayments and accrued income	3,643	187	3,774	169
	5,085	43,235	4,793	43,011

The aged analysis of trade receivables is shown in note 24.

Included within prepayments is £1.8m (2021: £3.2m) in relation to prepaid agent recruitment share-based payment charges. Of this, £0.8m (2021: £1.8m) is not due to be recognised in the income statement until the year to 31 January 2023 or after. The remaining prepayments relate to insurance, advertising media commitments and other administrative expenses.

Impairment of Company receivables from subsidiaries

The Company's group receivables represent trading balances and loan amounts advanced to other Group companies with no fixed repayment dates. Under IFRS 9 the value of the intercompany receivables repayable on demand to the Company by Agents' Mutual and Glanty are considered impaired as Agents' Mutual and Glanty did not have sufficient liquid resources at 31 January 2022 to repay the loans in full. The impairment loss in the Company's accounts is based upon the 12-month expected credit losses methodology under IFRS 9 and is calculated as set out in note 2.16. See also note 24.

Following an impairment review as at 31 January 2022, the provision for the intercompany receivable with Agents' Mutual was £10.4m (2021: £10.9m). The provision for the intercompany receivable with Glanty was £0.6m.

Impairment reversal of loan receivable from Agents' Mutual

The weighting of the scenarios applied in the expected credit loss provision reflects the position and prospects of the individual companies. Agents' Mutual delivered an after-tax profit in the year to 31 January 2022 of £0.7m (2021: after tax profit of £2.7m) and its weighting towards the repayment of more of the loan balance increased. This resulted in a reversal of impairment for the Agents' Mutual provision of £0.5m (2021: reversal of £0.4m).

Impairment of loan receivable from Glanty

The weighting of the scenarios applied in the expected credit loss provision for Glanty are more cautious as Glanty is currently loss making. This resulted in an impairment charge in the year of £0.6m against the Glanty receivable.

The net increase in the provision of £0.1m is included within the Company's profit for the year, however it is fully eliminated on Consolidation and has no impact on the Group's reported financial performance for the year or financial position at the balance sheet date.

At 31 January 2022 the gross amount of the loan outstanding from Agents' Mutual was £52.6m (2021: £53.7m) and from Glanty was £1.36m.

23. Trade and other payables

	Group 2022 £'000	Company 2022 £'000	Group 2021 £'000	Company 2021 £'000
Current liabilities				
Trade payables	1,031	22	818	42
Social security and other taxes	840	4	1,523	6
Other payables	29	1	42	1
Accruals and deferred income	3,680	58	2,551	9
	5,580	85	4,934	58

24. Financial instruments and financial risks

Financial risks

The Board has overall responsibility for the determination of the Group's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Chief Executive Officer. The Board receives monthly reports from the finance function through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility. Further details regarding these policies are set out below:

The Group is exposed through its operations to the following financial risks:

- credit risk; and
- liquidity risk.

In common with all other businesses, the Group is exposed to risks that arise from its use of financial instruments. This note describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them from previous periods unless otherwise stated in this note.

Notes to the Consolidated Financial Statements continued

The financial assets and liabilities of the Group are as follows:

	Financial assets	
	2022 £'000	2021 £'000
Non-current assets at fair value		
Investments	405	-
Current assets at amortised cost		
Trade and other receivables	1,442	1,019
Accrued Income	405	153
Cash and cash equivalents	8,412	10,719
Measured at amortised cost	10,664	11,891
	Financial liabilities held at amortised cost	
	2022 £'000	2021 £'000
Current liabilities		
Trade and other payables	1,031	860
Accrued expenses	1,935	823
Lease liabilities	658	157
Total financial liabilities measured at amortised cost	3,624	1,840

The following is an analysis of the maturities of the financial liabilities in the Statement of Financial Position:

	Carrying amount £'000	6 months or less £'000	6-12 months £'000	1 year or more £'000
2022				
Trade and other payables	1,031	1,031	-	-
Accrued expenses	1,935	1,935	-	-
Lease liabilities	658	214	207	237
	3,624	3,180	207	237
	Carrying amount £'000	6 months or less £'000	6-12 months £'000	1 year or more £'000
2021				
Trade and other payables	860	860	-	-
Accrued expenses	823	823	-	-
Lease liabilities	159	80	77	2
	1,842	1,763	77	2

All financial liabilities are denominated in Sterling.

Credit risk

Credit risk is the risk of financial loss to the Group if a counterparty to a financial instrument fails to meet its contractual obligations.

No expected credit loss provision has been made given the majority of the trade receivables balance is less than 30 days and older trade receivables include a significant proportion that relates to VAT due from HMRC on bad debts written off in previous periods.

The loss allowance on all financial assets is measured by considering the probability of default.

Trade receivables are considered to be in default when the amount due is significantly more than the associated credit terms past due, based on an assessment of past payment practices and the likelihood of such overdue amounts being recovered.

Trade receivables are written off by the Group when there is no reasonable expectation of recovery, such as when the counterparty (the agent) is known to be going bankrupt, or into liquidation or administration. Trade receivables will also be written off when the amount is more than materially past due.

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

	2022 £'000	2022 %	2021 £'000	2021 %
0 – 30 days	922	76%	446	61%
31 – 60 days	147	12%	131	18%
61 – 90 days	21	2%	52	7%
91 – 120 days	53	4%	27	4%
Over 120 days	72	6%	77	10%
	1,215		733	

The total value of debts past due but not impaired is £623k (2021: £288k). The expected loss rate on balances less than 120 days gives rise to an immaterial loss allowances provision. The expected loss rate on balances greater than 120 days also gives rise to an immaterial loss allowances provision. This is because the majority of the balance, £21k, relates to VAT due from HMRC on bad debts written off in previous periods (2021: £49k).

The credit risk on liquid funds is limited as the funds are held at banks with high credit ratings assigned by international credit rating agencies.

Impairment of Company financial assets

The Company's Group receivables represent trading balances and amounts advanced to other Group companies with no fixed repayment dates.

The Company determines that credit risk has increased significantly when:

- there are significant actual or expected changes in the operating results of the Group entity, including declining revenues, profitability or liquidity management problems; or
- there are existing or forecast adverse changes to the business, financial or economic conditions that may impact the Group entity's ability to meet its debt obligations.

The Company has determined that there is no increased credit risk with respect to the intercompany loan to Agents' Mutual.

Management believes the strong operational progress in the business means its future financial prospects are less risky and it is judged to be more likely now to generate future profits to allow it to repay the loan than before. As such the expected credit losses have been calculated under the 12-month expected credit losses methodology.

The Company has determined that there is no increased credit risk with respect to the intercompany loan to Glanty. Glanty is currently loss making and management believes there is a risk in its ability to generate future profits to allow it to repay the loan. As such the expected credit losses have been calculated under the 12-month expected credit losses methodology.

Note 22 details the impairment provision applied.

Liquidity risk

Liquidity risk arises from the Group's management of working capital. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due.

Notes to the Consolidated Financial Statements continued

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the Group monitors forecast cash inflows and outflows on a monthly basis.

Capital risk management

Management considers capital to be the carrying amount of equity. The Group manages its capital to ensure its obligations are adequately provided for, while maximising the return to shareholders through the effective management of its resources.

The Group's objective when managing capital is to safeguard its ability to continue as a going concern. The Group meets its objective by aiming to achieve growth which will generate regular and increasing returns to its shareholders. The principal policies in this regard relate to increasing the number of paying advertiser customers whilst managing costs, in particular discretionary costs, to available resources.

The Group deposits cash at bank, which is included in cash and cash equivalents, with a number of separate financial institutions with appropriate credit ratings.

Fair values of financial assets and liabilities

The fair value of the Group's financial assets and liabilities are not materially different from their book values and therefore the Directors consider no hierarchical analysis is necessary.

25. Provisions

	Social security on share options granted £'000	
At 1 February 2020		808
Exercise of share options		(156)
Revaluation of employers' social security liability		228
At 31 January 2021		880
Exercise of share options		(40)
Revaluation of employers' social security liability		95
At 31 January 2022		935
	2022 £'000	2021 £'000
Disclosed as:		
Current liability	732	622
Non-current liability	203	258
	935	880

The provision for social security on share options granted relates to the social security charges that will be incurred by the Group when the share options are exercised. This is calculated based on the options disclosed in note 26 in respect of the management incentive share option plan and the employee share scheme. Employer's National Insurance Contributions are accrued, where applicable, at a rate of 15.05%. 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.

For the purposes of the provision, it is assumed that options are exercised once employees can do so in determining whether the liability is current or non-current. Actual liabilities are triggered on exercise which is at employees' discretion and may be later than assumed in the above table.

26. Share-based payments

Agent recruitment shares

The Group issued agent recruitment shares during the year. 464,224 ordinary shares were issued (2021: 742,393). Fair value was determined in accordance with the accounting policy set out in note 2.20. The weighted average fair value of shares granted was £0.78 (2021: £0.79).

Management and employee share schemes

The Group operates management and employee equity settled share schemes. Options over its shares were awarded under the employee share scheme in the year to 31 January 2022, as set out below.

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

Grant date of option	Expiry	Option exercise per share £	Fair value £	2022 Number	2021 Number
Granted 15 September 2017	2027	nil	1.48	5,899,454	6,044,454
Granted 19 September 2017	2027	nil	1.48	110,905	225,568
Granted 10 October 2017	2027	nil	1.48	10,909	25,454
Granted 20 November 2018	2028	1.65	0.69	422,317	572,219
Granted 4 December 2018	2028	nil	1.13	42,424	42,424
Granted 10 September 2020	2030	nil	0.77	119,048	119,048
Granted 10 September 2020	2030	nil	0.65	285,714	285,714
Granted 14 December 2020	2030	nil	0.93	379,249	379,249
Granted 19 March 2021	2031	0.95	0.62	212,245	-
Granted 24 August 2021	2031	nil	0.62	1,089,308	-
Outstanding at 31 January				8,571,573	7,694,130

The value of employee services provided of £372k (2021: £452k) has been charged to the income statement.

Management Incentive Plan

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

	2022 Number	Weighted average exercise price £
Opening at 1 February	5,892,939	-
Granted	-	-
Exercised	(60,000)	-
Outstanding at 31 January	5,832,939	-
Exercisable at 31 January	4,446,389	-

These share options expire 10 years after the date of grant and have a nil exercise price. 1,386,550 are exercisable on the fifth anniversary (9 February 2023). The remaining 4,446,389 options are exercisable immediately. The fair value of all these options was charged to the profit and loss account in full in the year to 31 January 2018.

During the year 60,000 options were exercised. The weighted average share price at exercise was £0.95.

Notes to the Consolidated Financial Statements continued

Employee share scheme

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

	2022 Number	Weighted average exercise price £
Opening at 1 February	1,228,972	–
Granted in the period	1,089,308	–
Exercised in the period	(214,208)	–
Outstanding at 31 January	2,104,072	–
Exercisable at 31 January	230,753	–

These share options expire 10 years after the date of grant. During the year 214,208 options were exercised. The weighted average share price at exercise was £1.08.

All options granted prior to 1 February 2020 are exercisable at 31 January 2022. Share options granted under this scheme have a nil exercise price. Details of the options outstanding as at 31 January 2022 and not yet exercisable are as follows:

- the options were issued pursuant to the Company's Long-Term Investment Plan;
- they are subject to performance conditions based on the total shareholder return achieved by the Company relative to the FTSE AIM 100 Index in the three years prior to the performance period end date and are, save for limited circumstances, forfeited should the employee leave prior to the vesting date;
- 119,048 options were granted on 10 September 2020 and vest on 1 February 2023;
- 285,714 options were granted on 10 September 2020 and vest on 10 September 2025; and
- 379,249 options were granted on 14 December 2020 and vest on 14 December 2025.
- 1,089,308 options were granted on 24 August 2021 and vest on 24 August 2026

The options granted were valued using a bespoke Monte-Carlo model. The inputs used to determine the fair value at the date of grant for FY22 awards were as follows:

Grant date	Options	Performance period end date	Share price at grant date (£)	Exercise price (£)	Expected volatility	Dividend yield	Risk-free interest rate	Fair value derived per option (£)
24/08/21	1,089,308	23/08/24	0.97	Nil	35%	0%	0.2%	0.62

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

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

Company Share Option Plan

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

	Number	Weighted average exercise price £
Outstanding at 31 January 2021	572,219	1.65
Granted in the period	251,669	0.95
Forfeited in the period	(189,326)	1.5
Outstanding at 31 January 2022	634,562	1.42
Exercisable at 31 January 2022	422,371	1.65

These share options expire 10 years after the date of grant. Share options granted under this scheme and exercisable at 31 January 2022 have an exercise price of £1.65 and vested 3 years after the date of grant. The remaining share options granted under this scheme have an exercise price of £0.95 and vest 3 years after the date of grant. The fair value of these share options is charged to the profit and loss account over the vesting period. The share options are, save for limited circumstances, forfeited should the employee leave.

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	19/03/2021
Expiry date	19/03/2031
Share price at grant date	£0.95
Strike price	£0.95
Expected volatility	58.7%
Dividend yield	0%
Risk-free interest rate	0.58%
Fair value at grant date	£0.62

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 15.05%.

The following have been expensed in the consolidated income statement:

	2022 £'000	2021 £'000
Share-based payment charge	372	452
Employer's social security on share options	95	231
	467	683

27. Share capital

Share capital issued and fully paid

	2022 No.	2021 No.
Opening Ordinary shares of £0.002 each	72,445,046	70,082,638
Issued in the year	2,104,119	2,362,408
Closing Ordinary shares of £0.002 each	74,549,165	72,445,046

	2022 £'000	2021 £'000
Ordinary shares of £0.002 each	149	145

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

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

By a resolution dated 22 December 2017 the Directors are authorised to issue up to 40,000,000 shares to estate agents in connection with such agents signing listing agreements with the Company or its subsidiaries. The Directors confirmed that at most they will issue 36,363,636 under this authority, which expires on 22 December 2022. As at 31 January 2022, 5,425,477 shares had been issued under this authority (2021: 4,961,253) leaving 30,938,159 shares authorised but unissued (2021: 31,402,383).

Notes to the Consolidated Financial Statements continued

The Company issued 1,528,832 ordinary shares on 1 June 2021 and reduction of 163,154 ordinary shares on 2 November 2021 in respect of the share purchase agreement of Glanty as set out in note 14. 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 Company issued 174,250 ordinary shares on 29 April 2021, 27,302 ordinary shares on 30 July 2021, 159,963 ordinary shares on 29 October 2021 and 102,709 ordinary shares on 31 January 2022 to certain new and existing agents following them having earlier signed new long-term listing agreements to advertise all of their UK residential sales and letting properties on OnTheMarket.com. These shares were granted for cash at nominal value and for additional non-cash consideration. The shares are accounted for as set out in note 2.20.

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

	Shares
1 March 2021	38,180
30 March 2021	42,423
29 April 2021	1,939
20 July 2021	36,363
29 October 2021	60,000
12 November 2021	9,091
14 December 2021	1,212
26 January 2022	85,000
	274,208

Share option scheme

At the year end, there were a total of 8,571,573 (2021: 7,694,130) share options under the Company's share option plans (note 26), which on exercise can be settled either by the issue of ordinary shares or by market purchases of existing shares. During the year to 31 January 2022, no options were settled through market purchases by the Employee Benefit Trust (2021: 90,736 options).

28. Retirement benefit schemes

Defined contribution schemes

The Group operates defined contribution pension schemes. The assets of the schemes are held separately from those of the Group in independently administered funds. The cost charged represents contributions payable by the Group to the funds. At the balance sheet date contributions of £28k (2021: £23k) were outstanding.

	2022 £'000	2021 £'000
Contributions payable by the Group for the year	136	128

29. Controlling parties

The Directors do not consider there to be a single immediate or ultimate controlling party (2021: none).

30. 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 (2021: £518k) and at the year end the Group owed £nil (2021: £2k).

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 year, the Group purchased services amounting to £72k (2021: £6k) and at the period end the Group owed £nil (2021: £nil).

Subsidiaries

Interests in subsidiaries are set out in note 19.

Key management personnel

Disclosures relating to key management personnel are set out in note 9.

Other related party transactions

There were no further related party transactions during the year.

31. Reserves reclassifications

Following the receipt of legal advice during a capital reduction process (see note 32), some opening adjustments have been made to the reserves of the Group and Company. These adjustments resulted in no material impact on prior year reported results or net assets.

Agent share issues

In prior years, upon the issue of shares to agents as soon as practicable following contract commencement in return for the payment of nominal value in cash only (see note 2.20 for further details), the share premium account was credited with the excess of the share value over nominal based on the market share price at the date of issue through the transfer of the relevant amount of the balance initially recorded in other reserves and, if appropriate, an additional credit to reflect any increase in share price at issue compared with contract commencement. In these circumstances, the prepayment initially created was also increased by the amount of the additional credit.

This policy has been amended in line with the advice received and as set out in note 2.20. As the shares are issued in return for the payment in cash of nominal value only, no credit to share premium occurs. A prepayment and a credit to other reserves, based upon the share price at contract commencement, are created. Opening adjustments have been which give rise to a transfer from share premium to other reserves to reflect this revised treatment.

Merger reserve

The amount of £(71)k shown in prior years as a merger reserve in the Group accounts has been transferred to other reserves as it relates to the acquisition of Agents' Mutual by the Company but is not deemed to meet the legal definition of arising upon the assumption of equity control by the Company, which is necessary for it to be treated as a merger reserve, as Agents' Mutual is a company limited by guarantee, not share capital.

Other adjustments

In the current year, these financial statements reflect a credit to the Group merger reserve arising from the acquisition of Glanty. In the Group's unaudited interim results this was shown as a credit to the share premium account.

32. Post balance sheet events

Capital restructuring

A General meeting was held on the 26 May 2022 at which shareholder approval for a proposed cancellation of capital was received. Application has been made to the Courts and, if approved, this will create additional distributable reserves of £44m within the Company. These additional distributable reserves would provide the Company with greater flexibility to pay dividends to shareholders and/or introduce a share buyback programme, should the Board consider it appropriate in the future. The expected date that the cancellation becomes effective is on 7 July 2022.

Employee share scheme

On 3 February 2022 Clive Beattie, Chief Financial Officer, sold 85,000 shares at 100p per Ordinary Share to meet personal financial obligations, which included personal taxes arising on the exercise of options.

On 9 May 2022 Clive Beattie, Chief Financial Officer, exercised options over 16,515 shares which were sold at 70p per Ordinary Share on 10 May 2022 to meet personal financial obligations, which included personal taxes arising on the exercise of the options.

Share issues

On 21 April 2022 250,000 ordinary shares of 0.2 pence each were admitted to the AIM market of the London Stock Exchange and issued to the Company's Employee Benefit Trust to be held to satisfy future exercises of options under employee share schemes. 9 admitted but unissued shares were cancelled on the same date.

On 29 April 2022 154,129 ordinary shares of 0.2 pence each were admitted to the AIM market of the London Stock Exchange and issued to certain agents following them having earlier signed new long-term listing agreements in accordance with the strategy set out in the admission document published on 26 January 2018.

There have been no other post balance sheet events.

Company Information

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