
Chairman's statement

Paul Pindar

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Summary

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During the year, we continued to focus heavily on building our brand awareness, growing our number of Local Property Experts (“LPEs”), evolving our technology, growing internationally in Australia and shortly launching into the US, and most importantly advancing on our strong reputation for customer service. We have made excellent progress on all fronts.

We continue to attract and retain top quality LPEs across all areas of the country. Our strategy of creating an “ultra local” presence has materially advanced with the recruitment of a further 320 LPEs, an increase of 156% over the corresponding financial year. This additional expertise is providing essential capacity to meet the continued burgeoning demand from our customers. More and more highly skilled estate agents are choosing to join Purplebricks because of our strong reputation and growing market share.

We have continued to invest in high impact marketing with our “commisery” campaign resonating and hitting home with prospective customers. Brand awareness is high and continues to grow alongside our “best in class customer service”. As the most positively reviewed estate agent in the UK we are proud to have grown our reviews on independent review site, Trustpilot, from 5,700 at the end of the last financial year to over 20,000, an increase of 251%. Our average rating has increased

from 9.4 to 9.5 out of 10. Our customer advocacy continues to blossom despite our rapid growth.

Financials

Trading momentum has been strong throughout the year, with total revenues of £47m representing an increase of 151% on the prior year. The UK has continued to advance with £43.2m of revenue, whilst Australia contributed £3.5m (\$6m AUD) in the period following its launch in September 2016. I am pleased to report that the UK made an adjusted EBITDA profit of £1.7m for the full year whilst Australia made an adjusted EBITDA loss of £6.1m and our new US entity a £0.1m loss. Group losses from operating activities reduced to £6.0m from £11.9m the year before demonstrating clear progress whilst continuing to expand internationally. The operating leverage of our low fixed cost business model is now fully apparent with the UK demonstrating EBIT profit at both the operating level and at the adjusted EBITDA level.

Net cash at the year end was £71.3m as a result of the fundraising activities undertaken, the acquisition of a lettings business and also the marked step up in revenue generated during this year. Net assets at 30 April 2017 were £75.4m (2016: £28.1m) with net current assets standing at £66.5m (2016: £27.5m).

Australia

In our last Annual Report, we announced an intention to launch in Australia. In September 2016, we officially launched in Queensland and Victoria. In January 2017, we launched in New

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South Wales and in March and April, we launched in Perth and Adelaide respectively.

We have had some significant early success and momentum is growing. We committed to an investment of £10m over a two year period with the majority of the investment being in this financial year. We made an adjusted EBITDA loss of £6.1m in the period, or £5.4m at constant currency.

We have recently launched our "commisery" marketing campaign in Australia and, like the UK, we will review our marketing spend, momentum and market share. If we consider it necessary to invest further to grow market share and continue momentum we may choose to do so.

We have added to the strength of the team with the recent appointment of an Operations Director, Deborah Lee, who was formerly at Capita Plc.

US launch

We have recently announced our intention to launch the Purplebricks proposition into the US, a \$70bn market. We successfully raised £48.8m, net of fees of £1.2m via a placing on 22 February 2017.

Our market research indicates that our compelling model comprising of high quality customer service allied to a fair, more competitive fee structure and technology that enables sales to progress 24 hours a day will appeal in a market where sellers are currently charged a commission of around 6% to sell their home.

We are excited about our launch and will provide more details in due course on launch dates, regions and service offering. We have a superb management team who are working on our plan with a view to execution in the second half of 2017. Similarly to the UK and Australia, we will launch regionally, with California being the first state, and adapt our timing and offering to the momentum of each market.

As announced at that time, the Directors consider expansion of the Company's business and the Purplebricks brand into the US real estate market to be the next logical step in the Company's expansion. The US is one of the world's largest real estate markets and we estimate that total real estate commission income in the US is in the range of c.US\$70 billion annually (compared with US\$4.3 billion in the United Kingdom).

The Group believes that the Purplebricks platform and business model is scalable and can adapt to the US market. Given the many comparable trends, sentiment and similarities between the property markets in the US, the UK and Australia, the Group's expansion strategy will be shaped significantly by the Group's experience with its successful UK and more recent Australian operations. Although the Group initially intends to strategically roll out across a defined number of US states, the US as a whole represents a material opportunity for future growth in the long term.

We believe that there is a significant opportunity for our business model to make a meaningful and lasting impact on the US real estate market. It is intended that, initially, the Group will strategically roll out in a defined number of US states, launching in the second half of 2017, before rolling out more widely across other states. The initial expansion into the US is to be funded from the net proceeds of the Placing and will be led by US Chief Executive Office, Eric Eckardt, supported by Founder and Group CEO Michael Bruce and his brother and co-founder Kenny Bruce. Eric has more than 20 years of experience in real estate and finance technology.

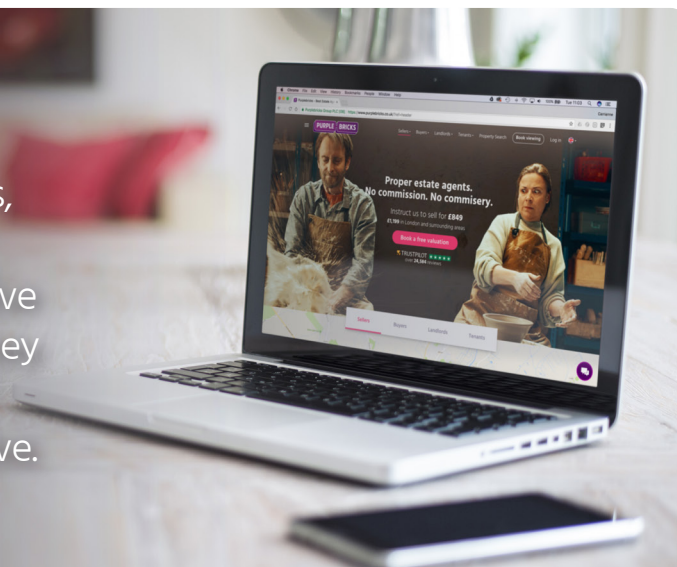
The Group will look to attract some of the most experienced real estate agents in the US property industry who want to run their own business, as many of Purplebricks' existing LPEs do. The Directors believe that real estate agents in the US will want to become LREEs (Local Real Estate Experts), given the compelling customer proposition and the benefits of the Purplebricks model. The Purplebricks model should allow agents to spend more time focusing on looking after customers and selling homes, rather than a significant proportion of their time being taken up prospecting for the next listing. This is possible because a sustained marketing and advertising campaign is intended to drive listing appointments to the LREEs. The Purplebricks platform and business model is designed to result in improved LPE productivity which provides LREEs the opportunity to earn more revenue than they would as a traditional real estate agent.

The Group's technology should help to ensure that Purplebricks deliver a high quality service to customers. The Purplebricks platform will, once rolled out, provide US customers, LPEs, Listing Agents and Buying Agents with a reliable means of engaging in the process of buying and selling real estate at all times of the day and night. The platform is accessible 24 hours a day, seven days a week with the click of a button. Buyers,

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sellers, LREEs, Listing Agents and Buying Agents will be able to safely and securely communicate with one another through the Purplebricks platform or, if they wish, communicate with Purplebricks. The Purplebricks model is intended to empower LREEs, Listing Agents and Buying Agents to be more productive and for the customer's journey to be more convenient, transparent and cost effective.

The recruitment and training of local LREEs and the adaptation of the Purplebricks platform and business model for the US will be coupled with an advertising and marketing strategy built upon the Group's successful brand led strategies in the UK and Australia. The Directors consider advertising and marketing to have played a significant part in the growth of the Group's existing business, with Purplebricks having become the most recognised real estate agency brand in the UK property market in less than three years.

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.

We recently announced the departure of Neil Cartwright, our CFO, through ill health. Neil has been a great force within the team and will be sadly missed. We also announced the appointment of James Davies as Neil's replacement. James has a strong track record and comes highly recommended and

after strong competition for his services. Our Board continues to be supported by a very strong management team.

Dividend

As a young and fast growing Group 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

After a successful first financial year as a public company we are pleased with the investments we have made, the growth of our technology and LPE numbers, the engagement our marketing has generated, the increased awareness of our brand and our success so far in Australia and intended launch into the US. We look forward with considerable optimism and are pleased to report that the year has started well, with more and more customers choosing our full service hybrid agency model.

Paul Pindar

Chairman

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