Purplebricks Group plc

HY 21 Results Presentation

15 December 2020

DISCLAIMER

Forward-looking statements

This presentation 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 presentation 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 presentation following any change in its expectations to reflect subsequent events or circumstances.

Highlights

Vic Darvey, Chief Executive Officer

H1 21 HIGHLIGHTS

Strong trading in face of disruptive market conditions early in the half

- Instructions up 8%, first half performance ahead of upgraded expectations
- 4.8% share of properties sold by volume[1]
- Sold more properties (SSTC) than any other estate agency group in the UK[1]
- Very strong Adjusted EBITDA[2] growth, up 110% to £8.4m, fuelled by operational excellence and financial discipline

Emerging through the COVID-19 pandemic in a very strong position

- Completed sale of Canada business
- Significantly strengthened our cash position
- New exec leadership team in place and focused on delivery of our strategic initiatives

Technology led estate agency emerging as the winning model

- Purplebricks never more relevant with awareness and consideration at highest ever levels
- Largest and best performing estate agent in the UK, saving customers £34m commission[3] in H1
- Clear evidence consumers are starting to shift towards apps and tech-based alternatives

[1]Source: TwentyCi
[2] For APMs see appendix
[3] Core instruction fees (including VAT) paid by customers who sell with Purplebricks vs typical commission of 1.3% (including VAT)

Financial review

Andy Botha, Chief Financial Officer

FINANCIAL & OPERATIONAL HIGHLIGHTS[1]

STRONG PERFORMANCE IN A DISRUPTED MARKET

Instructions
+8%
35,387
HY 2020: 32,850

ARPI[2]
+3%
£1,392
HY 2020: £1,353

Total fee income[3]
+6%
£49.1m
HY 2020: £46.3m

Revenue
-6%
£44.2m
HY 2020: £47.1m

Adjusted EBITDA[4]
+110%
£8.4m
HY 2020: £4.0m

Cash
+82%
£75.8m
HY 2020: £41.6m

[1] Continuing operation represents UK segment only, HY20 adjusted to reflect previously recharged central costs
[2,3,4] See appendix

SUMMARY INCOME STATEMENT

BUSINESS PERFORMED STRONGLY, MAINTAINED COST DISCIPLINE

	HY 2021 £m	HY 2020 £m	Change %
Revenue	**44.2**	47.1	**-6%**
Gross margin %	**67.0%**	63.7%	**+330bps**
Adjusted operating costs	**(12.2)**	(12.2)	**0%**
Marketing costs	**(9.0)**	(12.3)	**-27%**
Adjusted EBITDA	**8.4**	4.0	**+110%**
Adjusted EBITDA margin %	**19.0%**	8.5%	**+1,050bps**

- Reported revenue lags strong instructions growth due to instruction profile
- Gross margin improvement reflecting change in cost of sales profile and revenue mix, expected to revert in H2 to prior period levels
- Retaining our teams and investment in new talent balanced by improved cost efficiencies
- Marketing spend improvement due to change in mix and reduced costs of above the line
- Strong improvement in adjusted EBITDA

IMPROVING PERFORMANCE POST COVID-19 LOCKDOWN

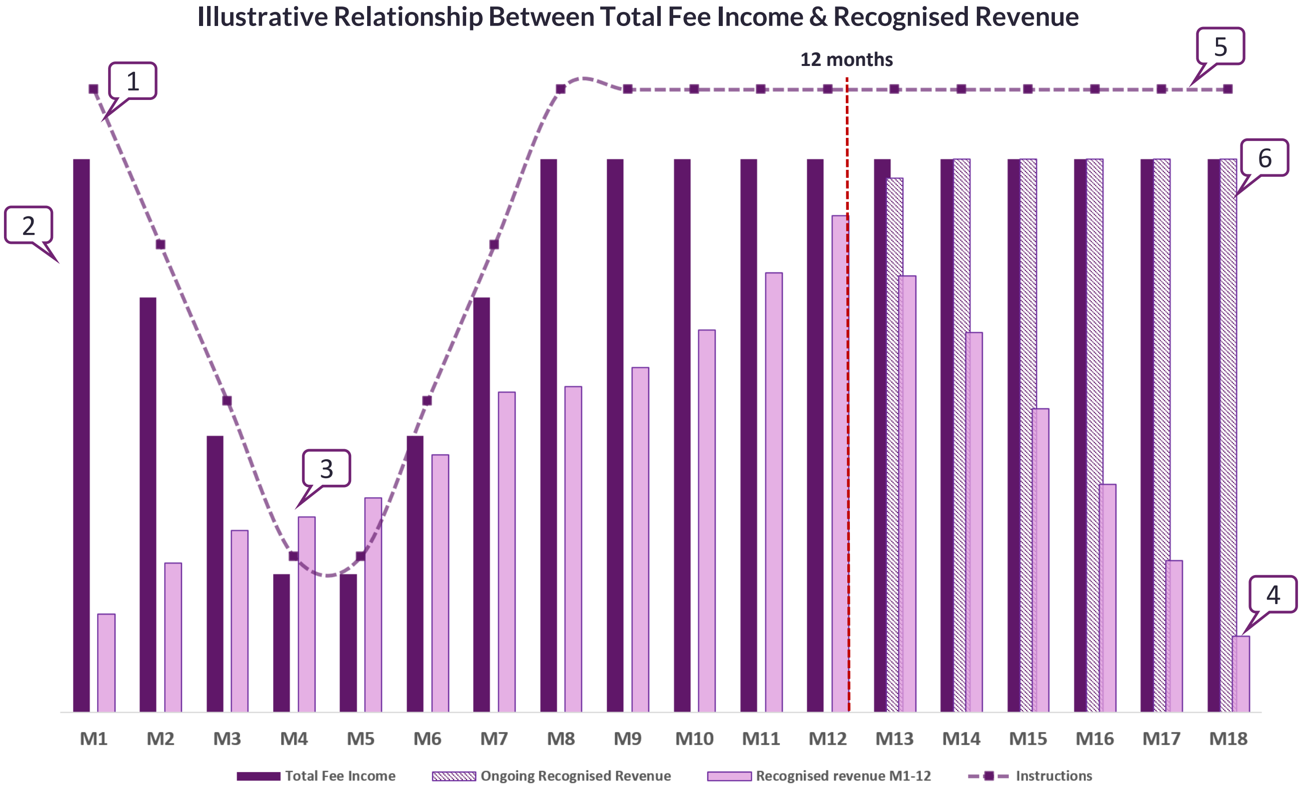
COST DISCIPLINE ENSURES STRONG PERFORMANCE IN LATTER PART OF THE HALF

	May FY21 £m	Jun to Oct FY21 £m	H1 FY21 £m	May FY21 Change %	Jun to Oct FY21 Change %	H1 FY21 Change %
Instructions (#)	**3,324**	**32,063**	**35,387**	(46%)	20%	**+8%**
Revenue	**6.2**	**38.0**	**44.2**	(28%)	(1%)	**-6%**
Adjusted operating costs	**(1.3)**	**(10.9)**	**(12.2)**	44%	(9%)	**0%**
Marketing costs	**(0.5)**	**(8.5)**	**(9.0)**	81%	15%	**-27%**
Adjusted EBITDA	**0.1**	**8.3**	**8.4**	(81%)	77%	**+110%**

- Revenue soft in May, costs managed tightly to mitigate impact
- Despite recognition impact, revenue close to flat year on year in last five months
- Impact of investment in teams from prior year resumes post lockdown as furlough ends
- Efficiency in marketing channel mix continues post lockdown

PURPLE BRICKS

REVENUE LAGS INSTRUCTIONS DUE TO IMPACT OF IFRS 15

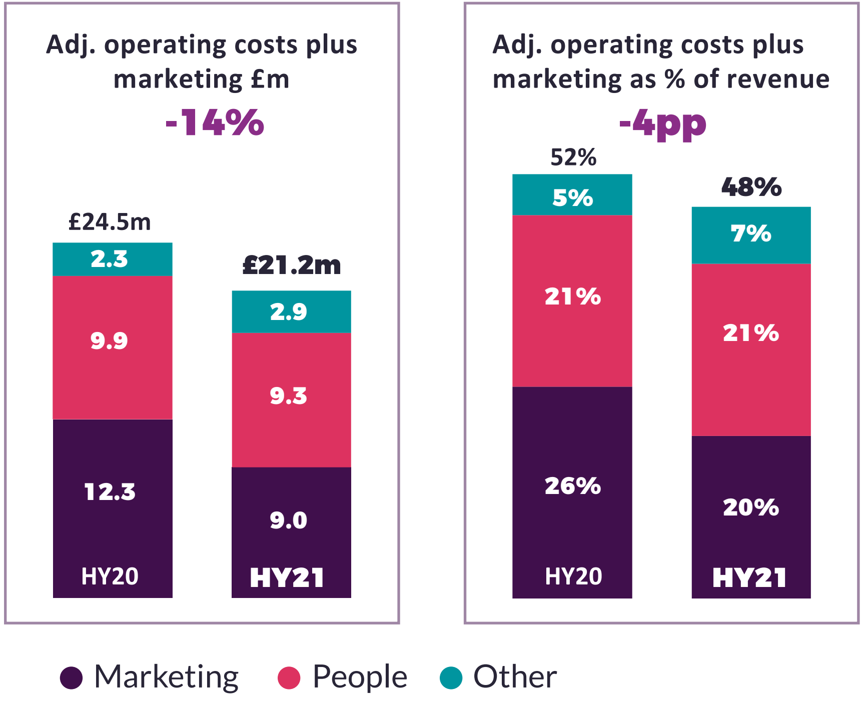


1. Instruction profile that shows 4 months of rapid decline, 4 months rapid increase and then a 4-month period of stability
2. Total fee income for those 12 months move in-line with instructions
3. Recognised revenues for those 12 months are initially lower but eventually overtake fee income when instructions decline

   These then lag again as instructions increase and the deferral increases
4. Over the 18-month period cumulative revenues under both bases are the same, as the deferral unwinds
5. Instructions beyond the period continue at a consistent rate
6. Eventually recognised revenues catch up with total fee income as M1-12 deferred revenues and new period revenues combine

RIGOROUS MANAGEMENT OF COSTS DURING H1

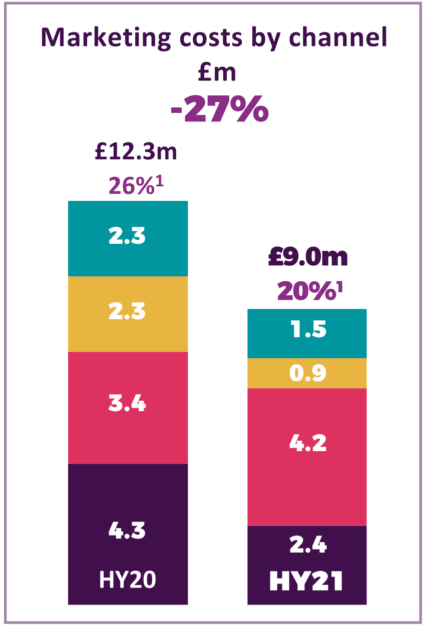
DELIVERS IMPROVEMENT IN UK COST METRICS

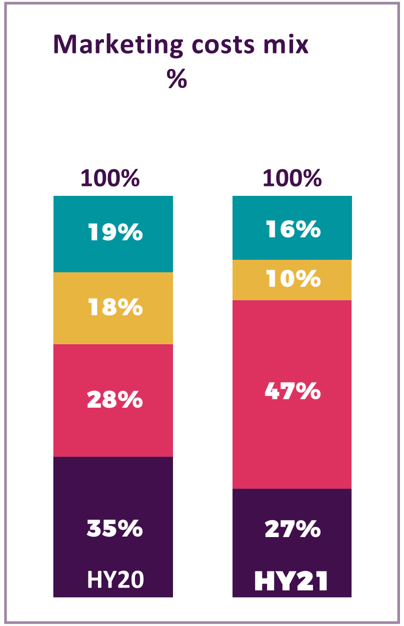


- Non-marketing costs broadly flat year on year, reflecting a prompt return from furlough
- Marketing reductions due to minimal spend in May and efficient spend during the strong latter period
- Costs to be higher in H2 with all colleagues back from furlough for the full period

MARKETING CHANNELS OPTIMISED FOR THE MARKET

MIX SHIFT FROM BRAND TO DIGITAL REDUCED SPEND FROM 26% TO 20% OF REVENUE



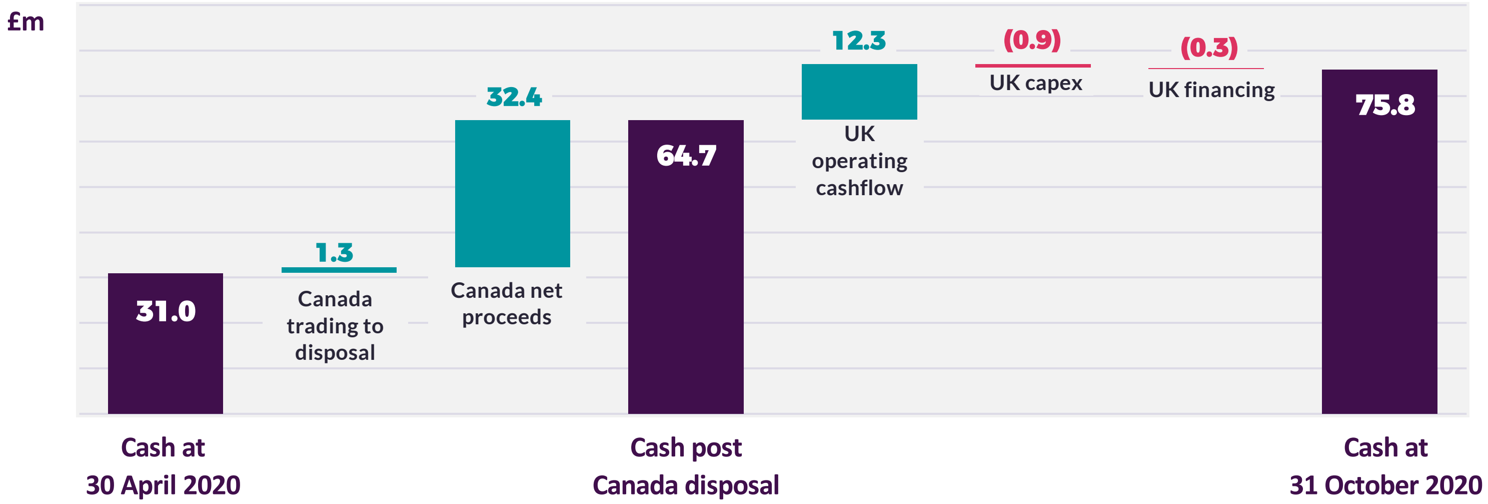


- Brand spend down due to planned reduction in activity plus benefit of price reductions for advertising
- Channel mix continues to shift as we invest more in our digital and social channels
- Portal decrease due to one-off price changes, returning to normalised levels in H2

● Brand ● Digital ● Portal ● Other

[1]As a percentage of revenue

CASH BRIDGE HIGHLIGHTS STRONG OPERATING CASH



- Net cash proceeds from the sale of our Canadian business contributed £32.4m
- Operational cash inflow from continued operations was £12.3m
- Reduced capital expenditure in the period

FINANCIAL SUMMARY & GUIDANCE

- Strong trading and operational performance in a buoyant market
- This together with financial discipline led to strong adjusted EBITDA growth
- Translates into a further improved cash position providing opportunity to support targeted investment
- Clear focus on multiple levers to grow revenue and control costs
- Looking ahead to second half, we have reasons to remain cautious on the economic outlook, but will benefit from unwinding of deferred revenue
- Currently expect adjusted EBITDA for the full year to exceed the upper end of current range of consensus[1]

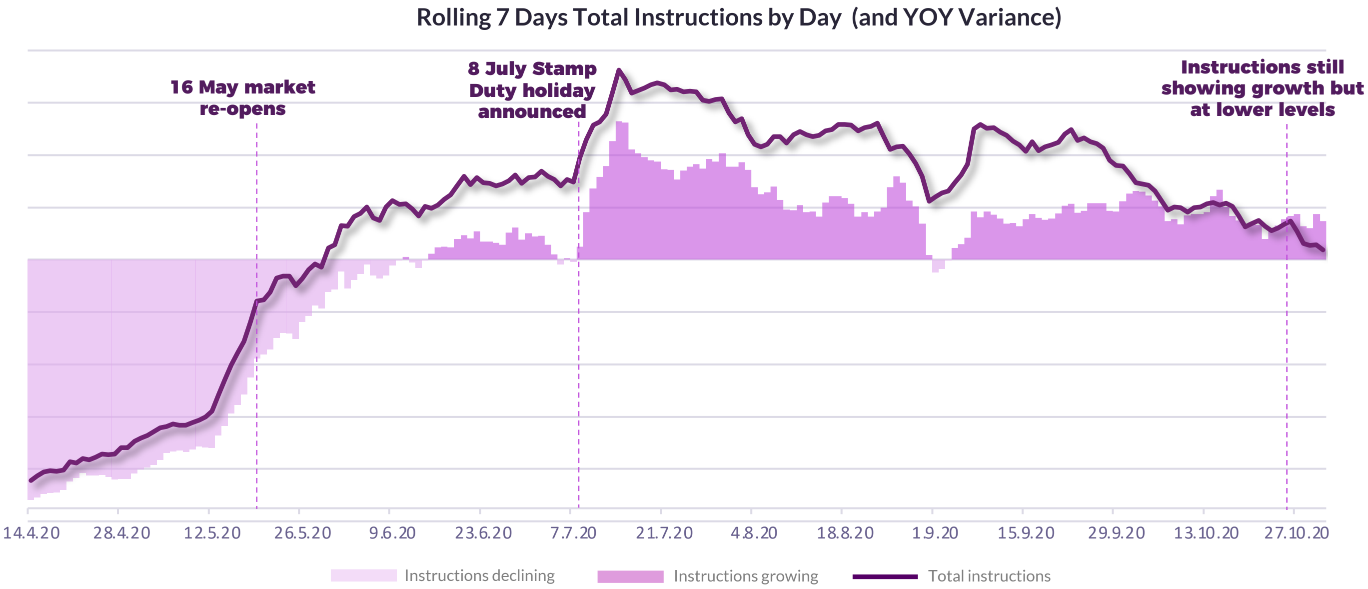
[1] As at 14 December 2020, the Group's compiled full year 2021 consensus for adjusted EBITDA is £7.0m, ranging from £5.0m to £10.6m

Strategy & market update

Vic Darvey, Chief Executive Officer

STRONG LEVELS OF MARKET ACTIVITY ACROSS UK

New Instructions



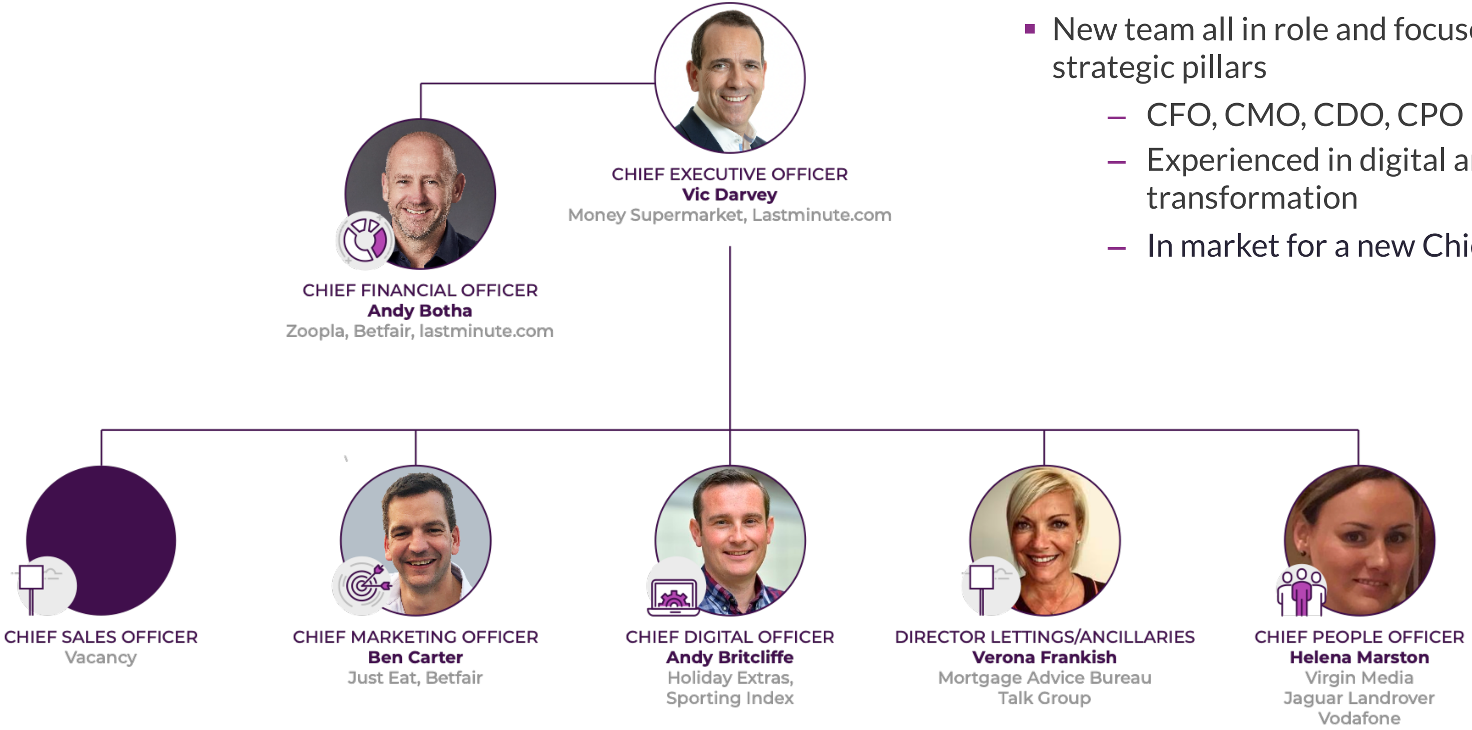
- Strong instruction growth, driven by pent up demand and stamp duty holiday
- Continued to see good growth since June – record month in July and strong five months +20% growth
- Well positioned as consumers move towards virtual valuations and viewings

Source: Company data

WHAT WE'VE LEARNED DURING COVID-19

- Our founding culture continues to evolve by putting our customers front and centre of our business
- Our hybrid business model and variable cost base allowed us to quickly reduce costs as COVID-19 hit
- Our technology-led proposition meant we were able to move quickly to continue to service customers throughout lockdown, a time when our High Street competitors remained closed
- Consumers are becoming increasingly more confident in using our technology solutions
  - 3D virtual tours and virtual viewings embedded in our sales process
  - 89% increase in number of people using our app vs HY 20
- However, the sudden and sharp increase in demand from June also highlighted some challenges that we are now starting to address:
  - Despite increasing LPEs over the summer, the COVID environment made it difficult to scale up quickly enough to take full advantage of the sudden spike in demand
  - The demands placed on the business in servicing our customers over the summer meant that we saw a decrease in service levels as we responded to the unprecedented volume of valuations

NEW EXEC LEADERSHIP HIRES WITH DIGITAL CAPABILITIES TO IMPLEMENT STRATEGY



- New team all in role and focused on delivering on strategic pillars
  - CFO, CMO, CDO, CPO
  - Experienced in digital and technology transformation
  - In market for a new Chief Sales Officer

MULTIPLE LEVERS IN OUR CONTROL TO DRIVE GROWTH

HOUSE STRATEGY DRIVING MEDIUM TERM FINANCIAL TARGETS

Evolving our pricing

Estate agent of the future

Enhancing performance in the field

Transforming our customer processes

1 2 3 4

EVOLVING OUR PRICING

H1 21 PROGRESS

- Completed pricing deep dive and in-market tests
- Delivered tech work to establish capability to move to more agile pricing structure
- Pricing trials launched at end of August in selected territories in London and surrounding areas
- Testing split fee (instruction/completion) and a range of all-inclusive ‘bundled’ products
- Early lead indicators providing valuable data on penetration of new customer segments but too early to assess likely outcome
- Further iterations of pricing tests being launched in calendar Q1 21

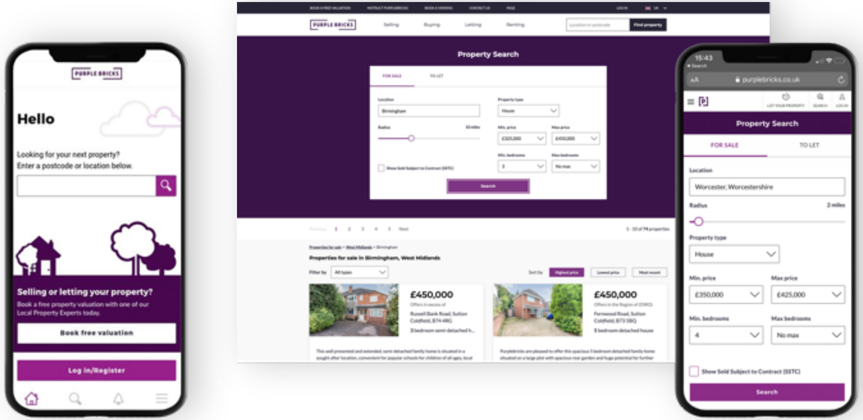
PURPLE BRICKS

1 2 3 4

ESTATE AGENT OF THE FUTURE

H1 21 PROGRESS

- Continued to invest in building out engineering capability
  - New Chief Digital Officer in role end of September
  - Head of Product now on board
- Starting to drive a step change in our customer experience
- Real focus on improving virtual capabilities and enhancing visual content during COVID-19:
  - Introduced interactive 3D tours and video trailers
  - Re-designed our search and listings functionality
- Reconfigured the App front-end to deliver an easier, faster and simpler experience
  - 4.5 star approval rating in the App Store (based on over 31,000 ratings)



PURPLE BRICKS

1 2 3 4 ENHANCING PERFORMANCE IN THE FIELD

H1 21 PROGRESS

- Following the Field restructure earlier this year now focused on delivering a more consistent and improved performance across all regions
- Introduction of a new value proposition to bring to life our culture and values in the living room – The PB Way
- Implementation of a new target operating model to drive a strong sales culture balanced by high quality service standards
- Introduction of a new talent tool helping Territory Operators to recruit, train and retain the best agents in the Field
- Your Key to PB program – evolving our journey as a Digital business and providing continuous training modules and learning opportunities for everyone in the Field

TRANSFORMING OUR CUSTOMER PROCESSES

H1 21 PROGRESS

- Continuing to deliver great customer service
  - Net Promoter Score of 77
  - Feefo Gold Trusted Service Award for second year running
- Investing further in delivering innovative customer processes for improved service and scaled growth
  - Delivered automated anti-money laundering checks for Sellers, commenced next phase with self-certification through facial recognition
  - Commenced work on automated anti-money laundering checks for Buyers
  - Commenced automation of processes for property management in Lettings

HOUSE PROUD

SUMMARY

- Business performed strongly in face of disruptive market conditions early in the half
- Very pleased with how we responded to market recovery, and our ability to step up our virtual capabilities to deliver for our customers during the COVID-19 pandemic
- Strong position as multiple levers for growth in our control and new exec leadership team now in place
- Technology led estate agency continuing to emerge as the winning model with consumers shifting towards apps and tech- based alternatives
- Significant opportunity for further innovation with continued focus on delivering strategic initiatives at pace

APPENDIX

LARGEST & BEST PERFORMING ESTATE AGENT IN THE UK

For the first time we have sold more properties (SSTC) than any other estate agency group in the UK

Instruct more
#1

Sell more
#1

Convert more
#1

Best price for vendors
#1

Based on sales data from TwentyCi, 1 May 2020 – 31 October 2020

Multiple levers to achieve our medium-term opportunities

Growing ancillary revenue

ARPI £1,750-£1,800

- Mortgages
- Conveyancing
- New services to home buyers

Expanding addressable market

10% LISTINGS

- Evolving our pricing
- Increasing share of underpenetrated segments

Transforming processes and customer engagement

EBITDA MARGIN 25-30%

- Reducing operational costs
- Improving LPE performance
- Reducing time to sell

ACCOUNTING TERMS

- **Instructions**
  - This term refers to the number of instructions won
- **ARPI (Average Revenue Per Instruction)**
  - ARPI equates to total fee income divided by the number of instructions published in the year
- **Total Fee Income**
  - Total fee income is a new KPI used by management to track income from current activity levels. Total fee income is equivalent to reported revenue, adjusting for timing effects, to reflect instruction revenue at publication and conveyancing revenue at sale complete.
- **Adjusted EBITDA**
  - Refer to Half Year Statement, note 4, Alternative Performance Measures
- **Adjusted operating costs**
  - Refer to Half Year Statement, note 4, Alternative Performance Measures