



5 December 2016

Purplebricks Group plc

Interim results for the six months ended 31 October 2016

UK achieves maiden EBITDA profit, plans to accelerate market share growth

Purplebricks Group plc (AIM: PURP) (“Purplebricks”), the hybrid estate agent providing a new way to buy, sell or let property, announces its interim results for the six months ended 31 October 2016.

Financial highlights

	H1 2017			H1 2016		
	UK	Aus	Total	UK	Aus	Total
	£m	£m	£m	£m	£m	£m
Revenue	18.3	0.4	18.7	7.2	0.0	7.2
Cost of sales	(8.1)	(0.2)	(8.3)	(3.1)	0.0	(3.1)
Gross Profit	10.2	0.2	10.4	4.1	0.0	4.1
Gross Profit Margin	55.6%	49.7%	55.5%	56.4%	0.0%	56.4%
Administrative expenses	(3.8)	(1.7)	(5.5)	(3.8)	0.0	(3.8)
Sales and marketing costs	(6.6)	(1.0)	(7.7)	(6.6)	0.0	(6.6)
Adjusted EBITDA *	0.3	(2.5)	(2.2)	(6.0)	0.0	(6.0)
Net Cash			29.1			9.7

Business highlights

- Revenue growth of 159% to £18.7m, exceeding full year 2016 sales of £18.6m
- Local Property Expert growth of 119% - recruited 124 LPEs in the period to reach 329
- UK business generates maiden profit - adjusted EBITDA of £0.3m (H1 FY16: loss £6.0m)
- H1 instructions increase by 108%
- Average revenue per customer up 20.6% to £1,000
- Sold and completed on £2.589bn of property in H1 2017 compared to £2.766bn for the full year 2016. Sales agreed subject to contract pipeline a further £2.521bn
- Successful regional launch of Australian business in Queensland & Victoria; £0.57m** (\$1.08m AUD) of instruction fees in the first seven weeks to period end
- Strong balance sheet with net cash of £29.1m
- Trustpilot reviews increase to over 10,580 scoring an ‘Excellent’ rating of 9.4 out of 10 – over 10,000 of the reviews are rated Excellent

* Adjusted EBITDA is defined by the Group as loss/profit before tax, depreciation, amortisation, net finance costs and share based payments charge

**Represents instruction orders received in the seven week period

Commenting on the results, Michael Bruce, CEO stated:

“Our strong results are testament to the seismic shift that is underway in the estate agency market. We continue to win over an increasing number of customers by offering them a complete and seamless high quality estate agency experience at an attractive fixed fee. I am especially proud that currently we are agreeing a sale every 16 minutes, 24 hours a day and the number of properties sold in the first half is similar to the total number of properties sold during the whole of the previous year. These results demonstrate that the business model is working, with the UK generating a maiden half-year adjusted EBITDA profit whilst growing market share.

We have also demonstrated that our team can internationalise our model with the successful launch of Australia which has performed better than any of the initial regional launches in the UK.

Although we recognise that the UK market backdrop is tough, we continue to have a confident outlook for the future. We have momentum, a superior, low fixed cost flexible business model and a strong balance sheet, which we will leverage further in the early part of the busier spring market so as to build on our success to date.”

Notes

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About Purplebricks

Purplebricks is the leading next generation estate agency in the UK that combines highly experienced and professional Local Property Experts (LPEs) and an innovative use of technology to help make the process of selling, buying or letting so much more convenient, transparent and cost effective. Purplebricks is transforming the way people perceive estate agents and estate agency.

Summary

Purplebricks is fast approaching its one year anniversary as a listed company on AIM. Since listing, the estate agent market has been challenging owing to the combination of structural industry change, with the transition away from the high street, changes to stamp duty and wider macro-economic factors. Notwithstanding this backdrop, Purplebricks has outperformed its peers, is well placed to win in the future and today reports further strong progress across the business.

Sales momentum has remained strong in the half, with Group sales growth of 159%. Not only is the UK business retaining its growth trajectory, with sales growth of 154% but entry into Australia has generated £0.57m* (\$1.08mAUD) of instruction fees in its first seven weeks. Growing awareness and understanding of the Purplebricks offering, an increasingly local service provided by our fast growing network of LPEs, coupled with the expanding Data Sales Unit is driving more valuation enquiries, which is increasingly converting to new instructions and as a result, higher revenues.

The UK business has now achieved scale, reporting an adjusted EBITDA profit of £0.3m, compared to an adjusted EBITDA loss of £6.0m in the first half of last year. The move into profitability has been achieved through a combination of strong topline growth and operational leverage coming through the business.

It is testament to the strength and cash generation of the model that net cash at 31 October is £29.1m. This compares to net cash of circa £30.5m at April 16 year end and after taking into account and including the investment made thus far in the launch of Australia.

Whilst it was a bold decision to enter the £3.3bn Australian market less than three years after launching the business in the UK, we believed that the opportunity of first mover advantage outweighed the risks. The launch went smoothly, on-time and within budget and initial indications from the first seven weeks of trading are very encouraging. Guidance for £10m of investment, including start-up losses in the first two years remains unchanged.

The Australian management team is fast building a brand and a business which aims to replicate the success Purplebricks is starting to achieve in the UK. We have recruited 50 Australian based LPEs. Plans are well advanced to extend our regional coverage into new territories.

The fast growth in the business and the launch into the Australian market has been achieved whilst maintaining a high quality service for customers. This is not only evidenced by well over 10,000 reviews rated excellent on independent review site Trustpilot, but also by our random sample land registry verification exercise to demonstrate that we are as successful at selling and completing transactions as we are at winning instructions.

Strategy

At the core of our strategy is a commitment to our customers and our people.

We will continue to offer an exceptional experience by:

- Selling property
- Selecting and training LPE's that enhance our culture and core values and have the desire and motivation to build their own business
- Building upon our market leading technology that helps LPE's be more productive and which delivers a much more convenient, transparent and cost effective service for our customers
- Creating marketing and advertising that interests, engages and inspires consumers to want to book a free valuation from Purplebricks and ensures that our messaging is clear and transparent to enable consumers to swiftly instruct us to sell their home

- Building upon our customer service and product offering by growing our Data Sales Unit and introducing new products and services that are relevant to our customers' needs throughout their journey
- Maintaining a progressive and fun working environment where our people care about our customers, our brand and our business and can grow personally and professionally
- Building a strong, sustainable and profitable business, which is respected by all stakeholders for its professional conduct and making good on its promises

Our strategy for growth is based upon the above core commitments.

Purplebricks sells property

Verification exercise

We are very proud of our success in selling property on behalf of our customers which is testament to Purplebricks being the most positively reviewed estate agent in the UK. We recently conducted a verification exercise on a random sample of our properties marked on the portals as SSTC, nationally and regionally, against the Land Registry database.

We took into account the sample size of our properties and regions referred to in any notes published by analysts in the market and increased them five fold. We also looked at a larger sample of 10,000 properties spread across the UK (which did not include any of the regional sample).

The results of the samples were as follows:

10,000 properties sampled nationally:

Confirmed as registered by the Land Registry: 91.9%

1,611 properties sampled in Southampton, Bournemouth and Birmingham

Confirmed as registered by the Land Registry: 87.5%

For the remaining percentage in each sample that was not confirmed as registered at the Land Registry, we obtained third party evidence from Solicitors and thereafter from our records as to the status of those properties which comprised of a mix of SSTC, exchanged, completed but not yet registered at Land Registry or back on market.

Increase our footprint of LPEs across the country

We are on course to meet our full year LPE target of 360, having recruited 329 by 31 October, which post the period end has risen to 340. We are seeing no let-up in our ability to attract and retain talented and highly experienced agents and indeed market conditions are supportive of our drive to expand our national network.

As we grow our LPE network across the country, not only are we further raising awareness of the Purplebricks brand and our hybrid offering, but we are able to continue to provide our customers with more and wider local coverage. This can only be to the benefit of customers and the business.

We are aware of the recent court ruling relating to Uber, which looks to be centred on issues such as low pay. While we will continue to monitor developments we do not consider that this ruling has any implications for Purplebricks and our relationship with our LPEs. LPEs run their own independent business, engage and employ their own people and are successful independent entrepreneurial business people.

Build upon our market leading technology

Bringing together first class LPEs and industry leading technology is the foundation upon which the Purplebricks business has been created. We are very proud of our technology and indeed the work we are doing to introduce new and innovative features that set us apart from everyone else in the industry. The recent release of the Purplebricks App has proven remarkably successful, the first of its kind dedicated to sellers and the process of selling their property. In just over six months since the launch there have been more than 40,370 downloads by our selling customers, an increase of nearly four times since June 2016.

We are now working on a Purplebricks App for buyers that will make the whole process even more integrated, convenient, effective and transparent. It will take the whole process for a buyer to a new level of convenience. Users will be able to book valuations, arrange viewings, give feedback, make offers, negotiate offers, agree sales, communicate with the seller and get access to information on the process. We have already revolutionised the way sellers and buyers communicate throughout the process and are building on the work we have started.

We continue to develop new ways to leverage our technology platform and data to grow ancillary revenues. There are smarter, more effective ways of selling some products and services with the use of our technology platform.

We continue to increase our technology team and are starting to become a hub of technical interest for developers across the UK.

Create engaging marketing and advertising

Investment in marketing and advertising has always been a central element of the Purplebricks strategy. We continue to work hard to grow our brand and the progress in less than three years has been outstanding. Ed Hughes, our UK Chief Marketing Officer, has joined Purplebricks recently from Compare the Market and will work alongside James Kydd whilst Joby Russell takes the lead in Australia. Ed has substantial experience of marketing and creating a brand champion in the minds of the consumer. We are due to release new TV and radio commercials on Boxing Day and are in the process of working on website upgrades and changes to our flows and processes. We will be concentrating on taking our brand awareness and more than 1.45m web visits monthly and turning them into increased opportunities for the growth of the business.

According to the latest research by The Nursery, one of the leading independent research and planning agencies, Purplebricks has industry leading spontaneous brand awareness from people looking to sell their property. Within its competitive set, which excludes the portals, Purplebricks has the highest prompted brand awareness, with a substantial increase since the last research undertaken back in May 2016. In tandem with the increase in awareness is an increase in the understanding of the Purplebricks proposition by consumers.

Our above the line marketing is complemented by brand and generic pay-per-click activity which is predominantly provided by Google and Bing. We are also looking at better ways of using social media in a targeted way to drive more activity amongst sellers. At the start of June 2016 we commenced an intensive test marketing campaign with Rightmove, which we hoped would raise further awareness and engagement and drive valuation opportunities. We are pleased with the outcome of the campaign and will further increase our engagement with Rightmove throughout 2017.

As part of our strategy to further increase awareness and engagement we have brought consumer PR in-house by employing an experienced consumer PR professional, Nicola Hamilton, to focus on securing local and national press coverage as well as writing engaging content for social media and Search Engine Optimisation (SEO). Nicola has proved a valuable addition to our strategy and has taken our consumer PR message to the next level.

We continue to drive efficiencies in our valuation conversion funnel and to analyse trends amongst our database of hundreds of thousands of sellers and buyers in order to ensure that our key messages are resonating with consumers. We have employed a dedicated, first class conversion specialist who has made big strides in simplifying process and introducing more engaging and persuasive information to help people book a valuation. We are working on many new features that are due to be released shortly with the aim of taking more of our site visitors and turning them into customers.

Email marketing will play a growing role in our wider strategy and as a result we have a dedicated Email Marketing Manager concentrating on how we engage with customers through email, reports and processes and indeed how we might engage, inform and convert people into customers and customers into taking wider advantage of our services. This appointment will further advance the marketing and communications strategy.

Grow our Data Sales Unit

We launched the Data Sales Unit in October 2015 with only a handful of people and one year later it has grown to a team of 91 employees engaging with buyers, sellers and viewers. As part of our strategy to increase valuations and drive down the cost per acquisition, we continue to develop our Data Sales Unit. We continue to generate thousands of data points daily as people register with Purplebricks, arrange a viewing, make offers and agree sales. We are now able to increase our revenue generating opportunities from data and, as our people develop and we place them into dedicated product and service streams, we expect to see the unit make a significant financial contribution. There is also a meaningful opportunity to drive additional revenue with the newly introduced Conveyancing Sales Team. They will engage in real time as things happen with buyers and sellers with a view to converting them to using our conveyancing services.

Introduce new products and services

Our model of combining people and technology places us in the best possible position to be in the right place at the right time. As a result we want to be able to offer customers relevant additional products and services that complement their journey of selling, buying or letting.

We continue to look at new and smarter ways of supporting our customers with much more convenient, easy accessible, stress free and cost effective products and services. We will add new products and services once we are satisfied that they add value for our customers and will be delivered with the Purplebricks culture and ethos. We want to create lifetime value for our customers and everything we do as part of our strategy is working towards this.

Growing the Purplebricks brand across Australia

The launch into the £3.3bn Australian market on 28 August went smoothly. Similar to the UK, we followed a regional launch strategy, commencing with Queensland and Victoria with a view to extending the rollout across the country thereafter. Early indications are very encouraging and we are growing more quickly than the UK business at the same point in its evolution. In the first seven weeks the business has already generated revenues of £0.57m* (\$1.08m AUD).

Purplebricks charges a flat sales fee of £2,616 (\$4,500AUD) which includes photography, marketing and advertising on platforms Domain.com.au and RealEstate.com.au, as well as the Purplebricks Australia website. While Australian pricing is above that of the UK the overall percentage saving for customers is broadly similar.

Given the role of auctions in the Australian property market, Purplebricks offers an additional auction facility with a small top-up fee of £480 (Aus\$825), which includes an auctioneer and all viewings held by a Local Property Expert.

Early trading success, supported by our initial market research into the Australian market, demonstrates that customers are very keen to embrace the new flat fee hybrid model. The high customer service offering, through the combination of people and technology, for an attractive fixed fee is the same as the UK. The option to defer payment is available through a partnership with RateSetter Australia.

We have recruited 50 Australian based LPEs and the recruitment of further LPEs continues at a pace as part of our continued regional launch strategy.

Our culture is our business

Our people create our culture and our technology and our people deliver it. As a starting point the founders wanted to create a Purplebricks that cared about its people, that had a progressive and fun working environment and as a consequence our people cared about our customers, our brand and our business and they could grow personally and professionally. We have achieved these founding principles to date and continue to ensure that the same principles are applied as we scale.

Following our listing over 200 of our LPEs businesses and a number of employees have been awarded share options in Purplebricks Group plc that will vest in part each year and in full over the coming years. We intend to extend the awarding of share options to more LPEs' businesses and employees with the objective of everyone having some form of equity based reward for their efforts in growing our business into the future in accordance with our admission document.

We have created a strong brand advocacy within our growing business and our customers. We work in a progressive and fun environment where, despite a strong desire to grow their business, our people have a tremendous degree of camaraderie, togetherness and a collective brand advocacy that is extremely hard to replicate. The foundations begin for everyone with the recruitment programme and training methodology and continue throughout the heart of the business.

Business Model

Instructions convert quickly to cash - Purplebricks has a competitive and transparent, flat fee pricing structure of £849 (inc. VAT) for a sale anywhere in the UK other than certain defined London postcodes where there is a charge of £1,199 (inc. VAT). There are additional charges if the customer wants Purplebricks to undertake the viewings on their behalf, if they require an energy performance certificate or a Rightmove premium display. The Company's additional sources of revenue currently comprise fees from conveyancing, mortgage referrals and insurance.

The average Purplebricks fee including all other sources of income is circa. £1,200 (inc. VAT).

Low and flexible cost base

The customer can choose to pay upfront on instruction or they can delay the payment (at no additional cost) until the earlier of the sale of the property or ten months from instruction. The deferred payment is financed by Close Brothers. Purplebricks is paid by Close Brothers the next working day. If a customer wishes to defer payment, they are required to use Purplebricks' conveyancing services for the sale.

Low and flexible cost base - The cost structure of the business is different to that of a traditional estate agent. First, the hybrid model does not require the overheads of a high street estate agency business, with extensive, leased branches. Secondly, the LPEs are typically self-employed (90%) with fees payable upon instruction. As a result gross margins are substantial, reaching 55.6% in the UK for the six months ended 31 October 2016. The marketing budget is in alignment with the strategy of consistent presence in the media such as television, and aims not only to build awareness but also to help maintain and extend the Company's position as the leading next generation estate agent.

Financial review

Total revenue in the six months grew by 159% year-on-year to £18.7m (H1 FY16: £7.2m), reflecting the further growth and national scale in the UK, the recruitment of LPEs and the consistent investment in the marketing programme. During the period the average fee per instruction was £1,000 (exc. VAT) in the UK.

Gross profit in the period was £10.4m (H1 FY16: £4.1m) a year-on-year increase of 154%. Gross margin in the period was marginally lower at 55.5% predominantly due to the launch of the Australian business, with the inherent lag in revenue from other services together with an increased mix of London instructions in UK revenue. Administrative and establishment expenses were in line with H1 2016 as the business continued to develop its operations and leveraged scale. Sales and marketing costs remained consistent with H1 2016 at £6.6m. There was no tax charge during the period.

As at the 31 October 2016 the Group had a net cash balance of £29.1m.

Current trading and outlook

For the six months to the 31st October 2016, instructions are up 108% compared to the corresponding period. The second half has started well taking into account the headwinds in the sector, with our performance and growth trajectory largely unaffected. There is always a seasonal slowdown towards the end of each year leading into the busiest period which is the spring market. Current trading is showing similar year-on-year instruction growth with no material slow-down from Brexit.

The engagement of quality LPEs is well ahead of plan. We will end the calendar year with just over 340 LPEs, which will place us in our strongest ever position going into the new year, and a spring market where we expect to see monthly instructions replicate last year's January uptick. We see opportunities to build further scale, density and the quality of our network. Indeed the subdued transaction activity in the overall market continues to provide opportunity to engage new high quality LPEs and take even more market share from the high street.

We remain the clear market leader in the non-traditional sector, with 63% market share in the last quarter. Furthermore an independent brand tracking survey, taken in September 2016, places us a close second to the UK's leading property portal and in front of the rest of the industry for unprompted brand awareness of people looking to sell their house. As a result we are presented with an opportunity to strengthen and capitalise on our position further.

Investing in marketing and advertising is a central element in our success and we intend to launch new marketing initiatives from Boxing Day. We plan to invest more in marketing in the coming months to capitalise on current market conditions with the objective of achieving a market leading position in the UK as early as possible.

We have also demonstrated that our team can internationalise the Purplebricks model, following a successful regional launch in the Australian market. Activity and revenue in the first seven weeks to the period end has tracked better than any of our UK regional launches, despite total listings being less in Queensland and Victoria, compared to the initial UK launch region. With instruction fees exceeding \$1m AUD during this period we are confident that our regional rollout will continue to offer Australian homeowners fantastic value and exceptional service.

We enter 2017 in our strongest position ever with significantly increased LPE capacity, substantial growth in brand awareness, record instructions, sales and revenue together with a more advanced infrastructure with our Data Sales Unit, Conveyancing Sales Team and Sales Task Force. The Company is trading in line with management expectations and we are confident that we are well placed to capitalise on our strengths and opportunities. We will make further strategic investments in marketing during the early part of the busier spring market and whilst this may have an impact on short term levels of profitability, the Board believes that it will strengthen our growth and have a positive influence on the remainder of the 2017 calendar year.

Consolidated Statement of comprehensive income

For the six months ended 31 October 2016

	Note		
		Six months ended 31 October 2016 Unaudited	Six months ended 31 October 2015 Unaudited
		£	£
Revenue		18,714,260	18,603,679
Cost of Sales		(8,332,885)	(8,011,976)
Gross profit		10,381,375	10,591,703
Administrative and establishment expenses		(5,529,473)	(9,604,541)
Sales and marketing costs		(7,652,085)	(12,924,002)
Loss from operating activities		(2,800,183)	(11,936,840)
Loss from operating activities before adjustments in respect of the following:		(2,264,002)	(9,777,815)
Amortisation of intangibles		(134,965)	(101,309)
Share based payment charge		(401,216)	(596,647)
Fund raising costs including Initial Public Offering			(1,461,069)
Loss from Operating activities		(2,800,183)	(11,936,840)
Finance income		36,535	35,009
Finance expenses			(17,349)
Loss before taxation		(2,763,648)	(11,901,831)
Taxation		-	-
Loss for the year and		(2,763,648)	(11,901,831)
Foreign exchange loss		(14,257)	
Total comprehensive loss		(2,777,905)	
Basic and diluted loss per share	4	(1p)	(12p)

Consolidated Statement of financial position

For the six months ended 31 October 2016

	31 October 2016 Unaudited £	31 October 2015 Unaudited £	30 April 2016 Audited £
Non-current assets			
Property, plant and equipment	396,638	168,996	217,386
Intangible assets	917,721	174,663	370,847
	1,314,359	343,659	588,233
Current assets			
Trade and other receivables	2,405,285	1,445,590	2,970,258
Cash and other cash equivalents	29,064,475	9,744,843	30,476,386
	31,469,760	11,190,433	33,446,644
Current liabilities			
Trade and other payables	(5,471,721)	(2,934,822)	(5,211,353)
Deferred income	(1,128,559)	(282,809)	(760,358)
	(6,600,280)	(3,217,631)	(5,971,711)
Net current assets	24,869,480	7,972,802	27,474,933
Total assets less current liabilities	26,183,839	8,316,461	28,063,166
Net assets	26,183,839	8,316,461	28,063,166
Equity			
Share capital	2,467,971	19,016	2,402,591
Share premium	26,319,382	22,296,928	25,887,400
Share based payments reserve	732,184	417,374	330,968
Retained earnings	(3,321,441)	(14,416,857)	(557,793)
Foreign exchange reserve	(14,257)	-	-
Total Equity	26,183,839	8,316,461	28,063,166

Consolidated Statement of changes in equity

For the six months ended 31 October 2016

<u>Unaudited</u>	Share capital	Share premium account	Retained earnings	Share based payment reserve	Foreign exchange reserve	Total equity
	£	£	£	£	£	£
At 1 May 2016	2,402,591	25,887,400	(557,793)	330,968	-	28,063,166
Exercise of options	60,536	403,256	-	-	-	463,792
Exercise of warrants	4,844	28,726	-	-	-	33,570
Share based payment charge	-	-	-	401,216	-	401,216
Transactions with owners	65,380	431,982	-	401,216	-	898,578
Loss for the period	-	-	(2,763,648)	-	-	(2,763,648)
Foreign exchange translation	-	-	-	-	(14,257)	(14,257)
Total comprehensive loss	-	-	(2,763,648)	-	(14,257)	(2,777,905)
At 31 October 2016	2,467,971	26,319,382	(3,321,441)	732,184	(14,257)	26,183,839

For the period ended 31 October 2015

<u>Unaudited</u>	Share capital	Share premium account	Retained earnings	Share based payment reserve	Foreign exchange reserve	Total equity
	£	£	£	£	£	£
At 1 May 2015	17,658	12,298,269	(8,026,657)	105,016	-	4,394,286
Issue of shares	1,358	9,998,659	-	-	-	10,000,017
Share based payment charge	-	-	-	312,358	-	312,358
Transactions with owners	1,358	9,998,659	-	312,358	-	10,312,375
Loss for the period	-	-	(6,390,200)	-	-	(6,390,200)
Total comprehensive loss	-	-	(6,390,200)	-	-	(6,390,200)
At 31 October 2015	19,016	22,296,928	(14,416,857)	417,374	-	8,316,461

For the year ended 30 April 2016

<u>Audited</u>	Share capital	Share premium account	Retained earnings	Share based payment reserve	Foreign exchange reserve	Total equity
	£	£	£	£	£	£
At 1 May 2015	17,658	12,298,268	(8,026,657)	105,016	-	4,394,285
Issue of shares	252,051	34,748,659	-	-	-	35,000,710
Exercise of options	138	25,056	-	-	-	25,194
Exercise of warrants	123	91,947	-	-	-	92,070
Redemption of shares	(89)	-	-	-	-	(89)
Share premium cancellation	-	(19,000,000)	19,000,000	-	-	-
Costs of IPO charged to share premium	-	(143,820)	-	-	-	(143,820)
Share based payment charge	-	-	-	596,647	-	596,647
Transfer on exercise of options	-	-	370,695	(370,695)	-	-
Bonus share issue	2,132,710	(2,132,710)	-	-	-	-
Transactions with owners	2,384,933	13,589,132	19,370,695	225,952	-	35,570,712
Loss for the year	-	-	(11,901,831)	-	-	(11,901,831)
Total comprehensive loss	-	-	(11,901,831)	-	-	(11,901,831)
At 30 April 2016	2,402,591	25,887,400	(557,793)	330,968	-	28,063,166

Consolidated Statement of cash flows

For the six months ended 31 October 2016

	Six months ended 31 October 2016 Unaudited	Six months ended 31 October 2015 Unaudited	Year ended 30 April 2016 Audited
	£	£	£
Cash flows from Operating activities			
Loss for the period after taxation	(2,763,648)	(6,390,200)	(11,901,831)
<i>Adjustments for:</i>			
Amortisation of intangible assets	134,965	34,112	101,309
Depreciation	58,352	23,719	61,159
Share based payment charge	401,216	312,358	596,647
Fund raising costs	-	-	1,461,069
Operating cash flow before changes in working capital	(2,169,115)	(6,020,011)	(9,681,647)
Movement in trade and other receivables	564,973	(699,505)	(2,224,175)
Movement in trade and other payables	246,111	1,882,083	4,158,614
Movement in deferred income	368,201	172,879	650,428
Net cash outflow from operating operations	(989,830)	(4,664,554)	(7,096,780)
Cash flow from investing activities			
Purchase of property, plant and equipment	(237,604)	(129,509)	(215,338)
Development expenditure capitalised	(681,839)	(70,882)	(334,263)
Net cash outflow from investing activities	(919,443)	(200,391)	(549,601)
Cash flow from financing activities			
Issue of shares	497,362	10,000,017	35,117,885
Cost of issue of shares	-	-	(1,604,889)
Net cash flow from financing activities	497,362	10,000,017	33,512,996
Net (decrease)/ increase in cash and cash equivalents	(1,411,911)	5,135,072	25,866,615
Cash and cash equivalents at beginning of year	30,476,386	4,609,771	4,609,771
Cash and cash equivalents at the end of the year	29,064,475	9,744,843	30,476,386

Notes to the financial statements

1. Basis of preparation

Purplebricks Group plc is incorporated and domiciled in the United Kingdom.

The interim unaudited financial statements for the six month period ended 31 October 2016 (including the unaudited comparatives for the six month period ended 31 October 2015 and the audited comparatives for the year ended 30 April 2016) were approved by the board of directors on 2 December 2016. Under the Security Regulations Act of the EU, amendments to the financial statements are not permitted after they have been approved.

It should be noted that accounting estimates and assumptions are used in the preparation of the interim financial information. Although these estimates are based on management's best knowledge and judgement of current events, actual results may ultimately differ from those estimates. The interim financial statements have been prepared using the accounting policies as described in the year-end financial statements.

The interim financial information contained within this report does not constitute statutory accounts as defined in the Companies Act 2006, section 434. The full accounts for the year ended 30 April 2016 received an unqualified report from the auditors and did not contain a statement under Section 498 of the Companies Act 2006.

2. Segmental reporting

The Company is managed as a single division, providing services relating to the sale of properties. The financial information reviewed by the board is materially the same as that reported under IFRS. During the period, no one customer contributed greater than 10% of the Company's revenues. (six month period ended 31 October 2015: none, year ended 30 April 2016: none)

	H1 2017			H1 2016		
	UK	Aus	Consolidated	UK	Aus	Consolidated
	£m	£m	£m	£m	£m	£m
Revenue	18.3	0.4	18.7	7.2	0.0	7.2
Cost of sales	(8.1)	(0.2)	(8.3)	(3.1)	0.0	(3.1)
Gross Profit	10.2	0.2	10.4	4.1	0.0	4.1
Gross Profit Margin	55.6%	49.7%	55.5%	56.4%	0.0%	56.4%
Administrative expenses	(3.8)	(1.7)	(5.5)	(3.8)	0.0	(3.8)
Sales and marketing costs	(6.6)	(1.0)	(7.7)	(6.6)	0.0	(6.6)
Operating loss	(0.3)	(2.5)	(2.8)	(6.4)	0.0	(6.4)
Depreciation and Amortisation	0.2	0.0	0.2	0.1	0.0	0.1
EBITDA	(0.1)	(2.5)	(2.6)	(6.3)	0.0	(6.3)
Share based payments charge	(0.4)	0.0	(0.4)	(0.3)	0.0	(0.3)
Adjusted EBITDA *	0.3	(2.5)	(2.2)	(6.0)	0.0	(6.0)

Notes to the financial statements

3. Share-based payments

The Company operates an HMRC approved executive management incentive plan (EMI), an employee share ownership plan (ESOP) and a licensee share option plan (LSOP).

The vesting conditions for schemes 1, 2 and 4 are based on length of service with 25% of the options vesting on or after the 12 month anniversary of the employee's start date and a further 6.25% vesting every three months thereafter so that options vest in full on the 48 month anniversary of the employee's start date.

The vesting conditions for schemes 5 and 6 are based on future service from the date of grant with 25% of the options vesting on or after the 12 month anniversary of the grant and a further 6.25% vesting every three months thereafter so that options vest in full on the 48 month anniversary of the employee's or the licensee's (where applicable) grant date.

Details of the total number of shares under option at the period end and conditions on qualification and exercise are set out below:

Grant Date	Scheme No	Employees and/or Licensees entitled	Number of options	Performance conditions	Type	Exercise price (P)	Earliest exercise date
09/01/2015	1	14	4,865,540	Length of service	EMI	£0.01	09/01/2015
10/07/2015	2	11	4,904,952	Length of service	EMI	£0.13	10/07/2015
10/08/2015	4	11	682,131	Length of service	EMI	£0.13	10/08/2015
06/11/2015	5	8	5,709,433	Length of service	EMI	£0.01	06/11/2016
29/06/2016	6	3	1,970,000	Length of service	ESOP	£1.29	29/06/2018
29/06/2016	6	66	3,109,500	Length of service	ESOP/LSOP	£1.29	29/06/2017

6,053,540 share options were exercised during the period (31/10/15: Nil). The number and weighted average exercise price of share options are as follows:

	31/10/2016	31/10/2016	31/10/2015	31/10/2015	30/04/2016	30/04/2016
	Weighted Average exercise price	Number of options (no.)	Weighted Average exercise price	Number of options (no.)	Weighted Average exercise price	Number of options (no.)
Outstanding at start of period	£0.04	14,256,427	£0.01	42,637		4,454,091
Granted during the period	£1.29	5,079,500	£0.05	120,929	£0.09	18,802,984
Exercised during the period	£0.07	(6,053,540)	-	-	£0.11	(9,000,660)
Lapsed during the period	£1.29	(62,500)	£0.13	(1,500)	£0.13	(162,405)
Outstanding at end of period	£0.56	13,219,887	£0.04	162,066	£0.04	10,952,712
Exercisable at end of period	£0.23	432,165	£0.01	61,935	£0.06	3,141,298

Options outstanding at 31 October 2016 for schemes 1 and 5 have an exercise price of £0.01 (31 October 2015: £0.01). The weighted average remaining contractual life of the options is 8.9 years (31 October 2015: 10 years).

Options outstanding at 31 October 2016 for schemes 2 and 4 have an exercise price of £0.13 (31 October 2015: £0.13 following the redenomination of the shares and admission to AIM). The weighted average remaining contractual life of the options is 8.9 years.

(31 October 2015: 10 years) Options outstanding at 31 October 2016 for scheme 6 have an exercise price of £1.29 (31 October 2015: nil). The weighted average remaining contractual life of the options is 8.9 years. (31 October 2015: nil)

Fair value assumptions of share-based payments

The fair value of services received in return for share options granted is measured by reference to the fair value of share options granted.

The estimate of fair value is measured using the Black-Scholes model. Details of the fair value of share options granted in the period and the prior period, together with the assumptions used in determining the fair value are summarised below.

	31/10/2016	31/10/2015	30/04/2016
	Unaudited	Unaudited	Audited
Weighted average share price at the date of grant	£1.29	£0.13	£0.15
Weighted average exercise price	£1.29	£0.05	£0.09
Weighted average contractual life (years)	10	10	10
Weighted average expected volatility	27%	27%	27%
Weighted average risk free interest rate	1.50%	1.50%	1.50%
Total weighted average fair value of options granted	£2,907,562	£318,372	£1,664,100

The volatility assumption, measured at the standard deviation of expected share price movements, is based on a review of volatility used by listed companies in the same sector.

Charge to income statement

The charge to the income statement, included within administrative expenses, comprises:

	31/10/2016	31/10/2015	31/10/2016
	£	£	£
	Unaudited	Unaudited	Audited
Share-based payment charge	401,216	312,358	596,647

Notes to the accounts - 31 October 2016

4. Loss per share

	Basic and diluted	Basic and diluted (rebased)*	Basic and diluted	Basic and diluted (rebased)	Basic and diluted
	6 months ended 31 October 2016	6 months ended 31 October 2015	6 months ended 31 October 2015	Year ended April 2016	Year ended April 2016
	Unaudited	Unaudited	Unaudited	Audited	Audited
Loss (£)	(2,763,648)	(6,390,200)	(6,390,200)	(11,901,831)	(11,901,831)
Weighted average number of shares	244,365,112	200,997,147	1,856,363	217,765,729	101,194,640
Loss per share (£)	(0.01)	(0.03)	(3.44)	(0.05)	(0.12)

* rebased reflects the effect of the bonus issue and the additional equity raised as part of the admission to AIM