15 December 2020

Purplebricks Group plc
("Purplebricks", the "Company" or the "Group")

Half Year Results for the six months ended 31 October 2020

Strong results as Purplebricks continues to execute strategy

Purplebricks Group plc (AIM: PURP), a leading UK technology-led estate agency business, announces its half year results for the six months ended 31 October 2020 ("H1 21" "H1" or the "first half").

Summary performance	**H1 21** £m	**H1 20[1]** £m	**Change**
Group – continuing operations[1]			
Revenue	**44.2**	47.1	-6%
Gross profit	**29.6**	30.0	-1%
Gross profit margin (%)	**67.0%**	63.7%	+330bps
Operating profit / (loss)	**6.9**	(0.2)	n/a
Adjusted EBITDA[2]	**8.4**	4.0	+110%
Cash at period end	**75.8**	41.6	+82%
KPIs - UK			
Total fee income[3]	**49.1**	46.3	+6%
Instructions (number)	**35,387**	32,850	+8%
Average revenue per instruction[4]	**£1,392**	£1,353	+3%

Financial and operational performance

- 4.8%[5] share of properties sold by volume
- Total instructions increased by 8% to 35,387 (H1 20: 32,850)
- Instructions increased by 20% in the five months since May, post the market reopening
- Average revenue per instruction ('ARPI') increased by 3% to £1,392 (H1 20: £1,353)
- Total fee income[3] increased by 6% to £49.1m (H1 20: £46.3m)
- Revenue of £44.2m, down 6% (H1 20: £47.1m), due to instruction revenue recognition
- Adjusted EBITDA increased by 110% to £8.4m (H1 20: £4.0m)
- Operating profit increased to £6.9m (H1 20: loss £0.2m), including £3.3m non-trading items[6]
- Group consolidated profit for the period of £6.8m (H1 20: loss of £14.1m)
- Cash increased by £44.8m since the year end to £75.8m (30 April 2020: £31.0m).

Progress in strategy execution

- The business has performed strongly in the period since the market shutdown ended, with buoyant trading supported by strong market recovery
- Purplebricks has never been more relevant, with brand awareness and consideration at record levels
- We demonstrated the strength of our model with the ability to continue to service customers during lockdown with virtual capabilities
- Our leadership team has been further strengthened with the appointment of new Chief Digital and Chief Marketing Officers
- Clear evidence consumers are starting to shift towards apps and tech-based alternatives

- Strategic initiatives under our House Strategy continue to be executed at pace
- The disposal of Canadian business gives us the financial strength to focus on our UK growth opportunity

Outlook

Whilst there are reasons to remain cautious on the economic outlook, we are confident in the levers which are under our control, and we currently expect adjusted EBITDA for the full year to exceed the upper end of the current range of consensus[7].

Vic Darvey, Chief Executive Officer, commented:

"Purplebricks has delivered a strong performance in the period with instructions up 8% and total fee income growth of 6%, despite the UK housing market being disrupted through the height of COVID-19. This continued momentum demonstrates the strength of our technology-led business model and our ability to adapt quickly to a changing market.

"I am proud of the way we responded to the COVID-19 crisis, which demonstrated our ability to deliver our improved virtual capabilities to our customers throughout the period. We made sure we looked after our people when things got tough, we adapted quickly to new ways of working, and we enhanced our technology to make it easier and safer for customers to do business with us.

"We are now emerging from the pandemic in a very strong competitive position. As a result of continued financial discipline and operational excellence across the business we have experienced strong growth in adjusted EBITDA, up 110%, and a significant improvement in cash generation compared to last year.

"Our focus for 2021 will be to re-accelerate the growth of our core business by continuing to enhance our digital innovation, our virtual capabilities and increasing agent productivity through automation and efficiency. This period has shown that our technology-led business model is now more relevant than ever, as customers continue to shift to being more comfortable buying and selling their homes digitally."

[1] Continuing operations now represents the UK segment only with H1 20 restated. The results of our Canada business up to its disposal on 15 July 2020 and of our discontinued Australian and US operations for the prior period are presented in note 6.

[2] The underlying performance of the Group is monitored internally using a number of alternative performance measures ("APMs"), which are not defined within IFRS. Such measures should be considered alongside the equivalent IFRS measures. For full definitions and reconciliations of APMs, please refer to note 4. Adjusted EBITDA is defined as operating profit, adding back depreciation, amortisation, share-based payment charges / credits, results of associates / joint ventures and exceptional items.

[3] Total fee income is a KPI used by management to track income from current activity levels. Total fee income is a non-IFRS measure and represents fees receivable for published instructions, lettings and mortgage referrals; and conveyancing fees due in relation to completed transactions.

[4] ARPI: Average revenue per instruction equates to total fee income excluding lettings, divided by the number of instructions published in the period.

[5] Source: Twenty CI.

[6] These non-trading items are a share-based payment credit of £1.9m and a gain of £1.4m on deemed disposal relating to the investment in Homeday, and are discussed in the Financial Results section.

[7] As at 14 December 2020, the Group's compiled full year 2021 consensus for adjusted EBITDA is £7.0m, ranging from £5.0m to £10.6m.

Results presentation and conference call

Vic Darvey, CEO and Andy Botha, CFO are streaming a video presentation of results via webcast at 9.00am today followed by a live Q&A session for analysts and investors.

The video webcast link is via the webcast registration page and on the website. A replay will also be available on the Purplebricks website following the Q&A session at http://www.purplebricksplc.com/investors/latest_results.

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Forward-looking statements

This announcement includes statements that are, or may be considered to be, "forward-looking statements". By their nature, such statements involve risk and uncertainty since they relate to future events and circumstances. Results may, and often do, differ materially from forward-looking statements previously made. Any forward-looking statements in this announcement reflect management's view with respect to future events as at the date of this announcement. Except as required by law or by the AIM Rules of the London Stock Exchange, the Company undertakes no obligation to publicly revise any forward-looking statements in this announcement following any change in its expectations to reflect subsequent events or circumstances.

About Purplebricks

Purplebricks is a leading technology-led estate agency business, based in the UK. Purplebricks combines highly experienced and professional Local Property Experts and innovative technology to help make the process of selling, buying or letting more convenient, transparent and cost effective. Purplebricks shares are traded on the London Stock Exchange AIM market.

Chief Executive's review

Summary performance

Trading has been strong since the market opened up in May, and our first half performance is ahead of our upgraded expectations. We have seen a strong market recovery during the period - overall we delivered an 8% increase in instructions, with a 20% increase in instructions for the five months since May. Meanwhile, our overall share of the market has remained stable at 4.8% of properties sold.

As a result of continued financial discipline and operational excellence across the business, we have experienced very strong growth in our adjusted EBITDA, up 110% vs last year. Excluding the Canada sale, we have also generated cash from operating activities of £13.6m, compared to consuming £14.1m in the same period last year.

We are now emerging from the pandemic in a strong competitive position. During the first half of the year, we have continued to simplify the business and focus on the delivery of our House Strategy, details of which are outlined below. This has included the disposal of our Canadian business, which has considerably strengthened our cash position and allowed us to focus fully on our home market once again. We have also strengthened our leadership team with the appointment of a number of new hires across the business to ensure that we have the right capabilities to continue to deliver our digital transformation program.

As we move into the second half of the year, we strongly believe that technology-led estate agency is continuing to emerge as the winning model. Purplebricks has never been more relevant, with prompted brand awareness at 98%, its highest ever level. We are starting to see evidence that consumers are shifting towards apps and tech-based alternatives, and with our strengthened leadership team and balance sheet, we are in a strong position to accelerate our model and extend our market leadership.

Building a business for the future

We have worked hard this year to strengthen our business and restructure the organisation to deliver on our strategic pillars.

Our priorities for building our business for the future are clear: we need to evolve our pricing model; we need to achieve the best possible performance in the field; and we need to go even faster in Tech, introducing new products and features to the market to ensure we continue to improve the home moving experience for UK consumers.

House Strategy - delivering against our strategic objectives

Evolving our pricing

Whilst our first half performance has confirmed that the up-front fee model still resonates with consumers in the UK, we continue to look at ways to evolve our proposition, exploring new pricing models and introducing new proposition bundles that will help us to expand our target market.

We started in-field tests at the end of August and these will continue in 2021. Early lead indicators have provided valuable data on the penetration of new customer segments but it's far too early to assess the likely outcome of our trials, especially given the current lag in the time it's taking to completion.

Further iterations of pricing tests are being launched in calendar Q1 21 and we look forward to reporting back on those tests at our Full Year results.

Estate agent of the future
We are creating the best home moving experience by redefining the end-to-end customer journey. Innovation is the key to that journey, with better personalisation that brings us closer to the customer.

In the first half, we continued to invest in technology and in building out our engineering capability and I'm pleased to say that we now have a new Chief Digital Officer on board as well as a new Head of Product.

Already the new team are starting to drive a step change in our customer experience with a clear focus on improving our virtual capabilities and enhancing our visual content, having introduced interactive 3D tours and video trailers and re-designed our search and listings functionality.

With the ever-increasing adoption of mobile, we've also increased our resources in this area to deliver an easier, faster and simpler experience on our mobile app.

Our focus for the rest of the year will be to re-accelerate the growth of our core business by continuing to enhance our digital innovation and our virtual capabilities and increasing agent productivity through automation and efficiency.

Enhancing performance in the field
We're empowering our people to improve their effectiveness and efficiency in the field. The use of real-time analytics and market data will improve sales conversion in the living room, and, by getting closer to our customers, we are confident we can sell more ancillary services.

We have scaled our team of Local Property Experts, and placed a stronger focus on training, recruitment, retention, and talent management in the first half of the year.

Following the restructuring of our field teams in March, we have redesigned our agent support structure, ensuring that we start to deliver a more consistent and improved performance across all regions.

We're introducing a new value proposition to bring to life our culture and values in the living room. We're starting to implement a new target operating model to drive a strong sales culture balanced by high quality service standards. We're also introducing a new talent tool to help Territory Operators recruit, train and retain the best agents in the field.

Lastly, as we continue to evolve our journey as a digital business, we're launching a new initiative called "Your key to PB" providing continuous training modules and learning opportunities for everyone in the field.

Transforming our customer processes
We are building for scale, by transforming our platform and processes. Over the last six months we've made significant investments in both people and technology to improve the level of service provided to customers and to focus the business on selling more houses.

The improvements we've seen in the year have been validated with our Net Promoter Score of 77 at the half year and we continue to be the most positively reviewed estate agent in the category.

We've also recently been awarded the Gold Trusted Service Award for the second year running by our review provider Feefo which is a great endorsement of our improving service levels.

Over the last six months we have continued to invest further in technology to deliver innovative customer processes for improved service and scaled growth, including the delivery of automated anti-money laundering checks for sellers. We have also started work on a number of other initiatives including self-certification through facial recognition and automated anti-money laundering checks for buyers and the automation of processes for property management in our lettings business.

Financial results

Summary

The UK business has performed strongly in the period, despite the challenges in the early weeks of the half due to the housing market shutdown arising from COVID-19 restrictions. Trading recovered quickly, and instructions growth together with our continued focus on cost efficiencies and financial discipline, combined to deliver a strong set of results. As a result, we have further strengthened our cash position, creating a stronger balance sheet to support our plans for growth.

Summary income statement - UK

For the six months ended 31 October Extract of condensed statement of comprehensive income and alternative performance measures	**H1 2021** £m	**H1 2020** £m	**Change** %
Revenue	**44.2**	47.1	-6%
Cost of sales	**(14.6)**	(17.1)	-15%
Gross profit	**29.6**	30.0	-1%
Gross profit margin (%)	**67.0%**	63.7%	+330bps
Adjusted operating costs[1]	**(12.2)**	(12.2)	-%
Marketing costs	**(9.0)**	(12.3)	-27%
Adjusted EBITDA[1]	**8.4**	5.5	+53%
Depreciation and amortisation	**(1.3)**	(1.4)	-7%
Adjusted operating profit[1]	**7.1**	4.1	+73%
Share-based payment credit / (charge)	**1.9**	(0.6)	-417%
Exceptional operating costs	**(1.7)**	-	+100%
Operating profit	**7.3**	3.5	+109%

Key Performance Indicators - UK

	H1 2021	**H1 2020**	**Change**
Unique visitors[2]	**7.3m**	8.0m	-9%

Instructions[3]	**35,387**	32,850	+8%
Average revenue per instruction[4]	**£1,392**	£1,353	+3%
Total fee income[5]	**£49.1m**	£46.3m	+6%
Marketing cost per instruction[6]	**£254**	£376	-32%
Marketing costs as a % revenue[7]	**20.4%**	26.1%	-570 bps

Definitions:

1 See definitions of alternative performance measures in note 4.
2 The number of unique visitors to the website in the period.
3 Instructions represents the number of instructions won in the period.
4 Average revenue per instruction equates to total fee income excluding lettings, divided by the number of published instructions in the period.
5 Total fee income is a KPI used by management to track income from current activity levels. Total fee income is a non-IFRS measure and represents fees receivable for published instructions, lettings and mortgage referrals; and conveyancing fees due in relation to completed transactions.
6 Marketing cost per instruction represents total marketing costs, including portal costs, divided by instructions.
7 Marketing as a percentage of revenue represents the total marketing costs, including portal costs, as a percentage of total revenue.

Revenue

As a result of the buoyant market in H1 we saw an 8% increase in the number of instructions, picking up significantly once the market re-opened in mid-May. Alongside this, we delivered a 3% increase in the average revenue per instruction to £1,392 (H1 20: £1,353).

We recognise our revenues over the expected service period during which we provide services to customers. In a market where instructions are increasing, as we saw in H1, we would expect to defer a greater amount of revenue into future service periods than we are releasing from previous months. As a result of the increase in activity being weighted to the end of H1, itself as a result of the housing market shutdown in effect at the beginning of the period, reported UK revenues of £44.2m reduced by 6% (H1 20: £47.1m). As the market normalises, we expect the majority of this deferral to be recognised in the second half of the year.

Ancillary fee income represented 38% of revenue, down from 45% in the comparable period, due to timing lag effects of conveyancing income compared to instructions, which we expect to come through in H2. In addition, we have seen lower assisted viewings as some customers choose to limit visitors to their properties.

Average revenue per instruction ('ARPI')

The 3% increase in ARPI to £1,392 (H1 20: £1,353) is primarily driven by last year's price increases being in effect for the full H1 21 period. H1 21 ARPI is broadly in line with FY 20 ARPI of £1,394.

Gross profit margin

UK gross profit margin increased significantly to 67.0% (H1 20: 63.7%) as a result of cost of sales profile and revenue mix. LPE payments, which form a significant part of cost of sales, have been tightly controlled in H1 21. In H2, we expect the gross margin percentage to return closer to historical levels, as lower margin instruction revenues deferred at 31 October are recognised.

Adjusted operating costs

Adjusted operating costs were flat year-on-year at £12.2m (H1 20: £12.2m), which reflects cost control across all operational and support areas, whilst looking to support and retain our teams during the uncertainty of the housing market shut down. Adjusted operating costs includes receipts of £0.7m (H1

20: £nil) from the UK Government's Coronavirus Job Retention Scheme ('CJRS') in respect of staff on furlough and therefore not working in the business during the period.

Marketing costs

Marketing costs were £9.0m (H1 20: £12.3m), a reduction of 27% reflecting reduced activity in the pandemic-affected start to the half, together with a more targeted approach to investment in UK brand and customer acquisition during the heightened activity in the latter part of the half. As a result, marketing costs per instruction decreased to £254 (H1 20: £376) and marketing costs as a percentage of revenue fell 570 bps year-on-year.

Adjusted EBITDA

Adjusted EBITDA from continuing operations improved by 110% to £8.4m (H1 20: £4.0m) reflecting the effects of revenue, margin and costs, as discussed above.

Depreciation and amortisation

Depreciation and amortisation was £1.3m (H1 20: £1.4m), primarily arising from investment in technology.

Share-based payments

Share-based payments in the period saw a credit of £1.9m (H1 20: charge of £0.6m), reflecting the reversal of charges accrued to date in respect of a number of leavers.

Operating profit

UK operating profit increased by 109% to £7.3m (H1 20: £3.5m), inclusive of the benefit of the £1.9m share-based payment credit described above. Group operating profit was £6.9m (H1 20: loss £0.2m). Group operating profit also benefits from a gain of £1.4m on deemed disposal of part of the Group's interest in Homeday. See note 10 for further detail.

Canada

We disposed of our Canadian business in July 2020 for a cash consideration of CAD$60.5m (£35.9m), and subsequently a working capital adjustment of £0.5m in favour of Purplebricks was agreed in November 2020 to give a final consideration amount of £36.4m. Net of cash disposed of with the Canada business of £3.5m, net cash consideration in the period was £32.4m. A gain of £2.3m arose on disposal of the net assets and liabilities of Canada. The Canadian business made a profit of £1.5m up to the date of disposal (including receipts of £0.9m from the Canada Emergency Wage Subsidy). Inclusive of foreign exchange losses recycled to the income statement on disposal of £0.9m, the total result from discontinued operations for the period was a profit of £2.9m.

The trading of the Canada business up to disposal and for the prior period has been reflected within discontinued operations on the face of the income statement. See note 7 for further detail.

Tax

The Group reports a net tax charge of £0.4m (H1 20: £0.3m), which relates primarily to the use of brought forward UK losses.

Deferred tax assets of £1.8m and deferred tax liabilities of £4.3m were disposed of with the Canadian business in July 2020.

Cash, working capital and statement of financial position

Operating cash flow, which represents cash generated from or consumed by operations, before capital expenditure and financing was an inflow of £13.6m (H1 20: outflow of £14.1m). Within this amount, net operating cash inflow from continuing operations was £12.3m, with discontinued operations accounting for the remaining inflow of £1.3m.

Inclusive of the £32.4m net cash receipt on disposal of the Canadian business, net cash inflow from investing activities represented an inflow of £31.5m (H1 20: outflow of £6.9m, including a £4.6m investment in the Group's associate Homeday).

Total cash inflow for the period was £44.8m (H1 20: outflow of £21.2m), of which continuing operations comprised £11.1m and discontinued operations comprised £33.7m (including net proceeds on disposal).

Going concern

As stated in note 2 to the condensed financial statements, the Directors are satisfied that the Group has sufficient resources to continue in operation for the foreseeable future, a period of not less than 12 months from the date of this report. Accordingly, they continue to adopt the going concern basis in preparing the condensed financial statements.

Estimates and judgements

In preparing the condensed consolidated financial statements, the Directors have approached the areas of critical accounting estimate and judgement as described on pages 60 and 61 of the Annual Report 2020 which is available at https://www.purplebricksplc.com/investors/latest_results. The approach to these areas in these condensed consolidated financial statements is in line with that taken at 30 April 2020, except in respect of the Group's judgements in respect of the investment in Homeday, which has been reclassified in the period from a joint venture to an associate. See note 3 for further detail. We also provide in note 3 an update to the key estimate taken over the length of the service period used for recognition of instructions revenue, based on our assessment of the economic conditions as at 31 October 2020.

Principal risks and uncertainties

The principal risks and uncertainties set out in the last 2020 Annual Report remain valid at the date of this report. A detailed explanation of the risks summarised below, and how the Group seeks to mitigate the risks, can be found on pages 16 and 17 of the Annual Report 2020 which is available at https://www.purplebricksplc.com/investors/latest_results.

In summary, these include:

- COVID-19 pandemic
- Macro-economic conditions
- Competition
- Brand reputation
- People

- Compliance with laws and regulations
- Business model
- Cyber security and protection of data
- Financial controls

Statement of Directors' responsibilities

The Directors confirm that to the best of their knowledge that this condensed set of financial statements has been prepared in accordance with IAS 34 'Interim Financial Reporting' and that the Half Year Management Report includes a fair review of the information.

Signed on behalf of the Board by:

Vic Darvey
Chief Executive Officer

Andy Botha
Chief Financial Officer

14 December 2020

Condensed consolidated statement of comprehensive income
for the six months ended 31 October 2020

	Note	Six months ended 31 October 2020 unaudited £m	Six months ended 31 October 2019 Restated – see note 2.2 unaudited £m	Year ended 30 April 2020 Restated – see note 2.2 unaudited £m
Revenue	**5**	**44.2**	47.1	80.5
Cost of Sales		**(14.6)**	(17.1)	(28.9)
Gross profit		**29.6**	30.0	51.6
Other income	**13**	**0.7**	-	-
Administrative and establishment expenses		**(14.3)**	(16.3)	(33.9)
Marketing costs		**(9.0)**	(12.3)	(20.6)
Share of loss of joint venture		**-**	(1.6)	(2.8)
Share of loss of associate		**(0.1)**	-	-
Operating profit / (loss)		**6.9**	(0.2)	(5.7)
Finance income		**0.1**	0.2	0.5
Finance expense		**(2.7)**	(2.3)	(4.0)
Profit / (loss) on ordinary activities before taxation		**4.3**	(2.3)	(9.2)
Taxation on profit / (loss) on ordinary activities		**(0.4)**	(0.3)	1.0
Profit / (loss) from continuing operations		**3.9**	(2.6)	(8.2)
Profit / (loss) from discontinued operations	**7**	**2.9**	(11.5)	(11.0)
Profit / (loss) for the period		**6.8**	(14.1)	(19.2)
Items that may be reclassified subsequently to profit and loss:				
Exchange differences on translation of foreign operations		**0.9**	0.7	(0.1)
Total other comprehensive income		**0.9**	0.7	(0.1)
Total comprehensive profit		**7.7**	(13.4)	(19.3)
Earnings / (loss) per share				
From continuing operations:				
Basic and diluted	**9**	**1p**	(1)p	(3)p
Total including discontinued operations:				
Basic and diluted	**9**	**2p**	(5)p	(6)p

Comparative figures have been restated for the classification of Canadian activities as discontinued – see note 2.2.

Condensed consolidated statement of financial position at 31 October 2020

	Note	31 October 2020 unaudited £m	31 October 2019 Restated – see note 2.2 unaudited £m	30 April 2020 audited £m
Non-current assets				
Goodwill	**12**	**2.6**	19.5	19.5
Intangible assets	**11**	**3.9**	19.9	19.2
Property, plant and equipment		**1.2**	2.4	3.5
Investment in jointly controlled entity	**10**	**-**	13.7	12.5
Investment in associate	**10**	**12.4**	-	-
Deferred tax asset		**6.6**	6.8	9.0
		26.7	62.3	63.7
Current assets				
Tax receivable		**-**	0.4	0.1
Trade and other receivables		**6.4**	12.0	10.2
Contract assets – accrued income		**6.3**	4.6	5.3
Contract assets – prepaid cost of sales		**8.3**	5.6	5.3
Cash and cash equivalents		**75.8**	41.6	31.0
		96.8	64.2	51.9
Total assets		**123.5**	126.5	115.6
Current liabilities				
Trade and other payables		**(13.8)**	(14.8)	(11.8)
Contract liabilities - deferred income		**(20.1)**	(15.0)	(14.6)
Provisions		**(0.7)**	-	(0.4)
Borrowings		**-**	-	(0.1)
Lease liabilities		**(0.3)**	(0.4)	(0.7)
		(34.9)	(30.2)	(27.6)
Net current assets		**61.9**	34.0	24.3
Total assets less current liabilities		**88.6**	96.3	88.0
Non-current liabilities				
Deferred tax liabilities		**(0.1)**	(4.6)	(4.4)
Borrowings		**-**	-	(0.1)
Lease liabilities		**(0.3)**	(1.4)	(1.4)
		(0.4)	(6.0)	(5.9)
Net assets		**88.2**	90.3	82.1
Equity				
Share capital		**3.1**	3.1	3.1
Share premium		**177.4**	177.4	177.4
Share-based payments reserve		**4.4**	8.2	6.9
Foreign exchange reserve		**-**	0.2	(1.8)
Retained earnings		**(96.7)**	(98.6)	(103.5)
Total equity		**88.2**	90.3	82.1

Condensed consolidated statement of changes in equity

for the six months ended 31 October 2020

Unaudited	Share capital £m	Share premium £m	Share-based payment reserve £m	Foreign exchange reserve £m	Retained earnings £m	Total equity £m
At 1 May 2020	3.1	177.4	6.9	(1.8)	(103.5)	82.1
Tax in respect of share options	-	-	-	-	-	-
Share-based payment credit (note 6)	-	-	(2.5)	-	-	(2.5)
Transactions with owners	**-**	**-**	**(2.5)**	-	**-**	**(2.5)**
Profit for the period (including exchange differences recycled on disposal of Canada)	-	-	-	0.9	6.8	7.7
Exchange differences on translation of foreign operations	-	-	-	0.9	-	0.9
Total comprehensive profit	**-**	**-**	**-**	**1.8**	**6.8**	**8.6**
At 31 October 2020	**3.1**	**177.4**	**4.4**	**-**	**(96.7)**	**88.2**

for the six months ended 31 October 2019

Unaudited	Share capital £m	Share premium £m	Share-based payment reserve £m	Foreign exchange reserve £m	Retained earnings £m	Total equity £m
At 1 May 2019	3.0	177.4	8.6	(0.5)	(84.8)	103.7
Exercise of options	0.1	-	(0.4)	-	0.4	0.1
Tax in respect of share options	-	-	-	-	(0.1)	(0.1)
Share-based payment charge	-	-	-	-	-	-
Transactions with owners	**0.1**	**-**	**(0.4)**	-	**0.3**	**-**
Loss for the period	-	-	-	-	(14.1)	(14.1)
Exchange differences on translation of foreign operations	-	-	-	0.7	-	0.7
Total comprehensive loss	-	-	-	0.7	(14.1)	(13.4)
At 31 October 2019	**3.1**	**177.4**	**8.2**	**0.2**	**(98.6)**	**90.3**

Condensed consolidated statement of changes in equity
For the year ended 30 April 2020

Audited	**Share capital**	**Share premium**	**Share-based payment reserve**	**Foreign exchange reserve**	**Retained earnings**	**Total equity**
	£m	£m	£m	£m	£m	£m
At 1 May 2019	3.0	177.4	8.6	(0.5)	(84.8)	103.7
Exercise of options	0.1	-	(0.4)	-	0.4	0.1
Tax in respect of share options	-	-	-	-	0.2	0.2
Share-based payment credit	-	-	(1.3)	-	-	(1.3)
Transactions with owners	**0.1**	**-**	**(1.7)**	-	**0.6**	**(1.0)**
Loss for the year	-	-	-	-	(19.3)	(19.3)
Exchange differences on translation of foreign operations	-	-	-	(1.3)	-	(1.3)
Total comprehensive loss	-	-	-	(1.3)	(19.3)	(20.6)
At 30 April 2020	**3.1**	**177.4**	**6.9**	**(1.8)**	**(103.5)**	**82.1**

Condensed consolidated statement of cash flows
for the six months ended 31 October 2020

	Six months ended 31 October 2020 unaudited	**Six months ended 31 October 2019 unaudited**	**Year ended 30 April 2020 audited**
	£m	£m	£m
Profit / (loss) for the period after taxation	**6.8**	(14.1)	(19.2)
Adjustments for:			
Amortisation of intangible assets	**1.2**	2.8	4.1
Depreciation of tangible fixed assets	**0.4**	0.9	1.7
Impairment of intangible assets	**-**	-	0.5
Impairment of tangible fixed assets	**-**	-	0.6
Gain on disposal of Canada business	**(2.3)**	-	-
Share-based payment credit	**(2.5)**	-	(1.3)
Gain on lease modification	**-**	-	(0.1)
Credit to loss provision	**-**	-	(0.4)
Increase in provisions	**0.1**	-	0.4
Interest income	**(0.1)**	(0.2)	(0.5)
Interest expense	**-**	-	0.2
Share of result of associate	**0.1**	-	-
Share of result of joint venture	**-**	1.6	2.8
Taxation charge / (credit)	**0.4**	0.2	(1.7)
Operating cash inflow / (outflow) before changes in working capital	**4.1**	(8.8)	(12.9)
Movement in trade and other receivables	**(5.4)**	5.7	7.0
Movement in trade and other payables	**7.8**	(8.3)	(14.2)
Movement in deferred income	**7.1**	(3.4)	(4.8)
Cash generated from / (utilised in) operations	**13.6**	(14.8)	(24.9)
Taxation received	**-**	0.8	1.0
Interest paid	**-**	(0.1)	(0.1)
Net cash inflow / (outflow) from operating activities	**13.6**	(14.1)	(24.0)
Investing activities			
Purchase of property, plant and equipment	**(0.1)**	(0.6)	(0.8)
Development expenditure capitalised	**(0.9)**	(1.4)	(2.1)
Purchase of intangible assets	**-**	(0.5)	(0.1)
Interest income	**0.1**	0.2	0.5
Investment in joint venture	**-**	(4.6)	(4.6)
Proceeds from disposal of Canada business	**35.9**	-	-
Cash disposed of with Canada business	**(3.5)**	-	-
Net cash inflow / (outflow) from investing activities	**31.5**	(6.9)	(7.1)
Financing activities			
Lease interest payments	**-**	-	(0.1)
Payments against lease liabilities	**(0.3)**	(0.3)	(0.9)
Proceeds from external borrowings	**-**	-	0.3
Repayment of external borrowings	**-**	-	(0.1)
Proceeds from issue of shares	**-**	0.1	0.1
Net cash outflow from financing activities	**(0.3)**	(0.2)	(0.7)
Net increase / (decrease) in cash and cash equivalents	**44.8**	(21.2)	(31.8)
Effect of foreign exchange rates	**-**	-	-
Cash and cash equivalents at beginning of the period	**31.0**	62.8	62.8
Cash and cash equivalents at the end of the period	**75.8**	41.6	31.0

Notes to the condensed financial statements for the six months ended 31 October 2020

1. General information

Purplebricks Group plc ('the Company') is a public company limited by shares that is listed on the Alternative Investment Market of the London Stock Exchange. The Company is incorporated in the United Kingdom and registered in England and Wales. The address of the Company's registered office is Suite 7, First Floor, Cranmore Place, Cranmore Drive, Shirley, Solihull, West Midlands, B90 4RZ. The Company is primarily involved in the estate agency business.

The information for the year ended 30 April 2020 does not constitute statutory accounts as defined in section 434 of the Companies Act 2006. A copy of the statutory accounts for that year has been delivered to the Registrar of Companies. The auditors reported on those accounts: their report was unqualified, did not draw attention to any matters by way of emphasis and did not contain a statement under section 498(2) or (3) of the Companies Act 2006.

2. Summary of significant accounting policies

The annual financial statements of Purplebricks Group plc are prepared in accordance with International Financial Reporting Standards as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34 'Interim Financial Reporting', as adopted by the European Union.

The accounting policies adopted are consistent with those of the previous financial period (see pages 48 to 59 of the Annual Report 2020) except as described below at note 2.4 and in note 3.

The Annual Report 2020 is available at https://www.purplebricksplc.com/investors/latest_results

2.1 Basis of preparation

These interim unaudited financial statements have been prepared under the historical cost convention subject to recognising certain financial instruments at fair value.

The Directors are satisfied that the Group has sufficient resources to continue in operation for the foreseeable future, a period of not less than 12 months from the date of this report. Accordingly, they continue to adopt the going concern basis in preparing the condensed financial statements.

The Group typically experiences a seasonal slowdown in activity during the December holiday period. In the current year, activity has been affected by the housing market shut down in effect in the UK at the beginning of the period, together with high activity levels in the months following re-opening of the housing market.

2.2 Restatement

Discontinued operations

A discontinued operation is a component of the entity which the Group has decided to close, or which has been disposed of or which is classified as held for sale and which represents a separate major line of business or geographical area of operations. The results of discontinued operations are presented separately in the statement of statement of comprehensive income and statement of cash flows.

In H1 21, the results of the Canadian business, which was sold on 15 July 2020, have been classified as discontinued operations.

Income statement comparatives for the year ended 30 April 2020 and for H1 20 have been restated accordingly.

2.2 Restatement (continued)

H1 20 comparatives for results from discontinued operations also include the results of the Group's US and Australia businesses for that period.

Contract assets

In the current year, contract assets, being accrued income and prepaid cost of sales, are presented separately on the face of the statement of financial position. Comparative amounts at 31 October 2019 have also been separately presented, with a corresponding reduction in the amounts shown as trade and other receivables. No restatement of total amounts has occurred.

2.3 Going concern

In adopting a going concern basis for the preparation of the financial statements, the Directors have made appropriate enquiries and have considered the Group's business activities, cash flows and liquidity position, and the Group's principal risks and uncertainties.

The Directors have taken into account reasonably possible future economic factors in preparing trading and cash flow forecasts covering the period to 31 December 2021. This assessment took into consideration sensitivity analysis with regard to the forecast volume of instructions, including possible effects of the ongoing COVID19-related macro-economic conditions, the variable nature of significant elements of the Group's cost base and steps which could be taken to further mitigate costs if required.

Mitigations available to the Group include a reduction in marketing expenditure and reductions in expenditure in the Group's contact centre and support functions. In satisfying themselves that the going concern basis is appropriate, the Directors took into account recent practical experience and steps which were taken with regard to cost control and cash preservation due to the COVID19-related macro-economic conditions leading up to and following the 2020 year-end.

Even in the situation of a severe downside sensitised fall in revenues that is in excess of the Directors' realistic expectations, and even before taking any such mitigating actions, the Group expects to maintain a position of liquidity throughout the forecast period to 31 December 2021.

The Group holds significant cash balances of £75.8m at 31 October 2020.

Based on the Group's forecasts, the Directors are satisfied that the Company, and the Group as a whole, have adequate resources to continue in operational existence for the foreseeable future. Accordingly, the financial statements have been prepared on the going concern basis.

2.4 New accounting standards adopted in the period

No new accounting standards have had a significant effect on the financial performance or condition of the Group.

2.5 Tax

Taxes on income in the interim period are accrued using the effective tax rate that would be applicable to expected total annual earnings.

2.6 Government assistance

During the period the Group received amounts from the UK and Canada governments in relation to staff on furlough not working in the business. These receipts have been presented within Other Income in respect of the UK and are within the overall profit from discontinued activities in respect of Canada.

The financial impact of government assistance in the period is described in note 13.

3. Critical accounting estimates and judgements

In the application of the Group's accounting policies, the Directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised in the financial statements and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The accounting estimates and judgments as set out on pages 60 and 61 of the Annual Report 2020 have been applied consistently in these financial statements with the exception of the additional area of judgment set out below.

Assessment of the status of the Group's investment in Homeday
In assessing the status of the Group's investment in Homeday, which is held through a joint venture with Axel Springer, the Group has to consider the effect of convertible loans which exist between Axel Springer and 107 Media, and put and call options which exist between the shareholders of Homeday, as set out on pages 82 and 83 of the Annual Report 2020.

Options which may in the future confer substantive rights must be considered as exercised if there are no substantial barriers to exercise. Whether substantial barriers exist is subjective and is a matter of judgement.

At 30 April 2020, the Group took the view that there were substantial barriers to the exercise of the convertible loans between Axel Springer and 107 Media, and therefore the Group's investment in 107 Media was accounted for as a joint venture.

At 31 October 2020, the Group has re-assessed this judgement and has concluded that there are no substantive barriers to the exercise of the convertible loans between Axel Springer and 107 Media. Therefore, at 31 October 2020, the Group's investment in 107 Media has been determined to meet the definition as an associate rather than a joint venture based on the guidance in IAS28 and IFRS 11, and its presentation has been amended on the Group balance sheet.

Details of the investment and the gain on deemed dilution in shareholding at the point of re-assessment is set out in note 10.

Revenue recognition
Instruction revenue is recognised over the estimated period between instruction and completion or withdrawal of the property from sale ("service period") and the Directors are, therefore, required to estimate the average total service period, taking into account historical experience in addition to current and possible future economic conditions and factors. At each reporting date, this estimation includes an assessment of the future service period in respect of instructions on hand at the period end.

As at 31 October 2020, the Directors have taken account of the impact of the COVID-19 crisis on the housing market in the UK in developing their view of the likely future service period. The Directors assessed, as at 31 October that, due to ongoing delays experienced in the process between sale agreed and completion, the future service period in respect of instructions live at 31 October 2020 could reasonably be considered to be longer than has historically been the case in a business as usual marketplace.

The Directors have assessed a significant reduction in future service period as compared to the year-end date 30 April 2020, when the UK housing market was in a complete shutdown.

3. Critical accounting estimates and judgements (continued)

Based on evidence available to date, the Directors have adopted an estimated service period which is approximately 22% shorter than at April 2020 (although approximately 5% longer than at 31 October 2019) in calculating contract liabilities in respect of deferred income as at 31 October 2020. An increase or decrease of 5% in the estimated service period would have resulted in an increase or decrease in deferred income of approximately £0.8m respectively.

Continuing uncertainty at the reporting date, as to the nature and duration of the impact of COVID-19 on the UK economy, means there is a greater degree of subjectivity in estimating the future service period than would be the case in a “steady state” scenario and the Directors have adopted a best estimate approach, taking into account available evidence. Should the UK housing market recover to pre-crisis levels subsequent to the reporting date, there would be a reasonable expectation that the service period would move closer to the historical norm for future reporting periods.

The terms of the UK’s future trading relationship with the EU following Brexit remain uncertain and could have an effect on the UK property market. Due to the uncertainty of the extent and timing of any impact on the wider UK economy, it is impractical to determine any potential, consequential impact on the timing of revenue recognition in the UK business at the date of this report and no such estimate has been made.

4. Alternative performance measures

The Group makes use of a number of alternative performance measures in assessing the performance of the business. The definition of and relevance of each of these is set out below. The Group believes that these measures, which are not considered to be a substitute for or superior to IFRS measures, provide stakeholders with helpful additional information on the underlying performance of the Group.

Adjusted EBITDA

Definition
Profit or loss from operating activities, adding back depreciation, amortisation and share-based payment charges or credits and exceptional costs. At a Group level this measure also excludes results of joint ventures and associates.

Relevance to strategy
The adjusted measure is considered relevant to assessing the underlying performance of the Group against its strategy and plans. The rationale for excluding certain items is as follows:

- Depreciation: a non-cash item which fluctuates depending on the timing of capital investment. We believe that a measure which removes this volatility improves comparability of the Group’s results period on period.
- Amortisation: a non-cash item which varies depending on the timing of and nature of acquisitions, and on the timing of and extent of investment in internally generated intangibles such as software. We believe that a measure which removes this volatility improves comparability of the Group’s results period on period.
- Share-based payment charges: a non-cash item which varies significantly depending on the share price at the date of grants under the Group’s share option schemes, and depending on the assumptions used in valuing these awards as they are granted. We believe that a measure which removes this volatility improves comparability of the Group’s results period on period and also improves comparability with other companies which do not operate similar share-based payment schemes.
- Exceptional items: These items represent amounts which result from unusual transactions or circumstances and at a significance which warrants individual disclosure. We believe that adjusting for such exceptional items improves comparability period on period. See note 8 for further detail of amounts disclosed as exceptional.
- Results of joint ventures and associates: while the Group exercises some influence over these results, it is unable to fully control them.

4. Alternative performance measures (continued)

Reconciliation
See segmental reporting in note 6.

Adjusted operating costs

Definition
Adjusted operating costs are administrative and establishment expenses, adjusted by adding back depreciation, amortisation and share-based payment charges and exceptional items. In H1 21, adjusted operating costs includes receipts in respect of government assistance to support companies with employees on furlough during the COVID-19 crisis.

Relevance to strategy
The adjusted measure is considered relevant to assessing the underlying performance of the Group against its strategy and plans. The rationale for excluding depreciation, amortisation, share-based payments charges and exceptional costs from this measure is consistent with that set out above in the "Adjusted EBTIDA" section, with the addition that receipts in respect of the CJRS scheme are added back to operating costs to present a more comparable period on period view of the costs of operating the business, excluding staff costs in respect of employees who were not working in the business during the period.

Reconciliation
See segmental reporting in note 6.

Adjusted operating profit/loss

Definition
Profit or loss from operating activities, adding back share-based payment charges and for the Group share of results of joint venture and exceptional items.

Relevance to strategy
The adjusted measure is considered relevant to assessing the underlying performance of the Group against its strategy and plans. The rationale for excluding share-based payments charges and exceptional items from this measure is consistent with that set out above in the "Adjusted EBTIDA" section.

Reconciliation
See segmental reporting in note 6.

5. Revenue

Revenue by contract type	**H1 21 unaudited** £m	**H1 20 Restated – see note 2.2 unaudited** £m	**Year ended 30 April 2020 Restated – see note 2.2 unaudited** £m
Continuing			
Instructions	**30.5**	30.9	53.5
Conveyancing	**8.0**	10.8	16.7
Other (Lettings and brokerage)	**5.7**	5.4	10.3
	44.2	47.1	80.5
Discontinued			
Instructions	**3.5**	15.5	24.6
Conveyancing	-	1.8	1.8
Other (Brokerage)	**3.0**	6.4	10.3
	6.5	23.7	36.7
Total revenue	**50.7**	70.8	117.2

6. Segmental reporting

The Group trade is managed as a single division, providing services relating to the sale and letting of properties, however management report to the Board (the Board being the Chief Operating Decision Maker ("CODM")) using geographical segments. The financial information reviewed by the Board is materially the same as that reported under IFRS and falls under four geographic locations: UK, Canada, Australia, and the US. On 7 May 2019, the Group announced that it was exiting the Australian market, and on 3 July 2019, the Group announced its withdrawal from the US market. In each case the business was put into an orderly rundown ahead of closure during FY 20. Therefore, there are no results for Australia or the US in H1 21. Following the sale of the Canadian business in July 2020, the results of Canada are presented as discontinued. Adjusted EBITDA is a key profit measure used by the CODM in making strategic decisions. The segmental analysis includes recharges between segments. Certain of these recharges are of costs which are not classified as discontinued. These are adjusted in the tables below. The operating losses of discontinued segments are reconciled to the net loss relating to discontinued activities within note 7.

The following is an analysis of the Group's revenue and results by reporting segment:

H1 21 – six months ended 31 October 2020 – unaudited

	UK £m	Arising on consolidation £m	Continuing operations £m	Discontinued operations (Canada only) £m	Total £m
Revenue	44.2	-	**44.2**	6.5	50.7
Cost of sales	(14.6)	-	**(14.6)**	(1.8)	(16.4)
Gross profit	**29.6**	-	**29.6**	**4.7**	**34.3**
Gross profit margin (%)	67.0%	-%	**67.0%**	72.3%	67.7%
Other income	0.7	-	**0.7**	0.9	1.6
Administrative expenses	(14.0)	(0.3)	**(14.3)**	(3.5)	(17.8)
Marketing expenses	(9.0)	-	**(9.0)**	(0.6)	(9.6)
Share of results of associate	-	(0.1)	**(0.1)**	-	(0.1)
Operating profit	**7.3**	**(0.4)**	**6.9**	**1.5**	**8.4**
Reconciliation to adjusted EBITDA					
Operating profit	7.3	(0.4)	**6.9**	1.5	8.4
Depreciation & amortisation	1.3	0.3	**1.6**	0.2	1.8
Share-based payments	(1.9)	-	**(1.9)**	(0.6)	(2.5)
Share of results of associate	-	0.1	**0.1**	-	0.1
Exceptional items	1.7	-	**1.7**	-	1.7
Adjusted EBITDA	**8.4**	-	**8.4**	**1.1**	**9.5**
Reconciliation to adjusted operating profit					
Operating profit	7.3	(0.4)	**6.9**	1.5	8.4
Share-based payments	(1.9)	-	**(1.9)**	(0.6)	(2.5)
Share of results of associate	-	0.1	**0.1**	-	0.1
Exceptional items	1.7	-	**1.7**	-	1.7
Adjusted operating profit	**7.1**	**(0.3)**	**6.8**	**0.9**	**7.7**

Reconciliation of administrative expenses to adjusted operating costs					
Administrative expenses	(14.0)	(0.3)	**(14.3)**	(3.5)	(17.8)
Other income in respect of government assistance	0.7	-	**0.7**	0.9	1.6
Depreciation & amortisation	1.3	0.3	**1.6**	0.2	1.8
Share-based payments	(1.9)	-	**(1.9)**	(0.6)	(2.5)
Exceptional items	1.7	-	**1.7**	-	1.7
Adjusted operating costs	**(12.2)**	**-**	**(12.2)**	**(3.0)**	**(15.2)**

H1 20 – six months ended 31 October 2019 – unaudited

	UK	Arising on Consolidation	Adjustment for recharges	Continuing operations	Canada	Australia	US	Arising on Consolidation	Adjustment for recharges	Discontinued operations	Total
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Revenue	47.1	-	-	**47.1**	17.7	1.4	4.6	-	-	23.7	70.8
Cost of sales	(17.1)	-	-	**(17.1)**	(8.3)	(2.2)	(2.2)	-	-	(12.7)	(29.8)
Gross profit	**30.0**	**-**	**-**	**30.0**	**9.4**	**(0.8)**	**2.4**	**-**	**-**	**11.0**	**41.0**
Gross profit margin (%)	63.7%	-	-	**63.7%**	53.1%	(57.1)%	52.2%	-	-		
Administrative expenses	(14.2)	(0.1)	(2.0)	**(16.3)**	(5.8)	(4.7)	(5.4)	(0.7)	2.0	(14.6)	(30.9)
Marketing expenses	(12.3)	-	-	**(12.3)**	(4.2)	(1.2)	(2.5)	-	-	(7.9)	(20.2)
Share of results of joint venture	-	(1.6)	-	**(1.6)**	-	-	-	-	-	-	(1.6)
Operating profit/(loss)	**3.5**	**(1.7)**	**(2.0)**	**(0.2)**	**(0.6)**	**(6.7)**	**(5.5)**	**(0.7)**	**2.0**	**(11.5)**	**(11.7)**
Reconciliation to adjusted EBITDA											
Operating profit/(loss)	3.5	(1.7)	(2.0)	**(0.2)**	(0.6)	(6.7)	(5.5)	(0.7)	2.0	(13.1)	(11.7)
Depreciation & amortisation	1.4	0.1	-	**1.5**	0.5	0.5	0.5	0.7	-	2.2	3.7
Share-based payments	0.6	-	0.5	**1.1**	0.2	(0.6)	(0.2)	-	(0.5)	(1.1)	-
Share of results of joint venture	-	1.6	-	**1.6**	-	-	-	-	-	-	1.6
Adjusted EBITDA	**5.5**	**-**	**(1.5)**	**4.0**	**0.1**	**(6.8)**	**(5.2)**	**-**	**1.5**	**(10.4)**	**(6.4)**
Reconciliation to adjusted operating loss											
Operating profit/(loss)	3.5	(1.7)	(2.0)	**(0.2)**	(0.6)	(6.7)	(5.5)	(0.7)	2.0	(11.5)	(11.7)
Share-based payments	0.6	-	0.5	**1.1**	0.2	(0.6)	(0.2)	-	(0.5)	(1.1)	-
Share of results of joint venture	-	1.6	-	**1.6**	-	-	-	-	-	-	1.6
Adjusted operating loss	**4.1**	**(0.1)**	**(1.5)**	**2.5**	**(0.4)**	**(7.3)**	**(5.7)**	**(0.7)**	**1.5**	**(12.6)**	**(10.1)**
Reconciliation of administrative expenses to adjusted operating costs											
Administrative expenses	(14.2)	(0.1)	(2.0)	**(16.3)**	(5.8)	(4.7)	(5.4)	(0.7)	2.0	(14.6)	(30.9)
Depreciation & amortisation	1.4	0.1	-	**1.5**	0.5	0.5	0.5	0.7	-	2.2	3.7
Share-based payments	0.6	-	0.5	**1.1**	0.2	(0.6)	(0.2)	-	(0.5)	(1.1)	-
Adjusted operating costs	**(12.2)**	**-**	**(1.5)**	**(13.7)**	**(5.1)**	**(4.8)**	**(5.1)**	**-**	**1.5**	**(13.5)**	**(27.2)**

6. Segmental reporting (continued)

For year ended 30 April 2020 – unaudited

	UK	Arising on Consolidation	Adjustment for recharges	Continuing operations	Canada	Australia	US	Arising on Consolidation	Adjustment for recharges	Discontinued operations	Total
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Revenue	**80.5**	**-**	**-**	**80.5**	**30.6**	**1.5**	**4.6**	**-**	**-**	**36.7**	**117.2**
Cost of sales	(28.9)	-	-	**(28.9)**	(14.5)	(2.2)	(2.2)	-	-	(18.9)	(47.8)
Gross profit	**51.6**	**-**	**-**	**51.6**	**16.1**	**(0.7)**	**2.4**	**-**	**-**	**17.8**	**69.4**
Gross profit margin (%)	64.1%	-	-	64.1%	52.5%	(46.7)%	52.2%	-	-	48.5%	59.2%
Administrative expenses	(31.2)	(0.2)	(2.5)	**(33.9)**	(10.6)	(3.4)	(4.8)	(1.4)	2.5	(17.7)	(51.6)
Marketing expenses	(20.6)	-	-	**(20.6)**	(8.2)	(1.2)	(2.0)	-	-	(11.4)	(32.0)
Share of results of joint venture	-	(2.8)	-	**(2.8)**	-	-	-	-	-	-	(2.8)
Operating profit/(loss)	**(0.2)**	**(3.0)**	**(2.5)**	**(5.7)**	**(2.7)**	**(5.3)**	**(4.4)**	**(1.4)**	**2.5**	**(11.3)**	**(17.0)**
Reconciliation to adjusted EBITDA											
Operating profit/(loss)	(0.2)	(3.0)	(2.5)	**(5.7)**	(2.7)	(5.3)	(4.4)	(1.4)	2.5	(11.3)	(17.0)
Depreciation & amortisation	3.5	0.2	-	**3.7**	1.0	0.5	0.3	1.4	-	3.2	6.9
Share-based payments	(0.1)	-	0.6	**0.5**	0.3	(0.7)	(0.8)	-	(0.6)	(1.8)	(1.3)
Share of results of joint venture	-	2.8	-	**2.8**	-	-	-	-	-	-	2.8
Exceptional items	1.6	-	-	**1.6**	-	-	-	-		**-**	1.6
Adjusted EBITDA	**4.8**	-	**(1.9)**	2.9	**(1.4)**	**(5.5)**	**(4.9)**	**-**	**1.9**	**(9.9)**	**(7.0)**
Reconciliation to adjusted operating loss											
Operating profit/(loss)	(0.2)	(3.0)	(2.5)	**(5.7)**	(2.7)	(5.3)	(4.4)	(1.4)	2.5	(11.3)	(17.0)
Share-based payments	(0.1)	-	0.6	**0.5**	0.3	(0.7)	(0.8)	-	(0.6)	(1.8)	(1.3)
Share of results of joint venture	**-**	2.8	**-**	**2.8**	-	-	-	-	-	-	2.8
Exceptional items	1.6		-	**1.6**	-	-	-	-	-	**-**	1.6
Adjusted operating loss	**1.3**	**(0.2)**	**(1.9)**	**(0.8)**	**(2.4)**	**(6.0)**	**(5.2)**	**(1.4)**	**1.9**	**(13.1)**	**(13.9)**
Reconciliation of administrative expenses to adjusted operating costs											
Administrative expenses	(31.2)	(0.2)	(2.5)	**(33.9)**	(10.6)	(3.4)	(4.8)	(1.4)	2.5	(17.7)	(51.6)
Depreciation & amortisation	3.5	0.2	**-**	**3.7**	1.0	0.5	0.3	1.4	-	3.2	6.9
Share-based payments	(0.1)	-	0.6	**0.5**	0.3	(0.7)	(0.8)	-	(0.6)	(1.8)	(1.3)
Exceptional items	1.6	-	**-**	**1.6**	**-**	**-**	**-**	-	-	**-**	1.6
Adjusted operating costs	**(26.2)**	**-**	**(1.9)**	**(28.1)**	**(9.3)**	**(3.6)**	**(5.3)**	**-**	**1.9**	**(16.3)**	**(44.4)**

6. Segmental reporting (continued)

Non-current assets	31 October 2020 unaudited £m	31 October 2019 unaudited £m	30 April 2020 audited £m
UK	26.7	80.5	69.0
Canada	-	5.2	5.7
Australia	-	-	-
US	-	-	-
Consolidation adjustments	-	(23.4)	(11.0)
Total	**26.7**	**62.3**	**63.7**
Total assets			
UK	123.5	227.8	113.6
Canada	-	11.4	13.0
Australia	-	0.9	-
US	-	0.5	-
Consolidation adjustments	-	(114.1)	(11.0)
Total	**123.5**	**126.5**	**115.6**
Total liabilities			
UK	35.3	25.9	22.0
Canada	-	8.9	13.1
Australia	-	35.0	-
US	-	51.4	-
Consolidation adjustments	-	(85.0)	(1.6)
Total	**35.3**	**36.2**	**33.5**

6. Segmental reporting (continued)

Cash flows related to discontinued operations were as follows:

	Six months ended 31 October 2020 unaudited £m	Six months ended 31 October 2019 Restated - see note 2.2 unaudited £m	Year ended 30 April 2020 Restated - see note 2.2 unaudited £m
Operating cash inflow / (outflow) before changes in working capital			
Continuing operations	**3.1**	0.5	(0.5)
Discontinued operations	**1.0**	(9.3)	(12.4)
	4.1	(8.8)	(12.9)
Operating cash inflow / (outflow) after changes in working capital, interest and taxation paid			
Continuing operations	**12.3**	(1.9)	(8.9)
Discontinued operations	**1.3**	(12.2)	(15.1)
Net cash inflow / (outflow) from operating activities	**13.6**	(14.1)	(24.0)
Investing activities			
Continuing operations	**(0.9)**	(5.9)	(5.8)
Discontinued operations	**32.4**	(1.0)	(1.3)
Net cash inflow / (outflow) from investing activities	**31.5**	(6.9)	(7.1)
Financing activities			
Continuing operations	**(0.3)**	(0.3)	(0.5)
Discontinued operations	**-**	0.1	(0.2)
Net cash outflow from financing activities	**(0.3)**	(0.2)	(0.7)

7. Profit on disposal of Canadian business

On 15 July 2020 the Group completed the disposal of its Canadian business, being all Canadian subsidiaries and the entire Canada segment, to the Desjardins Group, a Canadian cooperative financial group. Headline consideration was $60.5m Canadian Dollars (£36.1m), or £35.9m net of professional fees of £0.2m, to be adjusted for working capital and debt in line with completion accounts in due course. Part of the proceeds were allocated to the repayment of intra-Group debt owed to Purplebricks Group plc.

In November 2020, working capital and debt adjustments were provisionally agreed at $1.0m Canadian Dollars (£0.5m), giving revised net proceeds due to the Group, net of advisor fees of £0.2m of £36.4m. After accounting for the disposal of the Group's Canadian business at book value, including the book value of goodwill and other intangibles arising on the acquisition, and the derecognition of associated deferred tax assets, the Group recorded a profit on disposal of £2.3m. Further detail is set out in the table below:

	£m
Cash consideration received / due under working capital true-up	36.4
Carrying amount of net assets disposed of	(34.1)
Gain on sale	**2.3**

7. Profit on disposal of Canadian business (continued)

The carrying amounts of assets and liabilities at the date of sale were:

	£m
Goodwill	17.2
Brand	13.5
Proprietary technology	1.1
Customer relationships	1.1
Working capital and other net assets	1.2
	34.1

The Australia, US and Canada operations represented in their entirety the segments as disclosed in note 6. The operating losses of discontinued segments are reconciled to the net loss relating to discontinued activities as follows:

	Six months ended 31 October 2020	**Six months ended 31 October 2019 Restated – see note 2.2**	**Year ended 30 April 2020 Restated – see note 2.2**
	£m	£m	£m
Operating profit / (loss) relating to discontinued segments	**1.5**	(11.5)	(11.3)
Gain on disposal of Canadian business	**2.3**	-	-
Net finance expense relating to discontinued segments	**-**	(0.1)	(0.4)
Tax (charge) / credit relating to discontinued segments	**-**	0.1	0.7
Exchange differences recycled on disposal of Canadian business	**(0.9)**	-	-
Profit / (loss) from discontinued operations	**2.9**	(11.5)	(11.0)

8. Exceptional items

	Six months ended 31 October 2020	**Six months ended 31 October 2019**	**Year ended 30 April 2020**
	£m	£m	£m
Exceptional items	**1.7**	-	1.6

Exceptional items comprise:

i. Costs of a fundamental restructuring programme which was started in FY20 focused on the customer services and sales functions and which in H1 21 has shifted focus onto employed head office functions of £0.8m. (H1 20: £nil ; FY 20: £1.2m).
ii. Costs continuing from FY 20 of supporting the network of independent LPEs in response to the COVID-19 crisis of £0.9m. (H1 20: £nil ; FY 20: £0.4m).

These items were identified in FY 20 as exceptional because they are (i) the first instance of such costs being incurred in the group's history and (ii) they are not expected to recur regularly or cyclically.

Support to the LPE network during the COVID-19 crisis is currently not expected to continue into H2 21, as we currently do not anticipate a full shut down of the housing market to reoccur.

The aggregate amounts accrued but not yet paid in respect of exceptional charges total £0.1m at 31 October 2020. All amounts are expected to be paid in cash before the year end. All amounts disclosed as exceptional are deductible to tax.

All exceptional items are presented within administration expenses in the consolidated income statement.

9. Earnings per share

Total including discontinued operations

	Six months ended 31 October 2020	Six months ended 31 October 2019	Year ended 30 April 2020
Profit / (loss) from total operations £m	**6.8**	(14.1)	(19.2)
Weighted average number of shares in issue ('000)	**306,806**	305,974	306,389
Earnings / (loss) per share for total operations (£) – basic	**0.02**	(0.05)	(0.06)
Potentially dilutive shares unissued at reporting date ('000)	**12,607**	12,046	9,738
Total potentially dilutive shares at reporting date ('000)	**319,413**	318,020	316,127
Earnings / (loss) per share for total operations (£) – diluted	**0.02**	(0.05)	(0.06)

Where applicable, diluted loss per share from total operations is equal to the basic loss per share as a result of the Group recording a loss for the period, which cannot be diluted.

From continuing operations

	Six months ended 31 October 2020	Six months ended 31 October 2019 Restated – see note 2.2	Year ended 30 April 2020 Restated – see note 2.2
Profit / (loss) from continuing operations £m	**3.9**	(2.6)	(8.2)
Weighted average number of shares in issue ('000)	**306,806**	305,974	306,389
Earnings / (loss) per share for continuing operations (£) – basic	**0.01**	(0.01)	(0.03)
Potentially dilutive shares unissued at reporting date ('000)	**12,607**	12,046	9,738
Total potentially dilutive shares at reporting date ('000)	**319,413**	318,020	316,127
Earnings / (loss) per share for continuing operations (£) – diluted	**0.01**	(0.01)	(0.03)

Where applicable, diluted loss per share from consolidated operations is equal to the basic loss per share as a loss cannot be diluted.

The number of shares in issue at both 30 April 2020 and 31 October 2020 was 306,806,039.

10. Investment in jointly controlled entity and investment in associate

	Investment in associate £m	Investment in jointly controlled entity £m
At 1 May 2019	-	10.7
Equity investments	-	4.6
Share of result for H1 20	-	(1.6)
At 31 October 2019	-	13.7
Share of result for H2 20	-	(1.2)
At 30 April 2020		12.5
Reclassification to associate	12.5	(12.5)
Gain on reclassification to associate	1.4	-
Share of result for H1 21	(1.5)	-
At 31 October 2020	**12.4**	**-**

10. Investment in jointly controlled entity and investment in associate (continued)

In assessing the status of the Group's investment in Homeday, which is held through a joint venture with Axel Springer, the Group has to consider the effect of convertible loans which exist between Axel Springer and 107 Media, and put and call options which exist between the shareholders of Homeday, as set out on pages 82 and 83 of the Annual Report 2020.

Options which may in the future confer substantive rights must be considered as exercised if there are no substantial barriers to exercise. Whether substantial barriers exist is subjective and is a matter of judgement.

At 30 April 2020, the Group took the view that there were substantial barriers to the exercise of the convertible loans between Axel Springer and 107 Media, and therefore the Group's investment in 107 Media was accounted for as a joint venture.

At 31 October 2020, the Group has re-assessed this judgement and has concluded that there are no substantive barriers to the exercise of the convertible loans between Axel Springer and 107 Media. Therefore, at 31 October 2020, the Group's investment in 107 Media has been determined to meet the definition as an associate rather than a joint venture based on the guidance in IAS28 and IFRS 11, and its presentation has been amended on the group balance sheet.

At the point of step down, the Group assessed the carrying value of its investment against the Group's revised share of the fair value of the underlying assets and liabilities of 107 Media, including 107 Media's investment in Homeday. A gain on deemed dilution in shareholding arising from this re-assessment of accounting judgement of £1.4m arose and is reflected in the table of movements in investment above.

11. Intangible assets

	Internally generated intangible[1] £m	**Capitalised software** £m	**Patents and trademark** £m	**Customer relationships** £m	**Proprietary technology** £m	**Brand** £m	**Total** £m
Cost							
At 1 May 2020	8.9	1.1	0.1	2.8	2.9	13.2	29.0
Internally developed assets	0.9	-	-	-	-	-	0.9
Foreign exchange	-	-	-	0.1	0.1	0.3	0.5
Disposals on sale of Canada	-	(0.2)	-	(1.8)	(3.0)	(13.5)	(18.5)
At 31 October 2020	9.8	0.9	0.1	1.1	-	-	11.9
Amortisation							
At 1 May 2020	(5.8)	(0.8)	(0.1)	(1.3)	(1.8)	-	(9.8)
Amortisation for the period	(0.8)	(0.1)	-	(0.2)	(0.1)	-	(1.2)
Disposals on sale of Canada	-	0.2	-	0.7	1.9	-	2.8
Transfer	-	0.2	-	-	-	-	0.2
At 31 October 2020	(6.6)	(0.5)	(0.1)	(0.8)	-	-	(8.0)
Net carrying value							
At 31 October 2020	**3.2**	**0.4**	**-**	**0.3**	**-**	**-**	**3.9**
At 30 April 2020	3.1	0.3	-	1.5	1.1	13.2	19.2

(1) Being the Group's internally generated technology applications and website.

12. Goodwill

	Lettings CGU	Canada	Total
	£m	£m	£m
Cost and carrying amount			
At 1 May 2020	2.6	16.9	19.5
Foreign exchange	-	0.3	0.3
Disposals on sale of Canada	-	(17.2)	(17.2)
At 31 October 2020	**2.6**	**-**	**2.6**

13. Government assistance

Government grants of £0.7m were received in H1 21 (H1 20: £nil, FY 20: £0.3m) under the UK Government 's Coronavirus Job Retention Scheme ('CJRS') initiative to provide financial support to companies in order to allow them to retain on payroll certain employees who were not required in the business due to COVID-19 related activity reductions and therefore placed temporarily on furlough.

Government grants of £0.9m were received in H1 21 (H1 20: £nil, FY 20: £0.7m) under the "Canada emergency wage subsidy (CEWS)" relief program to provide financial support to companies in order to allow them to retain on payroll certain employees who were not required in the business due to COVID-19 related activity reductions and therefore placed temporarily on furlough.

In the UK, the Group also took advantage of HMRC's VAT deferral scheme to defer payment of £0.9m of VAT, of which at 31 October 2020, £0.8m remains unpaid.

14. Related party transactions

On 14 August 2020, 2,500,000 awards were granted to Vic Darvey, CEO and 1,700,000 awards were granted to Andy Botha, CFO, under the Purplebricks Performance Share Plan. The awards have an exercise price of one penny per share and become exercisable subject to continued employment and performance based on the Company's relative total shareholder return and EBITDA over a three-year performance period.

On 3 August 2020, Adrian Blair, Independent Non-Executive Director, purchased 97,088 shares in the Company at £0.52.

On 6 August 2020, Simon Downing, Senior Independent Non-Executive Director, purchased 500,000 shares in the Company at £0.58.

In July 2020, the Group disposed of its business in Canada, including the group of companies headed by DuProprio Inc, as set out in note 7. As part of the disposal, DuProprio Inc repaid the intragroup loan due to Purplebricks Group plc of £6.1m in full.

Independent Review Report to Purplebricks Group plc

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 31 October 2020 which comprises the condensed consolidated statement of comprehensive income, the condensed consolidated statement of financial position, the condensed consolidated statement of changes in equity, the condensed consolidated statement of cash flows and related notes 1 to 14. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the Company in accordance with International Standard on Review Engagements (UK and Ireland) 2410 “Review of interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Financial Conduct Authority. Our work has been undertaken so that we might state to the Company those matters we are required to state to it in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company, for our review work, for this report, or for the conclusions we have formed.

Directors' Responsibilities
The half-yearly financial report is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the interim financial report in accordance with the AIM Rules of the London Stock Exchange.

As disclosed in note 1, the annual financial statements of the Group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting," as adopted by the European Union.

Our Responsibility
Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of Review
We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion
Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 31 October 2020 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union.

Deloitte LLP
Statutory Auditor
Birmingham, United Kingdom

14 December 2020