16 June 2016

Purplebricks Group plc
Final results for the 12 months ended 30 April 2016

UK business to move into profit in FY17, plans to launch in Australia

Purplebricks Group plc (AIM: PURP) ("Purplebricks"), the hybrid estate agent providing a new way to buy, sell or let property, announces its Final results for the twelve months ended 30 April 2016.

Financial Highlights

Year ended 30 April, £m	**2016**	2015	Change
Revenues	18.6	3.4	448%
Gross profit	10.6	2.0	427%
Gross profit margin	*56.9%*	*59.2%*	
Sales and Marketing costs	(12.9)	(3.5)	272%
Adjusted EBITDA[1]	(9.7)	(5.3)	83%
Adjusted Loss before interest and tax[2]	(10.5)	(5.4)	94%
Net cash	30.5	4.6	

Business Highlights

- Sold £2.8bn of property in the year, with a further £1.7bn sold subject to contract
- Instruction to sales conversion rate over 77%[3], above industry norms
- Ended the year with April instructions rising to 2,827
- LPE recruitment ahead of plan, with 205 at 30 April, a year-on-year increase of 159%
- Operational leverage coming through with H2 EBITDA losses reducing from H1 by 38%
- Website visits grew to 1.23m in April 2016 (April 2015: 0.4m), Purplebricks' app launched in April
- Listed on the AIM market in December 2015
- Plans to launch in Australia in 2016, a £3.3bn market

Current Trading & Outlook

Our momentum has continued into the second half of the year, with continued growth in instructions in May and a strong start to June. The recruitment of LPEs continues at pace and we ended May with 225 and anticipate having 245 by the end of June. We continue to scale and anticipate that the UK business will move into profit in the current financial year.

Commenting on the results, Michael Bruce, Chief Executive, said:

"In just our second full year of operation we are leading change in an industry that has long been stagnant and is only now waking up to the opportunities and threats posed by technological advance and changing consumer behaviour. While others are following we have retained our leading position, with 62% of the non-traditional estate agency market and look to replicate this success in Australia.

We are confident in making continued rapid progress in the current financial year. Our investment in technology, building brand awareness and trust, expanding the Data Sales Unit and the continued recruitment of LPEs, which we anticipate will rise to 245 by the end of June should help us win further market share, the benefits of which are already starting to flow through our operationally geared business model.

We continue to demonstrate that our full service estate agency model has growing appeal, having sold and completed on £2.8bn of property this year and a further £1.7bn of property in the pipeline sold subject to contract. Notwithstanding our growth, I am proud to say that we are the most reviewed estate agent in the UK, achieving a rating of 'Excellent' from 5,800 Trustpilot reviews."

Notes

1 Adjusted EBITDA is defined by the Group as loss/profit before tax, depreciation, amortisation, net finance costs, fees incurred in relation to the IPO, and share based payments charges
2 Adjusted Loss before tax excludes fees of £1.5m incurred in relation to the IPO
3 Percentage against all instructed properties April 2015 - March 2016. This may represent the minimum conversion assuming those properties still on the market sell hereafter.

A presentation to analysts and investors will be held on 16 June 2016 at 8:30am. For further details please contact George Yeomans on: +44 (0) 207 457 2020 or email george.yeomans@instinctif.com.

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About Purplebricks

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

Chairman's statement

Summary

Our admission to the Alternative Investment Market in December 2015 marked the next chapter in Purplebricks' development and growth.

Whilst we are at the start of our journey as an AIM listed Company, we can already see the evidence that our flotation has significantly raised the profile of our Company, and the new money raised has enabled us to make important investments across all areas of our business.

During the year, we evolved from a regional footprint to a full national presence across the UK. Our strategy is focussed upon deepening this coverage across the UK to ensure we have an 'ultra local' presence through the recruitment of more Local Property Experts (LPEs). In this regard, I am delighted to report that we are ahead of our recruitment plan, closing our financial year with 205 LPEs, an increase of 159% over the corresponding year. This additional expertise will provide essential capacity to meet the burgeoning demand from our customers. More and more highly skilled estate agents are choosing Purplebricks Group plc because of our strong customer centric culture and full service offering.

We have continued to invest in high impact marketing and, as a consequence, we have built a national brand in just two years. Brand awareness is high and growing and we have sustained our reputation for 'best in class' customer service, notwithstanding our rapid growth. We actively encourage feedback from all of our customers and we are the most reviewed estate agency business in the UK as measured by independent review site Trustpilot. We are proud that we have sustained our rating of 'Excellent' with an average score of 9.4 out of 10, from over 5,700 customer reviews. The number of brand advocates is growing due entirely to the service that our customers are receiving, the number of sales we are achieving and as a result of the commitment and support we provide, right up until that important moving day.

Financials

Trading momentum has been strong throughout the year, with revenues of £18.6m representing an increase of 448% on the prior year. This is a pleasing result given Purplebricks Group plc was a national agency for only the last 6 months of the year. As anticipated, we are reporting a loss for the full year, as a consequence of the considerable investment we have made across the business and the uplift in marketing costs when we moved to a national operation. However, the operating leverage of our low fixed cost business model is now becoming apparent with a 38% reduction in adjusted EBITDA losses in the second half of the year, compared to the first half.

Net cash at the year end was £30.5m as a result of the fundraising activities undertaken and also the marked step up in revenue generation in our 4th quarter. Net assets at 30 April 2016 were £28.0m (2015:£4.4m), with net current assets standing at £27.4m (2015:£4.2m).

The Company intends to use the proceeds of the fundraising to accelerate growth wherever possible as it seeks to be the market leader in what it sees as a transforming estate agency landscape.

All our operations are currently UK based and there is therefore no exposure to foreign currencies and associated exchange rate fluctuations.

Australia

We have announced today our intention to launch the Purplebricks proposition in Australia, a £3.3bn market*. Our market research indicates that our compelling proposition of high quality customer service coupled with a competitive flat fee structure will appeal in a market where sellers are currently charged £5,900 (Aus$12,000) in addition to an average of £2,450 (Aus$5,000) for the cost of listing on portals and other related advertising.

We have recruited an Australian management team who will execute on our plans and report directly to our UK board. Similarly to the UK, we will launch regionally and adapt our offering should the need arise. Our maximum planned investment of £10m will be funded from existing cash resources over the next two years. We are very excited by the size of the market opportunity.

Chairman's statement (continued)

Board and people

Our strong results would not have been possible without the enthusiasm and commitment shown by our colleagues this year. On behalf of the Board, I would like to thank them sincerely for their hard work in growing our business whilst maintaining our strong culture of customer service.

The Purplebricks Group plc Board has seen some changes this year as we restructured ahead of our IPO, with me becoming the Non-Executive Chairman, taking over from Nick Discombe who became Senior Non-Executive Director. Our Board is supported by a very strong management team.

Dividend

As a young and fast growing Company with a substantial market opportunity, we intend to focus our financial resources on realising our potential in full. As we progress our strategy and our financial performance, we will look to move to a progressive dividend policy in future years.

The year ahead

The current year will be our first full year as a national operator, with all of the benefits of our investment in technology, marketing and our expanding LPE network which will flow through our operationally geared business model. We are ahead of plan on LPE recruitment, excited about the launch of our new marketing campaign and encouraged by the traction we are gaining from our new Data Sales Unit as a lead enquiry generator. The year has started well, our customers are enthused by our full service hybrid agency model, and we view the future with considerable optimism.

*Source - IBIS Real Estate Services in Australia Industry Report - Industry composition

Paul Pindar
Chairman
15 June 2016

Strategic report

Principal activity and strategy

The principal activity of the business is estate agency.

At the core of our strategy is a commitment to our customers and our people.
We will continue to offer an exceptional experience by:

- selecting and training Local Property Experts that enhance our culture and core values and have the desire and motivation to build their own business
- building upon our market leading technology that helps Local Property Experts be more productive and which delivers a much more convenient, transparent and cost effective service for our customers
- creating marketing and advertising that interests, engages and inspires consumers to want to book a free valuation from Purplebricks and ensures that our messaging is clear and transparent to enable consumers to swiftly instruct us to sell their home;
- Building upon our customer service and product offering by growing our Data Sales Unit and introducing new products and services that are relevant to our customers' needs throughout their journey;
- maintaining a progressive and fun working environment where our people care about our customers, our brand and our business and can grow personally and professionally, and
- building a strong, sustainable and profitable business, which is respected by all stakeholders for its professional conduct and making good on its promises

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

Increase our footprint of Local Property Experts

We are extremely privileged to have secured some of the best people in our industry who have a strong desire to be part of a business that is changing the way people think about estate agents and estate agency. They are passionate about customer experience, giving customers that "light bulb moment" where they have met an estate agent who has promised a service, delivered on that service, been available when they needed them, sold their house, supported them until they have moved out and saved them lots of money.

Our Local Property Experts are entrepreneurial, ambitious to grow their territory and to meet the demand which continues to grow for our hybrid offering. As a result we are accelerating our recruitment programme and increasing our footprint of experts across the UK in order to win significantly more share of instructions in local markets. We are finding that more and more talented, professional estate agents want to be part of what Purplebricks is seeking to achieve. The pool of applicants continues to grow and as a result the number of people suitable to represent the Purplebricks brand is getting bigger and bigger. Our main focus though is on maintaining that first class, culture driven quality of individual. We are pleased to report that the industry has a large number of high quality people to choose from.

Build upon our market leading technology

Bringing together first class Local Property Experts and industry leading technology is the foundation upon which the Purplebricks business has been created. We are very proud of our technology and indeed the work we are doing to introduce new and innovative features that set us apart from anyone else in the industry. The recent release of the Purplebricks App has proven remarkably successful. In only two months there have been more than 11,000 downloads by our selling customers. We are now working on a Purplebricks App for buyers that will make the whole process even more integrated, convenient, effective and transparent. We have already revolutionised the way sellers and buyers communicate throughout the process and continue to build on the work we have started.

In addition to over 10,000 advanced changes to our technology this year and 2,900 new features we are working on new, engaging, informative, supportive and integrated methods of enhancing the customer experience and making our Local Property Experts more productive. We are also focused on engaging ways of increasing revenue with targeted and timely technology driven cross sales opportunities. There are smarter, more effective ways of selling some products and services with the use of our technology platform.

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

Create engaging marketing and advertising

Advertising has always been a central element of the Purplebricks Group plc strategy. We continue to work hard to grow our brand and the progress in just two years has been outstanding. Purplebricks Group plc is currently leading front of mind awareness (amongst all estate agents) for people thinking of selling their home according to The Nursery, one of the UK's leading independent research and planning agencies*.

We continue to grow brand recognition across all TV and radio advertising compared with a year ago. We are confident that the team has built upon their early success with the introduction of their new campaign, due to launch in June 2016. Our messaging will continue to focus upon the popularity and professionalism of our Local Property Experts and will present a humorously engaging portrayal of our model.

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

In addition to paid activities we continue to drive efficiencies in our valuation conversion funnel and to analyse trends amongst our database of hundreds of thousands of sellers and buyers in order to ensure that our key messages are resonating with consumers. As part of our strategy to increase awareness we have recently employed an experienced consumer PR professional to focus on securing local and national press coverage as well as writing engaging content for social media and Search Engine Optimisation (SEO).

We will continue to create marketing and advertising that interests, engages and inspires consumers to want to book a free valuation from Purplebricks and ensure that our messaging is clear and transparent to enable consumers to swiftly instruct us to sell their home.

* Based on 1,131 respondents in a survey

Grow our Data Sales unit

We started the Data Sales Unit in October 2015 with only a handful of people and in just a few months have grown it to a team of over 70 employees engaging with buyers, sellers and viewers. As part of our strategy to increase valuations and drive down the cost per acquisition we continue to grow our Data Sales Unit. Every day we generate thousands of data points from people registering with Purplebricks, arranging a viewing direct, online or via the property portals and from buyers making offers and agreeing sales. We are steadily increasing revenue generating opportunities from data and as our people develop and we place them into dedicated product and service streams, we will start to see the unit make a significant financial contribution.

Introduce new products and services

We believe that a major part of selling is being in the right place at the right time. Our model of combining people and technology places us in the best possible position to be in the right place at the right time. As a result we want to be able to offer customers relevant additional products and services that complement their journey of selling, buying or letting. We continue to look at new and smarter ways of supporting our customers with much more convenient, easy accessible, stress free and cost effective products and services. We will add new products and services once we are satisfied that they add value for our customers and will be delivered with the Purplebricks culture and ethos. We want to create lifetime value for our customers and everything we do as part of our strategy is working towards this.

Our culture is our business

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

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

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

Chief Executive's statement

Review of the year

This has been a significant year of development for Purplebricks Group plc, culminating in our admission to AIM in December 2015. We have continued to strengthen our position across the UK, buoyed by our national footprint and our strong and growing brand awareness and reputation for delivering customers a more convenient, transparent and cost effective service. Customers are responding to our hybrid model and in just our second full financial year we sold properties worth nearly £2.8bn. We have over £1.697bn of property in our pipeline where sales have been agreed and they are going through the legal process. Our Company is doing an exceptional job of selling properties.

The average number of monthly instructions continues to grow. If we compare the second half of 2015 where the monthly average was just 578 to the same period in 2016, the monthly average has grown to 2,033 instructions, an increase of 252%. In April 2016, a month where most traditional operators were reporting a slowdown in activity levels, we achieved 2,827 instructions.

We are winning share from the traditional estate agents and sustaining our 62% share of total instructions of the non-traditional market. However, any estate agent is only as good as their sales conversion and I am delighted to state that in the year we achieved an instruction to completed sale rate of 77% which we believe to be industry leading.

The on-going strength in our trading is only made possible by our success in continuing to secure first class, professional, experienced and highly motivated Local Property Experts. They are attracted to our customer focused culture coupled with a personal and professional desire to run their own business in an environment that assists them to quickly build a scalable, profitable, local business. We are ahead of plan in our recruitment, finishing the year with 205 Local Property Experts, an increase of 159% on the prior year.

To maintain the high quality of our Local Property Experts and the rate of recruitment, we have invested in more infrastructure and support, including an additional Training and Recruitment Director and a further three Regional Training and Recruitment Managers. Our three stage recruitment process, including our 11 day intensive training programme, continues to provide the necessary skills, culture and customer focus, to help transition traditional agents to fast becoming successful Local Property Experts.

The growth of Local Property Experts has been one key element that has contributed to increased revenues. We have also invested in our in-house marketing team and developed our marketing strategy, resulting in significant growth in brand awareness with new engaging and informative television and radio campaigns that have taken the "Bruce brothers" out of the studio and onto the streets of the UK. We continue to evolve our marketing strategy and are confident that our new campaign, which is due to air from 18 June 2016 will take brand awareness, messaging and customer engagement to the next level.

Website visits continue to grow as activity levels increase amongst sellers, buyers, landlords and tenants browsing, booking valuations, arranging viewings, making offers or agreeing sales. This presents unique opportunities to offer further products and services. In the year our website visitors rose by 208% to over 1.23m per month and page views rose by 339% to over 7.0m per month. Unique visitors also increased by 366% to more than 616k per month and funnel conversion (measured as the number of people who come to instruct) has increased by over 50%.

Culturally we have a strong focus on customer support which is testament to the number of houses we are selling, the speed at which they are transacting through the legal process and the level of concentrated help customers receive where issues arise with any aspect of their sale. We provide dedicated, focused support whenever it is required. I have seen first-hand, running law firms in the past, how estate agents can inadvertently be an obstacle to progress with a sale. This is why we have an extremely experienced conveyancing lawyer managing our post sales process. There are over 300 people (LPEs and customer support team) helping and supporting customers with their sale, within the confines of a progressive, supportive customer centric culture. It is the distinct advantage for the customer and the process that we are focused on a completion and not a commission.

Strategic report (Continued)

In October we launched a Data Sales Unit and brought all of our Central Property Experts in-house. We now have over 70 people, contributing significantly to the success of our marketing strategy through the use of data and speaking to more and more people who have a house to sell, require a mortgage, conveyancing, insurance or any of the other products or services we have to offer. Our strategy is to grow this team as activity levels increase and to introduce new and complementary revenue streams for our customers.

Our advancement with technology continues at pace. We launched the Purplebricks App at the beginning of April 2016, taking everything we do to a whole new level of convenience, speed and simplicity. We believe it to be the first truly sales process driven App in the industry. We continue to add new features and develop our App for buyers.

Lettings remains an important element of our future strategy. During the course of the year we made some good progress. We have to date been predominantly growing lettings organically through the growth in sales and investor registration. Landlords who buy through Purplebricks tend to want to continue their experience and use our services for lettings. Valuations were 521% up in the year, instructions were 492% up, applications 535% up, move-ins 479% up and we increased our occupied portfolio by 400%. Whilst lettings remains a smaller part of our revenues and overall activity we are seeking to grow the department through the strategic acquisition of managed properties and increased organic activity.

Customer reviews

We continue to be the most customer reviewed estate agent in the UK on independent review site Trustpilot. We are very proud of the feedback we receive which is testament to the culture, commitment and widespread appeal of our full service hybrid model, demonstrating that we offer not just a competitive flat fee but also superior customer service. We are rated Excellent, averaging 9.4 out of 10 from over 5,700 customer reviews. We recognise that from time to time we will receive a small proportion of negative reviews and as a result we ensure that every customer is contacted and we do everything we can to provide them with a swift resolution and an excellent customer experience thereafter.

We request a review from a customer once a sale is agreed but they are free to choose to leave reviews at any stage of the selling process. This is carried out via a link with Trustpilot. We do not offer any form of incentive, we merely provide a link and request the customer completes a review. We receive 8.9 times more reviews than any other estate agent (traditional, online or hybrid) because we give our customers the opportunity to share their experience publicly and immediately. I am extremely grateful to everyone in the business for this fantastic achievement and for the brand advocacy they are creating.

Growing the Purplebricks brand across Australia

We have always been open in our desire to investigate international markets but only when we believe a sufficiently attractive opportunity exists, which we have confidence in realising. Planning and execution has enabled the UK business to scale quickly and that is why we put in place a first class management team who will continue to concentrate their efforts on the UK growth strategy. We have implemented a similar local team and structure for Australia, where we believe market dynamics are similar and well suited for the Purplebricks model.

The size of the market opportunity is similar to that of the UK despite the number of transactions being around half. Annual real estate agents fees total in excess of £3.3bn ($6.7bn AUD), with an average customer paying over £5,900 ($12,000 AUD) plus marketing fees of £2,450 ($5,000 AUD). The marketing fees are usually payable on instruction. We see this as a perfect opportunity for the Purplebricks hybrid model to readdress the balance for the consumer and to build a strong sustainable business with significant market share. Purplebricks Group plc has undertaken considerable research on the Australian market and has completed independent market research with sellers and those intending to sell in the near future. The worries, concerns, needs and requirements of the seller and landlords are very much aligned with the UK.

Our research tells us that finding an agent who will work for the seller rather than serve their own interests can be tough. Only a few people feel in control of the process whilst many more felt at the mercy of the agent. The Purplebricks proposition was very appealing to the vast majority of Australian consumers that took part in the research. Once they understood the offering they were even more vocal than those in the UK about embracing a

Strategic report (Continued)

new way and found the cost-effective flat fee very attractive. We have engaged a Chief Executive Officer in Australia and together we have recruited a strong management team who we are confident can grow the Purplebricks brand and market share alongside a strong UK management team who will build upon our success to date in the UK.

Thank you

I would like to thank all of our people for their hard work, dedication, commitment and absolute belief in our customers and our brand. They have created thousands of brand advocates in an industry that is often talked about, criticised and disliked. I would also like to thank our customers who have embraced what we are trying to achieve and have actively helped and supported us in our journey to date. Without your belief in what we promise to deliver (and do deliver) we could not grow our business in quite the same way. Your advocacy of our products, services and brand is truly remarkable.

Finally I would like to thank the support and encouragement we receive from our shareholders. They have invested in creating a strong and thriving business that is changing the estate agency industry forever and for the better. We are working tirelessly to deliver enduring returns for our shareholders.

The future

There has been a significant amount of debate around the property market and what the future holds with uncertainty over BREXIT, a lack of supply of sellers and tax changes impacting the higher end of the market and second home buyers. Whilst we continue to monitor trends in the market we have seen no slowdown in activity and our strategy is predicated on winning market share rather than market growth. However, our business model was purposely built with low fixed overheads and a focus on variable costs to provide greater flexibility and agility to protect against any changes in the market.

During the year we invested in all areas of the business, providing us with strong foundations to continue to build upon what has been an extraordinary journey for our young, fast growing business. We have established a national agency, increased the number of our Local Property Experts, introduced new product innovation through our on-going focus on technology and further raised our brand profile and customer satisfaction scores. We approach the future with confidence.

Michael Bruce
Chief Executive Officer
15 June 2016

Key performance indicators (KPIs)

The following KPIs are the tools used by management to monitor the performance of the Company, in addition to the more traditional income statement, statement of financial position and cash flow analysis reviewed at regular Board meetings.

	2016	2015
Financial KPIs		
Revenue growth	**448%**	28,283%
Operating loss* as a percentage of revenue	**(52%)**	(155%)
Non financial KPIs		
Number of Local Property Experts	**205**	79
Monthly website visits	**1.23m**	0.4m

* pre amortisation of intangibles and share based payment charges

Strategic report (Continued)

Revenue growth is closely monitored to ensure we grow so as to cover our fixed costs as quickly and as efficiently as possible and consume as little capital as possible, whilst pursuing a high growth strategy.

The regular monitoring of the operating margin percentage helps us ensure that the focus on growth is not at the expense of profitability in the short and medium term.

Principal risks and uncertainties

Risk management is an important part of the management process for the Company. Regular reviews are undertaken to assess the nature of risks faced, the magnitude of the risk presented to business performance and the manner in which the risk may be mitigated. Where controls are in place, their adequacy is regularly monitored.

The risks considered to be particularly important at the current time are set out below:

Economic
Potential impact: As an estate agency the Company's fortunes are closely intertwined with those of the housing market and the broader economy as a whole.

Mitigation: The Company keeps a close eye on market conditions and the broader economy. Our cost base is flexible and able to react quickly and effectively to changes in market conditions.

People
Potential impact: An experienced and knowledgeable workforce is required to service clients' needs. The market for skilled staff remains competitive and a failure to recruit and retain experienced staff could impact on the Company's ability to develop and deliver solutions.

Mitigation: Providing existing staff with relevant training, great rewards, effective marketing and an effective software platform is a key priority for the business. Recruiting and developing new employees, when required, is undertaken by experienced staff to ensure the correct calibre of individual is identified.

Reputational and quality
Potential impact: The quality of references obtained from existing users of Purplebricks' platform is an important part of the decision making process for a potential client seeking to instruct the Company.

Mitigation: The Company strives to maintain its reputation as the best estate agency combined with great value for money and monitors its Trustpilot reviews on a real time daily basis.

Availability of funding
Potential impact: In order to grow the business and become profitable the Company needs access to funding. Without sufficient capital the Company will be unable to meet its ambitious targets.

Mitigation: The Company has continued fundraising activities as a result of the flotation and prior investment rounds and has sufficient headroom in respect of its working capital requirements and its forecasts, even when applying lower case sensitivities to the forecast.

Financial
Potential impact: Inaccurate financial information may result in sub-optimal decisions being taken by management and staff. Inadequate internal controls may fail to prevent the Company suffering a financial loss.

Mitigation: The systems of internal controls deployed within the Company are designed to prevent financial loss. Controls are strongest in areas where management considers the potential exposure to the Company of material loss or misstatement to be at its greatest, such as revenue recognition and cash collection. The adequacy and effectiveness of internal controls are reviewed regularly.

New entrants to market
Potential impact: The Company operates in a sector where there are a number of competitors.

Strategic report (Continued)

Mitigation: To counter the threat of competitors seeking to win business from us the Company aims to invest in the development of technology and branding to ensure that the Company becomes the market leader in the estate agency sector.

Future developments

We expect future developments in estate agency to see a migration away from the high street as a highly fragmented market consolidates by virtue of the ease and simplicity that Purplebricks and its technology brings. We expect Purplebricks Group plc to remain at the forefront of this change in the industry landscape, creating and building on a market leadership position.

Today we have announced our intention to launch the Purplebricks proposition in Australia, a £3.3bn market. Our market research suggests that our compelling customer proposition of high quality service and a competitive flat fee structure will appeal in a market where sellers are currently charged £5,900 ($12,000 Australian Dollars) in addition to an average of £2,450 ($5,000) for the cost of listing on portals and other related advertising.

We have recruited an Australian management team who will execute on our plans and report directly into the UK Board. Similarly to the UK we will launch regionally and adapt our offering should the need arise. The conservatively estimated maximum investment will take place over the next two years of £10m, to be funded from current cash resources, provides an attractive entry, where the downside/risk is managed whilst the opportunity is compelling compared to the size of the market opportunity.

Approved and signed on behalf of the Board

Michael Patrick Douglas Bruce
Director
15 June 2016

Neil Richard Cartwright
Director
Purplebricks Group plc, Suite 7, Cranmore Place,
Cranmore Drive, Shirley, Solihull, B90 4RZ

Statement of comprehensive income
for the year ended 30 April 2016

	Note	**2016**	2015
		£	£
Revenue		**18,603,679**	3,394,464
Cost of sales		**(8,011,976)**	(1,383,337)
Gross Profit		**10,591,703**	2,011,127
Administrative and establishment expenses		**(9,604,541)**	(3,965,412)
Sales and marketing costs		**(12,924,002)**	(3,473,028)
Loss from operating activities		**(11,936,840)**	(5,427,313)
Loss from operating activities before adjustments:		**(9,777,815)**	(5,282,234)
Amortisation of intangibles		**(101,309)**	(40,063)
Share based payment charge	5	**(596,647)**	(105,016)
Fundraising costs including Initial Public Offering		**(1,461,069)**	-
Loss from operating activities		**(11,936,840)**	(5,427,313)
Finance income		**35,009**	-
Finance expenses		**-**	(8,467)
Loss before taxation		**(11,901,831)**	(5,435,780)
Taxation		**-**	-
Loss for the year and total comprehensive loss		**(11,901,831)**	(5,435,780)
Basic and diluted loss per share	7	**(12p)**	(357p)

All operations are continuing.

Statement of financial position
at 30 April 2016

	Note	**2016**	2015
Non-current assets		**£**	£
Property, plant and equipment		**217,386**	63,207
Intangible assets		**370,847**	137,893
		588,233	201,100
Current assets			
Trade and other receivables		**2,970,258**	746,083
Cash and cash equivalents		**30,476,386**	4,609,771
		33,446,644	5,355,854
Current liabilities			
Trade and other payables		**(5,211,353)**	(1,052,739)
Deferred income		**(760,358)**	(109,930)
		(5,971,711)	(1,162,669)
Net current assets		**27,474,933**	4,193,185
Total assets less current liabilities		**28,063,166**	4,394,285
Net assets		**28,063,166**	4,394,285
Equity			
Share capital	6	**2,402,591**	17,658
Share premium account		**25,887,400**	12,298,268
Share based payment reserve		**330,968**	105,016
Retained earnings		**(557,793)**	(8,026,657)
Total equity		**28,063,166**	4,394,285

Statement of changes in equity
for the year ended 30 April 2016

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

for the year ended 30 April 2015

	Share capital	Share premium account	Retained earnings	Share based payment reserve	Total equity
	£	£	£	£	£
At 1 May 2014	10,350	4,163,618	(2,590,877)	-	1,583,091
Issue of shares	7,308	8,134,650	-	-	8,141,958
Share based payment charge	-	-	-	105,016	105,016
Transactions with owners	7,308	8,134,650	-	105,016	8,246,974
Loss for the year	-	-	(5,435,780)	-	(5,435,780)
Total comprehensive loss	-	-	(5,435,780)	-	(5,435,780)
At 30 April 2015	**17,658**	**12,298,268**	**(8,026,657)**	**105,016**	**4,394,285**

Statement of cash flows
for the year ended 30 April 2016

	2016	2015
	£	£
Cash flows from Operating activities		
Loss for the year after taxation	**(11,901,831)**	(5,435,780)
Adjustments for:		
Amortisation of intangible assets	**101,309**	40,063
Depreciation	**61,159**	15,757
Share based payment charge	**596,647**	105,016
Fundraising costs	**1,461,069**	-
Tax refund	**-**	265,884
Operating cash outflow before changes in working capital	**(9,681,647)**	(5,009,060)
Movement in trade and other receivables	**(2,224,175)**	(205,271)
Movement in trade and other payables	**4,158,614**	368,640
Movement in deferred income	**650,428**	109,930
Net cash outflow from operating activities	**(7,096,780)**	(4,735,761)
Cash flow from investing activities		
Purchase of property, plant and equipment	**(215,338)**	(42,650)
Development expenditure capitalised	**(334,263)**	(123,229)
Net cash outflow from investing activities	**(549,601)**	(165,879)
Cash flow from financing activities		
Issue of shares	**35,117,885**	8,141,958
Costs of issue of shares	**(1,604,889)**	-
Net cash flow from financing activities	**33,512,996**	8,141,958
Net increase in cash and cash equivalents	**25,866,615**	3,240,318
Cash and cash equivalents at beginning of year	**4,609,771**	1,369,453
Cash and cash equivalents at the end of the year	**30,476,386**	4,609,771

Notes to the financial statements
forming part of the financial statements

1. Reporting entity

Purplebricks Group plc is a Company domiciled in the United Kingdom. The address of the Company's registered office is Purplebricks Group plc, 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 financial information set out in this preliminary announcement does not constitute statutory accounts as defined in section 434 of the Companies Act 2006. The statement of comprehensive income, statement of financial position, statement of changes in equity, statement of cashflows and associated notes for the year ended 30 April 2016 have been extracted from the company's financial statements upon which the auditors opinion is unqualified and does not include any statement under section 428 of the Companies Act 2006. The statutory accounts for the year ended 30 April 2016 will be delivered to the Registrar of Companies following the Annual General Meeting.

2. Basis of preparation

The Company's financial statements have been prepared and approved by the directors in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and those parts of the Companies Act 2006 that apply to companies reporting under IFRS. The principal accounting policies adopted by the company, which remain unchanged, are set out in the statutory financial statements for the year ended 30 April 2016.

On 29 March 2016 Purplebricks Group plc incorporated a wholly owned subsidiary, Purple B PTY Ltd, a Company registered in Australia. This Company is dormant with share capital of AUD $1. A consolidated set of financial statements has not been prepared on the grounds that this is immaterial to the Group.

Going concern

The financial statements have been prepared on a going concern basis. The Company's forecasts and projections, taking account of reasonably possible changes in trading performance that may arise as a result of current economic conditions and other risks faced by the Company show that the UK Company is likely to become profitable and cash generative during the year ended April 2017. The Company achieving profitability and cash generation is likely to be delayed by virtue of international expansion in Australia but this will not adversely affect the UK Company. At the financial year-end the Company reported cash balances of £30.5 million. The directors have performed sufficient sensitivity analysis to be satisfied that the going concern basis of preparation is appropriate. The operational gearing of the Company is such that it only reinforces the confidence of the directors.

The directors have prepared a monthly forecast to 30 April 2018 on the basis that the growth aspirations are achieved which show that the Company can operate with its existing resources.

Accordingly, the directors believe that it is appropriate to adopt the going concern basis of accounting in preparing the financial statements.

Use of estimates and judgments

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. 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. Information about significant areas of estimation and critical judgments that have the most significant impact on the financial statements are described in the following notes:

Estimates

> *Measurement of intangible assets:* In testing for impairment of intangible assets, management has made certain assumptions concerning the future development of the business that are consistent with the annual budget and business plan. Should these assumptions regarding the growth in profitability be unfounded then it is possible that intangible assets included in the statement of financial position

could be impaired. Management is confident that this will not be the case and conservatively amortises the intangible asset over three years, a realistic timescale for software code to become superseded by future releases. Accordingly, when assessing the recoverable value attributable to intangible assets, management has estimated cash flows attributable to existing businesses and extrapolated forward budgets for the financial year ending 30 April 2018.

Measurement of trade receivables: Management assess the likely recoverability of amounts invoiced to customers on the creditworthiness of its credit partners and the age of debts at the period end. The directors consider the carrying amount of trade receivables approximates to their fair value.

Share based payments: The fair value of services received in return for share options granted is measured by reference to the fair value of share options granted. The estimate of fair value is measured using the Black-Scholes model. The use of a valuation model such as this involves making certain assumptions around the inputs into the model. There is also uncertainty around the number of shares likely to vest and the model therefore takes into account management's best estimate of this.

Judgments

Intangible assets: Development expenditure is recognised on the statement of financial position when certain criteria are met, as described more fully in the accounting policy on the treatment of research and development expenditure. Management uses its judgment in assessing development against the criteria. After capitalisation, management monitors whether the recognition requirements continue to be met and whether there are any indicators that the asset may be impaired, as discussed above.

Deferred tax: The extent to which deferred tax assets can be recognised is based on an assessment of the probability of the Company’s future taxable income against which the deferred tax assets can be utilised. In addition, significant judgment is required in assessing the impact of any legal or economic limits or uncertainties. The Company has significant tax losses but does not anticipate sufficient taxable profits to arise in the foreseeable future in order to utilise these losses, and as a result the directors' judgement is that no deferred tax asset should be recognised.

3. Segmental reporting

The Company is managed as a single division, providing services relating to the sale of properties. The financial information reviewed by the board is materially the same as that reported under IFRS. The Company only operates in the United Kingdom.

During the year, no one customer contributed greater than 10% of the Company’s revenues. (2015: none)

4. Related party transactions

There were no related party transactions in the year (2015:nil).

Directors' remuneration and key management personnel disclosures can be found in note 8.

Paul Pindar purchased 300,000 Ordinary shares in the Company on 26 January 2016 at 78.16p per share and Michael Bruce purchased 320,000 Ordinary shares in the Company on 26 January 2016 at 78.00p per share.

5. Share based payments

During the year, the Company made a bonus issue of shares prior to admission to the Alternative Investment Market whereby each existing class of share became 108.2747 new Ordinary shares.

The Company operates a number of HMRC approved executive management incentive plans (EMI).

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

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

Grant Date	Employees entitled	Number of options	Vesting conditions	Exercise price (p)	Earliest exercise date	Expiry date
09/01/2015	14	4,616,510	Length of service	£0.01	09/01/2015	09/01/2025
10/07/2015	11	4,742,542	Length of service	£0.13	10/07/2015	10/07/2025
07/08/2015	2	7,506,471	Length of service	£0.13	07/08/2015	07/08/2025
10/08/2015	11	682,131	Length of service	£0.13	23/09/2015	10/08/2025

The Company operates an unapproved executive incentive plan. The vesting conditions are based on length of service with 25% of the options vesting on or after the 12 month anniversary of the employee's start date and a further 6.25% vesting every three months thereafter so that options vest in full on the 48 month anniversary of the employee's start date. Details of the total number of shares under option at the year end and conditions on qualification and exercise under unapproved rules are set out below:

Grant Date	Employees entitled	Number of options	Vesting conditions	Exercise price (p)	Earliest exercise date	Expiry date
06/11/2015	8	5,709,435	Length of service	£0.01	06/11/2016	06/11/2025

9,000,660 share options were exercised during the year (2015:nil). The number and weighted average exercise price of share options are as follows:

	2016 Weighted average exercise price	**2016 Number of options (number)**	2015 Weighted average exercise price	2015 Number of options (number)
Granted during the year	**£0.09**	**18,802,984**	£0.01p	44,937
Exercised during the year	**£0.11**	**(9,000,660)**	-	-
Lapsed during the year	**£0.13**	**(162,405)**	£0.01p	(2,300)
Outstanding at end of the year	**£0.04**	**10,952,712**	£0.01p	42,637
Exercisable at end of the year	**£0.06**	**3,141,298**	£0.01p	13,800

The weighted average remaining contractual life of the options is 9.2 years (2015: 10 years).

Fair value assumptions of share based payments

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

	30 April 2016	**30 April 2015**
Weighted average share price at date of grant	**£0.15**	£14.00
Weighted average exercise price	**£0.09**	£0.01
Weighted average contractual life (years)	**10**	10
Weighted average expected volatility	**27%**	27%
Weighted average risk free interest rate	**1.5%**	1.5%
Total weighted average fair value of options granted	**£1,664,100**	£596,510

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

Charge to the income statement

The charge to profit or loss, included with administrative expenses, comprises:

	2016	2015
	£	
Share based payment charge	596,647	105,016

6. Share capital

Allotted, issued and fully paid:

Class:	Number	Nominal Value	2016	2015
			£	£
Ordinary shares	**240,259,152**	**£0.01p**	**2,402,591**	-
A Ordinary	**656,537**	**£0.01p**		[illegible]
B Ordinary	**255,930**	**£0.01p**		[illegible]
C Ordinary	**141,120**	**£0.01p**		[illegible]
Series Seed shares	**712,261**	**£0.01p**		[illegible]
			2,402,591	17,658

The table below summarises the movements in the number of the shares at the beginning and end of the period:

	Ordinary shares	Deferred shares	D Ordinary shares	A Ordinary shares	B Ordinary shares	C Ordinary shares	Series Seed shares
Ordinary shares at 1 May 2015				**656,537**	**255,930**	**141,120**	**712,261**
Series Seed Shares allotted				-			135,796
D Shares allotted			69,228	-			
Conversion to A shares			(60,363)	60,363			
Conversion of deferred shares		8,865	(8,865)	-			
Redemption of deferred shares		(8,865)		-			
Exercise of options				13,800			
Exercise of warrants				12,276			
Shares prior to bonus issue				742,976	255,930	141,120	848,057
Bonus issue effect				79,702,551	27,454,822	15,138,610	90,975,086
Post bonus issue				80,445,527	27,710,752	15,279,730	91,823,143
Conversion to A shares				134,813,625	(27,710,752)	(15,279,730)	(91,823,143)
Conversion to Ordinary shares	215,259,152			(215,259,152)			
Shares allotted on admission	25,000,000			-			
Ordinary shares at 30 April 2016	**240,259,152**			**-**			

The following fully paid shares were allotted during the year at a premium as shown below:

On 8 July 2015, 135,796 Series Seed Shares of £0.01 each were allotted with £73.64 paid up on each Series Seed Share.

On 6 November 2015, 69,328 D Ordinary shares were allotted following exercise of options over D Ordinary shares; and on 19 November 2015, the Company reduced its share premium account from £22,296,928 to £3,296,928 by the cancellation of £19,000,000 of the amount standing to the credit of such account, in order to create distributable reserves to ensure that the Company satisfied the net asset requirement for a public Company that its nets assets are more than its paid up share capital and non-distributable reserves.

The Company issued 213,271,069 bonus shares on 9 December 2015 to meet the minimum nominal share capital requirements in order for it to be re-registered as a public Company and to reduce the value of an individual share to £1. Prior to the bonus issue, the 69,328 D Ordinary shares were converted into 60,363 A Ordinary shares and 8,965 deferred shares of £0.01 each, which were subsequently redeemed and cancelled by the Company. At the same time, 13,800 options over A Ordinary shares were exercised and 12,276 Company warrants over A Ordinary shares were exercised.

The Company was re-registered as a public limited Company on 10 December 2015 and by a special resolution changed its name from New Broom Limited to Purplebricks Group plc.

Immediately prior to Admission, all shares in the Company will automatically convert into A Ordinary shares in accordance with Article 8 of the Company's articles of association in force at the relevant time. The A Ordinary shares were re-designated as Ordinary shares on 9 December 2015. Following the conversion and re-designation, the issued share capital of the Company was 215,259,152 Ordinary shares.

The Company's issued share capital prior to admission to AIM was 215,259,152 Ordinary Shares (with an aggregate nominal value of £2,152,591.52) and became 240,259,152 Ordinary Shares (with an aggregate nominal value of £2,402,591.52) by virtue of the £25,000,000 of the new placing shares.

All shares carry the same rights.

7. Loss per share

	Basic and diluted	Basic and diluted (rebased)	Basic and diluted
	2016	2015	2015
Loss £	**(11,901,831)**	(5,435,780)	(5,435,780)
Weighted average number of shares	**101,194,640**	164,817,806	1,522,219
Loss per share (£)	**(0.12)**	(0.03)	(3.57)

During the year the Company issued bonus shares prior to its admission to the Alternative Investment Market (AIM) on a 108.2747 for 1 basis. Rebased loss per share reflects the effect of the bonus issue and the additional equity raised as part of the admission to AIM and is provided in the interests of further and better disclosure.

Diluted loss per share is equal to the basic loss per share as a result of the Company recording a loss for the period, which cannot be diluted.