

Purple Group Limited

(Incorporated in the Republic of South Africa)

(Registration number 1998/013637/06)

Share code: PPE ISIN: ZAE000185526

("Purple Group" or "the Company")

## **TRADING STATEMENT FOR THE YEAR ENDED 31 AUGUST 2022**

Purple Group is currently finalising its results for the twelve months ended 31 August 2022 ("the period"). In terms of paragraph 3.4(b) of the JSE Limited Listings Requirements, shareholders are advised that Purple Group is satisfied that a reasonable degree of certainty exists that the financial results for the period to be reported upon will differ by more than 20% from that for the previous corresponding period, being the twelve months ended 31 August 2021 ("the prior period").

Shareholders are accordingly advised that for the period, the directors of Purple Group anticipate a basic earnings per share of between 3.57 cents and 4.01 cents, compared to basic earnings per share of 4.46 cents reported in the prior period, representing a decrease of between 10% and 20%.

The earnings generated for the period can be ascribed to the following business segments:

### **EasyEquities Group**

- The EasyEquities Group's profit before tax will be between R78.7 million and R81.9 million for the period, compared to a profit before tax of R98.1 million generated in the prior period, a decrease of between 16.5% and 19.7%.
- The profit before tax generated by the EasyEquities Group, includes:
  - profits (before fair value adjustments and tax) of between R29.8 million and R33.0 million for the period, compared to R48.1 million in the prior period, a decrease of between 31.3% and 38.0%, driven by the following:
    - Strong growth in client numbers, excellent client retention and robust client activity, despite the headwinds faced by the business, including a significant pullback in equity markets and the impact of rising inflation on its clients.
    - The businesses operating expenses increased by 56.5% during the period, adding additional expenses of R60.1 million, of which circa. R37 million was incurred in the development of future revenue opportunities, including the development and delivery of new partnerships and new products, entering new jurisdictions, and building capacity for future client growth.

- A fair value adjustment of R48.9 million has been raised in the current year (“RISE Fair Value Adjustment”).
  - EasyEquities previously held a 50% shareholding in Retirement Investments and Savings for Everyone Proprietary Limited (“RISE”), a retirement fund administration and asset management business, and the investment was classified as a joint venture and was accounted for using the equity method in terms of *IAS 28: Investments in Associates and Joint Ventures*.
  - On 23 August 2022, EasyEquities acquired the remaining 50% shareholding in RISE from NBC Fund Administration Services Proprietary Limited. The acquisition of the remaining 50% shareholding resulted in EasyEquities obtaining control of RISE and has been accounted for as a business combination in terms of *IFRS 3: Business combinations* and *IFRS 10: Consolidated Financial Statements*. In compliance with IFRS 3, the EasyEquities Group revalued its previously held 50% equity interest in RISE to its acquisition date fair value of R60 million, resulting in a positive fair value adjustment of R48.9m being recognised in profit or loss.
  - EasyEquities paid consideration of R60m for the 50% by disposing of and transferring ownership of 24,000,000 shares in Purple Group at a price of R2.50 per Purple Group share.
- In the prior period a fair value adjustment of R50 million, relating to EasyEquities’ option to acquire a 51% shareholding in Easy Crypto Proprietary Limited (“EasyCrypto”), was included in the EasyEquities Group’s profit before tax (“EasyCrypto Fair Value Adjustment”).

#### **GT247.com**

- GT247.com has generated a profit before tax of between R13.4 million and R14.8 million for the period, compared to a loss before tax of R8.7 million in the prior period, an improvement of between R22.1 million and R23.5 million, primarily due to revenue increasing to historic levels, after a significant decline in the prior period, whilst maintaining a modest increase in operating expenses.

#### **Emperor Asset Management**

- Emperor Asset Management’s loss before tax will be between R5.6 million and R6.2 million, compared to a profit before tax of R0.9 million in the prior period.
- The loss before tax for the current year includes an impairment adjustment of R3.8 million in relation to intellectual property held by Emperor.

### Head Office and Investments

- This segment, which includes the Head Office costs and the Group's investment in Real People Investment Holdings Limited, has generated a loss before tax of between R3.4 million and R3.8 million, compared to a loss of R8.3 million in the prior period, an improvement of between R4.5 and R4.9 million, representing a decrease of between 54% and 59%.
- The prior period loss before tax of R8.3 million included an upward fair value adjustment of R4.4 million relating to the Company's investment in Real People Investment Holdings Proprietary Limited (renamed to Evolution Credit).

### Headline Earnings Per Share

The movement in headline earnings per share has largely been driven by differing accounting treatments in respect of the RISE Fair Value Adjustment in the period and the EasyCrypto Fair Value Adjustment in the prior period.

The prior period EasyCrypto Fair Value Adjustment was accounted for as a derivative through profit or loss in terms of *IFRS 9: Financial Instruments* and remained **included** in the calculation of headline earnings.

The current period RISE Fair Value Adjustment was accounted for in terms of *IFRS 3: Business Combinations* and is now **excluded** from the calculation of headline earnings in the current period.

Taking the above into consideration, the directors of Purple Group anticipate headline earnings per share of between 1.00 cents and 1.44 cents, compared to 4.46 cents per share reported in the prior period, representing a decrease of between 67% and 77%.

The information above has not been reviewed or reported on by the Company's external auditors.

The Company's results for the 12 months ended 31 August 2022 are expected to be published on SENS on or about 14 November 2022.

Johannesburg

10 November 2022

Sponsor: Deloitte & Touche Sponsor Services Proprietary Limited