08 December 2022

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

Half Year Results for the six months ended 31 October 2022

On course to meet full year expectations, turnaround plan being delivered at pace

Purplebricks Group plc (AIM: PURP), the UK's leading tech-led estate agency business, announces its results for the six months ended 31 October 2022 ("H1 23" "H1" or the "first half").

- Stabilised instruction numbers
- Annualised cost savings increased from £13m to £17m
- Purplebricks Financial Services launched five months ahead of plan
- New marketing campaign from October driving 6ppts increase in consideration
- Financial benefits of the plan will start to come through in H2 and drive positive cash generation early in FY24

Summary performance	**H1 23 £m**	H1 22 £m	% change
Group			
Revenue	**34.5**	41.3	(16)%
Gross profit	**16.2**	26.2	(38)%
Gross profit margin %	**47.0%**	63.4%	(16.4)ppts
Adjusted EBITDA[1]	**(8.4)**	(0.8)	(950)%
Operating loss	**(11.7)**	(11.1)	(5)%
Loss from total operations[2]	**(14.6)**	(20.2)	28%
Cash and cash equivalents	**31.3**	58.3	(46)%
KPIs			
Total fee income[3]	**34.4**	34.7	(1)%
Instructions[4]	**21,205**	21,131	-%
Average revenue per instruction[5]	**£1,624**	£1,642	(1)%

Helena Marston, CEO, commented:
"The turnaround plan is working and is being delivered at pace, with the financial benefits starting to come through in the second half of the year. We have taken further steps to reduce our cost base, from an initial £13m of annualised savings to £17m, while also investing in our strategic priorities and increasing the efficiency of our field.

Our plan to diversify revenue streams and build a more scalable, balanced business, with less reliance on instructions is gaining momentum. We launched our new mortgage proposition last month, five months ahead of plan, and are rapidly scaling our conveyancing services to the buyer segment of our customer base.

Our plan to drive instructions is now underpinned by a better understanding of the areas where we know we can win and initiatives to drive profitability in each of them.

We are ever mindful of the current economic environment. Our relevant, low-cost proposition, effectively communicated via our new marketing campaign, supports our customers and is especially attractive in these economically challenging times.

I am confident that the progress we are making and the initiatives we are implementing to drive better performance in the field, together with the additional cost actions to ensure we are a leaner, more efficient organisation, underpin our full year expectations including a return to positive cash generation in early FY24."

Financial performance

- Instructions stable at 21,205 (H1 22: 21,131), with average revenue per instruction ('ARPI') down 1% at £1,624 (H1 22: £1,642)
- Total fee income also down 1% at £34.4m (H1 22: £34.7m), reflecting the stable level of instructions and ARPI. Revenue was £34.5m (H1 22: £41.3m), in line with expectations, the reduction reflecting the impact of movements in deferred and accrued income (in respect of both instructions and conveyancing respectively), which flattered H1 22
- Gross profit margin of 47.0% (H1 22: 63.4%) reflecting the increase in fixed cost base following the transition to an employed model in September 2021, which is in line with our expectations
- Adjusted EBITDA loss of £8.4m (H1 22: loss of £0.8m) reflecting lower revenue and as a result of the investments made in the period, including the change to an employed model
- Loss from total operations of £14.6m net of finance expense (H1 22: loss of £20.2m also reflecting a tax charge of £7.3m)
- Cash and cash equivalents at 31 October 2022 of £31.3m (30 April 2022: £43.2m), reflecting the loss in the period

Good progress made against plan to drive positive cashflow and return to profitability and growth

- £13m of cost saving actions taken in H1. Further cost reductions being implemented and expected to deliver £17m of annualised total savings, enabling us to invest in our strategic priorities and drive new revenue streams
- Significant progress building new revenue streams to reduce reliance on instructions. Mortgage business launched ahead of plan and sales of conveyancing to viewers being digitised through H2 following highly successful launch in Q2 of FY23
- 'Go-to-Market' strategy work required to drive profitability completed and shifting to implementation phase in H2
- Multiple sales excellence initiatives being implemented to continue growth in conversion (up 170bps in H1), field efficiency, customer service and ARPI, all underpinned by improved performance management
- New marketing and creatives developed with launch of proven 'Commisery' campaign in October which has driven higher awareness and consideration scores, key measures of its effectiveness

Outlook and guidance

- Reiterating FY23 revenue guidance to be between £67.5 - £72.5m
- FY23 EBITDA expected to be in line with market consensus[6]
- Positive cash generation expected in early FY24

Notes:
[1] 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 and exceptional items.
[2] Includes a charge of £1.1m relating to business restructuring and £0.2m relating to exit of former director.
[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 instructions and mortgage referrals and conveyancing fees due in relation to completed transactions.
[4] Instructions represents instructions net of refunds.
[5] Average revenue per instruction (ARPI) equates to total fee income, divided by instructions.
[6] FY23 consensus EBITDA £(8.8)m (range £(11.3)m – (4.0)m)
[7] Market share – source Rightmove

Results presentation and conference call

Helena Marston, Chief Executive Officer, and Dominique Highfield, Chief Financial Officer are streaming a video presentation of results via webcast at 08.30am today followed by a live Q&A session for analysts and investors.

The video webcast link is via the webcast registration page at https://stream.brrmedia.co.uk/broadcast/637f8c6e67d69d6f0706597f and on the website.

A replay will also be available on the Purplebricks website later today at https://www.purplebricksplc.com/investors/results-reports-presentations/.

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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 Partners 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 statement

Summary

In August I set out our plans to dramatically improve the performance of Purplebricks, to stem the cash burn and return this business to profitability and ultimately growth. In the four months since we last reported, we have made good progress. Our financial performance in the first half, whilst not where it needs to be, is in line with expectations. We continue to work at pace to deliver what is required across every part of the business.

Our overall financial performance was stable during the first half compared with the comparable period. Total fee income[3], the purest measure of our top line performance, was down 1% at £34.4m (H1 22: £34.7m), reflecting a consistent level of instructions of 21,205[4] (H1 22: 21,131). At this level of instructions, market share stood at 2.8% (FY 22: 3.6%). Revenue was £34.5m (H1 22: £41.3m), in line with expectations, the reduction reflecting the impact of movements in deferred and accrued income (in respect of both instructions and conveyancing respectively), which flattered H1 22.

Average Revenue Per Instruction (ARPI)[5] also remained relatively stable at £1,624 (H1 22: £1,642) as higher average fees for part of the period and higher pro-pack sales were offset by the timing of receipts for conveyancing income.

Adjusted EBITDA[1] was a loss of £8.4m (H1 22: loss of £0.8m), reflecting lower revenue, lower gross margin and an increase in adjusted operating costs. The operating loss was £11.7m (H1 22: loss of 11.1m).

We have continued to take action to drive the improvements required to turn around our financial performance. We have reduced the cost base significantly in H1 and are now going further as we seek to become a much leaner, more efficient organisation. We have made good progress in our plans to diversify revenues and reduce our reliance on sales. We are particularly excited to have been able to launch our new mortgage proposition ahead of plan, testament to the hard work of our mortgage team and the new ways of working we have adopted across the business.

Our plan to grow instructions is enabled by our 'Go-to-Market' strategy. This strategy has validated the areas in which we are active to ensure we can drive profitability in each of them, bringing the business back to profitability and creating the foundation to scale it further. We now have a better understanding of our demand drivers, enabling us to generate predictable growth and capture market share. Operational excellence also forms part of the 'Go-to-Market' strategy. We have implemented multiple sales excellence initiatives to improve conversion, field efficiency, customer service and ARPI, all underpinned by a culture of better performance management.

It was exciting to see the launch of our 'Commisery' campaign in October and the early indicators of its impact are very encouraging. I am looking forward to seeing the further impact it will have in the second half.

Operational review

We have a clear plan to deliver a turnaround in performance, a return to positive cash flow and profitability, and a scalable business model. Our plan strikes a balance between driving short term improvements in performance alongside a plan to drive long term, sustainable growth. It focusses on four key objectives: cutting costs, growing and diversifying revenues, growing instructions, and raising standards.

We have made good progress against the plan for the first half and we expect to report further progress at year end.

1. Cutting costs

In August we set out plans to reduce the total annualised cost base by £13 million during FY23. This was achieved principally through a reduction in marketing spend alongside a reduction in overall headcount. This has reduced the excessive overhead in our business, protecting our assets and leaving us leaner and healthier, ready for growth.

We have now moved to phase two of our cost cutting plan taking us from an annualised £13 million to £17 million annualised cost savings.

2. Growing and diversifying revenues

Diversifying revenues is a strategic imperative and we have moved at pace to identify the short term and longer-term opportunities available to us.

Mortgages

In August we announced we would launch a new mortgage proposition by the end of the financial year which would see us become an Appointed Representative. We received all the necessary regulatory approvals in September and launched Purplebricks Financial Services ("PFS") on 1 November, five months ahead of plan.

Our new mortgage model allows us to control the end-to-end customer journey and receive a threefold increase in revenue per mortgage. It also provides us with the opportunity to sell additional financial products, such as insurance, to our customers, as well as generate repeat business when customers look to re-mortgage or renew other financial products.

We are taking a compliance-led, disciplined approach and are scaling this business in a phased approach, to match our resources with the growth in demand.

We look forward to sharing the progress we are making at our full year results.

Conveyancing

Conveyancing services accounted for approximately 17% of our revenues in the period and are principally generated from our vendor customer base.

To accelerate revenue growth from conveyancing, we decided to launch the buyer's side ahead of the tech being ready. The roll out was supported by manual intervention that has exceeded expectations with 25% of viewers contacted agreeing to receive a quote. We are working at pace to digitise the process with a planned launch in Q3, to enable higher volumes of viewer contacts and to improve efficiency.

The success from the first stage of the roll out gives us confidence for the potential to generate significant additional income in future years from conveyancing without the need for additional resources. We will provide an update on the progress being made at the full year results.

Lettings

Our number one priority in lettings is to improve the customer experience and ensure we retain the landlords we have, as well as looking at how we scale this part of our business.

We remain excited about the significant opportunity there is for Purplebricks in the lettings market and look forward to setting out the growth plans for lettings at full year results.

Other ancillary revenues
We are continuing to review opportunities to offer relevant or complementary products and services to buyers and sellers, as well as ensuring we maximise every opportunity within the property ecosystem to increase ARPI and provide a simple and transparent customer experience.

3. Growing instructions

In August, I said we would no longer try to be everything to everyone, which was neither efficient nor effective. Instead, we would work to identify the customer segments and locations where we were most likely to win. Our 'Go-to-Market' strategy work is complete and we now have a clear strategy to align our workforce and marketing efforts to focus on the areas where there is high demand and where we can achieve profitable, predictable and targeted growth. This approach, combined with the initiatives we are implementing to deliver higher conversion, efficiency and customer service, will be executed during the second half of the year.

Marketing
We kicked off our 'Commisery' marketing campaign in October and the early indicators of its impact are very encouraging. Since the launch, our brand awareness has remained strong and our consideration score has increased by 6ppts. With a clearer understanding of where we will play, we have started to aggressively market out of home and on social channels in key cities. We are confident that through targeting customers who are within our core segments today, this density will drive organic growth and we will therefore adopt other customers outside of our typical segments.

In summary, our 'Go-to-Market' strategy will enable us to create a profitable business by focussing our resources in the right areas.

4. Raising standards

We continue to review our standards as a business both for our employees and customers. Our performance culture continues to embed across the organisation and this has allowed us to become a leaner business.

We continue to review our processes and procedures to ensure we are operating within relevant guidelines and ensure that we keep our customers safe and give them the best possible experience.

Board and leadership
Ensuring we have the right blend of relevant expertise and capabilities within the Board and Executive Leadership Team has been a key priority.

Dominique Highfield joined the Group and the Board as Chief Financial Officer on 1 November following a successful career with a number of large, well known retail brands including Amazon and Sainsbury's. As well as her financial acumen, she also brings strong strategic and commercial insight alongside energy and determination.

Adrian Gill and Gareth Helm joined the Board as non-executive directors on 1 October. Both are highly experienced executives with property and marketing expertise. Following their appointments, Adrian Blair stood down as non-executive director after four years as a member of Purplebricks' Board.

Having the right blend of skills and capabilities within the Board to support the Executive Leadership Team is key to our ability to deliver the performance improvement plans we have set out and position us for growth when the time is right.

Summary and outlook
We have made good operational progress during the first half and remain committed to the delivery of our performance improvement plans.

We are confident our marketing campaign will highlight the benefits of our low-cost proposition which is well placed for today's 'cost of living' environment. The additional cost actions we have taken, alongside the initiatives we are implementing to drive better performance in the field, also underpin our full year expectations including a return to positive cash generation in early FY24.

Our plans to diversify revenue streams are being implemented at pace. We expect to report further progress on our initiatives to grow mortgages, conveyancing, lettings and other ancillary services at our full year results.

Financial review

The first half of this year has seen Purplebricks invest in future growth, through new marketing creatives and redesigning of our organisation. Instructions remained flat year on year and fee income was down 1%, yet the reported revenue number has declined 16% year-on-year, in line with expectations, the reduction reflecting the impact of movements in deferred and accrued income (in respect of both instructions and conveyancing respectively), which flattered H1 22.

The gross profit percentage of 47% is in line with our expectations and is lower than the prior year given the move to an employed model, this being a further investment into our growth and improvement of standards.

A clear plan is in place to return to profitability and growth; actions have already been taken to address the cost base, improve ARPI and increase the number of instructions. The Group retains headroom in cash resources to deliver against our plans to turn the business around.

	Group			UK		
For the six months ended 31 October	**H1 23**	H1 22	Change	**H1 23**	H1 22	Change
Revenue	**34.5**	41.3	(16)%	**34.5**	41.3	(16)%
Cost of sales	**(18.3)**	(15.1)	(21)%	**(18.3)**	(15.1)	21%
Gross profit	**16.2**	26.2	(38)%	**16.2**	26.2	(38)%
Gross profit margin	**47.0%**	63.4%	(16.4)ppts	**47.0%**	63.4%	(16.4)ppts
Adjusted operating costs	**(14.2)**	(12.5)	(14)%	**(14.2)**	(12.5)	(14)%
Marketing costs	**(10.4)**	(14.5)	28%	**(10.4)**	(14.5)	28%
Adjusted EBITDA	**(8.4)**	(0.8)	(950)%	**(8.4)**	(0.8)	(950)%
Depreciation and amortisation	**(2.1)**	(1.6)	(31)%	**(2.1)**	(1.6)	(31)%
Share-based payment credit	**0.1**	1.1	(91)%	**0.1**	1.1	(91)%
Exceptional items	**(1.3)**	(8.3)	84%	**(1.3)**	(5.6)	77%
Share of results of associate	**-**	(1.5)	n/a	**-**	-	n/a
Operating (loss)/profit	**(11.7)**	(11.1)	(5)%	**(11.7)**	(6.9)	(70)%

Key Performance Indicators (KPIs)

KPI	Definition	**H1 23**	H1 22	Change
Instructions	Number of instructions won in the year, net of the number of instructions refunded in the year	**21,205**	21,131	-%
Total fee income	Fees receivable in respect of instructions (as defined above excluding Money Back Guarantee provision) and mortgage referrals, and conveyancing fees due in respect of completed transactions	**£34.4m**	£34.7m	(1)%
ARPI	Total fee income divided by the number of instructions in the year	**£1,624**	£1,642	(1)%
CPI	Marketing costs divided by the number of instructions in the year	**£490**	£686	29%

Revenue

H1 23 saw a relatively flat period-on-period performance in terms of number of instructions. Our performance slowing against the market is as a result of the overhaul of our Go-to-Market strategy and of a reorganisation of our people. Both these actions have caused short-term disruption, but have been taken to position the Group for improved future performance.

A 1% decrease in the average revenue per instruction (ARPI) to £1,624 (H1 22: £1,642) reflected upside from our price increase effective from July 2022 and additional Pro Package attachment rate in H1 23, however this was more than offset by the timing of receipts of conveyancing income. These factors led to an overall 1% decrease in total fee income (as defined above), at £34.4m (H1 22: £34.7m).

H1 23 revenue overall saw a period-on-period reduction of 16% to £34.5m (H1 22: £41.3m) despite flat instructions in H1 23 and H2 22, primarily reflecting activity levels in each period. H1 22 benefitted from high instruction levels towards the end of FY21, compared with FY22, revenue for which was partly recognised in H1 22. Conversely, instruction activity has increased through H1 23, meaning that higher revenue is deferred into future periods at 31 October 2022 compared to 30 April 2022. Price increases in H1 23 have partly offset this effect.

Conveyancing income is down from £8.8m in H1 22 to £5.8m in H23, driven by timing of cases referred to our partners. Lettings revenue is down period-on-period from £3.0m to £2.0m, as the business rationalised its focus during the move to an employed model. Other revenue is relatively flat at £2.7m in H1 23 compared to £2.9m in H1 22.

Gross profit margin

Gross profit of £16.2m was down 38% (H1 22: £26.2m), due to the decrease in revenue and an expected lower gross profit margin of 47.0% (H1 22: 63.4%), following the change to an employed sales model in September 2021.

The majority of our cost of sales is represented by amounts paid to our sales field. Up until August 2021, these amounts were commissions paid to self-employed Local Property Experts (LPEs). From September 2021, we moved to an employed field sales model. Therefore, for the whole of the current period, but only part of the prior period, cost of sales largely represents salary and commission costs paid to employed agents.

The largely fixed nature of these costs has led to a significant reduction during the period in the gross profit, despite a period-on-period increase of £4.0m, or 93%, in prepaid cost of sales linked to deferred income, arising from lower margins in H1 23 compared to H1 22, caused by the change to an employed model in September 2021.

Adjusted operating costs
Adjusted operating costs (see definition in note 4) increased by 14% to £14.2m (H1 22: £12.5m), due to additional investment in operational capability and additional support costs related to the change to employed model.

Marketing
Marketing costs decreased by 28% to £10.4m (H1 22: £14.5m), which includes investment in new creative and compares to a high above the line marketing spend in the prior period. The resulting cost per instruction (CPI) was £490, 29% down from £686 in H1 22, as a result of more effective and targeted marketing.

Adjusted EBITDA
Adjusted EBITDA (see definition in note 4) was a loss of £8.4m (H1 22 loss of £0.8m), as a result of lower revenue, lower gross margin and an increase in adjusted operating costs. This reflects a point in time, with this financial year being a year of reset and of investment, with our more effective cost base being well poised for future growth.

Depreciation and amortisation
Depreciation and amortisation was £2.1m, up from £1.6m in H1 22, mainly reflecting digital investments across the period and an increased rate of capitalisation of internally generated software.

Share-based payment credits
Share-based payment arrangements gave rise to a credit in the period of £0.1m, reflecting charges for recent grants more than offset by credits in respect of lapses relating to employee leavers in the period. H1 22 saw a significant credit of £1.1m, arising on reversal of charges taken in previous periods in respect of both options held by LPEs (which lapsed on termination of their self-employed contracts), and former employees leaving the business.

Exceptional items

Exceptional items include amounts that management believes are necessary to present separately in order to show a more comparable view of the performance of the business.

Exceptional costs in H1 23 amounted to £1.3m (H1 22: £8.3m). £1.1m of these costs arose in respect of business restructuring costs, and £0.2m relating to exit of former directors.

In H1 22, £2.0m represented costs in respect of the move to an employed sales field model, including retention payments, exit payments and consultancy costs. A charge of £3.6m represented a provision for potential future claims which could arise under the Housing Act 2004, and a charge of £2.7m arose from impairment of goodwill and other intangible assets relating to the lettings business.

Operating loss and loss for the period
Overall, the Group made an operating loss of £11.7m (H1 22: loss of £11.1m). H1 22 included our share of losses of an associate of £1.5m. This amount is net £nil in H1 23, since the Homeday business was impaired in full during FY22 as described below.

Taxation
A tax charge of £nil arose in the six-month period (H1 22: £7.3m). The prior period charge represents the decision to derecognise in full deferred tax assets, primarily in relation to brought forward losses, in light of current period losses.

Finance charges

Finance charges of £3.1m (H1 22: £1.9m) represent losses on derecognition of receivables relating to Pay Later customers. Where these customers remained eligible for the Group's Money Back Guarantee product (which was launched in July 2021 and withdrawn in July 2022), this cost has been spread over the average period from sale of receivables to the point at which customers become ineligible to claim under the Money Back Guarantee. There is a higher finance cost in H1 23 compared to H1 22 due to the timing of instruction activity in each period, and reflecting the timing of the introduction of and withdrawal of the Money Back Guarantee.

Loss for the period

The Group's total loss for the period was £14.6m (H1 22: loss of £20.2m).

Investment in Homeday

The Group's investment in Homeday was impaired in full as of 30 April 2022. There is no net impact of Homeday in the H1 23 result, however this reflects the overall effect of a number of transactions as described below.

During H1 23, the Group's share of Homeday's losses was £1.5m (H1 22: £1.5m). Step-down gains resulting on funding provided to Homeday not matched by Purplebricks amounted to £1.3m (H22: £nil), bringing the Group's net share of result to a loss of £0.2m (H1 22: £1.5m). £0.2m of the impairment provision held against the investment at the start of the period was released in the period such that the net impact of Homeday on the income statement in H1 23 was nil (H1 22: £1.5m).

No further investment in Homeday was made during the period and no further investment is currently anticipated.

Cash, working capital and statement of financial position

Non-current assets of £7.8m at 31 October 2022 (£6.9m at 30 April 2022) reflected further investments in intangible assets and an extension to the Group's Solihull office lease in H1 23.

Current assets of £54.8m at 31 October 2022 (£64.2m at 30 April 2022) primarily reflected a decrease in cash of £11.9m as described below.

Current liabilities of £32.9m at 31 October 2022 (£27.3m at 30 April 2022) reflect an increase in deferred income due to timing of instruction activity, and an increase in trade and other payables of £3.2m.

Cash and cash equivalents (which are presented as a single class of asset on the face of the Statement of Financial Position) comprise cash at bank and other short-term highly liquid investments with a maturity of three months or less.

H1 23 saw a total cash outflow of £11.9m (H1 22: £15.7m). £8.7m of this outflow arose from operating activities (H1 22: £13.1m outflow). Investing activities in H1 23 saw an outflow of £1.8m (H1 22: £2.4m). Financing activities in H1 23 saw an outflow of £1.4m (H1 22: £0.2m), primarily arising from a reduction in the loan from factor balance in H1 23 due to the withdrawal of the Money Back Guarantee product.

We expect to further stem the cash burn in H2 23 and become cash generative in FY24, as our investments begin to deliver performance benefits.

Going concern

As stated in note 2.2 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 taken an approach to the areas of critical accounting estimate and judgement as described on pages 96-98 of the Annual Report 2022 which is available at https://www.purplebricksplc.com/investors/results-reports-presentations/ in line with that taken at 30 April 2022. See note 3.1 for an update to the key estimate taken over the level of provision held for potential claims in respect of historical instances of non-compliance with the Housing Act 2004. We have also identified a new key judgement in respect of a contingent liability arising from compliance issues identified in H1 23, as described in note 3.2.

Principal risks and uncertainties

The principal risks and uncertainties are set out in the 2022 Annual Report. The Board have reconsidered these principal risks and uncertainties, including the implications of the compliance issue discussed above, and are of the view that these 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 40 to 43 of the Annual Report 2022 which is available at https://www.purplebricksplc.com/investors/results-reports-presentations/

In summary, these include:
Market and performance – the success of the Group is dependent on maintaining scale in a competitive sector, which is largely dependent on the macro-economic conditions in the UK and internationally.

Brand reputation – the Group has established an identifiable and respected brand which could be damaged by factors (in either the field or head office) such as unethical, unlawful or non-brand compliant activity, poor customer service, negative customer reviews or negative press.

People – the Group's success is dependent on the quality of its management, operational teams and agents. There is a risk we might not be successful in attracting, retaining, training and developing the right employees.

Compliance with laws and regulations – the Group operates in a sector with an evolving legal and regulatory environment and monitors developments to ensure legal, regulatory and ethical compliance, with particular focus on anti-money laundering compliance, which is key to our operations.

Cyber security and protection of data - The Group's website and IT environments could be the target of cyber attacks. Through such an attack, there is a risk that we fail to manage and protect both customer and employee data, or we may not comply with legal or other regulatory requirements relating to customer data security and data privacy in the course of our business activities, including in our marketing activity, agent activity and other operational activity.

Financial control environment - inaccurate financial information may result in suboptimal decisions being taken by management and inadequate financial controls could result in financial loss to the Group.

Statement of Directors' responsibilities

The Directors confirm that to the best of their knowledge 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.

Dominique Highfield

Chief Financial Officer

7 December 2022

Condensed consolidated statement of comprehensive income

For the six months ended 31 October 2022

	Note	**Six months ended 31 October 2022 unaudited** £m	Six months ended 31 October 2021 unaudited £m	Year ended 30 April 2022 audited £m
Revenue	**5**	**34.5**	41.3	70.0
Cost of Sales		**(18.3)**	(15.1)	(27.9)
Gross profit		**16.2**	**26.2**	**42.1**
Administrative expenses		**(17.5)**	(21.3)	(46.3)
Marketing costs		**(10.4)**	(14.5)	(25.2)
Share of loss of associate		**-**	(1.5)	(2.3)
Operating loss		**(11.7)**	**(11.1)**	**(31.7)**
Finance income		**0.2**	0.1	0.2
Finance expense		**(3.1)**	(1.9)	(3.3)
Loss on ordinary activities before taxation		**(14.6)**	**(12.9)**	**(34.8)**
Taxation on loss on ordinary activities		**-**	(7.3)	(7.2)
Loss for the period being total comprehensive expense		**(14.6)**	**(20.2)**	**(42.0)**
Loss per share				
Basic and diluted	**8**	**(5)p**	(7)p	(14)p

The accompanying accounting policies and notes form an integral part of these condensed financial statements.

All profits, losses and other comprehensive income are attributable to equity shareholders of the parent.

Condensed consolidated statement of financial position
At 31 October 2022

	31 October 2022	31 October 2021	30 April 2022
	unaudited	unaudited	audited
	£m	£m	£m
Non-current assets			
Intangible assets	**5.7**	4.7	5.4
Property, plant and equipment	**2.1**	1.3	1.5
Investment in associate	**-**	10.0	-
	7.8	**16.0**	**6.9**
Current assets			
Trade and other receivables	**7.2**	5.1	5.3
Contract assets – accrued income	**8.0**	6.5	7.7
Contract assets – prepaid cost of sales	**8.3**	4.3	8.0
Cash and cash equivalents	**31.3**	58.3	43.2
	54.8	74.2	64.2
Total assets	**62.6**	**90.2**	**71.1**
Current liabilities			
Trade and other payables	**(12.4)**	(7.9)	(9.2)
Contract liabilities - deferred income	**(12.3)**	(10.2)	(9.0)
Borrowings – loan from factor	**(4.3)**	-	(5.5)
Lease liabilities	**(0.3)**	(0.4)	(0.2)
Refund liabilities	**(0.3)**	(0.5)	(0.4)
Provisions	**(3.3)**	(4.5)	(3.0)
	(32.9)	(23.5)	(27.3)
Net current assets	**21.9**	**50.7**	**36.9**
Total assets less current liabilities	**29.7**	**66.7**	**43.8**
Non-current liabilities			
Provisions	**(0.1)**	(0.1)	(0.1)
Lease liabilities	**(0.7)**	(0.1)	(0.1)
	(0.8)	(0.2)	(0.2)
Net assets	**28.9**	**66.5**	**43.6**
Equity			
Share capital	**3.1**	3.1	3.1
Share premium	**177.4**	177.4	177.4
Share-based payments reserve	**1.7**	2.9	1.8
Retained earnings	**(153.3)**	(116.9)	(138.7)
Total equity	**28.9**	**66.5**	**43.6**

Condensed consolidated statement of changes in equity

For the six months ended 31 October 2022 – unaudited

Unaudited	Share capital £m	Share premium £m	Share-based payment reserve £m	Retained earnings £m	Total equity £m
At 1 May 2022	3.1	177.4	1.8	(138.7)	43.6
Share-based payment credit	-	-	(0.1)	-	(0.1)
Transactions with owners	-	-	(0.1)	-	(0.1)
Loss for the period, being total comprehensive loss	-	-	-	(14.6)	(14.6)
At 31 October 2022	**3.1**	**177.4**	**1.7**	**(153.3)**	**28.9**

For the six months ended 31 October 2021 – unaudited

Unaudited	Share capital £m	Share premium £m	Share-based payment reserve £m	Retained earnings £m	Total equity £m
At 1 May 2021	3.1	177.4	4.0	(96.7)	87.8
Share-based payment credit	-	-	(1.1)	-	(1.1)
Transactions with owners	-	-	(1.1)	-	(1.1)
Loss for the period, being total comprehensive loss	-	-	-	(20.2)	(20.2)
At 31 October 2021	**3.1**	**177.4**	**2.9**	**(116.9)**	**66.5**

For the year ended 30 April 2022 – audited

Audited	Share capital £m	Share premium £m	Share-based payment reserve £m	Retained earnings £m	Total equity £m
At 1 May 2021	3.1	177.4	4.0	(96.7)	87.8
Share-based payment credit	-	-	(2.2)	-	(2.2)
Transactions with owners	-	-	(2.2)	-	(2.2)
Loss for the period, being total comprehensive loss	-	-	-	(42.0)	(42.0)
At 30 April 2022	**3.1**	**177.4**	**1.8**	**(138.7)**	**43.6**

Condensed consolidated statement of cash flows
For the six months ended 31 October 2022

	Six months ended 31 October 2022 unaudited	Six months ended 31 October 2021 unaudited	Year ended 30 April 2022 audited
	£m	£m	£m
Loss for the period after taxation	**(14.6)**	(20.2)	(42.0)
Adjustments for:			
Amortisation of intangible assets	**1.6**	1.2	2.6
Depreciation of tangible fixed assets	**0.5**	0.4	0.9
Impairment of intangible assets	**-**	0.1	0.1
Impairment of goodwill	**-**	2.6	2.6
Share-based payment credit	**(0.1)**	(1.1)	(2.2)
Increase in provisions	**0.3**	3.9	3.7
(Decrease)/increase in refund liabilities	**(0.1)**	0.5	0.4
Interest income	**(0.2)**	(0.1)	(0.2)
Share of loss of associate	**-**	1.5	2.3
Impairment of associate	**-**	-	9.2
Taxation charge	**-**	7.3	7.2
Operating cash outflow before changes in working capital	**(12.6)**	**(3.9)**	**(15.4)**
Movement in trade and other receivables	**(2.6)**	0.2	(4.9)
Movement in trade and other payables	**3.2**	(4.8)	(4.7)
Movement in deferred income	**3.3**	(4.6)	(5.8)
Net cash outflow from operating activities	**(8.7)**	**(13.1)**	**(30.8)**
Investing activities			
Purchase of property, plant and equipment	**(0.1)**	(0.4)	(1.2)
Development expenditure capitalised	**(1.5)**	(1.4)	(3.1)
Purchase of intangible assets	**(0.4)**	(0.7)	(1.0)
Interest income	**0.2**	0.1	0.2
Net cash outflow from investing activities	**(1.8)**	**(2.4)**	**(5.1)**
Financing activities			
Net advances from factor	**(1.2)**	-	5.5
Payments against lease liabilities	**(0.2)**	(0.2)	(0.4)
Net cash outflow from financing activities	**(1.4)**	**(0.2)**	**5.1**
Net decrease in cash and cash equivalents	(11.9)	(15.7)	(30.8)
Cash and cash equivalents at beginning of the period	43.2	74.0	74.0
Cash and cash equivalents at the end of the period	**31.3**	**58.3**	**43.2**

Notes to the condensed financial statements for the six months ended 31 October 2022

1. General information

Purplebricks Group plc (the "Company") is a public company limited by shares which 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 2022 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

2.1 Basis of preparation and consolidation

The annual financial statements of Purplebricks Group plc will be prepared in accordance with United Kingdom adopted International Financial Reporting Standards. The condensed set of financial statements included in this half-yearly financial report has been prepared under the historical cost convention subject to recognising certain financial instruments at fair value and in accordance with United Kingdom adopted International Accounting Standard 34 "Interim Financial Reporting".

The accounting policies adopted are consistent with those of the previous financial period (see pages 86 to 95 of the Annual Report 2022). The Annual Report 2022 is available at:
https://www.purplebricksplc.com/investors/results-reports-presentations/

The Group typically experiences a seasonal slowdown in activity during the December holiday period, with an increase in activity in Spring.

During H2 22, the Group amended its methodology for accounting for revenue and associated contract assets and liabilities, as set out in note 2.5 to the FY22 ARA. The H1 23 and FY22 comparative income statement and balance sheet reflects this methodology. The H1 22 income statement and balance sheet comparatives have not been restated for this change in approach, as the Directors have assessed that the impact on the reported results and net assets position would be immaterial, and therefore that such a restatement would not significantly impact on the economic decisions of users of the condensed consolidated financial statements.

2.2 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 and reviewing trading and cash flow forecasts covering the period to 31 December 2023, being over 12 months from the date of these condensed financial statements. This assessment has recognised the loss and cash outflow in FY22 and H1 23, and the actions management has taken to date and has planned in H2 23. The Directors are of the view that the plans in place, which include cost reduction measures to protect long term profits and cash generation, are realistic and achievable.

This assessment has taken into consideration sensitivity analysis with regard to the forecast volume of instructions and the steps which could be taken to further mitigate costs if required. Mitigations available are consistent with cost control and cash preservation actions taken in FY21 in response to Covid-19 and include a reduction in marketing expenditure and reductions in expenditure on the Group's contact centre and support functions to match demand levels. Since the Group has not made commitments to carbon emission reductions which have a significant cost implication, the impact of climate change has not had a significant effect on the forecasts considered.

In satisfying themselves that the going concern basis is appropriate, the Directors have considered three sensitivities:

i) a scenario of a downside sensitised fall in revenues of 10% versus expectations resulting from a decrease in instruction volumes which is in excess of the Directors' realistic expectations;
ii) an outflow at the higher bound of the range that is considered reasonably possible in respect of the provision for Housing Act 2004 compliance issues as set out in note 3.1; and
iii) a reverse stress test to identify a scenario which would bring the Group's cash position to zero at the end of the assessment period to 31 December 2023. The reverse stress test indicates that a 39% reduction in activity versus forecast, with no mitigating actions taken whatsoever would be required to reduce cash to zero within the assessment period.

Given the Group's cash position of £31.3m at 31 October 2022, the Group expects to maintain a position of sufficient liquidity throughout the forecast period to at least 31 December 2023, in both the base and in each of the sensitised scenarios. The level of liquidity available means that the Group has the flexibility to address any reasonably possible change in costs, and the Group does not anticipate the need to seek further sources of finance in the foreseeable future. The Directors consider that, given the levers available to the business to control cash outflow, a scenario in which the Group runs out of liquidity within the assessment period is not reasonably possible.

In light of the Group's current liquidity and the results of the sensitivity testing conducted, the Directors are satisfied that the Company, and the Group as a whole, has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the condensed financial statements have been prepared on the going concern basis.

2.3 Adoption of new and revised accounting standards

There are no IFRSs or IFRIC interpretations that are effective for the first time for the financial period beginning 1 May 2022 that are expected to have a material impact on the Group.

The new standards, amendments to standards and interpretations which have been issued, but are not effective for the financial period beginning 1 May 2022 have not been early adopted. The Directors anticipate that the adoption of these standards and interpretations in future periods will have no material effect on the financial statements of the Group.

2.4 Tax

Taxes on income in the interim period are accrued using the effective tax rate which is expected to apply to the Group for the year ending 30 April 2023, using rates substantively enacted by 31 October 2022, as required by IAS 34 Interim Financial Reporting.

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.

Key sources of estimation uncertainty

In the view of the Directors, the areas of estimation uncertainty that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the financial period are detailed below.

3.1 Provision for legal claims in relation to registration of tenancy deposits

During FY22, the Company became aware of process issues in how it had been communicating with tenants on behalf of landlords in relation to the registration of tenancy deposits. In response, the Board sought independent third-party assurance and advice in relation to the end-to-end process and controls in the lettings business, including compliance with applicable laws and regulations. This included forensic analysis of the processes to identify current risks, errors or failings in the end-to-end processes and recommended areas for improvement.

The Board then agreed and implemented a number of process and control enhancements, including in the processes around timely registration of deposits, and provision of prescribed information and other information to tenants appropriately in light of their individual circumstances. The Company has also now concluded the process of ensuring that customers have been contacted with appropriate information.

A provision of £2.8m for potential future claims which could arise under the Housing Act 2004, and for associated professional fees remained at 30 April 2022 after utilisation against professional fees in respect of third party advice and assurance and claims settled in FY22. This amount reflected estimates in respect of the rate at which current and former tenants will make claims, and the average level of payment made in respect of successful claims, including legal support costs.

The ultimate level of financial exposure is dependent on the claim rate, the level of penalty applied in respect of successful claims and the future legal fees incurred to support claims management. To date, a low volume of claims has been experienced. However, we would note the significant period in which those affected are able to bring a claim.

The provision is especially sensitive to the claim rates, which were assessed at 30 April 2022 at 9.9% for current tenants and 2.0% for former tenants. The board assesses that, absent any significant change in claim rates, or in other relevant circumstances, maintaining the provision at 31 October 2022 in line with the 30 April 2022 level balances the low level of claims incurred to date with the remaining risk in the current and former tenant populations, and reflects the best estimate of total potential future claims rate expected from the remaining population as at 31 October 2022.

The Board has challenged and debated the process, key judgements and assumptions associated with the provision and is satisfied that it is appropriate, recognising the significant uncertainty and degree of estimation involved in calculating this provision.

A 10% change in the claim rates, to 10.9% or to 8.9%, would increase or decrease the provision by £0.3m. The Directors assess that a reasonably possible range around claim rate and level of financial penalty applied in respect of successful claimants could result in the financial liability being in the range of £0.2m to £5.1m. Claims experience to date would indicate an outcome towards the lower end of the range. While the Board feel it is highly unlikely, a very high claim rate causing an outcome higher than £5.1m remains possible.

3.2 Contingent liability for potential penalties in relation to non-compliance with regulation

As a result of the Board's commitment to raising standards across the business, increased focus and resources have been directed at compliance reviews during H1 23. As a result of initial findings from an internal review, the Company is of the view that it has identified instances of non-compliance with regulation. The Board has approved remedial actions to be implemented at pace. The Company has also engaged a third-party firm to review a selection of recent case files and intends to retain an external expert to conduct an audit of the Company's compliance once remedial work has been completed.

Should any relevant regulatory authority issue a fine in respect of this matter, the fine and associated costs could range from being below de minimis to being material.

At the balance sheet date and the date of this half year report the Company is unable to reliably estimate the financial impact of any potential fine and therefore, in accordance with IAS 37.14, discloses a contingent liability in respect of these matters in note 10.

Other sources of estimation uncertainty

Other areas of estimation uncertainty are detailed below:

3.3 Measurement of intangible assets

The Group recognises an intangible asset in respect of software developed in house. This software is a key part of the Group's operating model and value proposition. Management is required to estimate the proportion of the total costs of the Group's Digital team which relates to the creation of intangible assets which meet the criteria for capitalisation in IAS 38.

The overall cost of this team is material and a significant change in this estimate could have a significant effect on the value of costs capitalised. The impact of a change to this estimate could result, at the most extreme, i.e. in a scenario where either no development team costs are capitalised, or where they are capitalised in full, in a decrease of £0.7m or increase of £1.4m in administrative expenses in the current period.

3.4 Revenue recognition

Service period

Instruction revenue is recognised over the estimated period between instruction and completion or withdrawal of the property from sale, or, in future, to the point at which a customer requests a refund under the Group's (withdrawn as of July 2022) Money Back Guarantee product. This period is the "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 year end.

As at 31 October 2022, the key factors which the Directors have taken account of in developing their view of the likely future service period has been the level of demand from potential purchasers on the housing market in the UK and the length of time property transactions are taking to complete. The high level of demand from potential purchasers, which has not been matched by availability of properties listed by sellers, has led to an average shortening of the time between instruction and sale agreed in FY22 and into H1 23.

The Directors assess that the delays within the process between sale agreed and completion, which were experienced in the latter part of 2021 due to high levels of transactions, particularly in advance of the expiry of the stamp duty land tax holidays, have now passed and the process has returned to normal as transaction levels have reduced. As a result, the Directors assess that time between sale agreed and completion is likely to reflect normal levels.

On balance, at 31 October 2022, the Directors have assessed that the period used in calculating contract liabilities in respect of deferred income is in line with that used at 30 April 2022. Therefore, the service period estimate has had no significant effect on the amount of revenue recognised in the period.

In estimating the future service period, the Directors have adopted a best estimate approach, taking into account available evidence. An increase of 10% or decrease of 3% in the service period has been assessed as reasonably possible boundaries for this assumption. Such changes in the assumption would have resulted in an increase of £1.3m or decrease in deferred income of approximately £0.4m respectively.

4. Alternative performance measures

The Group makes use of a number of alternative performance measures in assessing the performance of the business. The definition 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 performance of the Group.

Adjusted EBITDA
Definition
Profit or loss from operating activities, adding back depreciation, amortisation, share-based payment charges/credits and exceptional items. This measure also excludes results of associates.

Relevance to strategy
The adjusted measure is considered relevant to assessing the 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. Where applicable, impairment of intangible assets is also excluded as an exceptional item.
- Share-based payment charges/credits: 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.

- Exceptional items: these items represent amounts which result from unusual transactions or circumstances and of a significance which warrants individual disclosure. We believe that adjusting for such exceptional items improves comparability period on period. See note 7 for further detail of amounts disclosed as exceptional in the year.
- Results of associates: while the Group exercises some influence over these results, it is unable to fully control them. The Group monitors the performance of its associate Homeday separately from the UK segment.

Reconciliation

See segmental reporting in note 6.

Adjusted operating costs

Definition

Adjusted operating costs are administrative expenses, adjusted by adding back depreciation, amortisation and share-based payment charges/credits and exceptional items.

Relevance to strategy

The adjusted measure is considered relevant to assessing the performance of the Group against its strategy and plans. The rationale for excluding depreciation, amortisation, share-based payment charges/credits and exceptional costs from this measure is consistent with that set out above in the Adjusted EBITDA section.

Reconciliation

See segmental reporting in note 6.

5. Revenue

Revenue by contract type

	H1 23 unaudited	H1 22 unaudited	Year ended 30 April 2022 audited
	£m	£m	£m
Instructions	24.0	26.6	45.3
Conveyancing	5.8	8.8	14.1
Lettings	2.0	3.0	5.4
Other	2.7	2.9	5.2
Total Revenue	**34.5**	**41.3**	**70.0**

6. Segmental reporting

The Group's trade is managed as a single division, providing services relating to the sale and letting of properties; however, management reports 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 in H1 23 falls under one geographic location: the UK.

The Group's share of the results of its associate Homeday, which is based in Germany, is presented in the comparative table within the arising on consolidation column, along with amortisation of intangibles arising on consolidation. Since the impairment of associate, as described above, there is no net impact of Homeday in H1 23.

Adjusted EBITDA is a key profit measure used by the CODM in making strategic decisions.

During the period, no customer contributed 10% or more of the Group's revenues (H1 22: none). The following is an analysis of the Group's revenue and results by reporting segment:

H1 23 – six months ended 31 October 2022 – unaudited	**UK and Total £m**
Revenue	**34.5**
Cost of sales	**(18.3)**
Gross profit	**16.2**
Gross profit margin (%)	**47.0%**
Administrative expenses	**(17.5)**
Marketing expenses	**(10.4)**
Operating loss	**(11.7)**
Reconciliation to adjusted EBITDA	
Operating loss	**(11.7)**
Depreciation and amortisation	**2.1**
Share-based payments credit	**(0.1)**
Exceptional items	**1.3**
Adjusted EBITDA	**(8.4)**
Reconciliation of administrative expenses to adjusted operating costs	
Administrative expenses	**(17.5)**
Depreciation and amortisation	**2.1**
Share-based payments credit	**(0.1)**
Exceptional items	**1.3**
Adjusted operating costs	**(14.2)**

H1 22 – six months ended 31 October 2021 - unaudited	UK £m	Arising on consolidation £m	Total £m
Revenue	41.3	-	41.3
Cost of sales	(15.1)	-	(15.1)
Gross profit	26.2	-	26.2
Gross profit margin (%)	63.4%	-	63.4%
Administrative expenses	(18.6)	(2.7)	(21.3)
Marketing expenses	(14.5)	-	(14.5)
Share of results of associate	-	(1.5)	(1.5)
Operating loss	(6.9)	(4.2)	(11.1)
Reconciliation to adjusted EBITDA			
Operating loss	(6.9)	(4.2)	(11.1)
Depreciation and amortisation	1.6	-	1.6
Share-based payments credit	(1.1)	-	(1.1)
Share of results of associate	-	1.5	1.5
Exceptional items	5.6	2.7	8.3
Adjusted EBITDA	(0.8)	-	(0.8)
Reconciliation of administrative expenses to adjusted operating costs			
Administrative expenses	(18.6)	(2.7)	(21.3)
Depreciation and amortisation	1.6	-	1.6
Share-based payments credit	(1.1)	-	(1.1)
Exceptional items	5.6	2.7	8.3
Adjusted operating costs	(12.5)	-	(12.5)

For the year ended 30 April 2022

Year ended 30 April 2022 - audited	UK £m	Arising on consolidation £m	Total £m
Revenue	**70.0**	-	**70.0**
Cost of sales	**(27.9)**	-	**(27.9)**
Gross profit	**42.1**	-	**42.1**
Gross profit margin (%)	**60.1%**	-	**60.1%**
Administrative expenses	**(50.1)**	**3.8**	**(46.3)**
Marketing expenses	**(25.2)**	-	**(25.2)**
Share of results of associate	-	**(2.3)**	**(2.3)**
Operating loss	**(33.2)**	**1.5**	**(31.7)**
Reconciliation to adjusted EBITDA			
Operating loss	**(33.2)**	**1.5**	**(31.7)**
Depreciation and amortisation	**3.4**	**0.1**	**3.5**
Share-based payments credit	**(2.2)**	-	**(2.2)**
Share of results of associate	-	**2.3**	**2.3**
Exceptional items	**23.2**	**(3.9)**	**19.3**
Adjusted EBITDA	**(8.8)**	-	**(8.8)**
Reconciliation of administrative expenses to adjusted operating costs			
Administrative expenses	**(50.1)**	**3.8**	**(46.3)**
Depreciation and amortisation	**3.4**	**0.1**	**3.5**
Share-based payments credit	**(2.2)**	-	**(2.2)**
Exceptional items	**23.2**	**(3.9)**	**19.3**
Adjusted operating costs	**(25.7)**	-	**(25.7)**

All assets and liabilities, and all cash flows, relate to the UK in all periods presented.

7. Exceptional items

Exceptional items in H1 23 total £1.3m (H1 22 £8.3m). These items are summarised by nature in the table below.

	Six months ended 31 October 2022 £m	Six months ended 31 October 2021 £m	Year ended 30 April 2022 £m
Restructuring costs	**1.1**	2.0	3.5
Provision for claims	**-**	3.6	3.6
Impairment	**-**	2.7	11.9
Post-employment benefits of former CEO and CFO	**0.2**	-	0.3
Exceptional items	**1.3**	**8.3**	**19.3**

The main components of costs of the restructuring costs above were:

- costs relating to a strategic review of the business of £0.2m (H1 22: £nil, FY22: £nil);
- costs relating to a committed redundancy exercise of £0.4m (H1 22: £nil, FY22: £nil), representing expected future redundancy and settlement costs in respect of an exercise which had been communicated to those individuals at risk of redundancy by 31 October 2022;
- retention payments to individuals becoming employed of £0.1m (H1 22: £0.7m, FY22: £1.6m);

- termination payments to individuals not retained under a restructuring programme undertaken during H1 23 of £0.4m (H1 22: £nil, FY22: £nil);
- consultancy costs for support in the design of the employed model, including of the commission structure of £nil (H1 22: £0.6m, FY22: £0.9m);
- costs of contractors and project-specific employees working within the project team of £nil (H1 22: £0.2m, FY22: £0.3m); and
- creation of learning and development materials and onboarding materials, and costs of training meetings and roadshows of £nil (H1 22: £0.5m, FY22 £0.7m).

A charge of £0.2m in H1 23 relates to post-employment benefits of the former CFO. In FY22, post-employment benefits amounted to £0.3m in respect of our former CEO, Vic Darvey

Other items recognised as exceptional in prior periods were:

At H1 22 and FY22, a provision of £3.6m for potential future claims which could arise under the Housing Act 2004, as described in note 3.1.

At H1 22 and FY22, impairment of the carrying value of the goodwill and other intangible assets relating to the acquisition of BFL Property Management Limited (BFL) in March 2017, in light of the process issues identified in the lettings business, resulting in a charge of £2.7m.

In FY22, impairment in full of the Group's investment in its associate Homeday in light of underperformance against forecast, partly as a result of the challenging macro-economic environment and residential property market in Germany, which saw a significant market downturn in 2022, resulting in a charge of £9.2m.

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

8. Earnings per share

	Six months ended 31 October 2022	Six months ended 31 October 2021	Year ended 30 April 2022
Loss from total operations £m	(14.6)	(20.2)	(42.0)
Weighted average number of shares in issue ('000)	306,806	306,806	306,806
Loss per share for total operations (£) – basic	(0.05)	(0.07)	(0.14)
Potentially dilutive shares unissued at reporting date ('000)	896	3,757	4,218
Effective potentially dilutive shares at reporting date ('000)	-	-	-
Loss per share for total operations (£) – diluted	(0.05)	(0.07)	(0.14)

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

The number of shares in issue at each of 31 October 2022, 30 April 2022 and 31 October 2021 was 306,806,039.

9. Related party transactions

On 2 August 2022 Paul Pindar, Non-Executive Chairman, purchased 2,500,000 ordinary shares of £0.01 each in the share capital of the Company (“shares”) at a price of 14.76p per share.

Between the 12th & 16th of August Paul Pindar purchased 1,537,000 shares at a weighted average price of 16.96p per share.

On 24 August 2022, Paul Pindar purchased 1,000,000 shares at a price of £14.75p per share.

On 5 August 2022 Helena Marston, Chief Executive Officer, purchased 629,585 shares at an average price of 15.90p per share.

On 15 August 2022, 800,000 awards over shares in the Company were granted to Helena Marston, Chief Executive Officer, along with 650,000 awards to Steve Long, Chief Financial Officer, under the Purplebricks Performance Share Plan. The awards to Steve Long will lapse as of his date of leaving in H2 23.

On 3 November 2022, 1,000,000 awards over shares in the Company were granted to Dominique Highfield, Chief Financial Officer under the Purplebricks Performance Share Plan.

The Group has a contract for payroll services with IRIS Software Group, of which the Group’s Non-Executive Director Elona Mortimer-Zhika is Chief Executive Officer. Costs of £38,000 were incurred in the period (H1 22: £38,000), of which £nil (H1 22: £6,000) remains unpaid at the period end. Amounts are charged on an arms-length basis.

10. Contingent liabilities

As set out in note 3.2, during H1 23 the Company has become aware of instances of non-compliance with regulation. Should any relevant regulatory authority issue a fine in respect of this matter, the potential fine and associated costs could range from being below de minimis to being material.

At the balance sheet date and the date of this half year report the Company is unable to reliably estimate the financial impact of a fine and therefore, in accordance with IAS 37.14, discloses a contingent liability in respect of these matters.

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 2022 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 for the half-year ended on that date and related notes 1 to 10.

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.

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 half-yearly financial report in accordance with the AIM Rules of the London Stock Exchange.

As disclosed in note 2, the annual financial statements of the group are prepared in accordance with United Kingdom adopted International Accounting Standards. 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".

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) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Financial Reporting Council for use in the United Kingdom. A review of interim financial information consists of making inquiries, 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 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 2022 is not prepared, in all material respects, in accordance with United Kingdom adopted International Accounting Standards 34 and the AIM Rules of the London Stock Exchange.

Use of our report

This report is made solely to the Company in accordance with International Standard on Review Engagements (UK) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Financial Reporting Council. 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.

Jeffreys Henry LLP
Statutory Auditor

7 December 2022