



PURPLE GROUP LIMITED

UNAUDITED CONDENSED CONSOLIDATED RESULTS FOR THE SIX MONTHS ENDED 28 FEBRUARY 2021

LETTER FROM THE BOARD

GROUP HIGHLIGHTS

- Group revenue increased by 79.5% to R100.6 million, compared to R56.0 million;
- EBITDA increased by 324.4% to R33.9 million;
- The Group realised a profit of R15.2 million, compared to R0.9 million in the comparative period;
- The Group generated a profit attributable to shareholders of R8.3 million, compared to a profit of R0.8 million in the comparative period, an increase of 884.1%; and
- The basic and headline earnings per share increased by 844.4% to 0.85 cents per share compared to 0.09 cents per share in the prior comparative period.

EASYEQUITIES HIGHLIGHTS

- EasyEquities revenue increased by 197.6% to R85.0 million;
- EasyEquities generated a profit after tax of R22.3 million, compared to a profit of R0.08 million in the comparative period;
- Platform assets increased by 70.3% to R26.9 billion; and
- Funded retail investment accounts increased by 161% to 519 816;

SURGING FORWARD

When we updated shareholders this time last year, we titled our feedback "Surge towards the tipping point". At the time, despite the many Covid-19 and global economic challenges, we were confident that our team and our clients were well positioned to maximise value for themselves and all stakeholders. We are proud that, a year later, we can report back on major achievements. EasyEquities has just about tripled revenue, funded retail investment accounts are up 161%, platform assets have increased by 70.3% to R26 billion and the EasyEquities business has generated a profit after tax of R22.3 million for the six months. The tipping point may well have been reached, however, we shun complacency and remain laser focused as we continue to deliver with and for our partners and clients.

Half-year results are always an opportunity to reflect on the past, to take stock, and to consider the outlook for the remainder of the year.

The past six months performance of the Purple Group has starkly highlighted the immense growth opportunity evident in the EasyEquities Group.

We continue to see volatility in the earnings of our derivatives trading platform, GT247.com, which is expected and appropriately risk managed. Although the recent performance of GT247.com is disappointing, especially the impact it has on the Groups results, it is a business that has generated substantial profits for the Group, specifically over the past few years, and we still believe that the products and services offered by GT247.com fill a gap, although niche, in the trading landscape of South Africa.

Emperor Asset Management, although a small part of the Group currently, has generated a small profit for the six months and remains a complementary business to EasyEquities and RISE. The Emperor team was awarded a coveted Raging Bull Award in respect of its global equity strategy. The IP Global Momentum Equity Fund managed by Emperor Asset Management was recognised as the best performing global equity fund over a three-year period. For us this award and the ongoing work our Emperor team is doing is testimony to not giving up when times are tough. We are excited that in the next reporting period, the Emperor team will be driving the launch of unit trusts on the EasyEquities platform. As a market of assets in excess of R2 trillion, unit trusts on our platform offer traditional and new retail investors the opportunity to access additional financial instruments to grow their wealth.

EasyProperties is on track to have a property portfolio of over R100 million in its first year, allowing retail investors to own property in an innovative way. We are proud of this result. Clients are largely existing EasyEquities users, resulting in a very low cost of acquisition, and the team can focus on having a continuous pipeline of exciting properties on offer. Our next planned move is into international property listings.

The EasyEquities results speak for themselves but we'd like to highlight the diversity and power of our community. From minors who have accounts opened for them to 90-year-olds actively investing, from famous celebrities, business icons and legendary authors and artists to unknown, but to us equally extraordinary, new investors, hundreds of thousands of people, daily, engage with our platform. Their smarts and passionate activism to help themselves and each other to grow wealth, is infectious. This is what continues to inspire us as we approach one million registered users.

Our journey is certainly far from over, it has scarcely begun. We remain committed to continue with the investment revolution – making it possible for anyone to achieve financial freedom and dignity, no matter their background, investment experience or financial resources. Thank you for being a part of the journey.

GROUP OVERVIEW

EASYEQUITIES GROUP

Purple Group owns 70% of First World Trader (Pty) Ltd ("EasyEquities SA") and Sanlam Investment Holdings the remaining 30%.

EasyEquities SA leverages its innovative investment platform and technology stack through various business offerings, as detailed below:

- EasyEquities South African operations (operated within EasyEquities SA) ("Core Offering");
- Retirement Investments and Savings for Everyone Proprietary Limited ("RISE"), a 50/50 joint venture between EasyEquities SA and NBC Fund Administration Services (an existing administrator of retirement funds);
- EasyProperties Proprietary Limited ("EasyProperties") a 51/49 joint venture between EasyEquities SA and Narrative (a Johannesburg-based residential property development company); and
- EasyEquities Australia Proprietary Limited ("EE Australia"), 100% owned by EasyEquities SA.

CORE OFFERING

EasyEquities was built with the deep desire and purpose to democratise all things investing.

Previously, investing was seen as an elite activity, and was, to a great extent, an intimidating (and often unaffordable) option for the average person. With the internet becoming more affordable and accessible, EasyEquities identified an opportunity, and dire need, to make investing and trading equities just as accessible for all.

Industry trends and global best practices has seen the global democratisation of financial services through digitalisation. Accordingly, EasyEquities created a solution that deals with the evolving needs of all customer types, recognizing that today's managed investor is tomorrow's day trader, the curious 20 something crypto investor, next decades advised passive parent. We've delivered a world-first, all-inclusive digital investment platform that not only caters for the DIY investor, but also the investor that just wants his money to be managed or receive advice on how to invest to achieve their wealth goals.

The solution reduces the costs associated with investing (specifically in small amounts) but makes the investing process easy, as easy as purchasing a book on Amazon, posting a message on Facebook or calling an Uber taxi.

EasyEquities delivers this offering through the following distribution channels and partnerships:

EasyEquities Direct

Customers are acquired directly by EasyEquities through various marketing initiatives and more importantly through referrals from existing customers (40% plus of clients are acquired through referrals).

SatrixNow

EasyEquities has white labelled its core platform to Satrix (a pioneer of index tracking investment products in South Africa and one of the largest providers of these products to the South African market), branded as SatrixNow, which utilises the platform to attract customers to invest in Satrix's Exchange Traded Funds ("ETFs") and Unit Trusts. Satrix transferred circa. 50 000 clients with investments totalling circa. R6 billion onto the SatrixNow platform last year on 29 February 2020.

Capitec Bank

EasyEquities, in partnership with Capitec Bank have provided users of the new Capitec Banking App the opportunity to seamlessly invest, through the Capitec Banking App, into the various investment products offered on the EasyEquities core platform.

RISE

EasyEquities SA, in addition to its shareholding in RISE, provides equity execution and investment administration services to RISE in respect of retirement fund investment mandates secured by RISE and offers members of funds administered by RISE various investment accounts.

RISE

RISE, a (50/50) joint venture between EasyEquities SA and NBC Fund Administration Services, is a one-stop-shop integrated institutional administration and investment fund management business, in which EasyEquities SA has a 50% shareholding.

Through its proprietary administration and investment management system, coupled with a first-of-its-kind member savings portal, RISE is equipped to reduce the cost of administration and provide unparalleled efficiency and transparency to all stakeholders.

Contributions are seamlessly invested into selected portfolios and claims processed within 96 hours of submission.

Members are provided with real-time, online access to view their retirement savings and the ability to complement their retirement savings through various investment accounts. This includes a Rand-based Investment Account, a USD Investment Account and a Tax-Free Savings Account with no minimum investment amounts or prescribed investment periods.

EASYPROPERTIES

Launched in July 2020, EasyProperties is a (51/49) joint venture between EasyEquities SA and Narrative, a Johannesburg-based residential property development company.

The EasyProperties' mission is to make investing in property a fun, easy and rewarding ownership experience, providing access to all the benefits of ownership such as the rental income and capital growth but none of the hassle - managing tenants, maintenance and raising a bond. This is made possible through fractional property investment. Fractional property investing allows first-time home buyers to get exposure to property much earlier in their quest to own a home, and the entire process is streamlined through our tech-friendly, online property investment platform.

GT247.COM

GT247.com is 100% owned by Purple Group Limited.

GT247.com pioneered CFD trading in South Africa 20 years ago and has claimed the prestigious title of SA's Top Online Stockbroker at the Intellidex Annual Awards in the years 2016 and 2019.

In 2017 we migrated to the internationally recognized and multi award-winning Metatrader 5 trading platform which offers full technical charting functionality and lightning-fast trade executions on both desktop and mobile application.

We offer a vast range of tradable instruments; 153 JSE Equity CFDs, 5 Commodities, 5 Crypto Currencies, 135 Currency Pairs and 12 Major Indices, all tradeable in USD or Rand. We offer a Private Broking services as well as DIY trading.

GT247.com offers the ultimate trading experience and service at the lowest commission rates in the market for retail investors at 0.10%. Daily market updates, technical and fundamental research, blogs, podcasts, educational notes, and weekly trade ideas are just some of the many value-added services our dedicated team of traders offers.

EMPEROR ASSET MANAGEMENT

Emperor is 100% owned by Purple Group Limited.

Emperor is a quantitative asset manager. Our algorithm looks for what we call building blocks, that is, we analyse all the company's fundamentals and invest in a combination of companies that exhibit momentum, value, stability, and quality.

The IP Global Momentum Equity Fund, managed by Emperor Asset Management, was awarded a Raging Bull Award in 2021 for the best performing global equity fund over a three-year period.

The strategy for Emperor Asset Management is to continue to offer managed portfolios on the EasyEquities platform and secure institutional asset management and consulting mandates.

CONDENSED GROUP STATEMENT OF PROFIT OR LOSS

for the six months ended 28 February 2021

	Unaudited six months 28 February 2021 R'000	Unaudited six months 29 February 2020 R'000	Change 2020 to 2021 %	Audited 12 months 31 August 2020 R'000
Revenue	100 574	56 038	79,5	162 672
Equity investing fees	83 294	28 569	191,6	95 716
Derivatives trading revenue	7 590	19 946	(61,9)	52 386
Net funding income	3 672	4 404	(16,6)	7 509
Asset management execution revenue	1 817	1 645	10,5	3 257
Asset management fees	2 467	1 474	67,4	3 211
Property investing fees and commissions	1 734	-	n/a	593
Commissions and research expenses	(1 559)	(1 229)	26,9	(3 016)
Operating expenses	(65 140)	(47 111)	38,3	(117 774)
Net income	33 875	7 698	340,0	41 882
Other income	-	284	(100,0)	47
Earnings before interest, depreciation and amortisation	33 875	7 982	324,4	41 929
Finance income	429	-	n/a	1 303
Finance costs	(4 040)	(4 515)	(10,5)	(9 016)
Depreciation and amortisation	(9 361)	(5 872)	59,4	(14 052)
Profit/(loss) before fair value, impairment adjustments and tax	20 903	(2 405)	(969,1)	20 164
Fair value adjustments	1 408	384	266,7	2 405
Share of (loss)/profit of joint venture	(673)	2 869	(123,5)	1 183
Profit before tax	21 638	848	2 451,7	23 752
Income tax (expense)/benefit	(6 415)	97	(6 713,4)	(6 615)
Profit for the period	15 223	945	1 510,9	17 137
Profit attributable to:				
Owners of the company	8 257	839	884,1	14 443
Non-controlling interest	6 966	106	6 471,7	2 694
	15 223	945	1 510,9	17 137
Earnings per share				
Basic earnings per share (cents)	0,85	0,09	844,4	1,54
Weighted number of shares in issue at end of period ('000)	1 004 643	918 914	9,3	940 445
Headline earnings per share				
Profit for the period	8 257	839	884,1	14 443
Headline earnings for the period	8 257	839	884,1	14 443
Headline earnings per share (cents)	0,85	0,09	844,4	1,54
Diluted basic and headline earnings per share (cents)	0,82	0,09	811,1	1,47

The Group recorded a profit attributable to owners of the company for the six months ended 28 February 2021 of R8.3 million compared with a profit of R0.8 million in the comparative period in the prior year. The basic and headline earnings per share increased by 844.4% to 0.85 cents per share compared to 0.09 cents per share in the prior comparative period.

OPERATING SEGMENT REVIEW

EasyEquities condensed statement of profit or loss



	Unaudited six months 28 February 2021 R'000	Unaudited six months 29 February 2020 R'000	Change 2020 to 2021 %
Revenue	85 028	28 569	197,6
Commissions and research expenses	(893)	(198)	351,0
Operating expenses	(42 105)	(25 748)	63,5
Net profit	42 030	2 623	1 502,4
Other income	-	284	(100,0)
Earnings before interest, depreciation and amortisation	42 030	2 907	1 345,8
Finance income	429	-	n/a
Finance costs	(1 174)	(1 116)	5,2
Depreciation and amortisation	(8 971)	(5 398)	66,2
Profit/(loss) before fair value, impairment adjustments and tax	32 314	(3 607)	(995,9)
Share of (loss)/profit of joint venture	(673)	2 869	(123,5)
Profit before tax	31 641	(738)	(4 387,4)
Income tax (expense)/benefit	(9 300)	814	(1 242,5)
Profit for the period	22 341	76	29 296,1

- EasyEquities revenue was up 197.6%. EasyProperties and EasyEquities Australia contributed revenue of R1.7 million and R0.1 million respectively during the period.
- Operating expenses increased by 63.5%, driven primarily by the significant increase in clients and resultant increase in transaction volumes. Operating expenses per active client for the six months ended 28 February 2021 decreased by 56.8% to R106 per client, down from R246 in the prior comparative period. Operating expenses incurred to acquire and onboard new active clients (EasyEquities Direct) during the period, amounted to R71 per new active client, slightly down from R73 per new active client acquired in the prior comparative period.
- Management remains focused on reducing the operating cost per client as the business continues to scale.
- EasyEquities' 50% shareholding in RISE contributed a loss of R0.7 million for the six months, compared to a profit of R2.9 million in the prior comparative period. The business has incurred various once-off costs during the past 12 months and is expected to return to profitability in the next 12 months.

