12 December 2019

Purplebricks Group plc

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

Results for the six months ended 31 October 2019

Revenue growth and EBITDA profit despite difficult market conditions

Purplebricks Group Plc (AIM: PURP), a leading estate agency business, announces its Interim Results for the six months ended 31 October 2019 ("H1 20", the "First Half" or the "Period").

First Half	H1 20	H1 19[1] Pro forma	Change	H1 19[1]
	£m	£m	%	£m
Group – continuing operations[2]				
Revenue	**64.8**	63.6	1.9	57.6
Gross profit	**39.4**	39.5	(0.3)	36.2
Gross profit margin (%)	**60.8%**	62.1%	(130)bps	62.8%
Operating (loss)/profit	**(1.2)**	4.8	(125.0)	4.1
Adjusted operating profit[3]	**1.6**	6.2	(74.2)	5.5
Adjusted EBITDA[3]	**4.3**	8.4	(48.8)	7.9
Cash (consolidated)	**41.6**	103.1	(59.7)	103.1

Financial highlights

- Group revenue £64.8 million (H1 19: £57.6 million), up 12.5% or 1.9% on a pro forma basis
- Revenue split UK 73%, Canada 27%
- Group gross margin 61%, down 130bps mostly due to buyside revenue growth in Canada
- UK ancillary revenue[4] 45% of total (H1 19: 44%)
- UK Adjusted EBITDA[3] £5.5 million (H1 19: £8.4 million), an Adjusted EBITDA margin of 11.7%
- Cash at period end £41.6 million (30 April 2019: £62.8 million)
- Loss for the period including discontinued businesses £14.1 million (H1 19: £27.8 million)

Operational highlights

- Customers saved more than £150 million in commission in the First Half
- UK listing market share[5] broadly maintained at 4.1%; share of completions[5] 5.3%, up 280bps
- UK average revenue per instruction ("ARPI") up 12% year-on-year
- UK pricing review completed, moving into testing phase
- UK brand awareness now at 97%
- Canada maintained solid EBITDA margin in Quebec
- Strong growth of Purplebricks brokerage outside of Quebec driven by buyside mandates
- Australia and the US closures going to plan and within the £10-14m range announced in July

[1] Restated for discontinued operations – see note 2.2. Pro forma numbers reflect a full six months of Canada trading from 1 May 2018, rather than from acquisition on 6 July 2018.
[2] The results of our discontinued Australian and US operations are presented in note 5.
[3] 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 3. H1 20 APMs are presented including the effects of adopting IFRS 16 (see note 2). As IFRS 16 was adopted using the modified retrospective approach, prior year comparatives have not been restated.
[4] Ancillary revenue percentage is a Key Performance Indicator ("KPI") used by the Board to measure the performance of the business in generating non-instruction income from customers. The management information in this KPI recognises consideration receivable at a point in time and therefore differs from the accounting in the Group's financial statements.
[5] Data provided by TwentyCi.

Vic Darvey, Group Chief Executive Officer, commented: "We are very pleased with the progress made in the Period in light of the market backdrop. We've seen resilient trading in the First Half, with our diverse revenue streams and strong ARPI growth improving the quality of earnings and balancing out declining market conditions. We end the First Half having now stabilised the business and the significant losses incurred last year have now been reversed with the Group enjoying profitable trading.

"Our focus on operational excellence and improvements in our technology-led proposition, along with proactive management of our pricing structure will enable us to continue to achieve profitable growth. We remain confident of meeting our medium-term objective to gain a 10% share of the UK market."

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Presentation

A presentation for analysts and professional investors will be held at 9.00am at the offices of Buchanan, 107 Cheapside, London EC2V 6DN. To attend please email Hannah Ratcliffe at hannahr@buchanan.uk.com.

The presentation will be webcast live and will be accessible via the Purplebricks website[6] at www.purplebricksplc.com/investors/latest_results and a replay will also be available on the Purplebricks website following the presentation.

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About Purplebricks

Purplebricks is a leading estate agency business. Based in the UK, it also operates in Canada and is invested in Homeday.de in Germany. 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.

[6] The content of the Purplebricks website should not be considered to form a part of or this announcement.

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.

Interim Results

This was a challenging First Half for the Group with the number of properties coming onto the UK market falling to the lowest level in a decade as consumers adopted a 'risk off' mentality. However, management is pleased to report that the Group had a resilient performance in the first six months of the year with its diverse revenue streams and strong ARPI growth balancing out declining market conditions, resulting in positive revenue growth as a Group.

Trading was in line with management expectations. While the Group maintained its 4% listings market share in the UK, it increased share of the number of houses sold by 280bps to 5.3% of the market as the investments made to get closer to the customer and sell more houses started to pay off. The Canadian business modestly outperformed expectations, with strong growth in Alberta, Manitoba and Ontario ("English Canada").

A key management initiative over the First Half was to stabilise the business and maintain a strong cash position. The exit of the US and Australian markets is going to plan and the costs associated with the withdrawals are within the range guided at the full year results in July 2019. It is expected that both markets will be fully closed by the end of the financial year.

Looking forward, the business is making good progress on the strategy articulated in July, with the brand continuing to gain traction in both the UK and Canada and a transformation programme that will deliver on four key strategic initiatives designed to accelerate the growth of the core business and start the journey towards management's goal of 10% UK market share.

Initiative 1 - Evolve our pricing
An in-depth pricing exercise was conducted in the period by management to answer three fundamental questions:

1. How much headroom do we have in our pricing?
2. Can we increase our addressable market by evolving our pricing structure?
3. Can we better incentivise our population of Local Property Experts ("LPEs") to improve customer outcomes?

The pricing exercise saw the deployment of four different pricing methods into the market to gather data and as a result, a series of in-field tests will be conducted in early 2020 that will examine different pricing strategies, with some reducing the level of up-front fee and splitting the payment between publication and completion. The data gathered to date indicates an ability to extend the Group's addressable market with more sophisticated pricing.

In the meantime, on 24 October management increased UK prices by £100 nationwide, honouring any earlier valuations for 30 days. The business' pricing remains favourable to a typical industry commission level of 1.2% plus VAT.

Initiative 2 - Estate agent of the future
During the First Half, particularly in the UK, the Group worked closely with a number of customers to better understand how the existing customer experience can be improved, and also how future areas of growth can be unlocked.

Despite the market backdrop, management has increased investment into technology and building out product and engineering capability. The technology teams have been restructured to accelerate delivery speed, with dedicated squads focused on improving all elements of the customer experience. Specifically, with the ever-increasing adoption of mobile technology, resources have been increased on delivering a more personalised customer experience.

Initiative 3 – Enhancing performance in the field
In order to improve the quality of the customer offering in the field, significant investment was made in real-time analytics and market data to enable LPEs to have more meaningful conversations with customers in their living rooms to drive conversion. Investment has also been made into recruitment, induction and training academy programmes, which have significantly improved performance management in the field and across the business.

At Full Year results, management made a commitment to give back a day a week to LPEs by the end of 2020. The Group has now begun to improve key process automation, including anti-money laundering checks. Management also has a clear vision that LPEs should earn more than their high street counterparts, supported by more relevant data and enabling technology to offer customers a better experience.

Initiative 4 – Transforming our customer processes
In the First Half, significant investments were made in both people and technology to improve the level of service provided to customers and to focus the business on selling more houses. The most significant investment was made to enhance proactive sales support for customers, resulting in a reduction in time from sale agreed to completion by seven days. This also helped increase the number of houses sold in a declining market and increased the Group's market share of completed sales to 5.3% in the First Half.

The Group has also invested in new technology in the UK to ensure that customers have a choice of channel through which to communicate with the Company, including the deployment of an omni-channel customer engagement platform.

Internally, during the First Half the World-Class Manager training programme was introduced, along with a contact centre school, which have helped to increase productivity by around 25%.

These improvements have been validated with a net promotor score of 80 (October 2018: 79). Purplebricks continues to be the most positively reviewed UK estate agent with more than 70,000 reviews on Trustpilot and were recently awarded the Gold Trusted Service Award by another review provider, Feefo.

Business review by geography

UK

Extract of consolidated statement of comprehensive income	**H1 20**	H1 19	Change
	£m	£m	%
Revenue	**47.1**	48.4	(2.7)
Cost of sales	**(17.1)**	(17.2)	(0.6)
Gross profit	**30.0**	31.2	(3.8)
Gross profit margin (%)	**63.7%**	64.5%	(80)bps
Administrative expenses	**(14.2)**	(12.0)	18.3
Marketing costs	**(12.3)**	(13.5)	(8.9)
Operating profit	**3.5**	5.7	(38.6)

UK Alternative Performance Measures[3]	**H1 20**	H1 19	Change
	£m	£m	%
Adjusted EBITDA	**5.5**	8.4	(34.5)
Adjusted operating profit	**4.1**	6.9	(40.6)
Adjusted operating costs	**(12.2)**	(9.3)	31.2

Key performance indicators ("KPIs")
The Directors use KPIs to assess performance of the business against the Group's strategy, which is built around: efficiently attracting customers to our website; gaining market share; and providing customers with choice to drive increases in revenue per instruction. Cost-effective marketing and a controllable operating cost base are the other components of a sustainably profitable business.
Unique visitors represent the number of unique visitors to the website in the period.
Average revenue per instruction equates to total sales revenue divided by the number of published instructions
Cost per instruction represents total marketing costs, including portal costs, divided by instructions.
Marketing as a percentage of sales represents the total marketing costs, including portal costs, as a percentage of total revenue.

UK KPIs	**H1 20**	H1 19	Change
Unique visitors	**8.0m**	7.4m	8%
Instructions	**32,850**	38,619	(15)%
Average revenue per instruction ("ARPI")	**1,353**	1,209	12%
Marketing cost per instruction ("CPI")	**376**	350	7%
Marketing costs as a % revenue	**26.1**	27.9	(180)bps

UK revenue was £47.1 million (H1 19: £48.4 million) a decrease of 3%, driven by a 15% decrease in the number of instructions largely offset by a 12% increase in average revenue per instruction to £1,353 (H1 19: £1,209).

Ancillary services represented 45% of revenue, up from 44% in the comparable period, as LPEs successfully sold a wider selection of products and services to customers.

The majority of cost of sales is represented by payments to self-employed LPEs. UK Gross profit margin was 63.7%, marginally lower year-on-year (H1 19: 64.5%), reflecting adjustments to the LPE commission structure aimed at driving better customer outcomes.

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Adjusted operating costs were £12.2 million (H1 19: £9.3 million), up 31.2%, including £1.3 million of restructuring costs. Underlying costs were up 17% as we further invest in professionalising the business from a personnel and technology perspective.

Marketing costs were £12.3 million (H1 19: £13.5 million), a decrease of 8.9% reflecting a more targeted approach to investment in UK brand and customer acquisition. Marketing costs as a percentage of revenue fell 180bps YoY. Excluding portal costs, CPI was broadly flat. However, due to the shrinking market for new listings, along with higher portal costs, CPI increased to £376 (H1 19: £350).

Adjusted EBITDA was £5.5 million (H1 19: £8.4 million), a decrease of 34.5% reflecting the net effect of the items above.

Depreciation and amortisation was £1.4 million (H1 19: £1.1 million), predominantly reflecting increased investment in technology. H1 20 also includes £0.1m of amortisation of lease right to use assets, following the adoption in the period of IFRS 16.

Operating profit was £3.5 million (H1 19: £5.7 million), a decrease of 38.6%.

Canada

Extract of consolidated statement of comprehensive income	**H1 20**	H1 19 Pro forma	Change	H1 19 (from 6 July 2018)
	£m	£m	%	£m
Revenue	**17.7**	15.2	16.4	9.2
Cost of sales	**(8.3)**	(6.9)	(20.3)	(4.2)
Gross profit	**9.4**	8.3	13.3	5.0
Gross profit margin (%)	**53.1%**	54.6%	(150)bps	54.3%
Administrative expenses	**(5.8)**	(4.4)	31.8	(2.9)
Marketing costs	**(4.2)**	(3.2)	31.3	(2.1)
Operating (loss)/profit	**(0.6)**	0.7	(185.7)	(0.0)

Canada Alternative Performance Measures[3]	**H1 20**	H1 19 Pro forma	Change	H1 19 (from 6 July 2018)
	£m	£m	%	£m
Adjusted EBITDA	**0.1**	0.9	(88.9)	0.4
Adjusted operating (loss)/profit	**(0.4)**	0.8	(150.0)	0.1

Canada KPIs – H1 19 from 6 July 2018	**H1 20**	H1 19 Pro forma	Change	H1 19 (from 6 July 2018
Total transactions	**20,486**	21,401	(4)%	13,217
Average revenue per instruction (“ARPI”) (£)	**942**	741	27%	765
Marketing cost per transaction (£)	**205**	150	36.7%	159
Marketing costs as a % revenue	**23.7**	21.1	(260)bps	22.8

[3] 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 3. H1 20 APMs are presented including the effects of adopting IFRS 16 (see note 2). As IFRS 16 was adopted using the modified retrospective approach, prior year comparatives have not been restated.

Canada enjoyed a solid First Half, with good growth from the rebranded business outside of Quebec. In order to enable a meaningful like for like comparison, pro forma numbers are disclosed for the entire prior period to reflect what this period would have looked like if had the business have been owned from 1 May 2018.

The performance of the Canadian business is determined by two factors:

1. Stable mid-teens profitability and established market share within Quebec, with ARPI strength currently offsetting listing headwinds; and
2. High revenue growth in the Rest of Canada as the Purplebricks branded business gains traction driven by the enhanced marketing campaign.

Against a broadly flat market for new listings in Quebec and some light headwinds in Ontario and Western Canada, total Canadian revenue grew by 16.4% YoY or 13.0% at constant currency. ARPI was up 27% to £942 (H1 19: £741).

The overall Canadian business achieved Adjusted EBITDA of £0.1 million (H1 19: £0.9 million), as a result of increasing marketing investment in Rest of Canada by more than 60%. This resulted in prompted brand awareness increasing to 56% and the volume of leads rising 45% YoY.

Closure of operations in Australia and the United States

Throughout the closure processes in both countries, the wind-up of operations have been conducted in a responsible manner to protect the Purplebricks brand and respect commitments made to customers and business partners, while minimising costs where possible within these broader reputational parameters. The Group guided to closure costs of £6-8 million for Australia and £4-6 million for the US, and is tracking within these ranges currently. Closure of each market is on track to be fully completed by the end of the financial year.

Tax

The Group reports a net tax charge of £0.2 million (H1 19: £0.5 million), which includes a £0.5 million UK deferred tax charge relating to a reduction in the value of share-scheme-related deferred tax assets due to movements in the share price since year end and the use of deferred tax assets against UK profits arising in the period. This UK charge is partially offset by a £0.3 million deferred tax credit arising in the period on tax losses and amortisation of intangible fixed assets relating to the Canadian business. Given the previously announced closure of the Australian and US operations, no deferred tax asset has been recognised in relation to losses arising in these businesses in the period.

Cash, working capital and balance sheet

Operating cash flow, which represents cash generated from or consumed by operations, before capital expenditure was an outflow of £14.1 million (H1 19: £20.7 million). Within this, net operating cash outflow for continuing operations accounted for an outflow of £2.4 million and for discontinued operations an outflow of £11.7 million.

Capital expenditure and financing items represented an outflow of £7.1 million (H1 19: £29.0 million), with an additional £4.6 million investment being made in Homeday.de (H1 19: £27.3 million in relation to our Canadian acquisition). Total cash outflows for the period were £21.2 million (H1 2019: £49.7 million), of which continuing operations comprised £9.5 million and discontinued operations comprised £11.7 million. There are no further contractual commitments to invest further into Homeday.de.

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 51 and 52 of the annual report 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 2019. There has been no change to the areas of critical estimate and judgement.

Principal risks and uncertainties

The principal risks and uncertainties set out in the last 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 20 to 21 of the annual report which is available at https://www.purplebricksplc.com/investors/latest_results.

In summary, these include:

- UK economic uncertainty
- The failure to recruit and retain an experienced and knowledgeable workforce
- The failure to either deliver a professional service or to elicit positive reviews
- Internal financial controls are inadequate
- Challenges in growing and scaling the business
- Sustain a cyber security breach
- International risk
- Changes in regulation and legislation
- Changes in leadership

Responsibility statement

We confirm that to the best of our knowledge:

a) the condensed set of financial statements has been prepared in accordance with IAS 34 'Interim Financial Reporting';
b) the interim management report includes a fair review of the information required by DTR 4.2.7R (indication of important events and their impact during the first six months and description of principal risks and uncertainties for the remaining six months of the year); and
c) the interim management report includes a fair review of the information required by DTR 4.2.8R (disclosure of related parties' transactions and changes therein).

Signed on behalf of the Board by:

Vic Darvey
Chief Executive Officer

James Davies
Chief Financial Officer

11 December 2019

Condensed consolidated statement of comprehensive income
for the six months ended 31 October 2019

	Note	**Six months ended 31 October unaudited 2019**	2018 *Restated see note 2.2*	Year ended 30 April 2019 *Restated see note 2.2*
		£m	£m	£m
Revenue	**4**	**64.8**	57.6	113.8
Cost of Sales		**(25.4)**	(21.4)	(44.4)
Gross profit		**39.4**	36.2	69.4
Administrative and establishment expenses		**(22.5)**	(16.5)	(36.3)
Marketing costs		**(16.5)**	(15.6)	(34.1)
Share of results of joint venture		**(1.6)**	-	(0.5)
(Loss)/profit from operating activities		**(1.2)**	4.1	(1.5)
Finance income		**0.2**	0.6	0.8
Finance expense		**(2.4)**	(1.5)	(4.2)
(Loss)/profit on ordinary activities before taxation		**(3.4)**	3.2	(4.9)
Taxation on loss on ordinary activities		**(0.2)**	(0.5)	1.3
(Loss)/profit from continuing operations		**(3.6)**	2.7	(3.6)
Loss from discontinued operations	**7**	**(10.5)**	(30.5)	(51.3)
Loss for the period		**(14.1)**	(27.8)	(54.9)
Items that may be reclassified subsequently to profit and loss:				
Exchange differences on translation of foreign operations		**0.7**	-	(0.1)
Total other comprehensive income		**-**	-	(0.1)
Total comprehensive loss		**(13.4)**	(27.8)	(55.0)
Earnings per share	**6**			
From continuing operations:				
Basic		**(1)p**	1p	(1)p
Diluted		**(1)p**	1p	(1)p
Total including discontinued operations:				
Basic and diluted		**(5)p**	(9)p	(18)p

Comparative figures have not been restated for the adoption of IFRS 16 at 1 May 2019 – see note 2.

Condensed consolidated statement of financial position at 31 October 2019

	31 October 2019 unaudited £m	31 October 2018 unaudited £m	30 April 2019 audited £m
Non-current assets			
Goodwill	**19.5**	15.6	19.5
Intangible assets	**19.9**	25.9	21.9
Property, plant and equipment	**2.4**	1.6	2.0
Investment in joint venture	**13.7**	-	10.7
Deferred tax asset	**6.8**	3.6	7.1
	62.3	46.7	61.2
Current assets			
Tax receivable	**0.4**	-	1.2
Trade and other receivables	**22.2**	27.0	27.4
Derivative financial instruments	**-**	0.1	-
Cash and cash equivalents	**41.6**	103.1	62.8
	64.2	130.2	91.4
Total Assets	**126.5**	176.9	152.6
Current liabilities			
Trade and other payables	**(14.8)**	(27.4)	(25.0)
Deferred income	**(15.0)**	(19.2)	(19.4)
Derivative financial instruments	-	-	-
Lease liabilities	**(0.4)**	-	-
	(30.2)	(46.6)	(44.4)
Net current assets	**34.0**	83.6	47.0
Total assets less current liabilities	**96.3**	130.3	108.2
Non-current liabilities			
Deferred tax liabilities	**(4.6)**	(4.8)	(4.5)
Lease liabilities	**(1.4)**	**-**	**-**
	(6.0)	(4.8)	(4.5)
Net assets	**90.3**	125.5	103.7
Equity			
Share Capital	**3.1**	3.0	3.0
Share premium	**177.4**	176.9	177.4
Share-based payments reserve	**8.2**	6.6	8.6
Foreign exchange reserve	**0.2**	(0.4)	(0.5)
Retained earnings	**(98.6)**	(60.6)	(84.8)
Total Equity	**90.3**	125.5	103.7

Condensed consolidated statement of changes in equity
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
Impact of change in accounting policy (see note 2.3)	-	-	-	-	-	-
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**

for the six months ended 31 October 2018

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 2018	3.0	176.4	4.6	(0.4)	(33.4)	150.2
Exercise of options	-	0.5	(0.1)	-	0.1	0.5
Tax in respect of share options	-	-	-	-	0.5	0.5
Share-based payment charge	-	-	2.1	-	-	2.1
Transactions with owners	**-**	**0.5**	**2.0**	-	**0.6**	**3.1**
Loss for the period	-	-	-	-	(27.8)	(27.8)
Exchange differences on translation of foreign operations	-	-	-	-	-	-
Total comprehensive loss	**-**	**-**	**-**	**-**	**(27.8)**	**(27.8)**
At 31 October 2018	**3.0**	**176.9**	**6.6**	**(0.4)**	**(60.6)**	**125.5**

Condensed consolidated statement of changes in equity
For the year ended 30 April 2019

	Share Capital £m	Share Premium £m	Share-based payment reserve £m	Foreign exchange reserve £m	Retained Earnings £m	Total Equity £m
At 1 May 2018	3.0	176.4	4.6	(0.4)	(33.4)	150.2
Exercise of options	-	1.0	(0.3)	-	0.3	1.0
Tax in respect of share options	-	-	-	-	3.2	3.2
Share-based payment charge	-	-	4.3	-	-	4.3
Transactions with owners	**-**	**1.0**	**4.0**	-	**3.5**	**8.5**
Loss for the year	-	-	-	-	(54.9)	(54.9)
Exchange differences on translation of foreign operations	-	-	-	(0.1)	-	(0.1)
Total comprehensive loss	-	-	-	(0.1)	(54.9)	(55.0)
At 30 April 2019	**3.0**	**177.4**	**8.6**	**(0.5)**	**(84.8)**	**103.7**

Condensed consolidated statement of cash flows for the six months ended 31 October 2019

	Six months ended 31 October 2019 unaudited	Six months ended 31 October 2018 unaudited – *Restated see note 2.2*	Year ended 30 April 2019 *Restated see note 2.2*
	£m	£m	£m
Loss for the period after taxation	**(14.1)**	(27.8)	(54.9)
Adjustments for:			
Amortisation of intangible assets	**2.8**	1.6	3.6
Depreciation	**0.9**	0.4	0.8
Share-based payment charge	**-**	2.1	4.3
Interest income	**(0.2)**	(0.5)	(0.7)
Interest expense	**-**	-	0.1
Fair value movement in respect of derivatives	**-**	(0.1)	-
Share of result of joint venture	**1.6**	-	0.5
Taxation credit/(charge)	**0.2**	0.3	(1.1)
Operating cash outflow before changes in working capital	**(8.8)**	(24.0)	(47.4)
Movement in trade and other receivables	**5.7**	(4.9)	(6.6)
Movement in trade and other payables	**(8.3)**	7.0	4.9
Movement in deferred income	**(3.4)**	1.2	1.1
Cash utilised in operations	**(14.8)**	(20.7)	(48.0)
Taxation received/(paid)	**0.8**	-	(1.0)
Interest paid	**(0.1)**	-	(0.1)
Net cash outflow from operating activities	**(14.1)**	(20.7)	(49.1)
Investing activities			
Purchase of property, plant and equipment	**(0.6)**	(0.4)	(1.1)
Development expenditure capitalised	**(1.4)**	(1.6)	(2.6)
Purchase of intangible assets	**(0.5)**	(0.6)	(0.7)
Interest income	**0.2**	0.4	0.7
Investment in joint venture	**(4.6)**	-	(11.2)
Acquisition of subsidiary net of cash acquired	**-**	(27.3)	(27.3)
Net cash outflow from investing activities	**(6.9)**	(29.5)	(42.2)
Financing activities			
Payments against lease liabilities	**(0.3)**	-	-
Proceeds from issue of shares	**0.1**	0.5	1.0
Net cash (outflow)/inflow from financing activities	**(0.2)**	0.5	1.0
Net decrease in cash and cash equivalents	**(21.2)**	(49.7)	(90.3)
Effect of foreign exchange rates	**-**	-	0.3
Cash and cash equivalents at beginning of the period	**62.8**	152.8	152.8
Cash and cash equivalents at the end of the period	**41.6**	103.1	62.8

Notes to the condensed financial statements for the six months ended 31 October 2019

1. General information

Purplebricks Group plc 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 2019 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 Group plc 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.

The accounting policies adopted are consistent with those of the previous financial period (see pages 43 to 51 of the 2019 Annual Report) except as described below at Note 2.3.

2.1 Basis of preparation

The 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.

2.2 Restatement

Prior period error

In the current period, the Group has classified cash flows relating to debt factoring finance costs in the statement of cash flows. As previously disclosed, in the prior period, these cash flows had been presented within cash flows from financing activities. Receivables are sold at a discount to face value on non-recourse terms, with the discount representing the costs charged by the factor. The factor settles the debt to the Group on a net basis, after deducting fees. As no cash flows arise from these transactions, because the costs charged by the factor are deducted from the gross payment, the cash flows have been removed from the statement of cash flows.

In the current period, the Company has reclassified cash flows in respect of loans to subsidiaries in the statement of cash flows. In the prior period, these cash flows were presented within cash flows resulting from movements in trade and other receivables and payables.

Notes to the condensed financial statements for the six months ended 31 October 2019 (continued)

2.2 Restatement (continued)

Extract from statements of cash flows:	Six months to 31 October 2018 £m
Operating cash flow before changes in working capital previously reported	(21.7)
Decrease due to removing the adjustment for debt factoring finance costs	(2.3)
Operating cash flow before changes in working capital (restated)	(24.0)
Cash flow from financing activities previously reported	(1.8)
Increase due to removal of cash outflows from debt factoring finance costs	2.3
Cash flow from financing activities (restated)	0.5

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 20, the results of US and Australia operations have been classified as discontinued operations.

Income statement and cash flow statement comparatives for the year ended 30 April 2019 and for H1 FY 19 have been restated accordingly.

2.3 New accounting standards adopted in the period

In the current year the Group has applied IFRS 16 Leases for the first time. The date of initial application of IFRS 16 for the Group is 1 May 2019. IFRS 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to the lessee accounting by removing the distinction between operating and finance lease, requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low value assets. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged.

The Group is not party to any leases where it acts as a lessor, but the Group does have a number of significant property leases.

Details of the Group's accounting policies under IFRS 16 are set out below, followed by a description of the impact of adopting IFRS 16. Significant judgements applied in the adoption of IFRS 16 included determining the lease term for those leases with termination or extension options and determining an incremental borrowing rate where the rate implicit in a lease could not be readily determined.

Accounting policies under IFRS 16 Leases

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

Notes to the condensed financial statements for the six months ended 31 October 2019 (continued)

2.3 New accounting standards adopted in the period (continued)

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

The lease liability is presented as a separate line in the consolidated statement of financial position and is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. The depreciation starts at the commencement date of the lease. The Group does not have any leases that include purchase options or transfer ownership of the underlying asset.

The right-of-use assets are presented within the same line item as that within which the corresponding underlying assets would be presented if they were owned – for the Group this is property, plant and equipment.

For short-term leases (lease term of 12 months or less) and leases of low-value assets (such as personal computers and office furniture), the Group has opted to recognise a lease expense on a straight-line basis as permitted by IFRS 16. This expense is presented within administrative and establishment expenses in the consolidated income statement.

Other costs associated with leases, such as maintenance and insurance, are expensed as incurred.

Approach to transition

The Group has applied IFRS 16 using the modified retrospective approach, without restatement of the comparative figures. In respect of those leases the Group previously treated as operating leases, the Group has elected to measure its right of use assets arising from property leases using the approach set out in IFRS 16.C8(b)(i). Under IFRS 16.C8(b)(i) right of use assets are calculated as if the Standard applied at lease commencement, but discounted using the borrowing rate at the date of initial application. The incremental borrowing rate represented the rate of interest that the Group would have had to pay to borrow over a similar term and with similar security the funds necessary to obtain an asset of similar value to the right of use asset in a similar economic environment.

The Group's weighted average incremental borrowing rate applied to lease liabilities as at 1 May 2019 is 6.4%.

As a practical expedient, the Group has relied on the previous identification of leases under IAS 17 for all contracts that existed on the date of initial application.

Impact on lessee accounting

IFRS 16 changes how the Group accounts for leases previously classified as operating leases under IAS 17, which were off-balance sheet.

Notes to the condensed financial statements for the six months ended 31 October 2019 (continued)

2.3 New accounting standards adopted in the period (continued)

Applying IFRS 16, for all leases (except as noted above), the Group now recognises right-of-use assets and lease liabilities in the consolidated balance sheet, initially measured at the present value of the future lease payments as described above.

Lease incentives (e.g. rent-free periods) are recognised as part of the measurement of the right-of-use assets and lease liabilities whereas under IAS 17 they resulted in the recognition of a lease incentive liability, amortised as a reduction of rental expenses on a straight-line basis.

Under IFRS 16, right-of-use assets will be tested for impairment in accordance with IAS 36 Impairment of Assets. This replaces the previous requirement to recognise a provision for onerous lease contracts.

Under IFRS 16 the Group recognises depreciation of right-of-use assets and interest on lease liabilities in the consolidated income statement, whereas under IAS 17 operating leases previously gave rise to a straight-line expense in other operating expenses.

Under IFRS 16 the Group separates the total amount of cash paid for leases that are on balance sheet into a principal portion (presented within financing activities) and interest (presented within operating activities) in the consolidated cash flow statement. Under IAS 17 operating lease payments were presented as operating cash outflows.

Areas of judgement
The Group has used judgement in estimating its incremental borrowing rate. None of the leases in place at 1 May 2019 included extension options.

Financial impact
The application of IFRS 16 to leases previously classified as operating leases under IAS 17 resulted in the recognition of right-of-use assets and lease liabilities. Operating lease incentives previously recognised as liabilities have been derecognised and factored into the measurement of the right-to-use assets and lease liabilities. The table below sets out the adjustments recognised at the date of initial application of IFRS 16.

	As previously reported at 30 April 2019 £m	Impact of IFRS 16 £m	As restated at 1 May 2019 £m
Non-current assets			
Property, plant and equipment	2.0	1.6	3.6
Deferred tax asset	7.1	-	7.1
Total impact on assets		1.6	
Current liabilities			
Trade and other payables	(25.0)	0.1	(24.9)
Lease liabilities	-	(0.4)	(0.4)
Non-current liabilities			
Lease liabilities	-	(1.3)	(1.3)
Total impact on liabilities		(1.6)	
Impact on retained earnings		-	

Of the total right-of-use assets of £1.6 million recognised at 1 May 2019, £1.5 million related to leases of property and £0.1 million to leases of other equipment.

Notes to the condensed financial statements for the six months ended 31 October 2019 (continued)

2.3 New accounting standards adopted in the period (continued)

The table below presents a reconciliation from operating lease commitments disclosed at 30 April 2019 to lease liabilities recognised at 1 May 2019.

	£m
Operating lease commitments disclosed under IAS 17 at 30 April 2019	4.5
Short-term and low value lease commitments straight-line expensed under IFRS 16	(0.1)
Effect of discounting	(0.3)
Service charges included in 30 April 2019 lease commitments	(1.8)
Leases relating to discontinued operations which have now been cancelled or sub let	(0.6)
Lease liabilities recognised at 1 May 2019	1.7

Property and other leases in Australia and the US at 1 May 2019 have now largely been either terminated or re-assigned in full. An onerous lease provision of £0.2 million has been recognised at 31 October 2019 in respect of remaining liabilities. For clarity, right of use assets and lease liabilities in respect of these countries have not been recognised and then derecognised in the period. Lease expenses are included in the loss from discontinued operations.

Income statement impact

The application of IFRS 16 resulted in a decrease in other operating expenses and an increase in depreciation and interest expense compared to IAS 17. During the six months ended 30 October 2019, in relation to leases under IFRS 16 the Group recognised the following amounts in the consolidated income statement:

	£m
Depreciation	0.3
Interest expense	0.1
Short term and low value lease expense	-

Under IAS 17, the equivalent amounts would have been

	£m
Depreciation	-
Interest expense	-
Short term and low value lease expense	0.3

Cash flow statement impact

Cash flows related to repayment of interest are presented within operating cash flows. Cash flows related to repayment of lease liabilities are presented within financing cash flows.

The table below presents a reconciliation of right of use assets from 1 May 2019 to 31 October 2019

	Property £m	Other £m	Total £m
Recognised on adoption of IFRS 16 on 1 May 2019	1.5	0.1	1.6
Additions	0.3	-	0.3
Depreciation	(0.3)	-	(0.3)
FX on retranslation	-	-	-
31 October 2019	1.5	0.1	1.6

Notes to the condensed financial statements for the six months ended 31 October 2019 (continued)

2.3 New accounting standards adopted in the period (continued)

The table below presents a reconciliation of lease liabilities from 1 May 2019 to 31 October 2019

	Property £m	Other £m	Total £m
Recognised on adoption of IFRS 16 on 1 May 2019	1.6	0.1	1.7
Additions	0.3	-	0.3
Interest expense	0.1	-	0.1
Repayments of interest	(0.1)	-	(0.1)
Repayments of liabilities	(0.3)	-	(0.3)
FX on retranslation	0.1	-	0.1
31 October 2019	1.7	0.1	1.8

2.4 Tax

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

3. 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 and non-recurring 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 typically do not operate similar share-based payment schemes.
- Non-recurring costs: a one-off item which exists only in a single accounting period. We believe adjusting for such non-recurring items improves comparability period on period.
- Results of joint ventures and associates: while the Group exercises some influence over these results, it is unable to control them.

Notes to the condensed financial statements for the six months ended 31 October 2019 (continued)

3. Alternative performance measures (continued)

Reconciliation
See segmental reporting in note 5. In reporting FY 19 results, share of results of joint ventures and associates was not excluded from Adjusted EBITDA due to its size. Therefore, the reported adjusted EBITDA loss for FY 19 was £43.1 million, which has been amended in these financial statements to a loss of £42.6 million.

Adjusted operating costs

Definition
Adjusted operating costs are administrative and establishment expenses, adjusted by adding back depreciation, amortisation and share-based payment charges and non-recurring costs.

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 non-recurring costs from this measure is consistent with that set out above in the "Adjusted EBTIDA" section.

Reconciliation

Group – continuing activities	**H1 20 – IFRS 16 basis £m**	**H1 20 – IAS 17 basis £m**	H1 19 (IAS 17 basis) £m
Administrative expenses	**(22.5)**	**(22.5)**	(16.5)
Depreciation & amortisation	**2.7**	**2.4**	2.0
Share-based payment charge	**1.2**	**1.2**	1.4
Non-recurring costs	**-**	**-**	0.4
Adjusted operating costs	**(18.6)**	**(18.9)**	(12.7)

UK	**H1 20 – IFRS 16 basis £m**	**H1 20 – IAS 17 basis £m**	H1 19 (IAS 17 basis) £m
Administrative expenses	**(14.2)**	**(14.2)**	(12.0)
Depreciation & amortisation	**1.4**	**1.3**	1.1
Share-based payment charge	**0.6**	**0.6**	1.2
Non-recurring costs	**-**	**-**	0.4
Adjusted operating costs	**(12.2)**	**(12.3)**	(9.3)

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.

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 from this measure is consistent with that set out above in the "Adjusted EBTIDA" section.

The rationale for excluding share of results of joint ventures or associates is that while the Group exercises significant influence over these results, it is unable to control them.

Notes to the condensed financial statements for the six months ended 31 October 2019 (continued)

3. Alternative performance measures (continued)

Reconciliation

Group – continuing activities	**H1 20 £m**	H1 19 £m
Operating (loss) / profit	**(1.2)**	4.1
Share-based payment charge	**1.2**	1.4
Share of results of joint venture	**1.6**	-
Adjusted operating profit	**1.6**	5.5

UK	**H1 20 £m**	H1 19 £m
Operating profit	**3.5**	5.7
Share-based payment charge	**0.6**	1.2
Adjusted operating profit	**4.1**	6.9

Canada	**H1 20 £m**	H1 19 (from 6 July 2018) £m
Operating (loss)/profit	**(0.6)**	-
Share-based payment charge	**0.2**	0.1
Adjusted operating (loss)/profit	**(0.4)**	0.1

4. Revenue

Revenue by contract type	**H1 20 £m unaudited**	H1 19 £m unaudited	Year ended 30 April 2019 £m audited
Continuing			
Instructions	**37.7**	38.4	69.3
Conveyancing	**10.7**	10.1	17.9
Other	**16.4**	9.1	26.6
	64.8	57.6	113.8
Discontinued			
Instructions	**3.6**	9.3	14.1
Conveyancing	**1.8**	-	2.0
Other	**0.6**	3.2	6.6
	6.0	12.5	22.7
Total revenue	**70.8**	70.1	136.5

Notes to the condensed financial statements for the six months ended 31 October 2019 (continued)

5. 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 including the Chief Operating Decision Maker using geographical segments. The financial information reviewed by the board is materially the same as that reported under IFRS and falls under the four geographic locations: UK, Canada, Australia, and the US. On 7 May 2019, the Company announced that it was exiting the Australian market, and on 3 July 2019, the Company announced its withdrawal from the US market. In each case the business was put into an orderly rundown ahead of closure. 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 20 – six months ended 31 October 2019 – unaudited

	UK £m	**Canada £m**	**Arising on Consolidation £m**	**Adjustment for recharges £m**	**Continuing operations £m**	**Australia £m**	**US £m**	**Adjustment for recharges £m**	**Discontinued operations £m**
Revenue	47.1	17.7	-	-	**64.8**	1.4	4.6	-	**6.0**
Cost of sales	(17.1)	(8.3)	-	-	**(25.4)**	(2.2)	(2.2)	-	**(4.4)**
Gross profit	**30.0**	**9.4**	-	-	39.4	**(0.8)**	**2.4**	-	1.6
Gross profit margin (%)	63.7%	53.1%	-	-	**60.8%**	(57.1)%	52.2%	-	26.7%
Administrative expenses	(14.2)	(5.8)	(0.8)	(1.7)	**(22.5)**	(4.7)	(5.4)	1.7	**(8.4)**
Marketing expenses	(12.3)	(4.2)	-	-	**(16.5)**	(1.2)	(2.5)	-	**(3.7)**
Share of results of joint venture	-	-	(1.6)	-	**(1.6)**	-	-	-	-
Operating profit/(loss)	**3.5**	**(0.6)**	**(2.4)**	**(1.7)**	**(1.2)**	**(6.7)**	**(5.5)**	**1.7**	**(10.5)**
Depreciation & amortisation	1.4	0.5	0.8	-	**2.7**	0.5	0.5	-	**1.0**
Share-based payments	0.6	0.2	-	0.4	**1.2**	(0.6)	(0.2)	(0.4)	**(1.2)**
Share of results of joint venture	-	-	1.6	-	**1.6**	-	-	-	-
Adjusted EBITDA	**5.5**	**0.1**	-	**(1.3)**	**4.3**	**(6.8)**	**(5.2)**	**1.3**	**(10.7)**

Notes to the condensed financial statements for the six months ended 31 October 2019 (continued)

5. Segmental reporting (continued)

H1 19 – six months ended 31 October 2018 – unaudited

	UK £m	Canada £m	Arising on Consolidation £m	Adjustment for recharges £m	Continuing operations £m	Australia £m	US £m	Adjustment for recharges £m	Discontinued activities £m	Consolidated £m
Revenue	48.4	9.2	-	-	**57.6**	6.6	5.9	-	**12.5**	**70.1**
Cost of sales	(17.2)	(4.2)	-	-	**(21.4)**	(4.5)	(2.2)	-	**(6.7)**	**(28.1)**
Gross profit	**31.2**	**5.0**	-	-	**36.2**	**2.1**	**3.7**	-	**5.8**	**42.0**
Gross profit margin (%)	64.5%	54.3%	-	-	62.8%	31.8%	62.7%	-	46.4%	59.9%
Administrative expenses	(12.0)	(2.9)	(0.6)	(1.0)	**(16.5)**	(5.1)	(7.9)	1.0	**(12.0)**	**(28.5)**
Marketing expenses	(13.5)	(2.1)	-	-	**(15.6)**	(7.2)	(16.2)	-	**(23.4)**	**(39.0)**
Share of results of joint venture	-	-	-	-	-	-	-	-	-	-
Operating profit/(loss)	**5.7**	**-**	**(0.6)**	**(1.0)**	**4.1**	**(10.2)**	**(20.4)**	**1.0**	**(29.6)**	**(25.5)**
Depreciation & amortisation	1.1	0.3	0.6	-	**2.0**	-	-	-	-	**2.0**
Share-based payments	1.2	0.1	-	0.1	**1.4**	0.4	0.4	(0.1)	**0.7**	**2.1**
Non-recurring acquisition costs	0.4	-	-	-	**0.4**	-	-	-	-	**0.4**
Share of results of joint venture	-	-	-	-	-	-	-	-	-	-
Adjusted EBITDA	**8.4**	**0.4**	**-**	**(0.9)**	**7.9**	**(9.8)**	**(20.0)**	**0.9**	**(28.9)**	**(21.0)**

Notes to the condensed financial statements for the six months ended 31 October 2019 (continued)

5. Segmental reporting (continued)

FY 19 - year ended 30 April 2019

	UK £m	Canada £m	Arising on Consolidation £m	Adjustment for recharges £m	Continuing operations £m	Australia £m	US £m	Adjustment for recharges £m	Discontinued activities £m	Consolidated £m
Revenue	90.1	23.7	-	-	**113.8**	11.4	11.3	-	**22.7**	**136.5**
Cost of sales	(33.3)	(11.1)	-	-	**(44.4)**	(7.4)	(4.8)	-	**(12.2)**	**(56.6)**
Gross profit	**56.8**	**12.6**	-	-	**69.4**	**4.0**	**6.5**	-	**10.5**	**79.9**
Gross profit margin (%)	63.0%	53.2%	-	-	61.0%	35.1%	57.5%	-	46.3%	58.5%
Administrative expenses	(24.8)	(8.4)	(1.0)	(2.1)	**(36.3)**	(10.7)	(16.1)	2.1	**(24.7)**	**(61.0)**
Marketing expenses	(26.7)	(7.4)	-	-	**(34.1)**	(12.1)	(24.5)	-	**(36.6)**	**(70.7)**
Share of results of joint venture	-	-	(0.5)	-	**(0.5)**	-	-	-	-	**(0.5)**
Operating profit/(loss)	**5.3**	**(3.2)**	**(1.5)**	**(2.1)**	**(1.5)**	**(18.8)**	**(34.1)**	**2.1**	**(50.8)**	**(52.3)**
Depreciation & amortisation	2.3	0.8	1.3	-	**4.4**	-	-	-	-	**4.4**
Share-based payments	2.1	0.4	-	0.2	**2.7**	0.9	0.9	(0.2)	**1.6**	**4.3**
Non-recurring acquisition costs	0.5	-	-	-	**0.5**	-	-	-	-	**0.5**
Share of results of joint venture	-	-	0.5	-	**0.5**	-	-	-	-	**0.5**
Adjusted EBITDA	**10.2**	**(2.0)**	**0.3**	**(1.9)**	**6.6**	**(17.9)**	**(33.2)**	**1.9**	**(49.2)**	**(42.6)**

Notes to the condensed financial statements for the six months ended 31 October 2019 (continued)

5. Segmental reporting (continued)

Non-current assets	31 October 2019 unaudited £m	31 October 2018 unaudited £m	30 April 2019 audited £m
UK	80.5	61.8	77.2
Canada	5.2	4.3	4.5
Continuing operations	**85.7**	**66.1**	**81.7**
Australia	-	0.1	0.1
US	-	0.2	0.2
Discontinued activities	**-**	**0.3**	**0.3**
Consolidation adjustments	(23.4)	(19.7)	(20.8)
Total	**62.3**	**46.7**	**61.2**
Total assets			
UK	227.8	224.3	228.9
Canada	11.4	9.2	9.9
Continuing operations	**239.2**	**233.5**	**238.8**
Australia	0.9	5.1	5.0
US	0.5	7.4	4.6
Discontinued operations	**1.4**	**12.5**	**9.6**
Consolidation adjustments	(114.1)	(69.1)	(95.8)
Total	**126.5**	**176.9**	**152.6**
Total liabilities			
UK	25.9	29.1	28.1
Canada	8.9	4.2	7.2
Continuing operations	**34.8**	**33.3**	**35.3**
Australia	35.0	24.3	32.6
US	51.4	38.0	49.0
Discontinued activities	**86.4**	**62.3**	**81.6**
Consolidation adjustments	(85.0)	(44.2)	(68.0)
Total	**36.2**	**51.4**	**48.9**

Liabilities in Australia and the US primarily represent intercompany balances due to the UK.

Notes to the condensed financial statements for the six months ended 31 October 2019 (continued)

6. Earnings per share

Total including discontinued operations

	Six months ended 31 October 2019	Six months ended 31 October 2018	Year ended 30 April 2019
Loss from consolidated operations £m	**(14.1)**	(27.8)	(54.9)
Weighted average number of shares in issue ('000)	**305,974**	302,124	303,090
Loss per share (£) – basic and diluted	**(0.05)**	**(0.09)**	**(0.18)**

Diluted loss per share from consolidated 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 2019	Six months ended 31 October 2018	Year ended 30 April 2019
(Loss)/profit from continuing operations £m	**(3.6)**	2.7	(3.6)
Weighted average number of shares in issue ('000)	**305,974**	302,124	303,090
Earnings per share (£) - basic	**(0.01)**	**0.01**	**(0.01)**
Potentially dilutive shares unissued at reporting date ('000)	**12,046**	22,554	21,827
Total potentially dilutive shares at reporting date ('000)	**318,020**	324,678	324,917
Earnings per share (£) – diluted	**(0.01)**	**0.01**	**(0.01)**

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

The table below reconciles the weighted average number of shares ('000):

Weighted average number of shares year ended 30 April 2019	303,090
Weighted average issue of new shares and exercise of options	2,884
Weighted average number of shares in the six months ended 31 October 2019	**305,974**

7. Closure of international operations

On 7 May 2019, the Group announced that it had chosen to exit the Australian market. No new instructions have been accepted there since 8 May 2019, and the business has been focused on settling sales for customers under existing instructions, implementing an orderly reduction in staff numbers and curtailing relationships with suppliers and contractors.

The Group also announced on 3 July 2019, that it had chosen to cease investment in the US. No new instructions were taken by the business after that date. The focus over the remainder of H1 20 has been on finalising the completion of existing property transactions and on curtailing relationships with suppliers and contractors.

The run-down process in both Australia and in the US is progressing as planned and is expected to be complete by the end of the financial year.

Notes to the condensed financial statements for the six months ended 31 October 2019 (continued)

7. Closure of international operations (continued)

The Australia and US operations represent in their entirety the segments as disclosed in note 5. The operating losses of discontinued segments are reconciled to the net loss relating to discontinued activities as follows:

	Six months ended 31 October 2019 £m	Six months ended 31 October 2018 £m	Year ended 30 April 2019 £m
Operating loss relating to discontinued segments	**(10.5)**	(29.6)	(50.8)
Net finance expense relating to discontinued segments	**-**	(0.9)	(0.3)
Tax charge relating to discontinued segments	**-**	-	(0.2)
Loss from discontinued operations	**(10.5)**	**(30.5)**	**(51.3)**

Cash flows related to discontinued operations were as follows:

	Six months ended 31 October 2019 unaudited	**Six months ended 31 October 2018 unaudited –** *restated see note 2.2*	**Year ended 30 April 2019** *Restated - see note 2.2*
	£m	**£m**	**£m**
Operating cash inflow/(outflow) before changes in working capital			
Continuing operations	**0.2**	7.4	8.8
Discontinued operations	**(9.0)**	(31.4)	(56.2)
	(8.8)	**(24.0)**	**(47.4)**
Changes in working capital, interest and taxation paid			
Continuing operations	**(2.6)**	1.5	1.1
Discontinued operations	**(2.7)**	1.8	(2.8)
Net cash outflow from operating activities	**(14.1)**	(20.7)	(49.1)
Investing activities			
Continuing operations	**(6.9)**	(29.4)	(42.0)
Discontinued operations	**-**	(0.1)	(0.2)
Net cash outflow from investing activities	**(6.9)**	(29.5)	(42.2)
Financing activities			
Continuing operations	**(0.2)**	0.5	1.0
Discontinued operations	**-**	-	-
Net cash (outflow)/inflow from financing activities	**(0.2)**	0.5	1.0

Notes to the condensed financial statements for the six months ended 31 October 2019 (continued)

8. Related party transactions

In August 2019 the Group made a loan of €5.0 million to its related party Einhundertsiebte "Media" Vermogensverwaltungsgesellschaft bmH ("JV HoldCo"), a company incorporated in Germany in which the Group holds a 50% stake and which the Group operates as a joint venture together with its related party Axel Springer SE, an entity closely associated with Dr. Andreas Wiele, a Non-executive Director of Purplebricks. JV HoldCo then advanced this amount to Homeday GbmH ("Homeday") as a convertible loan.

JV HoldCo holds a 25.88% investment in Homeday. Based in Berlin, Homeday operates homeday.de, a transaction-based digital real estate platform in Germany that brings customers together with experienced brokers and supports them in buying and selling property.

Axel Springer SE purchased a further 43,662,417 shares in Purplebricks on 3 June 2019 at £1.00 per share, to give it an aggregate shareholding of 26.6% of the issued share capital of the Company.