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OnTheMarket plc
10 July 2023

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ONTHEMARKET PLC

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

FULL-YEAR RESULTS TO 31 JANUARY 2023

DELIVERING RECORD RESULTS AND STRATEGIC PROGRESS WHILST INCREASING VALUE FOR CUSTOMERS

OnTheMarket plc (AIM: OTMP), the technology-enabled property business which operates the onthemarket.com property portal, today announces its audited results for the year ended 31 January 2023.

Highlights of the year

Year ended 31 January	2023	2022*	Change
Revenue	£34.4m	£30.2m	14%
Adjusted EBITDA[1]	£8.0m	£5.8m	38%
EBITDA[1]	£3.8m	£2.1m	81%
Adjusted operating profit[2]	£4.3m	£2.7m	59%
Operating profit / (loss)	£0.1m	£(1.0)m	110%
Profit / (loss) before tax	£0.2m	£(1.2)m	117%
Loss after tax	£(0.2)m	£(0.2)m	-
Year-end cash	£11.3m	£8.4m	35%
ARPA[3]	£210	£188	12%
Average advertisers[4] listed	13,086	13,296	-2%
Total advertisers at 31 January	13,210	13,732	-4%
Traffic / visits[5]	244	283	-14%
Average monthly leads per advertiser	105	117	-10%

* Restated - see note 29.

- Record Group revenues and profits with continued strategic progress.
- Group Revenues up 14% and ARPA up 12%, reflecting growth in paying customers, strong product sales and continued strong growth in New Homes (up 60%).
- Adjusted operating profit up 59% to £4.3m (2022: £2.7m) driven by revenue growth across all income streams.
- Strong balance sheet, with year-end cash of £11.3m and no borrowings (31 January 2022: £8.4m and no borrowings).
- OnTheMarket Software incurred an impairment charge of £1.5m.
- Cash generated from operating activities of £7.9m representing operating cash conversion of approximately 99% of adjusted EBITDA.
- Traffic and leads reduced year-on-year reflecting an abnormally buoyant property market in the first half of the previous year and a strategic focus on serious property seekers and high-quality leads resulting in a significant increase in valuation opportunities, up 26% on prior year.

Strategic and corporate developments

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

Portal

Continued development of the portal including:

- New valuation tools: Innovative new ways for homeowners to receive indicative valuations of their homes with 'Video Appraisal' and 'Express Appraisal' from local agents without the need for a face-to-face appointment.
- WhatsApp integration: Consumers can enquire about sales and lettings properties via WhatsApp, providing improved response times.
- Additional property search filters: Property searches can be tailored in greater detail with the addition of filters for auction properties, flexible office space listings, pet-friendly properties, accessible properties, student homes and a 'Greener choice' filter which allows property seekers to search for energy efficient, eco-friendly homes.

Software

Continued development of software with an enhanced suite of products:

- TecLet: A market leading automated pre-tenancy and property management platform.
- TecCRM: Allows agents to manage prospecting, marketing, and nurture journeys for sales and lettings agents.
- TecHub: Allows consumers, whether they are a buyer, seller, landlord or tenant, to transact directly to bring automation and 24/7 transacting to agency businesses.
- TecWeb: Provides agents with a fully interactive website solution which includes SEO and pay-per-click services.

Data and Market Intelligence

Continued development of our data and market intelligence tools for our agents and developers:

- Commercial partnership: Working with Sprift Technologies to provide a full-service canvassing and prospecting system with automated trigger points.
- OnTheMarket Property Sentiment Index- (PSI): A unique focus on buyer and seller confidence, derived from consumer responses to questions with an average response rate of over 80,000 consumers per month.
- Introduced behavioural profiles: Profiling serious property seekers through our 'Buyer Ready' and 'Rent Ready' journeys, delivering pre-qualified leads to our customers.

Consumer Communication and Monetisation

Continued development of our consumer marketing strategy:

- TV advertising: FY23 saw our biggest investment yet in TV advertising showcasing our creative across multiple channels.
- Focus on attracting serious property seekers: 73% of buyers, who responded to our online survey, reported that they are confident that they will buy a property in the next 3 months (source: OnTheMarket PSI June 23).
- A comprehensive communications program: Built for those consumers using our Instant Online Valuation tool to ensure they are encouraged to contact an OnTheMarket agent at the appropriate time.
- New podcast series: 'OnTheRecord' showcases industry expertise and thought leadership to customers.
- New TikTok channel: Focused on engaging with serious property seekers.

Outlook

The Group has seen a positive start to FY24 with current trading in the year-to-date in line with the Board's expectations.

However, the macro-economic picture remains uncertain with mortgage affordability, stubborn inflation and the high cost of living all contributing to a slowdown in housing market activity through Q2 and an expectation of tougher trading conditions in second half of the year, which may have an impact on the Group. Cancellations of agent contracts have been higher than expected; to negate this we continue to diversify our revenue streams with the ongoing rollout of additional products and services. The recent introduction of packages will provide even more additional value and mitigate product cancellations.

The sales market is particularly challenging, with lower levels of new buyer activity as we move towards the second half of the year. In uncertain times, some active buyers may decide to 'wait and see'. This impacts levels of new sales agreed, reducing the value of the agents' under-offer sales pipelines. The volatility in the mortgage markets in particular is having a negative effect on transaction numbers. Transactions, rather than average house prices, are the key metric for estate agents. Whilst it is too early to make any forecasts, there will undoubtedly be significantly fewer transactions this year than in the previous two years.

The lettings market is seeing a continuing but levelling decline in new rental instructions, pushing up average rents. Competition is fierce for lettings properties, but fewer new tenancies also negatively impacts agents, with a significant proportion of their monthly income resulting from new lets and the management of their clients' portfolios.

Despite these headwinds for our customers the Board believes that there is still growth potential for OnTheMarket this year and continues to expect growth in revenue and profitability in FY24. The Group's recent operational and financial progress, together with a substantial, loyal advertiser base, provides a strong platform for the continued development of its strategy to become a tech-enabled property business across the entire customer and consumer ecosystem. The Board therefore retains its confidence in the medium and long term growth of the Group. February 2023 saw the end of the lock-in period for the thousands of agents who signed new listing agreements at IPO in 2018. Whilst some agents cancelled their membership at this point, the majority have continued to support the portal.

Jason Tebb, CEO of OnTheMarket, commented:

"I am delighted to report a strong financial performance with record revenues and profits. Our ongoing strategic progress continues to enhance our offering for estate agents, lettings agents and housebuilders, whilst driving the network effects of the business.

- We continue to develop the portal, delivering high quality leads from serious property seekers.
- We are making good strategic progress with OnTheMarket Software, providing solutions for our agents to automate and streamline their own processes, saving them time and money.
- Our data and market intelligence tools provide insights and value-add opportunities.
- Our Consumer communications and monetisation plans are taking shape, with strategies to further build our network effects and generate additional revenue streams for our business, and our customers.

OnTheMarket was founded by agents to bring more competition into the market with a promise of long-term, fair and sustainable pricing. We remain focused on that promise and delivering increased value for our customers at a time when agents are facing unjustifiable price rises elsewhere.

I would like to thank all our customers for their continued support in OnTheMarket. This support, and the strength of our platform, provides us with confidence and excitement for the future.

Now is our time; we have a great platform, great services and more importantly, supportive customers, many of whom are shareholders of this great business - we are aligned in our objectives and we are looking forward to delivering for them."

Analyst presentations

A presentation for analysts will be made from 09:00am today. Please contact OTM@teneo.com for further information.

The Group will also provide a live presentation relating to the preliminary results via the Investor Meet Company platform on 18 July 2023 at 18:00. Investors can sign up to Investor Meet Company for free and add to meet **ONTHEMARKET PLC** via:

https://www.investormeetcompany.com/onthemarket-plc/register-investor

1) EBITDA is operating profit before interest, tax, depreciation and amortisation. Adjusted EBITDA is EBITDA excluding share-based payments (including charges related to shares issued for agent recruitment), specific professional fees and non-recurring items. EBITDA and Adjusted EBITDA are alternative performance measures and should not be considered an alternatives to IFRS measures, such as revenue or operating profit or loss. See the consolidated income statement in the financial statements for a reconciliation of EBITDA to adjusted EBITDA. In addition, note 7 details the adjusting items.

2) Adjusted operating profit is adjusted EBITDA after amortisation and depreciation. This is an alternative performance measure and should not be considered an alternative to IFRS measures, such as revenue or operating profit or loss. See the consolidated statement of profit and loss in the financial statements for a reconciliation of operating profit to adjusted operating profit. In addition, note 7 also details what is included in the adjusting items.

3) 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.

4) Advertisers are either estate and lettings agent branches or New Homes developments listed at OnTheMarket.com.

5) 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.

For further information, please contact:

OnTheMarket **0207 353 4200**
Jason Tebb, Chief Executive Officer
Simon Bullock, Interim Chief Financial Officer
Tom Carter, Chief Financial Officer

Teneo **0207 353 4200**
Giles Kernick
Alec Tidbury

Zeus Capital (Nominated Adviser/Joint Broker) **0203 823 5000**
Jamie Peel, Martin Green, James Hornigold
(Investment Banking)
Benjamin Robertson (Corporate Broking)

Shore Capital (Joint Broker) **0207 408 4090**
Daniel Bush, John More (Corporate Finance)
Fiona Conroy (Corporate Broking)

Background on OnTheMarket:

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

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

OnTheMarket provides a unique opportunity for agents to participate in the equity value of their own portal. Agent backing and support enable OnTheMarket to display 'Only With Us' properties which are either exclusive properties advertised at onthemarket.com by customers who do not list their properties with either Rightmove or Zoopla, or properties listed 24 hours or more before agents release these properties to Rightmove or Zoopla.

Chair's Statement

I'm delighted to announce another year of progress towards achieving our strategic aims supported by continued growth in revenues, profit and cash generation.

In a year that saw unprecedented macro-economic turmoil, OnTheMarket delivered another year of strong results.

- 14% growth in Revenue;
- 12% increase in ARPA;
- 59% growth in Adjusted Operating Profit (AOP);
- Year-end cash of £11.3m and no borrowings.

Our teams, with Jason's passionate leadership, have continued to focus their efforts upon the development of our four key pillars for growth. These pillars will now incorporate an increased focus on monetisation strategies, as reflected below. We have completed the building phase and now move to the next exciting stage in our journey; Driving for Growth.

1. **Portal** - We have built arguably one of the best property search sites in the UK - **delivering more quality leads from serious property seekers.**

2. **Software** - We have developed powerful property software, now incorporating a full CRM platform, developed in partnership with our agent customers - **encouraging more agents to partner with OnTheMarket.**

3. **Data and market intelligence** - We have a full suite of Data and Market Intelligence tools for our agent and developer customers, created using our own extensive data in partnership with Sprift, to provide a unique whole of market approach. Our customers tell us that we have the best market reports - **providing enhanced value to more agents and developers driving new instructions.**

4. **Consumer communication and monetisation** - We have created an innovative marketing strategy focused on Direct Response media - **delivering an increasing number of valuation leads to our agent customers from serious property seekers**.

These four pillars work together and drive the network effects of this two-sided business, ultimately delivering greater value for our agent and developer customers, a greater experience for the serious property seekers who visit OnTheMarket, and greater returns for our agent and institutional shareholders.

Our agent shareholders remain resolute in continuing to support the evolution of the portal they envisioned in 2013. The difficult current conditions for agents makes them even more convinced that a portal offering fair and sustainable pricing, alongside a growing number of services to increase the profitability of their own businesses is the correct strategy for their future.

In February 2023, many of the OnTheMarket agent shareholders reached the end of their share lock-in and we are pleased that the vast majority have opted to retain their shares and have also committed to support the growth of OnTheMarket with continuing listing agreements.

This overwhelmingly demonstrates the continued support for OnTheMarket.

At the end of the financial year we said goodbye to Clive Beattie who had been our CFO since 2017. We thank Clive for his years of service. Earlier this month we welcomed Tom Carter as our new CFO. Finally, we thank Simon Bullock for his expertise and experience as our Interim CFO covering the period between Clive and Tom, ensuring a seamless handover.

Outlook

After a strong 2022, the UK residential property market is in a state of flux. A generation of property owners are coming to terms with higher interest rates, mortgage affordability, record energy prices and high inflation. Consumer sentiment will continue to be a key factor in the second half of the year, as will the behaviour of estate agents and housebuilders which may ultimately affect their decisions on supplier spend levels.

Thus far demand in the housing market remains resolute.

We continue to successfully diversify our revenue and income streams and remain profitable and cash generative. The first few months of this financial year have been typified by our continued prudent approach to cost management. For the reasons given above we consider that the second half of the year will be more challenging than the first.

People remain at the heart of everything we do and our employees and agent partners are our most valuable assets. Once again, I am extremely grateful to each and every one of our strong team of colleagues who have shown great dedication during the last few years enabling our success.

I would also like to extend my thanks to our customers, suppliers and shareholders for their ongoing support.

Christopher Bell - **Independent Non-Executive Chair**

Strategic report: Year ended 31 January 2023

Chief Executive Officer's Review

What a year it has been for OnTheMarket. Continued growth, powered by our 'four pillars' strategy is now delivering a suite of valuable products and services to our customers. More importantly, our business now brings serious and tangible competition into the portal marketplace.

The third phase of OnTheMarket's growth plan is complete and we now move to what we believe will be its most important phase yet.

A reminder of our history:

Phase 1: Build a market leading property portal, bringing more competition into the market, promising long term, fair and sustainable pricing for its customers thereby regulating the unfair price increases from competitors - **Completed 2017.**

Phase 2: Raise significant investment to fuel rapid growth in consumer traffic and agent/developer customers, delivering significant customer value and achieving profit for the first time - **Completed 2021.**

Phase 3: Diversification, providing further services and products to our loyal customer base. We truly are now 'more than just a portal' as we make great progress with our four pillar strategy and as a result we have delivered a 59% YoY increase in adjusted operating profit - **Completed 2022.**

It wasn't easy to launch a portal in a marketplace dominated by the incumbents for so long. We have seen many others come and go, even in the past 12 months. Yet, despite the challenges of launching, scaling and delivering a profitable and viable business in this space, OnTheMarket has succeeded, carefully and systematically. Our unique ownership structure ensures we develop with the needs of our estate agents and housebuilders at the forefront of our strategy. We are truly listening to them, my award-winning Town Halls have ensured that this is what OnTheMarket continues to do; listening, innovating and delivering for our customers.

It is through this engagement that we successfully achieved revenue growth of 14% and adjusted operating profit growth of 59% this financial year and how we will continue to grow in the future.

Agents have a finite amount of marketing budget, but we are proving year on year that agents are prepared to spend more with OnTheMarket. The benefits from that revenue flow directly back to agents as part of the shareholder community and it is that unique ownership structure that facilitates our long-term growth.

Over £400m[1] per annum is spent directly with portals and it is in the interests of agents and housebuilders that they continue to switch this spend to OnTheMarket and our four pillar strategy helps us access this.

In a market with high barriers to entry, we believe OnTheMarket continues to be the only viable option that can provide long term, fair and sustainable pricing to agents and developers and now, with so much more to offer, we believe more and more agents will support the portal that has its customers' best interests at heart.

So, what have we delivered in FY23 and what is in store in **Phase 4**?

- **Paying contracts** - More and more agents continue to pay a fair and sustainable price for our services as discounts unwind.

- **Significant growth from new income streams** - Our growth in New Homes developers is impressive with 2,845 developments, 92% of the developments listed on Rightmove[2]. An impressive growth story from a department which only launched in Q4 2019. We have also developed a suite of additional products and services which our customers value.

1 Management's estimate based upon the published accounts for Rightmove plc and Zoopla Limited.
2 Based upon the published accounts for Rightmove plc.

- **Strong results despite macro-economic and geopolitical headwinds**- An impressive Group revenue of £34.4m against the backdrop of the ongoing war in Ukraine and significant economic uncertainty.

We remain excited and committed to our four pillars strategy as they underpin the strong results this year and will fuel our future growth.

Portal
Continued and sustained development of OnTheMarket.com, to deliver an innovative 'best-in-class' property search platform delivering high quality leads from serious property seekers.

Software
Design, develop and deliver software solutions that streamline the estate and lettings agency workflows with a focus on automation and multi-platform integrations, saving our customers time and money.

Data and Market Intelligence
Utilising data and market intelligence to help our customers grow their businesses through the use of innovative tools that deliver deep property insights and value-add opportunities.

Consumer Communication and Monetisation
Growing brand awareness amongst serious property seekers to drive consumers to OnTheMarket and supporting our customers with marketing and nurturing tools to drive their own customer growth.

Portal

The portal is the core of our business and as such it is important we strive to ensure it remains 'best-in-class'; that's why, following our full brand refresh in late 2021 ('OnTheMarket 2.0'), the year under review saw us release a further major upgrade to the OnTheMarket website, '2.1'. Development of the '2.2' release was completed shortly after year-end and was designed to support our estate and letting agent customers build their client relationships, generate leads and develop their pipelines. The releases were a direct result of our Town Hall listening sessions.

The '2.1' launch in September 2022 included the following enhancements:

- **Video Appraisal:** Consumers can arrange live virtual valuation appointments with agents presenting relevant local information and comparable property prices.

- **Express Appraisal:** Homeowners can arrange an online appraisal from local agents without the need of a physical valuation.

- **WhatsApp integration:** Consumers can enquire about sales and lettings properties via the messaging service, providing a new type of lead and improved response times.

- **Additional property search filters:** Property searches can be tailored in greater detail with the addition of filters for auction properties, flexible office space listings, pet-friendly properties, accessible properties, student homes and a 'Greener choice' filter; which allows property seekers to search for energy efficient, eco-friendly homes.

The period we are reporting on included development work on our most ambitious upgrade yet, '2.2'. At its core is the 'MyPlace' dashboard boasting a range of new functions and UX enhancements, some of which are unique in the UK portal landscape.

'2.2' also saw the introduction of:

- 'I'm Serious': Property seekers can indicate when they are serious about moving to create a more tailored search experience and help them stand out to agents when making an enquiry by providing enhanced pre-qualification details at the point of contact.

- 'MyLists': Property seekers can now organise and save their favourite properties, invite family and friends to view, and interact with, their saved searches. With 'Property Watch', they can also receive alerts when their saved homes are reduced in price, go under offer, or become re-available.

- Very Important Places (VIP's): Consumers can now save the addresses of their VIP's to see how far listings of interest are from these locations. Distances to saved VIP's will be displayed beneath the details of properties and are viewable on the map, adding an extra layer of personalisation to the search.

We continue to make good progress with our focus on serious property seekers who are actively looking to buy or rent. Our conversion ratio of site visits to leads was 6.8%, up 4.6% on the prior year.

Software

In September 2022 we were pleased to announce the launch of OnTheMarket Software, which now includes an enhanced suite of products:

TecLet a market leading automated pre-tenancy and property management platform.

TecCRM allows agents to manage prospecting, marketing, and nurture journeys to secure and manage new business whether it be for sales, lettings or both.

TecHub allows consumers, whether they are a buyer, seller, landlord or tenant, to transact directly with the platforms to bring automation and 24/7 transacting to agency businesses, including interactive conveyancing and sales progression.

TecWeb provides agents with a fully interactive website solution which includes SEO and pay per click services. Agents can migrate any specific data present in their existing website solution, including blogs, news, property advertising and search functions, with leads being pulled directly into TecCRM.

As the agents' portal, to now have a CRM as part of the suite of products is further evidence of our commitment to enhance Group value, with the ultimate aim to give agents using OnTheMarket Software the benefit of the data insights gathered on the portal. Few other CRM providers will be able to power an agent owned CRM with as much insight on serious property seekers active in the market in real time.

Since acquisition, in May 2021, we have achieved:

- 84% increase in TecLet licences;
- 461% increase in TecCRM licences;
- 84% growth in estate agency branches using OnTheMarket Software.

(source: management figures May 2021 to May 2023)

OnTheMarket Software incurred an impairment charge of £1.5m in the period. This was as a result of development delays which impacted product delivery, primarily of TecCRM, which has had an effect on short term revenue forecasts. A separate project was launched in the period to mitigate this, with a strategic review which resulted in changes to operational processes and increased investment. The result of this review was a new strategic plan which saw the launch of the product suite above.

OnTheMarket Software remains one of the key pillars of our strategy as it not only will deliver incremental revenue and profitability to the core portal business, but provides a deeper and long lasting relationship with those agents who take up the service.

Data and Market Intelligence

We understand the power of data solutions in powering new business opportunities for our estate agent and housebuilder customers. Our 'best-in-class' Market Appraisal Guide contains some of the most comprehensive data available, with whole-of-market property comparables, local area information, transport links and historical transaction information. It is the 'go-to' guide to help our agents demonstrate their expertise and win instructions and on average they are downloading 8,000 guides per month.

Our exclusive SmartMail product has had significant uptake from estate agents and housebuilders alike, resulting in an average of 40,000 prospecting letters sent every month.

Working with our analytics team, we launched a number of bespoke data and market intelligence reports which provide additional insights and value to our customers.

Consumer Communication and Monetisation

Consumer communications and marketing remains core to the success of our business. Encouraging serious home movers and landlords to visit our website is our primary focus. We know the most valuable customers for our agents and developers are 'serious property seekers' and FY23 saw our biggest investment yet in TV advertising, showcasing our creative across multiple channels. We also expanded our digital content launching a new podcast series, a 'Checking In' series to showcase our customers expertise in their local market, and our own TikTok channel.

Our TV and digital activity focused on encouraging serious property seekers to value their property and receive a sale and rental estimate. As a result of this highly targeted DRTV (Direct Response TV) and digital strategy, valuation leads increased by 26% YoY with hundreds of thousands of instant online valuations delivered using our property valuation tool.

We have built a comprehensive communications strategy for the consumers valuing their property to ensure we can encourage them to contact an OnTheMarket agent when they are serious about moving.

Our agent customers are also able to access these leads via a cost-per-lead service allowing us to offer them exceptional value and ROI.

Phase 4: Driving for Growth

OnTheMarket will aim to be our customers' 'core strategic partner'.

We have never been in a stronger position:

- Our customers continue to support OnTheMarket following the end of their minimum terms within their contracts. Our agents continue to be champions and shareholders of the business. There is no stronger vote of confidence.

- We have developed a fantastic portal, recognised this year in the 'Superbrands' list, which are compiled annually with 3,200 brands across 158 categories assessed for quality, reliability, and distinction - the three factors that define a true Superbrand.

The building phase is complete (albeit we will never stop improving) and now it is time for us to drive growth.

OnTheMarket was founded by agents as a procompetitive response to the negative effects of a duopolistic market. And I am pleased to say that ten years on from its inception, agents continue to be passionate about the need for OnTheMarket to continue in this vein, providing real competition.

But now we are much more than that, with the development of our 'four pillars' we have grown to be more than just a portal - we now have in place the services needed to be considered as our estate agents and developers' core strategic partner.

Now we have successfully differentiated our proposition and secured the commitment of our customer base, we will commence a strategy to increase the proportion of media spend from our customers, encouraging them to switch spend from other platforms to further increase their support for OnTheMarket.

We will invest as appropriate to ensure our long-term success and prominent position in this market for our customers and shareholders.

Now is our time.

Our environment

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

During 2022, we completed phase 1 of our work with external climate consultants, calculating our carbon footprint, across scope 1, 2 and 3 emissions, for our pre-Covid (2019/20) base year. We look to use this benchmark year to support the development of our sustainability strategy aimed at reducing our business emissions.

We continued the operation of our Green Working Group to engage our people on sustainability and developing internal training sessions. We also extended this engagement to discussions with housebuilder customers, inviting them to a sustainability themed 'Developer Forum'. This discussion fuelled the development of our 'Greener choice' filter and icon on site, highlighting how listening is integral to every part of the business.

Our people

Our people are the driving force behind our success. Engaging with and rewarding them, is a priority for the Group. The last 12 months have seen the rollout of more staff benefits, including a rewards platform, saving employees significant amounts on everyday living costs.

Supporting an inclusive work environment is one of my top priorities and I was pleased to launch our Equality, Diversity and Inclusion (EDI) working group which has already delivered key recommendations for our internal processes and engaged with staff on important subjects relating to EDI.

The welfare and safety of our staff is one of our top priorities and we have maintained a hybrid working model. Our employee engagement program continues, further engaging with our staff and ensuring their voice is heard at senior management level.

In May 2023, we proudly announced our recognition as one of the UK's best employers in The Sunday "Times Best Places to Work 2023". We take immense pride in our commitment to employee engagement and workplace happiness. With an impressive overall engagement score of 92%, surpassing the average by 17%, this achievement highlights our dedication to fostering a positive work environment. By empowering our talented professionals, we consistently deliver exceptional service to our valued customers.

Post year-end developments

After an exceptionally strong FY23, the momentum continues apace as we continue to expand our reach and develop our proposition for all our customers.

We are focused on providing incremental value to our agents and developers, charging a fair price for the value received:

- Introduction of 'Packages': A membership package consisting of listing fees and a suite of additional products. Agents enjoy a discount compared to buying each product individually which ensures they receive exceptional value.
- Launch of OnTheMarket Connect: Including a portal-first sales and lettings data nurturing service (Your Property Services) to help estate agents generate fresh revenue from their existing database and win more instructions through valuations.
- SMS alert functionality: Supporting our housebuilders in creating geo-specific, high impact strategies to alert local consumers to a New Homes development nearby.

And for our serious property seekers:

- Launch of OnTheMarket Money: A new division providing consumers with access to financial services and other essential products associated with the home moving journey.

OnTheMarket's first partnership under this new brand is with London & Country Mortgages (L&C), one of the largest whole-of-market mortgage brokers in the UK, who will provide consumers with access to mortgage products and support via the portal.

· Launch of innovative AI tools: The first major portal in the UK to embrace the AI revolution, benefitting both our customers and property seekers.

We remain confident in our strategy and the growth prospects of the Group and excited about the next stage of our journey. None of this would have been possible without the tireless commitment and dedication of our two hundred strong team of people - I thank them for a job well done.

Outlook

The Group has seen a positive start to FY24 with current trading in the year-to-date in line with the Board's expectations.

However, the macro-economic picture remains uncertain with mortgage affordability, stubborn inflation and the high cost of living all contributing to a slowdown in housing market activity through Q2 and an expectation of tougher trading conditions in second half of the year, which may have an impact on the Group. Cancellations of agent contracts have been higher than expected; to negate this we continue to diversify our revenue streams with the ongoing rollout of additional products and services. The recent introduction of packages will provide even more additional value and mitigate product cancellations.

The sales market is particularly challenging, with lower levels of new buyer activity as we move towards the second half of the year. In uncertain times, some active buyers may decide to 'wait and see'. This impacts levels of new sales agreed, reducing the value of the agents' under-offer sales pipelines. The volatility in the mortgage markets in particular is having a negative effect on transaction numbers. Transactions, rather than average house prices, are the key metric for estate agents. Whilst it is too early to make any forecasts, there will undoubtedly be significantly fewer transactions this year than in the previous two years.

The lettings market is seeing a continuing but levelling decline in new rental instructions, pushing up average rents. Competition is fierce for lettings properties, but fewer new tenancies also negatively impacts agents, with a significant proportion of their monthly income resulting from new lets and the management of their clients' portfolios.

Despite these headwinds for our customers the Board believes that there is still growth potential for OnTheMarket this year and continues to expect growth in revenue and profitability in FY24. The Group's recent operational and financial progress, together with a substantial, loyal advertiser base, provides a strong platform for the continued development of its strategy to become a tech-enabled property business across the entire customer and consumer ecosystem. The Board therefore retains its confidence in the medium and long term growth of the Group. February 2023 saw the end of the lock-in period for the thousands of agents who signed new listing agreements at IPO in 2018. Whilst some agents cancelled their membership at this point, the majority have continued to support the portal.

Finally, a sincere thank you to our customers, estate agents and housebuilders, big and small, corporate and independent, and those in-between, for their unwavering support in launching, scaling and growing this business. Their partnership at each phase of our growth has been crucial to our continued success and I look forward to taking the next steps as a Group with them by our side and passionately supporting our future vision. With their support, OnTheMarket can change the status quo, challenge the incumbents, and in doing so change the portal landscape forever.

Jason Tebb - **Chief Executive Officer**

Strategic report: Year ended 31 January 2023

Financial Review and Key Performance Indicators

The year ended 31 January 2023 saw revenue up 14% and ARPA up 12% reflecting growth in paying customers, price increases and continued strong growth in New Homes (up 60%).

The Group delivered revenue of £34.4m in the year ended 31 January 2023 (2022: £30.2m) and an adjusted operating profit of £4.3m (2022: £2.7m), up 59%.

At 31 January 2023, the Group had cash of £11.3m and no borrowings (2022: £8.4m, no borrowings).

Analysis of revenue and ARPA by source

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

- estate and letting agents;
- new homes developers;
- OnTheMarket Software customers; and
- other, non-property advertiser customers.

Year ended 31 January	2023	Restated 2022	Change
Group revenue			
- Agency	£29.1m	£26.8m	9%
- New Homes	£4.0m	£2.5m	60%
- OnTheMarket Software	£1.0m	£0.6m	67%
- Other	£0.3m	£0.3m	-
- Group	£34.4m	£30.2m	14%
ARPA			

- Agency	£229	£204	12%
- New Homes	£132	£100	32%
- Group	£210	£188	12%

Operational KPIs

Group operational KPIs were as follows:

As at 31 January	2023	2022	Change
Total advertisers	13,212	13,732	-4%
Agency branches	10,367	11,451	-9%
New Homes developments	2,845	2,281	25%
Average advertisers			
- Agency	10,547	11,171	-6%
- New Homes	2,542	2,125	20%
- Group	13,089	13,296	-2%

Income statement

The Group's financial performance is presented in the Consolidated Income Statement on page 52. The loss for the year attributable to the owners of the Group was (£0.2m) (2022 restated loss: (£0.2m)).

Adjusted administrative expenses in 2023 increased by £1.7m to £26.8m (2022 restated: £25.1m). This movement is driven by OnTheMarket Software being part of the Group for a full year compared to only eight months in the prior year. As a result, staff costs increased by 24% to £11.8m (2022: £9.5m). Other administrative expenses increased by 30% to £6.0m (2022 restated: £4.6m). This was offset by a reduction in media spend of 18% to £8.7m (2022: £10.6m).

The annual Impairment review in respect of Glanty Limited (OnTheMarket Software) concluded that the Group required an impairment charge of £1.5m to Goodwill (see note 13).

An agent recruitment charge of £1.4m (2022 restated: £1.7m) 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.

A prior period adjustment was recognised following completion of an internal review of agents that were entitled to shares. An acceleration of the agent recruitment charge was required due to incomplete agent charges, incorrect fair values used at the grant date and incorrect classification of the charge in line with the Group's accounting policies, see note 29 for further details.

Statement of financial position

As noted above the impairment in respect of OnTheMarket Software reduced Goodwill to nil at year-end (see note 13).

Intangible assets increased to £8.9m (2022: £7.5m), as a result of additional capitalisation of staff and consultant costs incurred in the ongoing development of OnTheMarket.com and OnTheMarket Software products, partially offset by the amortisation charge arising on those costs and on costs previously capitalised.

A fair value loss of £0.4m was also taken on the investment in Insurestreet Limited, trading as Canopy as a result of an assessment of its recoverable amount compared to the fair value held within the Group.

Right of Use Assets increased by £0.3m to £1.0m (2022: £0.7m). This was due to the renewal of the Group's premises in Southwark, London.

Following approval from shareholders and the courts, on 23 July 2022 the cancellation of the Company's share premium account became effective. This created additional distributable reserves of £44m within the Company. The cancellation has the effect of creating distributable reserves and, subject to the financial performance of the Company and the CA 2006 provides 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. No distributions have currently been made or proposed.

Consolidated Income Statement: Year ended 31 January 2023

	Notes	**2023** **Statutory** £'000	**2023** **Adjusting Items (see note 7)** £'000	**2023** **Adjusted** £'000	2022 Statutory £'000	*Restated* 2022 Adjusting Items £'000	2022 Adjusted £'000
Revenue	4	34,428	358	34,786	30,219	628	30,847
Administration expenses	6	(30,590)	3,837	(26,753)	(28,120)	3,045	(25,075)
EBITDA		**3,838**	**4,195**	**8,033**	2,099	3,673	5,772
Amortisation	6	**(3,081)**		**(3,081)**	(2,460)		(2,460)
Depreciation	6	**(633)**		**(633)**	(605)		(605)
Operating profit / (loss)		**124**	**4,195**	**4,319**	(966)	3,673	2,707
Finance income	9	99			33		
Finance expense	10	(14)			(11)		
Share of loss of associate		-			(122)		
Fair value loss on step acquisition		-			(183)		
Profit / (loss) before income tax		**209**			(1,249)		
Income Tax	11	(376)			1,036		
Loss for the year attributable to owners of the parent		**(167)**			(213)		

		2023	2022 Restated
Loss per share from continuing operations		Pence	Pence
Basic	12	(0.22)	(0.29)
Diluted	12	(0.22)	(0.29)

The operating profit / (loss) arises from the Group's continuing operations.

Consolidated Statement of Comprehensive Income: Year ended 31 January 2023

		2023 **£'000**	2022 £'000
Loss for the year		(167)	(213)
Items that will not be reclassified to profit or loss			
Fair value loss on equity investment	19	(358)	-
Total comprehensive loss for the year		(525)	(213)

Consolidated Statement of Financial Position at 31 January 2023

	Notes	2023 £'000	*Restated ** 2022 £'000	*Restated ** 2021 £'000
ASSETS				
Non-current assets				
Goodwill	**13**	**-**	1,518	-
Intangible assets	**14**	**8,930**	7,520	4,685
Property, plant and equipment	**15**	**99**	96	103
Right-of-use assets	**16**	**951**	703	180
Investment in associates		**-**	-	851
Investments	**19**	**47**	405	-
Deferred tax asset	**11**	**1,822**	2,599	1,558
		11,849	12,841	7,377
Current assets				
Trade and other receivables	**20**	**4,682**	5,375	5,242
Cash and cash equivalents		**11,333**	8,412	10,719
		16,015	13,787	15,961
TOTAL ASSETS		**27,864**	26,628	23,338
LIABILITIES				
Current liabilities				
Trade and other payables	**21**	**(6,371)**	(5,880)	(5,216)
Lease liabilities	**16**	**(560)**	(421)	(157)
Provisions	**23**	**(639)**	(732)	(622)
Current tax		**(7)**	(12)	(16)
		(7,577)	(7,045)	(6,011)
Non-current liabilities				
Lease liabilities	**16**	**(364)**	(237)	(2)
Provisions	**23**	**(74)**	(203)	(258)
Deferred consideration	**24**	**(75)**	(75)	-
Deferred tax liability	**11**	**-**	(401)	-
		(513)	(916)	(260)
TOTAL LIABILITIES		**(8,090)**	(7,961)	(6,271)
NET ASSETS		**19,774**	18,667	17,067
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT				
Share capital	**26**	**151**	149	145
Share premium	**27**	**-**	43,756	47,453
Merger reserve		**1,228**	1,228	(71)
Other reserve		**6,372**	5,264	1,429
Retained earnings		**12,023**	(31,730)	(31,889)
TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT		**19,774**	18,667	17,067

* Restated - See note 29.

Consolidated Statement of Changes in Equity year ended 31 January 2023

	Share capital £'000	**Share premium £'000**	**Other reserves £'000**	**Merger reserve £'000**	**Retained earnings £'000**	**Total equity £'000**
Equity as at 1 February 2021 as previously stated	145	47,453	782	(71)	(31,409)	16,900
Prior Period Adjustment	-	-	647	-	(480)	167
Restated* Equity as at 1 February 2021	145	47,453	1,429	(71)	(31,889)	17,067
Loss for the financial period*	-	-	-	-	(213)	(213)

Total comprehensive loss for the period*	-	-	-	-	(213)	(213)
Reserves reclassification	-	(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	-	278	-	-	279
Share-based payment charge on employee options	-	-	-	-	372	372
Restated* Equity as at 31 January 2022	**149**	**43,756**	**5,264**	**1,228**	**(31,730)**	**18,667**
At 1 February 2022	**149**	**43,756**	**5,264**	**1,228**	**(31,730)**	**18,667**
Profit for the financial period	-	-	-	-	(167)	(167)
Other comprehensive loss for the financial period	-	-	-	-	(358)	(358)
Total comprehensive loss for the period	-	-	-	-	(525)	(525)
Transactions with owners:						
Shares issued for agent recruitment shares	2	-	1,108	-	-	1,110
Capital restructuring	-	(43,756)	-	-	43,756	-
Share-based payment charge on employee options	-	-	-	-	522	522
At 31 January 2023	**151**	**-**	**6,372**	**1,228**	**12,023**	**19,774**

**Restated due to prior year adjustments - see note 29*

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.

Other reserves
The other reserve represents the excess over nominal value for equity shares issued as part of agent recruitment share arrangements (see note 2.19).

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

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

Consolidated Statement of Cash Flows year ended 31 January 2023

	2023	Restated 2022 *
	£'000	£'000
Cash flows from operating activities		
Loss for the year after income tax	(167)	(213)
Adjustments for:		
Income tax	376	(1,036)
Finance income	(99)	(33)
Finance expense	14	11
Amortisation	3,081	2,460
Depreciation	633	605
Agent recruitment expense	1,733	2,306
Share-based payment	522	372
Share of loss of associate	-	122
Fair value loss on step acquisition	-	183
Goodwill impairment	1,518	-
Acquisition related costs	193	129
Operating cash flows before movements in working capital	**7,804**	4,906
Increase in trade and other receivables	(486)	(1,585)
Increase / (decrease) in trade and other payables	842	(181)
Decrease in provisions	(222)	(34)
Tax (paid) / received	5	(9)
Net cash generated from operating activities	**7,943**	3,097
Cash flows from investing activities		
Finance income received	99	33
Acquisition of intangible assets	(4,491)	(3,369)
Acquisition of tangible assets	(62)	(49)
Acquisition of subsidiary net of cash acquired	-	(983)
Acquisition of investment	-	(405)
Net cash used in investing activities	**(4,454)**	(4,773)
Cash flows from financing activities		
Loan repayment	-	(50)
Proceeds from issue of shares	2	1
Repayment of lease liabilities	(570)	(582)
Net cash (used in) financing activities	**(568)**	(631)
Net movement in cash and cash equivalents	**2,921**	(2,307)
Cash and cash equivalents at the beginning of the year	**8,412**	10,719
Cash and cash equivalents at the end of the year	**11,333**	8,412

* Restated - see note 29.

Notes to the Consolidated Financial Statements year ended 31 January 2023

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 OnTheMarket Software.

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 C/O Almond + Company Limited, 11 York Street, Manchester, M2 2AW. 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.

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 2023 were prepared in accordance with UK-adopted International Accounting Standards.

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

The Group presents the consolidated income statement 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 its subsidiaries (i.e., entities that the Group controls through its power to govern the financial and operating policies 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 3UZ.

2.4. Going concern

The Group made a loss after tax for the year of £0.2m (2022 restated loss: £0.2m). As at 31 January 2023 the Group had a net cash balance of £11.3m (2022: £8.4m) and a net asset balance of £19.8m (2022: £18.7m). At 30 June 2023, the Group had cash of £11.4m and no borrowings.

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

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

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

2.5. New and revised standards and interpretations

The IASB have issued some amendments to IFRS that become mandatory in a subsequent accounting period. The Group has evaluated these changes and assessed that there are no standards that are issued, but not yet effective, that would be expected to have a material impact on the Group in the current or future reporting periods nor on foreseeable future transactions.

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

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 OnTheMarket 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 4-8 years
Customer related intangibles	Straight-line 8 years

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 it's 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 it's 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. 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.

2.15. 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 ageing 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.

2.16. 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.

2.17. 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.

2.18. 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.

Employee Share Schemes
The Group provides equity settled share-based incentive plans allowing executive directors and other employees to acquire shares in the Company. An expense is recognised in the income statement, with a corresponding increase in equity, over the period during which the employees become unconditionally entitled to acquire equity settled share-based incentives. See note 25 for details on the different share schemes within the Group.

Fair value at the grant date is measured using either the Monte Carlo or Black Scholes pricing model as is most appropriate for each scheme. Measurement inputs include share price on measurement date; exercise price of the instrument; expected volatility (based on weighted average historic volatility adjusted for changes expected due to publicly available information); weighted average expected life of the instruments (based on historical experience and general option behaviour); expected dividends; and risk-free interest rates (based on government bonds). Service and non-market performance conditions attached to the awards are not considered in determining the fair value of the individual shares awarded.

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).

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.

Employer's NI is accrued, where applicable, at a rate of 13.8%, which management expects to be the prevailing rate when share based incentives are exercised. In the case of share options, it is provided on the difference between the share price at the reporting date and the average exercise price of share options. In the case of nil cost performance shares and deferred shares, it is provided based on the share price at the reporting date. The NI on share-based payments in relation to the exercise of the shares is charged to the income statement over the vesting period of the award.

Employee Benefit Trust
The Employee Benefit Trust holds shares in the Company and was set up for the benefit of Group employees. The Employee Benefit Trust purchases the Company's shares in the market or is gifted these by the Company for use in connection with the Group's share-based payments arrangements. Once

purchased, shares are not sold back into the market.

2.19. 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 earnt.

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.

2.20. 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.

2.21. 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. OnTheMarket Software 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.

OnTheMarket Software

OnTheMarket Software 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.

2.22. 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.

2.23. Alternative Performance Measures

In the analysis of the Group's financial performance, certain information disclosed in the financial statements may be prepared on a non-GAAP basis or has been derived from amounts calculated in accordance with IFRS but are not themselves an expressly permitted GAAP measure.

These measures are reported in line with the way in which financial information is analysed by management and designed to increase comparability of the Group's year-on-year financial position, based on its operational activity. APMs should not be viewed in isolation but as supplementary information to the Groups results. The key alternative performance measures presented by the Group are:

Adjusted EBITDA
Adjusted EBITDA is operating profit before amortisation, depreciation, share-based payments, (including charges relating to shares issued for agent recruitment), specific professional fees and non-recurring items.

Adjusted Operating Profit
Adjusted EBITDA after amortisation and depreciation.

These are alternative performance measures and should not be considered an alternatives to IFRS measures, such as revenue or operating profit or loss. The directors believe that adjusting items relate to costs or incomes that derive from events or transactions that fall within the normal activities of the Group, but are excluded from the Group's adjusted profit measures, individually or, if of a similar type in aggregate, due to their size and/or nature in order to better reflect management's view of the performance of the Group. These include:

- Share-based payments;
- Agent Recruitment charges;
- Staff related costs associated with termination of employment and professional fees associated with employee share-based plans;
- Acquisition costs; and
- Goodwill or Intangible asset impairment charges within the Group.

The directors therefore consider adjusted operating profit to be the most appropriate indicator of the performance of the business and year-on-year trends.

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

There are no 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.

Key sources of estimation uncertainty

Significant accounting estimates

The preparation of the Group's consolidated financial statements includes the use of estimates and assumption. The significant accounting estimates with a significant risk of a material change to the carrying value of assets and liabilities within the next year in terms of IAS 1, 'Presentation of Financial Statements', are:

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 at 31 January 2023 the estimate relates entirely to the OnTheMarket Software CGU. Further details are included in note 13.

Impairment of Company receivables
The Company has intercompany loans to its subsidiaries Agents' Mutual and OnTheMarket Software which are repayable on demand. As the subsidiaries did not have sufficient highly liquid resources to repay the loans at 31 January 2023, 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 OnTheMarket Software 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 2023 and the future cash flows therefore vary year to year.

Deferred tax
At 31 January 2023 Agents' Mutual had tax losses available to carry forward. Agents' Mutual was profitable in the year to 31 January 2023 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.

In considering their recoverability, the Group assesses the likelihood of their being recovered within a reasonably foreseeable timeframe, being typically a minimum of three years, taking into account the future expected profit profile and business model of the company. Short-term timing differences are generally recognised ahead of losses and other tax attributes as being likely to reverse more quickly.

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 11).

4. Revenue

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

- Estate and letting agents
- New home developers
- OnTheMarket Software customers
- Other, non-property advertising income

Revenues for the year ended 31 January	**2023**	*Restated* 2022
	£m	£m
Group revenue		
- Agency	**29.1**	26.8
- New Homes	**4.0**	2.5
- OnTheMarket Software	**1.0**	0.6
- Other	**0.3**	0.3
- Total	**34.4**	30.2

Agency sales are predominantly billed monthly in advance, and these are recognised as deferred income. The Group has contract liabilities of £1.7m as at 31 January 2023 (2022: £1.7m).

Contract liabilities of £1.7m at 31 January 2022 were recognised as revenue in the year ended 31 January 2023 (2022: £1.8m).

A proportion of sales are billed monthly in arrears (predominantly New Homes) and are recognised as accrued income. The Group has accrued income of £0.6m as at 31 January 2023 (2022: £0.4m).

Agency revenue is reduced by £0.4m of agent recruitment charges during the year (2022: £0.6m).

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

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:

- OnTheMarket Software
- 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 OnTheMarket Software 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	**OnTheMarket Software £m**	**(Restated) Rest of the Group £m**	**(Restated) Group £m**
Revenue	0.6	29.6	30.2
Operating loss[1]	(0.5)	(0.4)	(0.9)
Depreciation & amortisation	0.2	2.9	3.1

Year ended 31 January 2023	**OnTheMarket Software £m**	**Rest of the Group £m**	**Group £m**

Revenue	1.0	33.4	34.4
Operating (loss) / profit[1]	(1.2)	1.3	0.1
Depreciation & amortisation	0.4	3.3	3.7

[1] Operating (loss) / profit is stated after the charge for depreciation and amortisation.

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

6. Administrative Expenses

	2023 £'000	2022 £'000
Operating (loss) / profit is stated after charging:		
Short-term lease expenses	69	246
Staff costs (note 8)	11,770	9,509
Advertising expenditure	8,624	10,574
Audit fees payable to the Company's auditor		
- audit of Group financial statements	218	132
- audit related assurance services	20	8
Other administrative expenses	6,052	4,606
Adjusting Items (note 7)	3,837	3,045
	30,590	28,120
Depreciation of property, plant and equipment and right-of-use assets	633	605
Amortisation of intangible assets	3,081	2,460
	34,304	31,185

7. Adjusting Items

	2023 £'000	*Restated* 2022 £'000
Agent share recruitment revenue	358	628
Share-based management incentive	310	467
Professional fees	351	211
Agent recruitment charges	1,375	1,683
Government grant repaid	-	449
Staff related costs	90	106
Acquisition related costs	193	129
Goodwill impairment (note 13)	1,518	-
	4,195	3,673

Agent share recruitment revenue arises 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 revenue.

Share-based management incentive charges include employer's national insurance charged on options exercised in the year as well as the movement in the expected future employer's national insurance charged based upon the year-end share price. See note 25 for further details.

Professional fees incurred in the year relate to fees and expenses associated with the recruitment of a new Chief Financial Officer, legal fees relating to the post IPO lock-in share placement in February 2023 and cancellation of the share premium account in May 2022.

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.

Staff related costs relate to termination of employment, the associated professional fees and legal fees to establish an Employee Benefit Trust.

Acquisition related costs represent the amortisation of prepayments for employee services incurred as part of the acquisition of Glanty Limited (OnTheMarket Software) and amortised over a three-year period from acquisition.

Goodwill impairment relates to the OnTheMarket Software cash generating unit and is explained in detail in note 13.

8. Employees and Directors

	2023 £'000	2022 £'000
Group		

Staff costs (including Directors) comprise:		
Wages and salaries	12,317	10,002
Social security costs	1,549	1,199
Pension	167	136
	14,033	11,337
Less staff costs capitalised to intangible assets	**(2,263)**	(1,828)
Staff costs expensed	**11,770**	9,509

	2023	2022
	£'000	£'000
Company		
Staff costs (including Directors) comprise:		
Wages and salaries	**226**	206
Social security costs	**29**	25
Pension	**1**	1
	256	232

	2023	2022
	Number	Number
The average monthly number of persons employed		
by the Group during the year was:		
Non-Executive Directors	**3**	3
Marketing, sales and administration	**136**	116
IT	**59**	52
	198	171

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

	2023	2022
Directors' remuneration	**£'000**	£'000
Group		
Aggregate emoluments	**1,055**	1,218
Payment due on loss of office	**31**	-
Pension contributions	**4**	4
	1,090	1,222

	2023	2022
Highest paid Director		
Group	**£'000**	£'000
Aggregate emoluments	**313**	401

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

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 £133k (2022: £161k) due in respect of Directors. A charge of £124k (2022: £49k) was recognised in respect of options awarded to Directors in the year. Chris Bell, Non-executive Chair, 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.

9. Finance income

	2023	2022
	£'000	£'000
Finance income:		
Other interest receivable	**99**	33

10. Finance expense

	2023	2022
	£'000	£'000
Interest arising on:		
Lease liability interest (note 16)	**14**	11

11. Income tax

	2023	2022
	£'000	£'000
Current tax:		
UK corporation tax on income for year	**-**	5
Total current tax	**-**	5
Deferred tax:		
Origination and reversal of temporary differences	**376**	(580)
Arising from change in enacted tax rate	**-**	(461)
Income tax debit/ (credit)	**376**	(1,036)

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:	2023	Restated 2022
	£'000	£'000
Profit / (loss) before taxation	**209**	(1,249)
Profit / (loss) before taxation multiplied by the effective rate of corporation tax of 19% (2022: 19%)	**40**	(237)
Effects of:		
Expenses not deductible for tax purposes	**592**	340
Depreciation in excess of capital allowances	**62**	180
Expenditure on intangible assets claimed as incurred	**(102)**	(99)
Tax losses (utilised in year) / carried forward	**(592)**	(179)
Previously unrecognised tax losses	**101**	(1,041)
Origination and reversal of temporary differences	**275**	-
Tax charge / (income)	**376**	(1,036)

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 25% was used.

This net deferred tax asset within the Group comprises temporary differences attributable to:

	2023	2022
	£'000	£'000

Employee share-based payments	**1,248**	1,271
Property, plant and equipment temporary differences	**157**	157
Development cost temporary differences	**(1,560)**	(1,307)
Tax losses	**2,377**	2,478
Deferred tax asset	**2,222**	2,599
Intangible assets	**(400)**	(401)
Deferred tax liability	**(400)**	(401)
Net deferred tax asset	**1,822**	2,198

The movement in the year in the net deferred tax asset arising from the Agents' Mutual losses and other timing differences is as follows:

	£'000
Opening balance at 1 February 2022	2,198
Debited to profit and loss	(376)
Closing balance at 31 January 2023	1,822

The subsidiary, Agents' Mutual Limited, had trading losses available for carry forward of £26.7m (2022: £30.2m). Unused tax losses for which no deferred tax asset has been recognised total £16.9m (2022: £18.9m).

The subsidiary, Glanty Limited (OnTheMarket Software), has trading losses available for carry forward of £6.1m (2022: £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.

12. Loss per share

Numerators: Earnings attributable to equity			
Loss for the year from continuing operations attributable to owners of the Company	**2023 £'000**	*Restated* 2022 £'000	2019 £'000
Total basic earnings and diluted loss	**(167)**		(213)
	No.		No.
Denominators: Weighted average number of equity shares			
Weighted average number of equity shares used in calculating basic earnings per share	**75,000,325**		73,744,914
Adjustments for calculating diluted earnings per share: - options over equity shares	**7,986,795**		7,194,021
Weighted average number of equity shares used in calculating diluted loss per share	**82,987,120**		80,938,935

As required by IAS33 (Earnings per Share), the impact of potentially dilutive options was disregarded for the purposes of calculating diluted loss per share in the year as the Group was loss making.

13. Goodwill

	Group £'000
At 1 February 2022	1,518
Impairment	(1,518)
At 31 January 2023	**-**

Impairment testing for the OnTheMarket Software Cash Generating Unit

The Group tests goodwill for impairment at each reporting date. If there are indicators of impairment, then other intangible assets are also tested.

The impairment 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.

As at 31 January 2023 the impairment assessment relates entirely to the OnTheMarket Software CGU which is a reportable segment (see note 5).

For the impairment review, cash flows were prepared using Board approved forecasts to 31 January 2026, alongside management projections for a further two years. The projections demonstrate continued growth in line with the Board approved plan, specifically revenue from existing customers including forecast growth in sales with the Group's listing agent customer base. In addition, a long-term revenue growth rate beyond the 5-year period of 0% has been assumed.

OnTheMarket Software has made good progress during the year, however trading performance (specifically software licences) has been lower than expected. A remediation plan has been put in place and although management consider there to be significant future value, our current assessment is lower than envisaged at acquisition.

This resulted in an updated assessment of the key assumptions, which impact the recoverable amount of the CGU.

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

- Revenue growth in the base model for the years 1-5 is assumed at a CAGR of 33% (2022: 44%).
- EBITDA margins increase to a steady state level of 32% (2022: 40%) in perpetuity; and
- 19 % pre-tax discount rate (2022: 14%).

Revenue growth in the base model is assumed at a CAGR of 33%. OnTheMarket Software achieved growth in license revenue of 33% in the prior year. Management believe continued growth in the base model is achievable in accordance with the acquisition strategy of 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.

During the forecast period OnTheMarket Software is expected to become profitable and EBITDA margins increase to a steady state level of 32% 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 19% pre-tax reflects management's estimate of the time value of money and the consolidated entity's weighted average cost of capital adjusted for the risk-free rate and the volatility of the share price relative to market movements.

The above assumptions used in the annual review, have resulted in an impairment charge of £1.5m to Goodwill. This has been recorded as a charge within the income statement. The recoverable amount is £2.7m.

14. Intangible assets

Group	Development costs	Technology related intangibles	Customer related intangibles	Total
	£'000	£'000	£'000	£'000
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
Cost:				
At 1 February 2022	16,370	2,028	444	18,842
Additions - internally developed	3,627	864		4,491
At 31 January 2023	19,997	2,892	444	23,333
Amortisation:				
At 1 February 2022	11,120	165	37	11,322
Charge for the year	2,607	474		3,081
At 31 January 2023	**13,727**	**639**	**37**	**14,403**
Net book value:				
At 31 January 2023	**6,270**	**2,253**	**407**	**8,930**

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 OnTheMarket Software for TecLet lettings and TecLet CRM products and represent the fair value of those assets acquired as part of the Group's acquisition.

15. Property, plant and equipment

Group	**Fixtures, fittings and equipment £'000**
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
Cost:	
At 1 February 2022	**367**
Additions	**62**
At 31 January 2023	**429**
Depreciation:	
At 1 February 2022	**271**
Charge for the year	**59**
At 31 January 2023	**330**
Net book value:	
At 31 January 2023	**99**

Depreciation is included within administrative expenses in the income statement.

16. **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 2021	119	61	180
Additions	429	683	1,112
Disposals	-	(40)	(40)
Depreciation charge	(176)	(373)	(549)
At 1 February 2022	372	331	703
Additions	**-**	**822**	**822**
Depreciation charge	**(143)**	**(431)**	**(574)**
At 31 January 2023	**229**	**722**	**951**

Lease Liabilities

Motor Vehicles £'000	Leasehold Premises £'000	Group £'000
98	61	159
429	683	1,112
-	(42)	(42)
4	7	11
(202)	(380)	(582)
329	**329**	**658**
-	**822**	**822**
7	**7**	**14**
(129)	**(441)**	**(570)**
207	**717**	**924**

Non-current lease liabilities amount to £364k (2022: £237k) and are all due between 1-5 years.

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 £570k (2022: £582k) and cash payments of short-term lease expenses were £69k (2022: £246k).

17. **Investments in subsidiaries**

Company	**Subsidiary undertakings £'000**
At 1 February 2021	-
Additions	2,364
At 31 January 2022	2,364
At 31 January 2023	**2,364**

The Company has the following investments in subsidiary undertakings:

	Registered Number	Class of shares held[1]	Principal activity	Ownership at 31 Jan 2023
Agents' Mutual Limited[1]	08381458	Member	Online property portal services	100%
Glanty Limited	05562443	Ordinary	Property software business	100%

[1] Agents' Mutual is a company limited by guarantee and has no shares. The Company owns the only member interest in Agents' Mutual.

All the above subsidiary undertakings share the same registered office as the Company.

On The Market (Europe) Limited was dissolved in 2022 and therefore not included in the above table.

The following subsidiary companies have taken the exemption from an audit of individual accounts under s479A-C of the Companies Act 2006 (the Act):

- Agents' Mutual Limited

18. Investments in associates

	£'000
Group and Company	
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	-
At 1 February 2022	-
At 31 January 2023	**-**

19. Investments

	£'000
Group and Company	
At 1 Feb 2021	**-**
Additions	405
At 1 February 2022	**405**
Additions	**-**
Fair value adjustment through OCI	**(358)**
At 31 January 2023	**47**

The investment balance is comprised of £47k of Property Funding Hub Limited, trading as Brickflow. This business is an unlisted company and the investment was in return for minority interest shares in equity. The Group has designated the investment an equity instrument at FVTOCI as this is an investment that the Group plans to hold in the long term for strategic reasons.

During 2023 a fair value adjustment of £358k in relation to Insurestreet Limited was identified bringing the investment value down to nil.

20. Trade and other receivables

Current	Group	Company	*Restated* Group	*Restated* Company

	2023 **£'000**	**2023** **£'000**	2022 £'000	2022 £'000
Trade receivables	**1,566**	**-**	1,215	-
Amounts due from Group undertakings	**-**	**-**	-	43,814
Other receivables	**241**	**57**	227	-
Prepayments and accrued income	**2,875**	**158**	3,933	187
	4,682	**215**	5,375	44,001

The aged analysis of trade receivables is shown in note 22.

Included within prepayments is £1.4m (2022 restated: £2.0m) in relation to prepaid agent recruitment share-based payment charges. Of this, £0.3m (2022 restated: £0.9m) is not due to be recognised in the income statement until after 12 months. The remaining prepayments relate to insurance, advertising media commitments and other administrative expenses.

Non-current	**Group** **2023** **£'000**	**Company** **2023** **£'000**	**Group** 2022 £'000	**Company** 2022 £'000
Amounts due from Group undertakings	**-**	**48,347**	-	-
	-	**48,347**	-	-

21. Trade and other payables

	Group **2023** **£'000**	**Company** **2023** **£'000**	***Restated*** **Group** 2022 £'000	**Company** 2022 £'000
Current liabilities				
Trade payables	**928**	**120**	1,031	22
Social security and other taxes	**1,410**	**46**	840	4
Other payables	**55**	**1**	29	1
Accruals and deferred income	**3,978**	**336**	3,980	58
	6,371	**503**	5,880	85

Included within accruals is £0.7m (2022 restated: £0.7m) in relation to agent recruitment share-based payment charges

22. 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.

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

Financial assets

	2023	2022
	£'000	£'000
Non-current assets at fair value through OCI		
Investments	47	405
Current assets at amortised cost		
Trade and other receivables	1,807	1,442
Accrued income	557	405
Cash and cash equivalents	11,333	8,412
Measured at amortised cost	**13,697**	10,259

Financial liabilities held at amortised cost

		Restated
	2023	2022
	£'000	£'000
Current liabilities		
Trade and other payables	983	1,031
Accrued expenses	2,236	2,235
Lease liabilities	560	658
Total financial liabilities measured at amortised cost	**3,779**	3,924

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.

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.

Expected credit losses are measured using a provisioning matrix based on the reason the trade receivable is past due or, for current debtors at risk of recovery. The provision matrix rates are based on actual credit loss experience over the past 12 months and adjusted, when required, to take into account current macro-economic factors.

In the prior year the expected loss rate on balances less than 120 days gave rise to an immaterial loss allowances provision. The expected loss rate on balances greater than 120 days also gave rise to an immaterial loss allowances provision.

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.

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

	2023 Gross	Expected Credit Loss Rate	2023 Provision	**2023 Net**	2022

	£'000	%	£'000	**£'000**	£'000
0 - 30 days	870	0.9%	(8)	**862**	922
31 - 60 days	340	0.9%	(3)	**337**	147
61 - 90 days	182	0.9%	(2)	**180**	21
91 - 120 days	101	25.0%	(25)	**76**	53
Over 120 days	341	67.5%	(230)	**111**	72
	1,834		(268)	**1,566**	1,215

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 increased credit risk with respect to the intercompany loan to Glanty Ltd as it 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 lifetime expected credit losses methodology.

Following an impairment review as at 31 January 2023 the intercompany balances are as follows:

	Loan Receivable from Agent's Mutual	**Loan Receivable from Glanty Ltd**	**Total**
	2023	**2023**	**2023**
	£'000	**£'000**	**£'000**
Gross Balance as at 31 Jan 2022	53,374	1,355	54,729
Provision	(10,359)	(556)	(10,915)
Net Balance as at 31 Jan 2022 (restated)	43,015	799	43,814
Gross Balance as at 31 Jan 2023	54,923	1,426	56,349
Provision	(6,582)	(1,420)	(8,002)
Balance as at 31 January 2023	**48,341**	**6**	**48,347**

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 2023 of £3.1m (2022: after tax profit of £1.2m). The reversal of impairment for the Agents' Mutual provision of £3.8m (2022: reversal of £0.5m) is a result of increased profitability and assessment of future repayment.

Impairment of loan receivable from Glanty

Glanty is currently loss making, the assessment of future repayment is lower than envisaged at acquisition, this has resulted in an impairment charge in the year of £0.9m against the Glanty receivable (2022: impairment of £0.6m).

The net increase in the provision of £2.9m 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.

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.

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.

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
2023				
Trade and other payables	928	928	-	-
Accrued expenses	2,236	2,236	-	-
Lease liabilities	924	278	282	364
	4,088	**3,442**	**282**	**364**

	Carrying amount £'000	6 months or less £'000	6-12 months £'000	1 year or more £'000
2022 (restated)				
Trade and other payables	1,031	1,031	-	-
Accrued expenses	2,235	2,235	-	-
Lease liabilities	658	214	207	237
	3,924	3,480	207	237

All financial liabilities are denominated in Sterling.

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.

23. Provisions

	Social security on share options granted £'000
At 1 February 2021	880
Exercise of share options	(40)
Revaluation of employers' social security liability	95
At 31 January 2022	935
Exercise of share options	(10)
Revaluation of employers' social security liability	(212)
At 31 January 2023	**713**

	2023	2022
	£'000	£'000
Disclosed as:		
Current liability	**639**	732
Non-current liability	**74**	203
	713	935

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 13.8% (2022: 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, therefore it is not possible to determine the exact timing of outflows.

24. Deferred Consideration

During 2022 the purchase agreement of Glanty Limited (OnTheMarket Software) included 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 received 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. As at 31 January 2022 a balance of £75k was recognised on the balance sheet in respect of R&D tax credits.

The earnout targets are based on Glanty Limited'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. Following a review of future forecasts it has been determined that no further provision is required given that the criteria above is not met.

25. Share-based payments

Agent recruitment shares
The Group issued agent recruitment shares during the year. 916,470 ordinary shares were issued (2022: 464,224). Fair value was determined in accordance with the accounting policy set out in note 2.19 The weighted average fair value of the shares granted was £0.76 (2022: £0.78).

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 2023, as set out below.

Grant date of option	**Expiry**	**Option exercise per share**	**Fair value**	**2023**
		£	**£**	**Number**
Granted 15 September 2017	2027	nil	1.48	5,850,439
Granted 19 September 2017	2027	nil	1.48	86,360
Granted 10 October 2017	2027	nil	1.48	-
Granted 20 November 2018	2028	1.65	0.69	382,293
Granted 4 December 2018	2028	nil	1.13	42,424
Granted 10 September 2020	2030	nil	0.77	-
Granted 10 September 2020	2030	nil	0.65	-
Granted 14 December 2020	2030	nil	0.93	379,249

Granted 19 March 2021	2031	0.95	0.62	212,133
Granted 24 August 2021	2031	nil	0.62	822,412
Granted 21 March 2022	2032	0.88	0.56	109,327
Granted 21 March 2022	2032	0.86	0.62	21,195
Granted 20 June 2022	2032	nil	0.87	166,302
Granted 20 June 2022	2032	nil	0.87	166,303
Granted 14 July 2022	2032	0.69	0.40	810,224
Granted 1 December 2022	2032	nil	0.44	1,119,998
Outstanding at 31 January 2023				**10,168,659**

2023	**Management Incentive Plan**	**Employee Share Scheme**	**Company Share Option Plan**	**Deferred Bonus Scheme**	**SAYE**	**Total**
Opening 1 February 2022	5,832,939	2,104,072	634,562	-	-	**8,571,573**
Granted during the year	-	1,119,998	130,522	429,467	821,928	**2,501,915**
Forfeited during the year	-	(671,658)	(40,136)	(96,862)	(11,704)	**(820,360)**
Exercised during the year	-	(84,469)	-	-	-	**(84,469)**
Closing 31 January 2023	**5,832,939**	**2,467,943**	**724,948**	**332,605**	**810,224**	**10,168,659**
Exercisable	*4,446,389*	*17,500*	*382,293*	-	-	*4,846,182*

2022	Management Incentive Plan	Employee Share Scheme	Company Share Option Plan	Deferred Bonus Scheme	SAYE	Total
Opening 1 February 2021	5,892,939	1,228,972	572,219	-	-	7,694,130
Granted during the year	-	1,089,308	251,669	-	-	1,340,977
Forfeited during the year	-	-	(189,326)	-	-	(189,326)
Exercised during the year	(60,000)	(214,208)	-	-	-	(274,208)
Closing 31 January 2022	5,832,939	2,104,072	634,562	-	-	8,571,573
Exercisable	*4,446,389*	*230,753*	*422,371*	-	-	*5,099,513*

The value of employee services provided of £522k (2022: £372k) has been charged to the income statement.

Management Incentive Scheme

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 nil options were exercised (2022: 60,000).

Employee Share Scheme

These share options expire 10 years after the date of grant. During the year 84,469 options were exercised. The weighted average share price at exercise was £0.70. All options granted prior to 1 February 2020 are exercisable at 31 January 2023. Share options granted under this scheme have a nil exercise price. Details of the options outstanding as at 31 January 2023 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;

- 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; and
- 1,199,998 options were granted on 1 December 2022 and vest on 1 December 2025.

Company Share Option Plan (CSOP)

These share options expire 10 years after the date of grant. Share options granted under this scheme have an exercise price of £1.65, £0.95, £0.88 & £0.86 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.

Deferred Bonus Share Plan (DBP)

On 21 June 2022 the company awarded the 429,467 options under the Company's Deferred Benefit Plan. The options vest in two equal tranches on 20 June 2024 and 20 June 2025, before exercise is possible. All the options have a nil exercise price and require continued employment, subject to exceptions. The fair value of awards granted under the Deferred Bonus Share Plan are equal to the share price on the grant date.

Save as You Earn Scheme (SAYE Scheme)

The Company launched an SAYE scheme offering a saving plan over 3 years for all eligible employees. Employees were invited to subscribe for options ("Options") over the Company's ordinary shares of £0.002 each in the Company ("Ordinary Shares") which have been granted on 14 July 2022 at an exercise price of £0.692 in accordance with the terms of the SAYE Scheme. This represents a discount of 20% from the mid-market closing price for an Ordinary Share on 17 June 2022, the business date prior to the invitation made to all eligible employees on 20 June 2022.

A total of 81 employees have participated in the scheme and 821,928 Options have been granted.

Fair value of Share options granted

Share Scheme	Grant Date	Options	Share Price at grant date (£)	Exercise Price (£)	Expected Volatility	Dividend Yield	Risk-free interest rate	Fair value derived per option (£)
CSOP	21/03/2022	109,327	0.88	0.88	40%	0%	1.35%	0.56
CSOP	21/03/2022	21,195	0.86	0.86	40%	0%	1.35%	0.62
DBP	21/06/2022	429,467	0.87	nil	n/a	n/a	n/a	0.87
SAYE	14/07/2022	623,208	0.85	0.69	54%	0%	2.1%	0.40
SAYE	14/07/2022	198,720	0.85	0.69	54%	0%	2.1%	0.40
Employee	01/12/2022	1,119,998	0.73	nil	40%	0%	3.2%	0.44

National Insurance Contributions

National insurance contributions are payable by the Group in respect of all share-based payment schemes except the Company Share Option Plan. A provision has been recognised at 13.8% (2022: 15.05%).

The following have been expensed in the consolidated income statement:

	2023 **£'000**	2022 £'000
Share-based payment charge	**522**	372
Employer's social security on share options	**(212)**	95
	310	467

26. Share capital

Share capital issued and fully paid	**2023** **No.**	2022 No.
Opening Ordinary shares of £0.002 each	**74,549,165**	72,445,046
Issued in the year	**1,166,461**	2,104,119

Closing Ordinary shares of £0.002 each	**75,715,626**	74,549,165

	2023	2022
	£'000	£'000
Ordinary shares of £0.002 each	151	149

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.

	Total
Balance as at 1 February 2022	74,549,165
Issued in respect of employee share schemes	249,991
Issued to agents	916,470
Balance as at 31 January 2023	**75,715,626**

Share option scheme

At the year end, there were a total of 10,168,659 (2022: 8,571,573) share options under the Company's share option plans (note 25), 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 2023, 249,991 options were settled through market purchases by the Employee Benefit Trust (2022: nil options).

27. Share Premium cancellation

A General meeting was held on the 26 May 2022 at which shareholder approval for a proposed cancellation of capital was received. Following approval from shareholders and the courts, on 23 July 2022 the cancellation of the Company's share premium account became effective. This created additional distributable reserves of £44m within the Company.

The cancellation has the effect of creating distributable reserves and, subject to the financial performance of the Company and the CA 2006 provides 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. No distributions have currently been made or proposed.

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 £30k (2022: £28k) were outstanding.

	2023	2022
	£'000	£'000
Contributions payable by the Group for the year	**167**	136

29. Prior Period Restatement

As part of the Group's admission to the AIM market in prior years, an equity incentivisation scheme was introduced to encourage agents to join as shareholders in return for committing to long-term paying contracts. By a resolution dated 22 December 2017 the Directors were 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. This expired in December 2022. Shares were 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.

Following an internal review of agents that were entitled to shares as part of long-term listing agreements, it was identified that an acceleration of the agent recruitment charge was required in prior periods due to incomplete agent charges, incorrect fair values used at the grant date and incorrect classification of the charge in line with the Group's accounting policies.

Impact on prior periods

Group

The restatement corrects the combined errors for two types of agent recruitment share arrangements. One type impacts prepayments, administrative costs and other reserves. The other type impacts accruals, revenue and other reserves. The restatement is set out in the reconciliations below.

Consequently, the consolidated statement of cashflows has been restated as follows: Profit for the year after income tax reduced from £108k to £(213)k and Agent recruitment expense increased from £1,985k to £2,306k.

As a result of the changes to the income statement for the period ended 31 January 2022, basic EPS reduced from 0.15p to (0.29)p. Diluted EPS also reduced to (0.29)p as the potential ordinary shares are antidilutive.

Consolidated Statement of Financial Position extract

	Reported as at 31 January 2021 £000	Total Adjustments £000	As at 31 January 2021 (restated) £000
Non-current assets	**7,377**	**-**	**7,377**
Trade and other receivables	4,793	449	5,242
Other current assets	10,719	-	10,719
Total current assets	**15,512**	**449**	**15,961**
Total assets	**22,889**	**449**	**23,338**
Trade and other payables	(4,934)	(282)	(5,216)
Other current liabilities	(795)	-	(795)
Total Current Liabilities	**(5,729)**	**(282)**	**(6,011)**
Non-current liabilities	**(260)**	**-**	**(260)**
Total Liabilities	**(5,989)**	**(282)**	**(6,271)**
Net Assets	**16,900**	**167**	**17,067**
Other equity	47,527	-	47,527
Other reserves	782	647	1,429
Retained earnings	(31,409)	(480)	(31,889)
Total Equity	**16,900**	**167**	**17,067**

	Reported as at 31 January 2022 £000	Total Adjustments £000	As at 31 January 2022 (restated) £000
Non-current assets	**12,841**	**-**	**12,841**
Trade and Other receivables	5,085	290	5,375
Other current assets	8,412	-	8,412
Total current assets	**13,497**	**290**	**13,787**
Total assets	**26,338**	**290**	**26,628**
Trade and other payables	(5,580)	(300)	(5,880)
Other current liabilities	(1,165)	-	(1,165)
Total Current Liabilities	**(6,745)**	**(300)**	**(7,045)**
Non-current liabilities	**(916)**	**-**	**(916)**
Total Liabilities	**(7,661)**	**(300)**	**(7,961)**
Net Assets	**18,677**	**(10)**	**18,667**
Other equity	45,133	-	45,133
Other reserves	4,473	791	5,264
Retained earnings	(30,929)	(801)	(31,730)
Total Equity	**18,677**	**(10)**	**18,667**

Consolidated Income Statement extract

	Reported as at 31 January	Total	As at 31 January 2022

	2022 £000	Adjustments £000	(restated) £000
Revenue	30,443	(224)	30,219
Administration expenses	(31,088) *	(97)	(31,185) **
Operating loss	**(645)**	**(321)**	**(966)**
Finance income	33	-	33
Finance expense	(11)	-	(11)
Share of loss of associate	(122)	-	(122)
Fair value loss on step acquisition	(183)	-	(183)
Loss before income tax	**(928)**	**(321)**	**(1,249)**
Income tax	1,036	-	1,036
Profit / (loss) for the year attributable to owners of the parent	**108**	**(321)**	**(213)**
Total Comprehensive income/(loss) for the year	**108**	**(321)**	**(213)**

** Administration expense £28,140k, adjusting items £2,948k, total £31,088k.*

*** Administration expense £28,120k, amortisation £2,460k & depreciation £605k, total £31,185k.*

Company

As the shares are issued by the Company for the benefit of its subsidiary, Agents' Mutual Limited, the restatement impacts Amounts due from Group undertakings and Other reserves. The restatement is set out in the reconciliations below.

Company Statement of Financial Position extract

	Reported as at 31 January 2021 £000	Total Adjustments £000	As at 31 January 2021 (restated) £000
Non-current assets	851	-	851
Trade and other receivables	43,011	647	43,658
Other current assets	6,189	-	6,189
Total current assets	**49,200**	**647**	**49,847**
Total assets	**50,051**	**647**	**50,698**
Total liabilities	**(74)**	**-**	**(74)**
Net assets	**49,977**	**647**	**50,624**
Other Equity	47,598		47,598
Other Reserves	782	647	1,429
Retained Earnings	1,597		1,597
Total Equity	**49,977**	**647**	**50,624**

	Reported as at 31 January 2022 £000	Total Adjustments £000	As at 31 January 2022 (restated) £000
Non-current assets	**2,814**	**-**	**2,814**
Trade and other receivables	43,235	766	44,001
Other current assets	5,681	-	5,681
Total assets	**48,916**	**766**	**49,682**
Total assets	**51,730**	**766**	**52,496**
Total liabilities	**(97)**	**-**	**(97)**
Net assets			

Net assets	**51,633**	**766**	**52,399**
Other Equity	45,133	-	45,133
Other Reserves	4,614	790	5,404
Retained Earnings	1,886	(24)	1,862
Total Equity	**51,633**	**766**	**52,399**

30. Controlling parties

The Directors do not consider there to be a single immediate or ultimate controlling party (2022: none).

31. Related party relationships and transactions

Subsidiaries

Interests in subsidiaries are set out in note 17.

Key management personnel

Disclosures relating to key management personnel are set out in note 8.

Other related party transactions

There were no further related party transactions during the year.

32. Post balance sheet events

Agent share lock in expiry
On 16 February 2023 the "Lock-in Arrangements" whereby agents who had agreed to retain Ordinary Shares for at least 5 years from the date on which OnTheMarket shares were admitted to trading on AIM expired. A total of 3,130,675 shares were traded; this number includes the 1,386,550 share options exercised by Morgan Ross detailed below.

Employee Share Scheme
On 16 February 2023 Morgan Ross exercised options over 1,386,550 ordinary shares of 0.2 pence each pursuant to an exercise of nil-cost options.

On 3 March 2023 85,000 ordinary shares of 0.2 pence each were issued pursuant to an exercise of nil-cost options by a former employee.

On 15 May 2023 100,000 ordinary shares of 0.2 pence each were issued pursuant to an exercise of nil-cost options by a former employee.

On 16 May 2023 17,500 ordinary shares of 0.2 pence each were issued pursuant to an exercise of nil-cost options by a former employee.

On 19 June 2023 2,528,205 ordinary shares of 0.2 pence each were issued pursuant to an exercise of nil-cost options by a former employee.

Agent Shares
On 26 April 2023 257,774 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.

EBT share purchase programme
On 3 July 2023 the Board submitted a letter of wishes to the OnTheMarket Employee Benefit Trust (EBT"). The letter requested that the trustees commence a market purchase programme of ordinary shares of 0.2 pence each in OnTheMarket plc (Ordinary Shares) with effect from 10 July 2023. The Company has made funds available to the EBT to facilitate Ordinary Share purchases. Such Ordinary Shares repurchased will be used to satisfy existing and future share-based compensation awards.

Intertrust Employee Benefit Trustee Limited, as trustee of the EBT, will make market purchases which will be limited in value terms to an aggregate of £500,000 (exclusive of costs) in total under the purchase programme. The programme will remain in operation until 30 September 2023, unless extended.

There are no other post balance sheet events.

ENDS

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