



## GROUP HIGHLIGHTS

- Group revenue increased by 33.8% to R274 million, from R205 million in the prior year despite the headwinds faced by the business, including a significant pullback in Equity Markets and the impact of rising inflation on its clients;
- Group operating expenses increased by 38.1% to R213 million, compared to R154 million in the prior year driven by a 50.4% increase in new active clients and an investment of R37 million to build capacity for future client growth and deliver new products, enter new jurisdictions and deliver on new partnerships, with no corresponding revenue in the current year;
- Profit before fair value adjustments and tax increased by 55.2% to R40.3 million, from R26.0 million in the prior year;
- Group basic earnings per share decreased by 16.8% to 3.71 cents per share, compared to 4.46 cents per share in the prior year;
- Group headline earnings per share decreased by 74.3% to 1.14 cents per share, compared to 4.46 cents per share in the prior year;
- The Group's net asset value per share increased by 13.8% from 33.73 cents to 38.39 cents;
- Profit attributable to ordinary shareholders decreased by 0.8% to R44.0 million, from R44.3 million in the prior year;
- Purple group acquired the remaining 49% shareholding interest in EasyCrypto for R61 million;
- EasyEquities acquired the remaining 49% shareholding interest in EasyProperties for R25 million; and
- EasyEquities acquired remaining 50% shareholding interest in RISE for R60 million.

## EasyEquities

### EASYEQUITIES GROUP HIGHLIGHTS

- EasyEquities Group revenue increased by 24.2% to R214 million, from R172 million in the prior year;
- Registered clients increased by 41% to 1.65 million, compared to 1.17 million in the prior year;
- Active clients increased by 50.4% to 763,233, compared to 507,391 in the prior year;
- Platform assets increased by 18.3% to R37.3 billion, compared to R31.5 billion in the prior year;
- Retail inflows increased by 7.4% to R9 billion, compared to R8.5 billion in the prior year;
- Cost of service per active client decreased by 15.6% to R173, from R205 in the prior year;
- Share of profit in RISE joint venture increased by 267% to R5.2 million, compared to R1.4 million in the prior year;

- Profit before fair value adjustments and tax decreased by 34.7% to R34.4 million, from R48.1 million in the prior year;
- Value of properties acquired by EasyProperties clients increased by 22.4% to R152 million, compared to R125 million in the prior year;
- Active EasyProperties clients increased by 83% to 74 360, from 40 636 in the prior year; and
- Active EasyCrypto clients increased by 39% to 152 968, from 110 328 in the prior year.



### GT247.COM HIGHLIGHTS

- GT247.com revenue increased by 104.6% to R56.9 million, compared to R27.8 million in the prior year; and
- Profit before tax of R14.1 million, compared to a loss before tax of R8.7 million in the prior year.

## LETTER FROM THE CEO

Purpose, resilience, persistence, community, growth, investment and partnership are the words that come to mind in reflecting on the Purple Group's progress over the last 12 months. It also strikes me that these words highlight our advantage and position us extremely well for the challenging market and economic times we find ourselves in today.

Purple Group has continued to make great progress across all key metrics in the reporting period and has successfully concluded the acquisition of EasyProperties, EasyCrypto and Rise. In the result, all stakeholders are aligned around a common purpose and goal, enabling greater diversity of income and levers for growth in the years ahead. All of these have made healthy contributions to the group revenue while posting very impressive growth year on year.

Focusing in on the EasyEquities key metrics builds on the growth story that continues to play out across the group.

- Client numbers and associated metrics have all continued to grow impressively with active clients up 50.4%, having added around 250 000 new first-time investors in the period.
- Our investment coverage was expanded to include South African Unit Trusts and UK and European Shares and ETFs, adding on our already extensive offering of US, Australian and South African Shares and ETFs.
- We continued to attract and retain top talent and have built a wonderful team in the Philippines, to augment and complement our incredible South African team, to serve partnerships in the region and provide the group with a truly 24-hour operating capability.

The board approved the Group Strategy in November 2021 and unlocked investment from our income statement to lay down new runways for growth to more clients, products, markets and partnerships.

Our EasyEquities client cohort data, now eight years old, is revealing behavioural insights that confirms their resilience and commitment to their long-term investing goals. The discipline, consistency, and persistency in the way they are going about their investing activities is quite extraordinary and provides an engine for growth for the group that directly benefits from their loyalty to the platform, and their commitment to improve their investment behaviour and outcomes year on year. Key insights that come from observed client data and behaviour year on year includes:

- Clients deposit and invest more;
- Clients consume more products and services;
- Average revenue per client (ARPU) increases; and
- Clients stay and are extremely loyal – on average they refer one new client per two existing clients.

Group Revenue was up 33.8% lifted by good results from almost all the Group companies and while market conditions were not supportive of growth, we still turned in a very satisfactory result.

Group Operating Expenses increasing by 38.1% need to be read in the context of:

- New business development cost incurred to enable and integrate into new partners, +-R20 million, were accounted for in the period with no resulting revenue. (Discovery Bank, Telkom, SE Asia Partner);
- Client cohorts onboarded over the period, circa 250k, are not yet profitable to the group and accounted for around R31 million of the operating costs; and
- Increased KYC and associated onboarding costs of new clients plus the consolidation of EasyCrypto into the group accounted for around R9 million of the increase.

Despite these upward pressures on the operating cost base, the Group still managed to continue to reduce the cost to serve clients (COS) by 16% this year.

Importantly, the continuing divergence in APRU, which is increasing year on year, versus COS, that keeps declining year on year, fundamentally means that existing client cohorts become more and more profitable as we add clients and launch new product verticals. Another enabling by-product of this intrinsic factor of the group is that in the outcome it means that new clients and new products become profitable in shorter and shorter periods as the business scales.

In the result, this gives us an increasing strategic advantage over our competitors while ensuring that our profit margin on client cohorts continues to improve.

However, where recently onboarded clients (+500k < two years on platform), outweigh older client cohorts (+250k > two years on platform), as they do in this period the operating cost base of the group will look on the face of it to be inefficient, hence why we focus on COS and ensuring that this improves year on year. While ARPU is unpredictable in the short term, due to market cycles, over the medium and long term it is highly predictable and trends back towards the levels evidenced by the older client cohorts. All client cohorts onboarded since launch in 2014 turned profitable in year two or three of being clients.

Purpose leads our strategy and focuses us acutely on delivering to the needs of our clients, in so doing enabling more and more opportunities for them to create wealth whilst balancing the growing need for them to protect wealth too, presenting the opportunity for us to continue to deliver more products and services in the years ahead. We have demonstrably evidenced our ability to build products that meet our clients' needs and scale and integrate these into the group in a relatively short period of time through EasyProperties and EasyCrypto. We will launch two new exciting product verticals within the next six months – securitised credit through EasyCredit and Life Insurance through EasyProtect. Both will greatly uplift ARPU.

We have built and continue to build a high growth group. A trusted and loved brand. All while delivering low cost, low margin, easy, fair and fun financial products and services that engage new audiences and grow the market. We remain profitable and frugal with our resources.

Whilst the market struggles to place a value on our efforts, we know we are building something special, a category winner, that's rewriting and fundamentally changing the financial fabric of the countries we operate in.

Thank you to all our partners, shareholders, clients and teams for staying the course and continuing to commit yourselves to delivering on our purpose and building towards our goal of being the world's best investment platform.

**14 November 2022**

## Short-form Announcement

This short-form announcement is the responsibility of the directors and is only a summary of the information in the full announcement and does not contain full or complete details. Any investment decision should be based on the full announcement which is available on our website [www.purplegroup.co.za/our-financials](http://www.purplegroup.co.za/our-financials) or at <https://senspdf.jse.co.za/documents/2022/jse/isse/PPE/PPE2022.pdf>. Copies of the full announcement may also be requested at the offices of our sponsors and at our registered offices at no charge, during office hours. The annual results for the year ended 31 August 2022, from which this announcement is extracted, have been audited by the Company's auditors, BDO South Africa Incorporated, who expressed an unmodified audit opinion thereon. The audit opinion also includes communication of key audit matters. The audit opinion is available, along with the annual financial statements, and the summary financial results, on the Company's website at [www.purplegroup.co.za/our-financials](http://www.purplegroup.co.za/our-financials). This announcement is not itself audited. Any forward-looking statement has not been reviewed or reported on by the company's external auditors.

**Executive directors:** Charles Savage (Chief Executive Officer), Gary van Dyk (Chief Financial Officer). **Non-executive directors:** Happy Ntshingila\* (Chairman), Arnold Forman\*, Craig Carter\*, William Bassie Maisela\*, Bonang Mohale, Mark Barnes, Paul Rutherford (\*Independent). **Company Secretary:** CTSE Registry Services Proprietary Limited. **Registered office:** 16th Floor, 25 Owl Street, Braamfontein Werf, 2092. PO Box 411449, Craighall, 2024. **Auditors:** BDO South Africa Incorporated, Registered Auditors, Wanderers Office Park, 52 Corlett Drive, Illovo, 2196. **Share registrars:** CTSE Registry Services Proprietary Limited. **Sponsors:** Deloitte and Touche Sponsor Services Proprietary Limited, Deloitte, 5 Magwa Crescent, Waterfall City, Midrand, 2090.

**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" or "the Group").