



PURPLE GROUP
LIMITED

SUMMARY CONSOLIDATED RESULTS

FOR THE YEAR ENDED 31 AUGUST 2018

LETTER FROM THE BOARD

"Purple Group Limited intend repositioning as Easy Investment Holdings Limited, (subject to shareholders approval), a proudly South African innovator that is facilitating affordable, accessible, and inclusive investing in South African and International markets.

GROUP HIGHLIGHTS

- Loss per share improved by 54% from a loss per share of 6.42 cents in the prior year to a loss of 2.94 cents per share for the current year;
- Net asset value per share increased by 27% to 32.51 cents per share;
- The Groups debt profile was restructured through R25 million of funding raised from a black empowered consortium, led by Bonang Mohale; and
- Sanlam Investment Holdings invested R100 million in EasyEquities and is an engaged and supportive shareholder – ring-fenced cash resources to fund EasyEquities growth.

EASYEQUITIES HIGHLIGHTS

- EasyEquities revenue increased by 68%;
- Platform assets increased by 144% to R3.5 Billion;
- Funded investment accounts increased by 77% to 68 739 accounts;
- Total retail deposits increased by 76% to R1.2 Billion for the year;
- RISE secured asset management mandates totalling R1 Billion during the year;
- RISE has been appointed as the fund administrator and investment manager of a retirement fund, post year end, that will see it administering the retirement savings of some 20 000 members with assets under management in excess of R2 Billion;
- Five key distribution channels established in EasyEquities;
- Pleasing take up and acceptance of an evolving EasyEquities product offering; and
- Low cost model gives customers a painless and affordable access to the markets.

GT247.COM HIGHLIGHTS

- GT247.com trading revenue increased by 13.9%;
- GT247.com costs decreased by 14.7%;
- Profit before tax increased by 141% to R10.2 million; and
- Clients successfully migrated to Meta Trader 5 trading platform.

A LANDMARK YEAR

2018 has been a landmark financial year for the Group. Affordable, accessible, and inclusive investing is becoming a reality to a wider demographic in South Africa and gaining momentum each month through the EasyEquities channel.

Our rapidly growing customer base displays the maturity and wisdom required to take their future in to their own hands.

EasyEquities as a brand name is gaining recognition, creating products our customers relate to.

Off a proven platform, management focus is now devoted to the growth and development of the EasyEquities distribution channels.

A black empowerment consortium, led by Bonang Mohale, CEO of Business Leadership South Africa, invested R25 million into Purple Group. This allowed the Group to settle historic borrowings relating to the investment in Real People. The Group is privileged to have an enthusiastic investor and participant in the business that in time we hope will be a sizable broad-based BEE shareholder.

EasyEquities is an online, predominantly digital business, with a core of people that fulfill various roles, including innovating, managing, helping, and educating. Our expense base now reflects this reality. Harnessing social media as a tool means that we can do away with traditional and expensive marketing techniques; almost half of our new clients are referred by existing clients. We have moved in to new premises that suit our needs far better and which cost us materially less per month to rent. As we achieve our revenue hurdles, so the expense ratio reduces.

Delineated executive performance targets have been determined which are monitored regularly for delivery thereon. Individuals are accountable for what they have been tasked to achieve.

EXECUTING ON OUR STRATEGY

EasyEquities

EasyEquities leverages its innovative investment platform and technology stack through various distribution channels:

Core offering

Founded in South Africa in 2014, originally targeting the heavily under invested Millennial Generation, EasyEquities was built with the deep desire and purpose to democratize all things investing. Since then it's been a wonderful journey. A library of global awards and powerful partnerships gives credence to our success, having won everything from Best Fintech, Best Startup, Most Innovative Business and Top Online Stockbroker. But the real rewards come from our customers and the testimony they give to the difference we are making in changing their financial lives, and the incredible stories of every day South Africans taking up investing for the very first time.

EasyEquities solves three customer problem statements through a world first single platform:

- Customers that know what shares they want to buy. (DIY Investing)
- Customers that don't know what shares they want to buy and prefer to have their money managed by a market professional (Managed Portfolios)
- Customers who have financial goals but lack the confidence and understanding to match these goals with their risk tolerance, time horizon and capital constraints (Goal Based Investment Guide)

We built our loyalty program, Thrive, to drive and shape long-term investor behavior rewarding them through zero brokerage benefits and other lifestyle experiences and enticing them to level up their education through our academy, build community through our referral and vouching tools, and stay financially fit by putting their education into practice on the platform.

Distribution channels

EasyEquities Direct

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

SatrixNow

- EasyEquities has white labelled its core platform to SatrixNow, who utilises the platform to attract customers to invest in Satrix's ETFs and Unit Trusts;

Bidvest Bank Grow Account

- EasyEquities has provided customers of the recently launched Bidvest Bank Grow Account the opportunity to invest seamlessly through the Bidvest Bank Grow Account App, into the various investment products offered on the EasyEquities core platform;

RISE

- EasyEquities has been appointed by RISE to provide execution services in respect of investment mandates secured by RISE and offer members of funds administered by RISE various savings accounts;

EasyEquities Corporate Partnerships

- This revenue pillar enables listed companies to enter into agreements with EasyEquities for company employees to be able to save and invest, or to partner with EasyEquities to add the platform within a suite of financial services products, or as part of their loyalty programme or share incentive programmes.

RISE

Retirement Investments And Savings For Everyone Proprietary Limited ("RISE") is:

- A joint venture (50/50) with NBC Fund Administration Services, registered as Retirement Investments and Savings for Everyone (Pty) Ltd and trading as RISE. RISE is a one-stop-shop integrated institutional administration and investment fund management business.
- 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.

GT247.com

GT247.com is the trading destination for active derivative traders. GT247.com is an important complementary service for traders who require market leverage at competitive rates. The platform provides traders with access to trade equity CFDs (listed on the JSE) and derivatives in respect of over 60 currency pairs, all major international indices, commodities and cryptocurrencies using Rands.

GT247.com offers the lowest commission rates in the market for retail investors, being 10 basis points. This, coupled with the successful migration to the Meta Trader 5 Trading Platform during the past year, provides a compelling and competitive offering for our clients.

Emperor Asset Management

The strategy for Emperor Asset Management is to broaden the offering and client base through offering managed portfolios on the EasyEquities platform and securing institutional asset management and consulting mandates.

Over the past year several new investment strategies were formulated and listed on the EasyEquities platform. The new offering now caters to a broad range of investor risk/return requirements.

Emperor Asset Management is currently providing investment consulting services to RISE and will be mandated as one of the investment managers appointed by RISE to manage a portion of the investment mandates secured by RISE.

FINANCIAL ANALYSIS

CONSOLIDATED PROFIT AND LOSS (R'000)

	Actual FY 2018	Actual FY 2017	Movement %
Revenue	70 216	74 518	(6)
Commissions and research	(3 982)	(6 513)	(39)
Operating expenses	(94 045)	(91 557)	3
Net loss	(27 811)	(23 552)	18
Other income	4 069	1 972	106
Loss before interest, depreciation and amortisation	(23 742)	(21 580)	10
Net interest expense	(4 316)	(3 456)	25
Depreciation and amortisation	(8 500)	(4 837)	76
Loss before share of net profit of joint venture, fair value impairment and guarantee adjustments	(36 558)	(29 873)	22
Fair value impairments and guarantee adjustments	(6 540)	(44 109)	(85)
Share of net loss of joint venture accounted for using the equity method	(483)	–	N/A
Loss before tax	(43 581)	(73 982)	(41)
Taxation	10 443	16 120	(35)
Loss for the period	(33 138)	(57 862)	(43)
Loss attributable to:			
Owners of the company	(26 667)	(57 862)	(54)
Non-controlling interests	(6 471)	–	N/A
Loss per share			
Basic loss per share (cents)	(2,94)	(6,42)	(54)
Headline loss per share			
Headline loss per share (cents)	(3,00)	(6,42)	(53)

The Group recorded a loss for the period of R26.7 million compared with R57.9 million in the prior year. The basic loss of 2.94 cents per share and headline loss of 3.00 cents per share compares with a loss of 6.42 cents per share on both a basic and headline basis in the prior year.

EASYEQUITIES

EASYEQUITIES PROFIT AND LOSS (R'000)

	Actual FY 2018	Actual FY 2017	Movement %
Revenue	15 880	9 476	68
Commissions and research	(884)	(1 229)	(28)
Operating expenses	(42 049)	(34 490)	22
Net loss	(27 053)	(26 243)	3
Other income	625	–	N/A
Loss before interest, depreciation and amortisation	(26 428)	(26 243)	1
Net interest (expense)/income	2 492	(2 419)	(203)
Depreciation and amortisation	(7 594)	(3 386)	124
Loss before share of net profit of joint venture	(31 530)	(32 048)	(2)
Share of net loss of joint venture accounted for using the equity method	(483)	–	N/A
Loss before tax	(32 013)	(32 048)	0

- EasyEquities revenue was up 68%.
- Total expenses increased by 20.2% primarily due to higher professional fees and employment related costs. Professional fees incurred during the period mainly comprise audit fees in respect of the year-ended 31 August 2017 and legal consulting fees paid, associated with the USD Investment Account and the Retirement Annuity Account launched during the period. Additional staff resources were employed to support the new products launched and the increased volumes generated by the business.
- Management has implemented various initiatives over the past 12 months that would result in containment of several expenses and in some cases a decrease over the next 12 months.

GT247.COM PROFIT AND LOSS (R'000)

	Actual FY 2018	Actual FY 2017	Movement %
Asset management execution	2 601	10 506	(75)
Trading revenue	47 969	42 116	14
Revenue	50 570	52 622	(4)
Commissions and research	(2 413)	(4 566)	(47)
Operating expenses	(37 007)	(41 624)	(11)
Net income	11 150	6 432	73
Other income	–	–	N/A
Profit before interest, depreciation and amortisation	11 150	6 432	73
Net interest expense	(113)	(830)	(86)
Depreciation and amortisation	(843)	(1 378)	(39)
Profit before tax	10 194	4 224	141

- Trading Revenue is up 13.9% compared to the prior year, driven by several specific market events and a general increase in market volatility, both of which drove trading revenue.
- The revenue generated from asset management execution revenue was down 75%, driven by a decrease in client funds invested in leveraged portfolios.
- Total expenses are 14.7% lower due to various cost saving initiatives implemented over the past 18 months. Compared to FY 2016, total costs in respect of this business have decreased by 26.1% (R13.9 million p.a.).
- With average monthly trading revenue of R4.0 million generated during FY 2018 and a projected monthly total cost base of R2.7 million (projected for FY 2019), the business is well positioned to generate a reasonable profit.

EMPEROR ASSET MANAGEMENT PROFIT AND LOSS (R'000)

	Actual FY 2018	Actual FY 2017	Movement %
Revenue	3 707	12 420	(70)
Commissions and research	(453)	(718)	(37)
Operating expenses	(5 995)	(5 775)	4
Net income	(2 741)	5 927	(146)
Other income	–	–	N/A
(Loss)/profit before interest, depreciation and amortisation	(2 741)	5 927	(146)
Net interest expense	–	–	N/A
Depreciation and amortisation	(26)	–	N/A
Profit/(loss) before tax	(2 767)	5 927	(147)

- Revenue has decreased by 70% during the period, primarily due to a decrease in client funds invested in its leveraged strategies, which have not performed well over the past 3 years.
- With a relatively stable expense base, the focus over the next 12 months will be on building its distribution through the EasyEquities platform and targeting institutional asset management mandates with its range of new portfolios, which cater to the full risk/reward spectrum.

