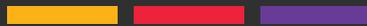




**PURPLE GROUP**  
LIMITED



# ANNUAL REPORT

FOR THE YEAR ENDED 31 AUGUST 2022



**PURPLE GROUP**  
LIMITED

 **EasyEquities**

 **EasyProperties**

 **EasyCrypto**

**RISE**

RETIREMENT INVESTMENTS AND SAVINGS  
FOR EVERYONE

**<GT247.COM>**

**EMPEROR**   
ASSET MANAGEMENT

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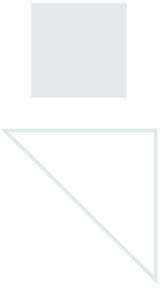
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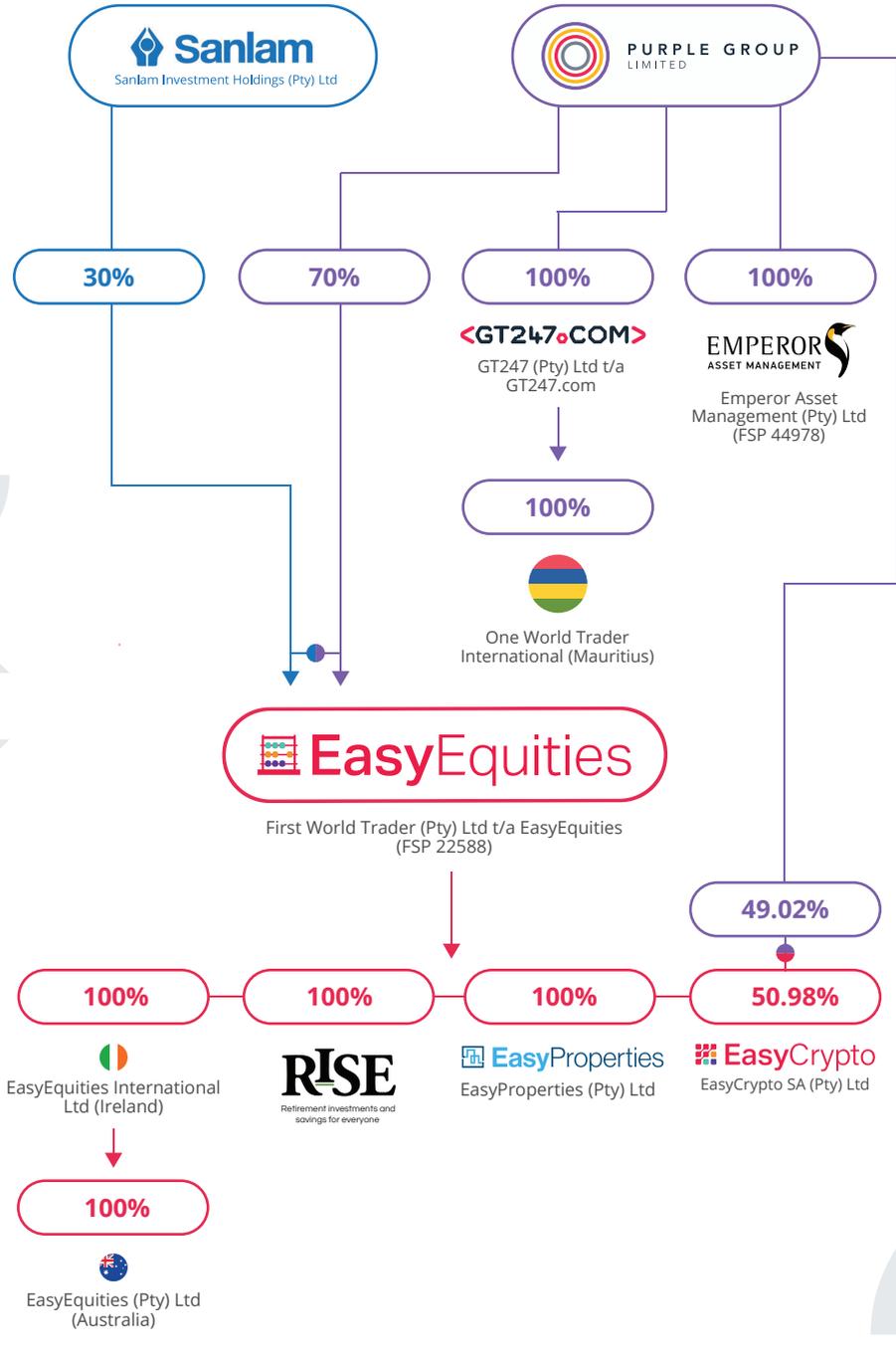
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# PURPLE GROUP LIMITED

## Group Structure



# GROUP HIGHLIGHTS



PURPLE GROUP  
LIMITED

GROUP REVENUE  
INCREASED BY 33.8% TO

**▲ R274<sup>mn</sup>**

(2021: R205 MILLION)

GROUP  
OPERATING EXPENSES  
INCREASED BY 38.1% TO

**▲ R213<sup>mn</sup>**

(2021: TO R154 MILLION)

PROFIT BEFORE FAIR VALUE  
ADJUSTMENTS & TAX  
INCREASED BY 55.2% TO

**▲ R40.3<sup>mn</sup>**

(2021: TO R26.0 MILLION)

GROUP BASIC EARNINGS  
PER SHARE  
DECREASED BY 16.8% TO

**▼ 3.71 cps**

(2021: 4.46 CENTS PER SHARE)

ATTRIBUTABLE EARNINGS  
DECREASED BY 0.8% TO

**▼ R44.0<sup>mn</sup>**

(2021: R44.3 MILLION)

PURPLE GROUP ACQUIRED  
REMAINING 49% IN  
EASYCRYPTO FOR

**R61<sup>mn</sup>**

EFFECTIVE 1 MARCH 2022

EASYEQUITIES ACQUIRED  
REMAINING 49% IN  
EASYPROPERTIES FOR

**R25<sup>mn</sup>**

EFFECTIVE 1 JUNE 2022

EASYEQUITIES ACQUIRED  
REMAINING 50% IN  
RISE FOR

**R60<sup>mn</sup>**

EFFECTIVE 23 AUGUST 2022

# EASYEQUITIES GROUP HIGHLIGHTS



EASYEQUITIES  
GROUP REVENUE  
INCREASED BY 24.2% TO

▲ **R214<sup>mn</sup>**

(2021: R172 MILLION)

REGISTERED CLIENTS  
INCREASED BY 41% TO

▲ **1.65<sup>mn</sup>**

(2021: 1.17<sup>mn</sup>)

ACTIVE CLIENTS  
INCREASED BY 50.4% TO

▲ **763 233**

(2021: 507 391)

PLATFORM ASSETS  
INCREASED BY 18.3% TO

▲ **R37.3<sup>bn</sup>**

(2021: R31.5 BILLION)

RETAIL INFLOWS  
INCREASED BY 7.4% TO

▲ **R9.0<sup>bn</sup>**

(2021: R8.5 BILLION)

COST OF SERVICE  
PER ACTIVE CLIENT  
DECREASED BY 15.6% TO

▼ **R173**

(2021: R205)

SHARE OF RISE PROFIT  
INCREASED BY 267% TO

▲ **R5.2<sup>mn</sup>**

(2021: R1.4 MILLION)

PROFIT BEFORE FAIR VALUE  
ADJUSTMENTS & TAX  
DECREASED BY 34.7% TO

▼ **R34.4<sup>mn</sup>**

(2021: R48.1 MILLION)

VALUE OF  
PROPERTIES ACQUIRED  
BY EASYPROPERTIES CLIENTS  
INCREASED BY 22.4% TO

▲ **R152<sup>mn</sup>**

(2021: R125 MILLION)

ACTIVE  
EASYPROPERTIES CLIENTS  
INCREASED BY 83% TO

▲ **74 360**

(2021: 40 636)

ACTIVE EASYCRYPTO CLIENTS  
INCREASED BY 39% TO

▲ **152 968**

(2021: 110 328)

## <GT247.COM> HIGHLIGHTS

### <GT247.COM>

GT247.COM REVENUE  
INCREASED BY 104.6% TO

**▲R56.9mn**

(2021: R27.8 MILLION)

PROFIT BEFORE TAX OF

**R14.1mn**

COMPARED TO A LOSS  
OF R8.7 MILLION IN 2021

# 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 8 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.
- 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.
- 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.

## LETTER FROM THE CEO CONTINUED

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 6 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.

We are building something special, a category winner, that's rewriting and fundamentally changing the financial fabric of the countries we operate in.

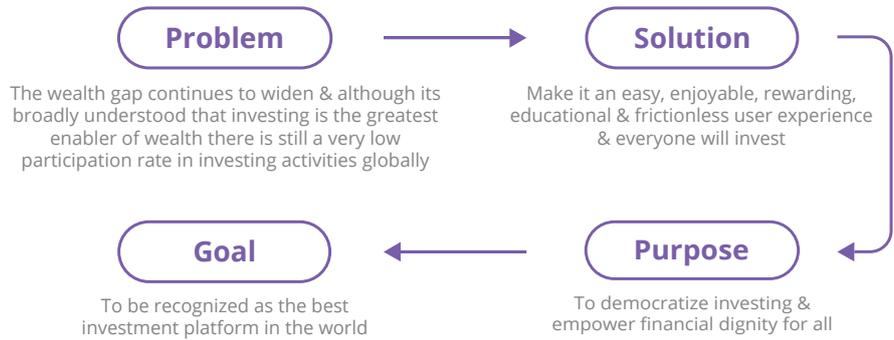
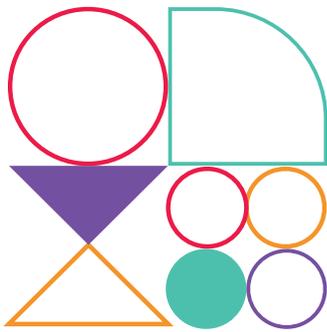
Thank you to all our partners, shareholders, clients and teams for staying the course and continuing to commit yourselves to delivering on our purpose and building towards our goal of being the world's best investment platform.



**Charles Savage**

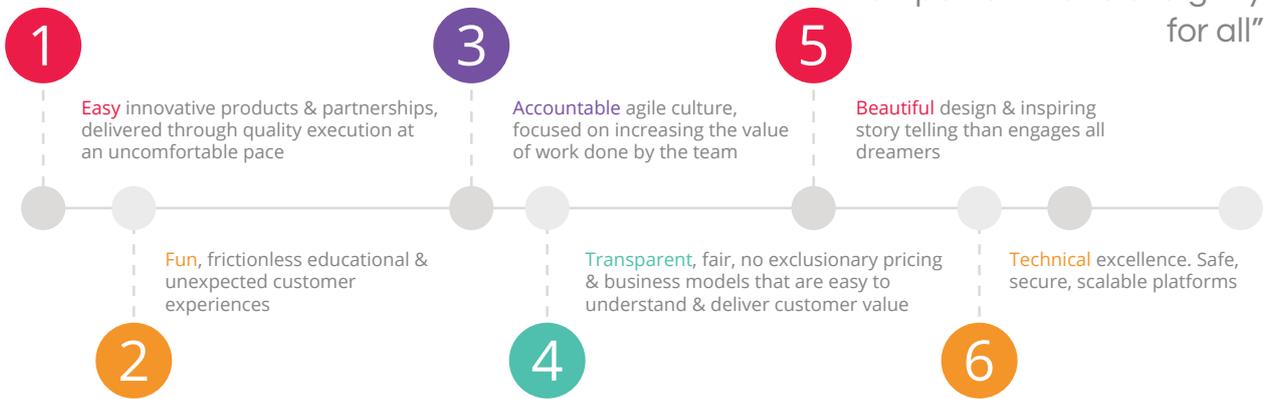
CEO Purple Group

# STRATEGIC OVERVIEW



## Purpose Enablers

“To democratise investing & empower financial dignity for all”



## Group Strategy Drivers

“Building the worlds best investment platform”



# STRATEGIC OVERVIEW CONTINUED

## Business Insights

“Cohort data confirms customers 10X themselves every 7 years”



## Capital Levers

Capital unlocks ~R3-R4bn in market capitalization



# FINANCIAL REVIEW BY THE CFO



PURPLE GROUP  
LIMITED

## PURPLE GROUP CONSOLIDATED

### Consolidated statement of profit or loss

	2022 R'000	2021 Restated R'000	Movement %
Revenue	274,003	204,778	33.8
Commissions and research expenses	(5,135)	(2,998)	71.3
Operating expenses	(212,490)	(153,903)	38.1
Share of profit of joint venture <sup>1</sup>	5,249	1,431	266.9
<b>Profit before fair value, impairment adjustments, interest, depreciation &amp; amortisation</b>	<b>61,627</b>	49,308	25.0
Finance income	7,282	4,294	69.6
Finance costs	(2,168)	(7,847)	(72.4)
Depreciation and amortisation	(26,413)	(19,776)	33.6
<b>Profit before fair value, impairment adjustments and tax</b>	<b>40,328</b>	25,979	55.2
Fair value & impairment adjustments	44,548	55,919	(20.3)
<b>Profit before tax</b>	<b>84,876</b>	81,898	3.6
Income tax	(13,926)	(9,253)	50.5
<b>Profit for the period</b>	<b>70,950</b>	72,645	(2.3)
<b>Profit attributable to:</b>			
Owners of the Company	43,968	44,332	(0.8)
Non-controlling interest	26,982	28,313	(4.7)
	<b>70,950</b>	72,645	(2.3)
<i>Earnings per share</i>			
Basic earnings per share (cents)	3.71	4.46	(16.8)
Diluted earnings per share (cents)	3.60	4.27	(15.7)

<sup>1</sup> The share of profit in joint venture line item has been reclassified to be taken into account in the profit before fair value and impairment adjustments, interest, depreciation and amortisation, as this better reflects the core earnings of the Group. In the prior year, the share of profit in joint venture was reported after profit before fair value and impairment adjustments and tax. The prior period amounts have been restated to reflect this change.

## PURPLE GROUP HIGHLIGHTS

- Group Revenue increased by R69.2 million to R274.0 million, an increase of 33.8%, driven by:
  - a strong recovery in the GT247.com business, which increased its revenue by 104.6%; and
  - a 24.2% increase in the EasyEquities Group revenue, despite the headwinds faced by the business, including a significant pullback in Equity Markets and the impact of rising inflation on its clients.

## FINANCIAL REVIEW BY THE CFO CONTINUED

- The 38.1% increase in operating expenses can be attributed to additional costs incurred to service the 50.4% increase in Active Clients acquired by the EasyEquities business during FY 2022 and circa R19.5 million of expenses incurred in the development and delivery of new partnerships and new products and entering new jurisdictions.
- Profit before fair value, impairment adjustments and tax increased by 55.2% to R40.3 million.
- The profit attributable to ordinary shareholders decreased by 0.8% to R44.0 million (FY 2021: R44.3 million).
- The Group recorded an attributable profit for the period of R44.0 million (2021: R44.3 million).  
Basic earnings of 3.71 cents per share (2021: 4.46 cents per share), which is a decrease of 16.8%.

### FAIR VALUE ADJUSTMENTS FY 2022

- The Company previously held a 50% shareholding in RISE 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*, refer Note 12.
- On 23 August 2022, the Group acquired the remaining 50% shareholding in RISE from NBC Fund Administration Services Proprietary Limited ("NBC"). The acquisition of the remaining 50% shareholding resulted in the Group 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 Group revalued its previously held 50% equity interest in RISE to its acquisition date fair value of R60m, resulting in a positive fair value adjustment of R48.9m being recognised in profit or loss. The Group's effective percentage shareholding in RISE is 70%.
- 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.

### FAIR VALUE ADJUSTMENTS FY 2021

- In the prior year a fair value adjustment of R50.0 million was raised in relation to EasyEquities' option to acquire a 51% shareholding in Easy Crypto SA Proprietary Limited ("EasyCrypto") (Previously DCX Capital Proprietary Limited) for a nominal consideration.

# FINANCIAL REVIEW BY THE CFO CONTINUED



## EASYEQUITIES GROUP

### EASYEQUITIES GROUP COMPOSITION

- The **EasyEquities Group** results include the consolidated results of the various entities operating within the group, including:
  - **EasyEquities** - the core EasyEquities business operations operated within First World Trader Proprietary Limited;
  - **EasyProperties** - consolidated on a line by line basis as a subsidiary;
  - **EasyCrypto** - consolidated on a line by line basis as a subsidiary; and
  - **RISE** - up to 22 August 2022, the RISE results were accounted for as an investment in joint venture and 50% of the RISE profits were shown under "Share of Profit in Joint Venture". From 23 August 2022 (being 9 days of results) RISE results have been consolidated on a line by line basis as a subsidiary.

### KEY TERMINOLOGY

The following terms have been used in the ensuing analysis:

- **Active Client:** Is a client of the EasyEquities Group that has at least one funded investment account. Clients that hold numerous investment accounts across the platforms are only counted once.
- **Client Assets:** refers to the market value (in Rands) of Active Clients' investments, administered and serviced by the EasyEquities Group's various investment platforms.
- **Client Cohorts :** Clients have been grouped according to the year in which a client first registered an account on the EasyEquities platform i.e. If a client registered an account during 2014, they would form part of the "2014 Cohort", similarly a client that registered during 2018 would form part of the "2018 Cohort".
- **ARPU:** Average revenue per Active Client.
- **COS:** Cost of service refers to the annual cost to the business of servicing Active Clients. The cost to service a client is arrived at by dividing the operating expense base (excluding client acquisition and onboarding costs) of the business by the average number of active clients serviced by the business during the year.

### EASYEQUITIES GROUP STATEMENT OF PROFIT OR LOSS

	2022 R'000	2021 R'000	Movement %
Revenue	214,042	172,332	24.2
Commissions and research expenses	(1,844)	(1,730)	6.6
Operating expenses	(166,579)	(106,407)	56.5
Share of profit of joint venture	5,249	1,431	266.9
<b>Profit before fair value adjustments, interest, depreciation &amp; amortisation</b>	<b>50,868</b>	65,626	(22.5)
Finance income	7,282	4,294	69.6
Finance costs	(498)	(2,381)	(79.1)
Depreciation and amortisation	(26,275)	(19,483)	34.9
<b>Profit before fair value adjustments and tax</b>	<b>31,377</b>	48,056	(34.7)
Fair value adjustments	48,931	50,000	(2.1)
<b>Profit before tax</b>	<b>80,308</b>	98,056	(18.1)

# FINANCIAL REVIEW BY THE CFO CONTINUED

## EASYEQUITIES GROUP HIGHLIGHTS

- Unique Active Clients across the platforms increased by 50.4% to 763 233 Active Clients, adding 255 842 new Active Clients during FY 2022 (FY 2021: 261 257 new Active Clients).
  - Client retention is excellent, with no evidence of client attrition and all cohorts demonstrably evidencing their resilience and persistence in achieving their long term investment goals.
  - Active clients on average hold 1.44 investment accounts across the various platforms, which continues to increase as new investment accounts are added (EasyCrypto, GBP and Euro added during FY 2022) and penetration into the existing client base increases.
- EasyProperties revenue increased by 30.8% to R6.8 million with an 83% increase in Active Clients, to 74 360.
- EasyCrypto Active Clients increased by 39% to 152 968 clients during FY 2022, a significant increase in clients, especially in light of the significant decline in crypto assets over the last 12 months.
- Platform Assets increased by 18.3% to R37.3 billion.
  - Retail inflows increased by 7.4%, compared to the prior period despite the pressure placed on clients by rising inflation and the resultant increase in the cost of living.
  - Client outflows are consistent with prior years, relative to client assets, which is evidence of our clients' commitment to their long term investment objectives.
  - In the result, clients maintained a net inflow during the year, adding 15% to their investments, despite the pull back in markets from October 2021, which resulted in a modest return for clients, on average, of circa. 4% for the current year, compared to a return of 21% in the prior year.
- The cost to serve an Active Client decreased by 15.6% to R173 per Active Client, despite the group increasing its expense base significantly to build capacity for future client growth and deliver new products, enter new jurisdictions and deliver on new partnerships, which added circa. R37 million to the cost base, with no corresponding revenue in the current year.
- The EasyEquities Group acquired new Active Clients during FY 2022 at an average cost of R74 per client.
  - This low cost of acquisition is largely achieved through the companies referral program that has, on average, delivered circa. 57% of new Active Clients over the years.
  - Although EasyEquities shares a portion of its economics with Partnership Distribution Channels, it does not incur client acquisition costs in respect of new Active Clients secured through these channels.

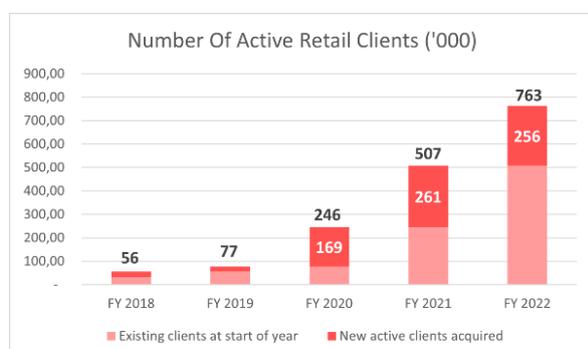
# FINANCIAL REVIEW BY THE CFO CONTINUED

## EASYEQUITIES GROUP REVENUE

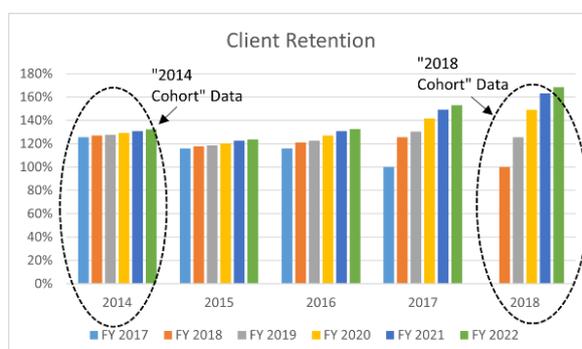
- The primary revenue drivers of the business include the following:
  - Number of Active Clients.
  - The value of client assets on the platform.
  - Average revenue per Active Client.

### Active Clients

#### Active retail clients



#### Client retention



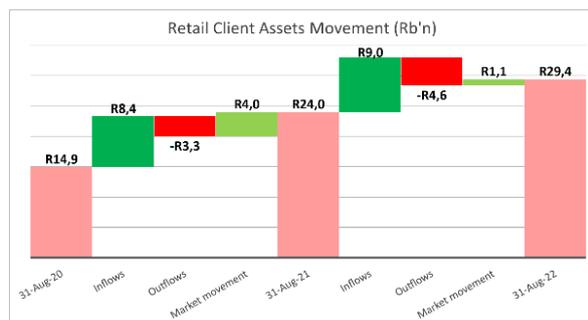
- The **number of Active Retail Clients** increased by 50.4% to 763 233 Active Clients at 31 August 2022, an increase of 255 842 Active Clients (FY 2021: 261 257 Active Clients).
  - Active Clients on average hold 1.44 investment accounts across the various platforms, which continues to increase as new investment accounts are added (EasyCrypto, GBP and Euro added during FY 2022) and penetration into the existing client base increases.
- **Client retention** is excellent, with no evidence of client attrition and all Client Cohorts demonstrably evidencing their resilience and persistence in achieving their long term investment goals.
  - The above graph indexes the number of Active Clients in a cohort each year to the number of Active Clients in that cohort at the end of the first year during which the cohort originates i.e. In respect of the 2014 Cohort, the number of Active Clients at the end of 2014 would be indexed at 100%; hence per the above graph, the number of Active Clients at the end of FY 2017, that registered in 2014, amounted to 126% of the 2014 Cohorts that were active at the end of FY 2014 and similarly, the number of Active Clients at the end of FY 2022, that registered in 2014, amounted to 132% of the 2014 Cohorts that were active at the end of FY 2014.

# FINANCIAL REVIEW BY THE CFO CONTINUED

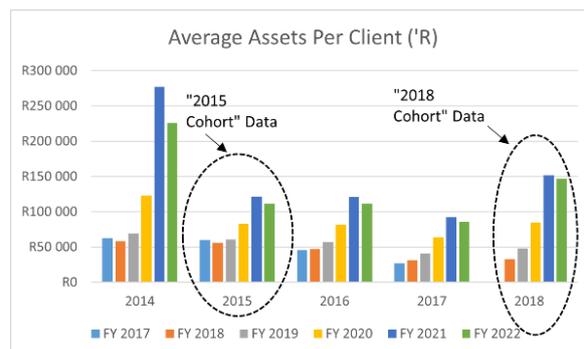
## EASYEQUITIES GROUP REVENUE CONTINUED

### Client Assets

#### Movement in retail client assets



#### Average assets per client cohort



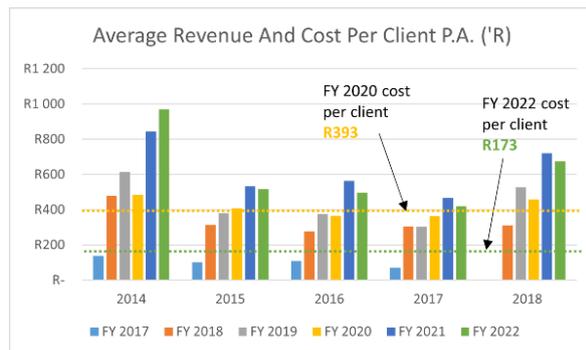
- Retail Client Assets** increased by 22.6% to R29.4 billion, driven by inflows of R9.0 billion, outflows of R4.6 billion and market movements totalling R1.1 billion.
  - Retail inflows increased by 7.4%, compared to the prior period despite the pressure placed on clients by rising inflation and the resultant increase in the cost of living.
  - Outflows during the year amounted to 17% of average Client Assets, compared to 18% in the prior year, again a positive indicator.
  - In the result, clients maintained a net inflow during the year, adding 15% to their investments, despite the pull back in markets from October 2021, which resulted in a modest return for clients, on average, of circa. 4% for the current year, compared to a return of 21% in the prior year.
- All cohorts show a year on year increase in **average assets per client** driven by net inflows.
  - Average cohort assets have decreased by between 3% to 10% during FY 2022 which can be ascribed to the market pull back experienced from October 2021.

# FINANCIAL REVIEW BY THE CFO CONTINUED

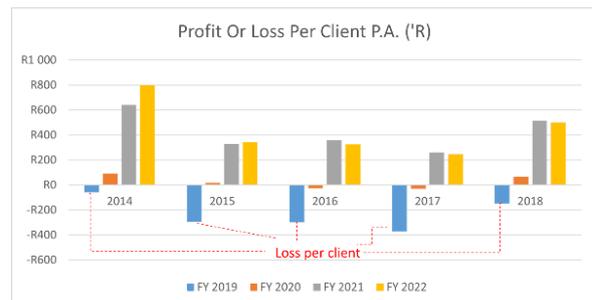
## EASYEQUITIES GROUP REVENUE CONTINUED

### Average Revenue per Active Client- ARPU

#### ARPU & COS per client cohort



#### Profit or loss per client cohort



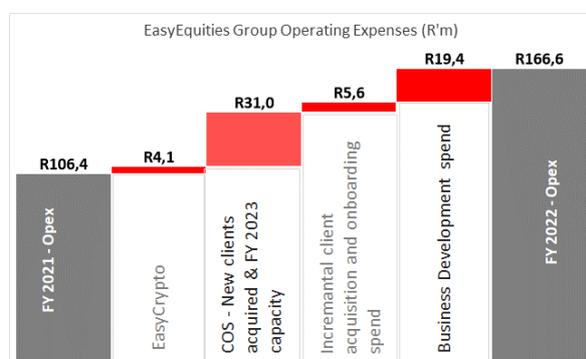
- While the business is focused on diversifying its revenue through the addition of new products and services, 78% of revenue generated is driven by client activity on the platform, which primarily drives execution revenue.
- Execution revenue is more specifically driven by the following 3 client behaviours:
  - Inflows - clients deposit funds and then invest the funds;
  - Outflows - clients disinvest from their holdings and then withdraw the funds; and
  - Portfolio turnover - clients implementing changes to their portfolios.
- All Client Cohorts show a year on year increase in **ARPU** upto FY 2021, which is highly correlated to the increase in average Client Assets over the years.
  - There has been a decrease in ARPU across most cohorts during FY 2022, compared to FY 2021, which is largely due to lower levels of client activity during FY 2022, however, as recessionary pressures, inflation and market conditions improve, so too will client inflows and associated client behaviours and economics.
- The ultimate profitability per client, is a factor of the ARPU, which would be expected to increase over time, and the cost of servicing ("COS") a client, which would be expected to decrease over time, as evidenced by the COS decreasing from R393 per active client in FY 2020 to R173 per client for FY 2022.
  - Based on the FY 2022 ARPU and the FY 2022 COS per client, all cohorts shown are profitable.
  - With revenue trending up and costs trending down, Client Cohorts would generally be expected to reach profitability over a two to three year period.

# FINANCIAL REVIEW BY THE CFO CONTINUED

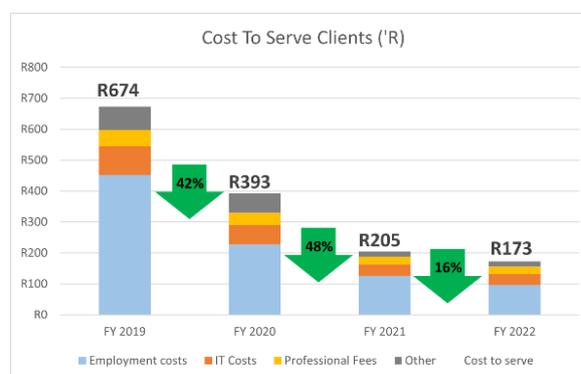
## EASYEQUITIES GROUP OPERATING EXPENSES

- Operating expense can be divided into three main categories:
  - Cost to serve a client;
  - Cost to acquire a new active client; and
  - Cost to onboard a new active client.

### Costs to serve a client



### COS per client



- The EasyEquities Group's operating expenses increased by 56.5% to R166.6 million, an increase of R60.2 million. The increase comprised the following:
  - EasyCrypto was consolidated for the first time in FY 2022, adding R4.1 million to the cost base;
  - The increase in the expense base to service the 255 842 new Active Clients acquired during the year whilst maintaining excess capacity to service an additional 150 000 new Active Clients have cost the group circa. R31 million;
  - An incremental increase in the client acquisition and onboarding costs during FY 2022 compared to FY 2021 added R5.6 million to the cost base; and
  - Various teams and additional costs, across the board have been incurred in order to position the business to service new partnerships already secured, including Telkom, Discovery Bank and South East Asia Partnership. These costs include:
    - Replication of the businesses IT infrastructure in the Asian region, in order to reduce redundancies and improve performance, and establish an operational base in the region to service the region, currently comprising 16 staff members.
    - Additional Client engagement agents and trading and risk specialists have also been employed locally.
    - Costs have been incurred and additional resources employed to increase the security of the platforms across the board, whilst continuously improving the scalability of the platforms and supporting infrastructure.
    - Additional resources have been employed to facilitate the delivery of new products and various costs incurred in the development of these products.

## FINANCIAL REVIEW BY THE CFO CONTINUED

- The business has also increased its executive and management team to ensure that capacity is available to service the rapid expansion of the groups geographies and product offering.
- In essence, circa. R20 million of expenses have been incurred during the current year that are geared towards new partnerships, new regions and new products, with revenues expected to flow during FY 2023.
- The costs associated with serving a client includes the majority of the operating expense base, including employment costs, IT Costs, Professional fees (which includes the cost of third party service providers) and other (which primarily includes bank charges incurred by the business in servicing client flows).
- The cost to service a client decreased by 42% and 48% in FY 2020 and FY 2021, respectively, despite total expenses increasing by 32% and 44%, respectively. The decrease in the cost per client is achieved through:
  - The leverage that the business achieves over its employment costs through ensuring that processes are continuously improved through automation.
  - Costs associated with the businesses IT infrastructure are also leveraged, which together with a constantly decreasing variable cost, continues to reduce the cost to serve per client.
  - The third lever available to the business is driven by the increasing scale of the operations, which enables the business to obtain improved pricing (on a per transaction/ client basis) from its third party service providers.
- As a result of the above expansion related expenditure incurred during FY 2022, the cost to service a client only showed a decrease of 16% .

### **Costs to acquire and onboard a new Active Client**

- The EasyEquities business applies a two pronged approach to acquiring new Active Clients, being:
  - Direct to market, through its own marketing initiatives and referral program ("EasyEquities Direct"); and
  - Through partnering with institutions with a significant client base ("Partnership Distribution Channels").
- The cost to acquire a new client, includes the cost to acquire an EasyEquities Direct client. EasyEquities acquired new EasyEquities Direct clients during FY 2022 at an average cost of R74 per client. This low cost of acquisition is largely achieved through the companies referral program that has on average delivered circa. 57% of new active clients.
- Although EasyEquities shares a portion of its economics with Partnership Distribution Channels, it does not incur client acquisition costs in respect of new Active Clients secured through these channels.
- The cost to onboard a new Active Client during FY 2022 was R12 per client.

# FINANCIAL REVIEW BY THE CFO CONTINUED

## SHARE OF PROFIT IN JOINT VENTURE

- Upto 23 August 2022, EasyEquities accounted for its 50% share of the profits earned by RISE, included in "Share of profit in joint venture", which profit has increased by 267% to R5.2 million compared to the prior year.

## EASYEQUITIES GROUP PROFITABILITY

- EasyEquities Profit before fair value, impairment adjustments and tax decreased by 34.7% to R31.4 million, a decrease of R16.7 million.
- This result was primarily driven by the following:
  - An increase in operating expenses of circa R19.5 million taken-on to deliver on new partnerships, develop new products and to enter new jurisdictions in support of future revenue growth;
  - 2021 and 2022 Cohorts have not yet reached profitability, which is expected considering these cohorts have been on the platform for less than three years, which is generally the period over which a Client Cohort is expected to reach profitability:
    - Although the 2021 Cohorts' loss per client (ARPU less COS) decreased by 53% in FY 2022, a cumulative loss of circa. R15.8 million was realised in respect of this Client Cohort. This Cohort would be expected to break even in the coming year, thereby a potential uplift of at least R15.8 million is expected in FY 2023.
    - The cumulative loss attributable to the 2022 Cohort is circa. R8.7 million in the current year. Similarly to the above, we would expect this Client Cohort to also deliver close to breakeven during FY 2023.

## EASYPROPERTIES HIGHLIGHTS

- EasyProperties revenue increased by 30.8% to R6.8 million compared to the prior year, driven by:
  - an 83% increase in active clients to 74 360.
  - a 118% increase in client assets to R270.3 million.
  - Gross value of properties subscribed for by EasyProperties' clients totalled R152.4 million for FY 2022, an increase of 22.4%.
- Client net inflows totalled R138.1 million.

## EASYCRYPTO HIGHLIGHTS

- EasyCrypto generated revenue of R18.8 million for FY 2022.
- EasyCrypto Active Clients increased by 39% to 152 968 clients during FY 2022, a significant increase in clients, especially in light of the significant decline in crypto assets over the last 12 months.
- Client Assets totalled R384.8 million at 31 August 2022.

# FINANCIAL REVIEW BY THE CFO CONTINUED



## RETIREMENT INVESTMENTS AND SAVINGS FOR EVERYONE

### RISE STATEMENT OF PROFIT OR LOSS

	2022 R'000	2021 R'000	Movement %
Revenue	56,332	50,055	12.5
Commissions and payaways	(15,693)	(14,146)	10.9
Operating expenses	(28,950)	(32,727)	(11.5)
<b>Net income</b>	<b>11,689</b>	<b>3,182</b>	<b>267.3</b>
Other income	5,118	2,553	100.5
<b>Profit before interest, depreciation &amp; amortisation</b>	<b>16,807</b>	<b>5,735</b>	<b>193.1</b>
Finance income	-	-	N/A
Finance costs	(142)	(223)	(36.3)
Depreciation and amortisation	(859)	(932)	(7.8)
<b>Profit before tax</b>	<b>15,806</b>	<b>4,580</b>	<b>245.1</b>

- RISE Revenue increased by 12.5% during FY 2022 primarily due to average assets under management being higher during FY 2022 than the prior year.
- The RISE Executive team has worked closely with the EasyEquities team over the last 12 months, working on its client offering and improving the efficiency and usability of its administration systems, and the team is now actively pursuing growth.
- Although the sales cycle is long in the retirement fund space, a few new mandates have been secured by RISE since year end, which places the business in good stead for FY 2023.
- The business has generated a profit before tax of R15.8 million for FY 2022 (an increase of 245.1%), which reflects a clean result, free of once-off expenses, as was the case in the prior year.

# FINANCIAL REVIEW BY THE CFO CONTINUED



GT247.COM

## GT247 STATEMENT OF PROFIT OR LOSS

	2022 R'000	2021 R'000	Movement %
Revenue	56,924	27,816	104.6
Commissions and research expenses	(3,253)	(1,234)	163.6
Operating expenses	(39,482)	(35,080)	12.5
<b>Profit/ (loss) before interest, depreciation &amp; amortisation</b>	<b>14,189</b>	(8,498)	(267.0)
Finance (costs)/ income	(1)	1	(200.0)
Depreciation and amortisation	(93)	(242)	(61.6)
<b>Profit/ (loss) before tax</b>	<b>14,095</b>	(8,739)	(261.3)

- GT247.com's revenue has increased by 104.6%, compared to the prior period. Although volatility was present in the market, which drives revenue for this business, it is worth noting again (as mentioned in last years commentary) that the revenue result delivered during FY 2021 was out of the ordinary.
- The business generated a R14.1 million profit before tax for the current year, compared to a loss of R8.7 million in the prior year.

# FINANCIAL REVIEW BY THE CFO CONTINUED



## EMPEROR ASSET MANAGEMENT

### EMPEROR ASSET MANAGEMENT STATEMENT OF PROFIT OR LOSS

	2022 R'000	2021 R'000	Movement %
Revenue	3,037	4,404	(31.0)
Commissions and research expenses	(38)	(34)	11.8
Operating expenses	(4,472)	(4,881)	(8.4)
<b>Loss before fair value, impairment adjustments, depreciation &amp; amortisation</b>	<b>(1,473)</b>	(511)	188.2
Depreciation and amortisation	(31)	(36)	(13.9)
<b>Loss before fair value, impairment adjustments and tax</b>	<b>(1,504)</b>	(547)	174.9
Fair value & impairment adjustments	(4,383)	1,476	(397.0)
<b>Loss before tax</b>	<b>(5,887)</b>	929	(733.9)

- Revenue has decreased by 31% during the period, inline with a reduction in assets under management resulting from market movements and client redemptions to more conservative asset classes and investment strategies.
- In the year ahead, RISE Asset Management and Emperor Asset Management will be consolidated under a single brand, Easy Asset Management, and operating structure, driving greater distribution opportunities for both businesses and cost efficiencies too.
- Easy Asset Management will also launch Active ETFs in the year ahead, leveraging the acquisition of Cloud Atlas, made a few months ago, which is awaiting regulatory approval. This will further enhance the groups ability to attract assets under management in the years ahead.
- The fair value & impairment adjustments relate to the following:
  - Fair value losses of R0.54 million have been realised in respect of proprietary investments held by Emperor Asset Management in the units trusts managed by Emperor.
  - An impairment of R3.8 million has been raised against intellectual property rights, algorithms and developed systems relating thereto, utilised by Emperor Asset Management.

# FINANCIAL REVIEW BY THE CFO CONTINUED



## PURPLE GROUP HEAD OFFICE COSTS AND INVESTMENTS

### HEAD OFFICE & INVESTMENTS STATEMENT OF PROFIT OR LOSS

	2022 R'000	2021 R'000	Movement %
Revenue	-	227	(100.0)
Operating expenses	(1,957)	(7,535)	(74.0)
<b>Loss before fair value adjustments, interest, depreciation &amp; amortisation</b>	<b>(1,957)</b>	<b>(7,308)</b>	<b>(73.2)</b>
Finance income	-	-	N/A
Finance costs	(1,669)	(5,466)	(69.5)
Depreciation and amortisation	(14)	(15)	(6.7)
<b>Loss before fair value adjustments and tax</b>	<b>(3,640)</b>	<b>(12,789)</b>	<b>(71.5)</b>
Fair value adjustments	-	4,444	(100.0)
<b>Loss before tax</b>	<b>(3,640)</b>	<b>(8,345)</b>	<b>(56.4)</b>

- Operating expenses have decreased by 74% due to additional costs being charged to group companies for services performed by the staff employed at a head office level.
- The decrease in finance costs during the year was due to the Serialong Loan being converted into equity at the end of FY 2021 and a reduction in the debt owed to the Industrial Development Corporation.

## OUR BUSINESS

# EasyEquities

EasyEquities was built with the deep desire and purpose to democratize all things investing by making it easy, safe, fun and educational for all.

Previously, investing was seen as an elite activity, and was, to a great extent, an intimidating (and often unaffordable) option for everyone. Industry trends and global best practices has seen the move towards the global democratization of financial services through digitization. EasyEquities' platform capability caters to the evolving needs of all customer types, recognizing that today's managed investor is tomorrow's day trader, the curious 20 something crypto trader, next decades advised passive parent. Uniquely, the EasyEquities platform capability is built to partner and can be rapidly delivered onto partner rails to uplift client experiences and engage new audiences. This ability enables partners to enhance their offering, increase customer satisfaction and engage clients more regularly on their platform.

Our dream is to democratise investing and empower financial dignity for all. Our dreams will be delivered through technical excellence, beautiful design and inspiring story telling that engages all dreamers and makes investing easy, educational and fun for everyone.

**+R68 Billion**

Notional value of all transactions since inception

**+57%**

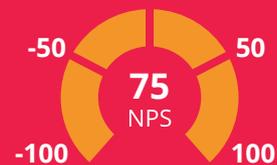
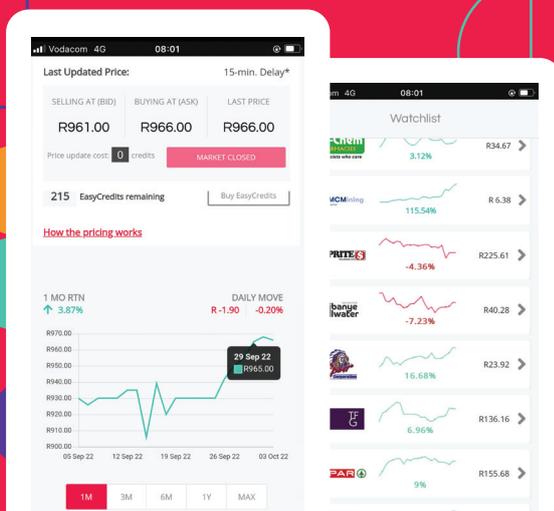
Of clients come from client referrals

**+1.65 Million**

Total Registrations

**+33 Million**

Trades since inception



EasyEquities has saved investors over **R2 Billion** in transaction fees alone when compared to our nearest competitor

**58%**  
Male

**42%**  
Female

**31**  
Median Age

# OUR BUSINESS CONTINUED

## EasyProperties

EasyProperties enables fractional access to the most trusted global and local property investment opportunities delivering an easy, educational and engaging user experience.

EasyProperties is now completely owned by JSE-listed Purple Group Limited (PPE) and was launched in July 2020. It is an investment platform designed to crowdfund access to large-scale residential and commercial property developments. EasyProperties no-minimum, fractional, frictionless approach to all aspects of investing, along with partners with extensive property ownership, management, and development experience, is already demonstrating positive results.



**R 220 m**

Capital Raised on IPO



**R 280 m**

Total Property Value purchased



**292**

Number of Units purchased



**R 1,300**

Average Investment



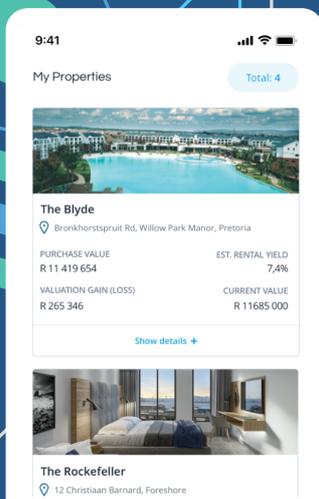
**74,000**

Invested Customers



**292,000**

Registered Customers



# OUR BUSINESS CONTINUED

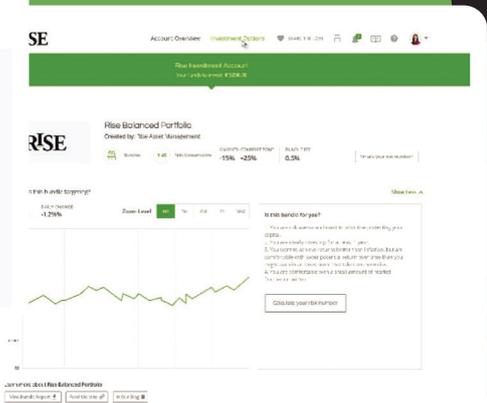
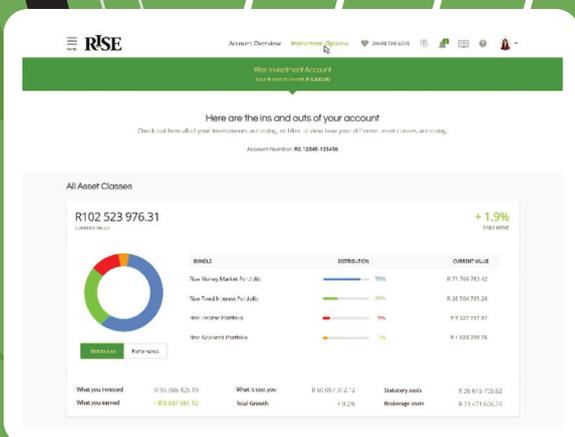
## RISE Retirement Investments and Savings for Everyone

Retirement made **Easy**.

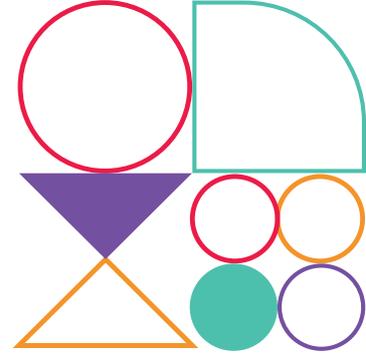
RISE is now a 100% owned subsidiary of Purple Group.

The purpose of RISE is to leverage innovative technology and bring industry-leading and cost-effective retirement fund products and services to the market. The acquisition aligns RISE closer to our purpose, extending the EasyEquities user experience to members of occupational retirement schemes. EasyEquities made Investing easy, and now RISE makes Retirement easy.

- RISE offers retirement fund members a unified investment dashboard ranging from compulsory retirement fund savings, tax-free savings, and discretionary savings, making holistic wealth planning easy.
- We work closely with employers to ensure that their valuable employees retire with dignity while allowing them to save for short-term needs.
- Despite the difficult trading conditions and a sluggish economy, the RISE value proposition is gaining momentum, with new corporate clients joining RISE from established competitors.
- RISE now administers over 33 000 retirement fund members and manages almost R8 Billion in retirement fund assets.



# OUR BUSINESS CONTINUED



GT247.com enables successful trading outcomes through easy access to world-class trading platforms, tools and research. Delivering these through fast, secure and low-cost access into local and global markets that are packaged together through a single account structure that ensures traders the best chance of achieving trading success.

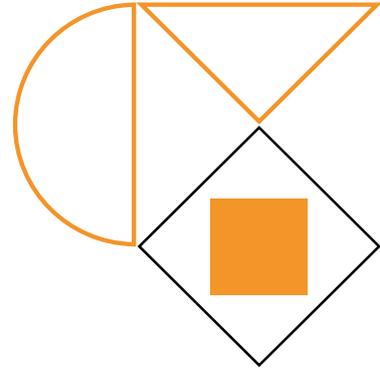
At the beginning of 2022, GT247.com, after a rigorous application process spanning 3 years, has been granted an Over-The-Counter Provider license by the Financial Sector Conduct Authority of South Africa. This license gives GT247.com a legitimate authority to market and contract to South African residents on derivative products. GT247.com pioneered Spread and CFD trading in South Africa over 20 years ago and continues to lead the way in the South African market having won SA's Top Online Stockbroker twice in the last few years. Their +100 years of trading experience has taught them much, but most importantly that delivering low-cost, fast mobile access to global markets is the most important enabler for trading success.

Lower fees deliver greater client profits whilst fast mobile access ensures that a world of trading opportunities are always just a swipe away on our fully integrated, internationally recognised and award-winning MetaTrader 5 trading application. Lessons from two decades of building our products and platforms to service day traders, coupled with the deep insights gained from analysing client outcomes give GT247.com a distinct advantage in supporting their clients through the delivery of best in breed products and platforms and access to insights that inform traders to place more emphasis on trading approaches that enable successful investment outcomes.

Symbol	Bid	Ask	Day %
INTZAR	1.00	1.00	0.00%
RSAZAR	0.01	0.01	0.00%
Gold	1707.5	1708.2	0.43%
S&P 500	3740.3	3741.1	1.72%
Sasol Ltd	30597	30651	2.78%
Naspers Ltd -N-	230300	230455	1.41%
MTN Grp Ltd	12234	12247	2.06%
Sibanye	4428	4432	4.63%
Stillwater Ltd	111.11	111.11	-0.41%
USD Index			

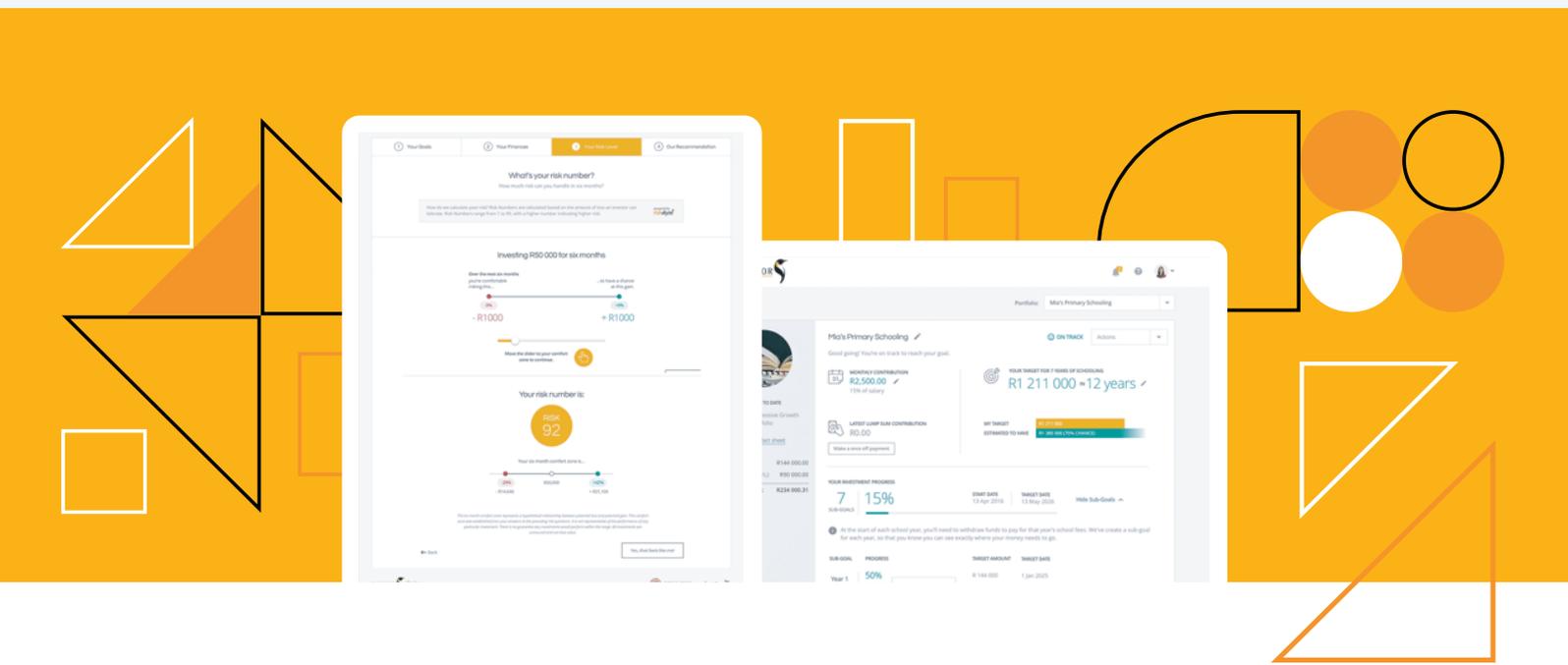
- No monthly fees
- Pioneers of CFD & spread trading
- #1 online broker \*
- Authorized Rep of a FSP \*\*
- Low cost trading in South Africa
- Forex | Commodities | Indices | JSE Equity CFDs

# OUR BUSINESS CONTINUED



Emperor delivers frictionless, transparent access to low-cost, world-class investment solutions that cater to everyone. These include thematic, quantitative, direct and self-indexing asset management products that are uniquely constructed to meet their clients individual risk profile, investment interests, objectives, preferences, and time horizons. This is all delivered through the EasyEquities platform enabling easy, fractional, no minimum access to professionally managed local and international investments.

As one of the pioneers of quantitative (algorithmic driven) asset management in South Africa over a decade ago, Emperor Asset Management has the team, track record and technology stack to deliver on its purpose. Investing is personal and by combining man and machine, Emperor is able to ensure the best investment outcomes. Each portfolio is constructed with a particular risk profile in mind allowing you to easily match your unique goals, time frames and risk profile with the most suited portfolios. To empower investors education, Emperor provides real time transparent access to the investment process and outcomes every step of the way.



# OUR BUSINESS CONTINUED



## EasyCrypto

EasyCrypto has positioned itself as South Africa's cheapest crypto investment platform which offers a wide selection of coins and a passive index-tracking bundle. EasyCrypto stays true to the fractional and frictionless investment experience.

The 2022 EasyCrypto platform development has continued to emphasize the importance of cyber security and now harnesses leading custody solution technologies – namely BitGo and Fireblocks. An Agile development methodology has empowered a UI/UX which makes the brand live up to its name. The EasyCrypto platform now allows users to view their portfolio in the form of either a NAV or holdings chart, setting the precedent for a robust portfolio tracking dashboard. The EasyCrypto back-end is built to scale using AWS architecture positioning the platform for tenable market penetration into various international regions. 2023 will continue to see an expanding product line of new coins, bundles, and contemporary blockchain-specific use cases – making crypto easy to understand and accessible to all.



**+150 000**  
Crypto INVSTRS



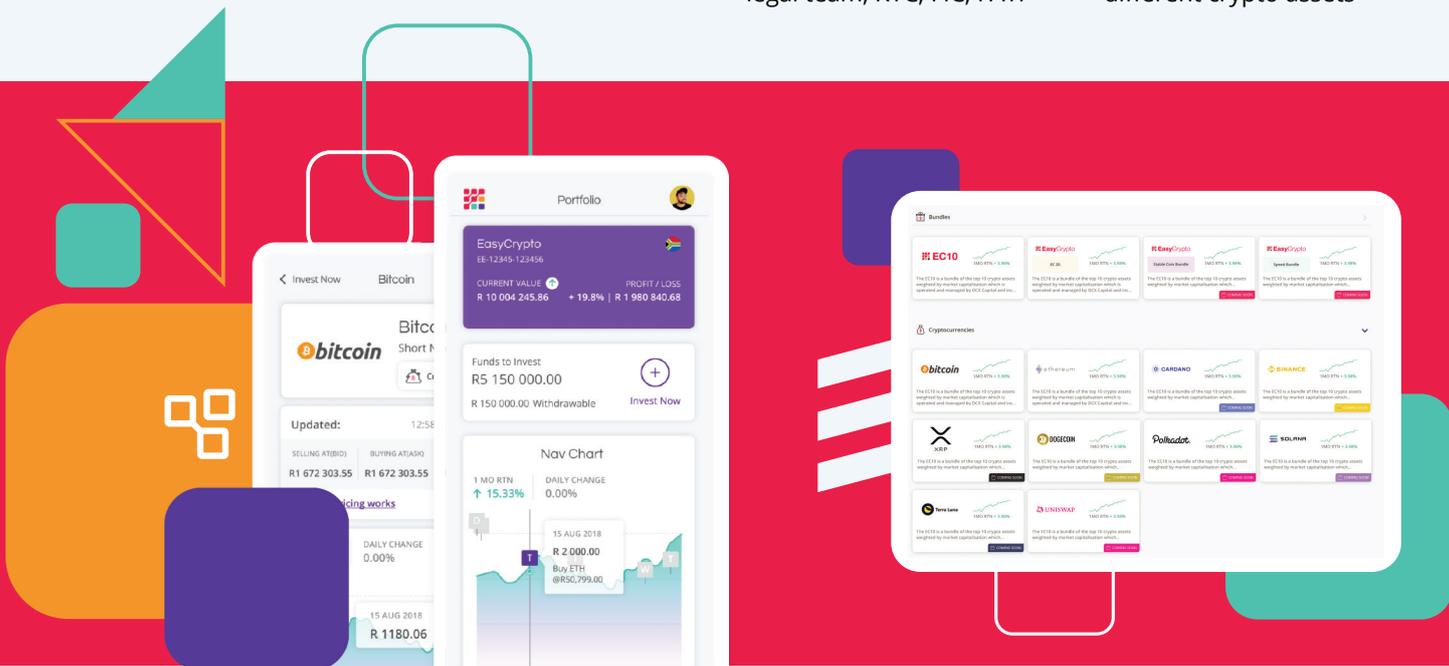
**+R300m**  
Assets under management



**Compliant**  
Preliminary FSCA compliance, experienced legal team, KYC, FIC, FATF



**Agnostic**  
Trade execution at best available price of over 20 different crypto assets



# OUR LEADERSHIP - BOARD OF DIRECTORS

## HAPPY NTSHINGILA – 61

Independent non-executive Chairman

Happy Ntshingila is Chairman of Washirika 3 Oaks. He was previously Chief Executive Officer at SuperSport International. Prior to that he was Group Chief Marketing and Communications Officer at Barclays Africa. He is the former Deputy Chairman of Brand SA, sat on the Council of the University of Fort Hare and he is Chairman of the Eminent Persons Group (tasked with transformation in SA sport). Former CEO and founder of the famed HerdBuoys Advertising. Happy joined the Board in February 2019. Happy is also a member of the Audit Committee, Remuneration Committee and Social and Ethics Committee.

## MARK BARNES – 66

Non-executive director

Mark Barnes graduated from UCT with a Business Science degree in Actuarial Science and attended a Management Programme at Harvard Business School.

Mark is widely known as an investment banker in South Africa. He has 35 years of experience in financial services, holding positions of leadership at Standard Bank, Capital Alliance and Brait. Mark has had a wide exposure to financial markets previously as head of the biggest treasury operation in South Africa and as Chairman of the South African Futures Exchange. He is currently a significant shareholder in the Purple Group.

Mark is a frequent contributor in the South African media and was CEO of the South African Post Office, until September 2019.

Mark joined the Board in October 2004.

Mark is also a member of the Remuneration Committee and Chairman of the Risk Committee.

## CHARLES SAVAGE – 49

Group Chief Executive Office (CEO)

Charles completed a BCom Accounting and Information Systems at the University of Cape Town in 1996.

For nearly 20 years he has been active in financial markets with a strong focus on technology, business development and leadership. Charles was part of the team that pioneered CFD and spread trading in South Africa and in 2000 he led the development of the world's first fully automated online Spread Trading platform. He was elected to manage GT247.com's South African operations in 2003 where he was part of the Global Trader Executive.

Charles is now responsible for strategically leading the operating business units of the Group.

Charles joined the Board in July 2009.

Charles is also a member of the Risk Committee.

# OUR LEADERSHIP - BOARD OF DIRECTORS CONTINUED

## GARY VAN DYK – 45

Group Chief Financial Officer (CFO)

Gary completed his articles at KPMG at the end of 2002 at which time he qualified as a Chartered Accountant.

He then spent four years in the Transaction Advisory Division of KPMG prior to joining Purple Group in November 2006.

Gary was Head of Corporate Finance until April 2013 at which time he was appointed as the Group's CFO

Gary joined the Board in April 2013.

Gary is also a member of the Social and Ethics Committee and Risk Committee.

## ARNOLD FORMAN – 58

Independent non-executive director

Arnold Forman is a chartered accountant having completed articles at Arthur Young, and having worked at PWC locally and internationally.

He is the Chief Executive Officer of The Lubner Group of Companies which portfolio includes Real Estate, Property Development, Retail, Sporting and Financial Services Interests.

His 27 years of experience in strategy, operations, financial and marketing aspects of these businesses is valuable, broad and always seeking out of the box solutions to promote businesses and sustainability. He is a non-executive director on the majority of these interests with the exception of The Houghton Hotel Group where he is the Group Chief Executive Officer.

From a CSI perspective, he was one of the founders and is the Chair Person of Afrika Tikkun Investments and a Non-Executive Director of the NPO Afrika Tikkun which focuses on the cradle to career development of underprivileged township children and youth in South Africa. Today this NPO has 650 employees with more than 20 000 beneficiaries.

Arnold joined the Board in February 2019.

Arnold is also a member of the Audit Committee and the Risk Committee.

## CRAIG CARTER – 62

Independent non-executive director

Craig has over 30 years' experience, predominantly in technology and financial services, including treasury, corporate finance, venture capital, banking and mobile payments. Craig joined Purple Group at its inception as COO and was most recently COO for WIZZIT International, and CEO of Luminous Banking.

Craig joined the Board in February 2005.

Craig is also a member of the Risk Committee and Chairman of the Audit Committee and Remuneration Committee.

# OUR LEADERSHIP - BOARD OF DIRECTORS CONTINUED

## BONANG MOHALE – 60

Non-executive director

Bonang is the President of Business Unity South Africa (BUSA), Chancellor of the University of the Free State, Professor of Practice in the Johannesburg Business School (JBS) College of Business and Economics, Chairman of both The Bidvest Group Limited and SBV Services.

Bonang Mohale was the Chief Executive Officer of Business Leadership South Africa (BLSA) till June 2019. Prior to joining BLSA, Mr Mohale ended a distinguished term as Vice President Upstream and Chairman of Shell South Africa (Pty) Limited at the end of June 2017.

Mr Mohale has had a distinguished career at the helm and in leadership roles of several major South African and multinational companies;

Mr Mohale has an impressive track record of building successful companies, delivering results and making significant advances in transformation in the companies he has been privileged to lead. He has been a vocal, courageous and active proponent of transformation since the 1980s, and played a leadership role in the Black Management Forum (BMF) for over 33 years, where he was the president.

Bonang joined the Board in February 2019. Bonang is also Chairman of the Social & Ethics Committee.

## PAUL RUTHERFORD – 44

Non-executive director

Paul is the founder and managing partner at Base Capital (formerly Nire Capital). Base Capital focuses on investing in technology enabled businesses. They invest globally and across the life cycle of a business from seed and growth stage through to secondary and listed investments.

The objective is to identify durable market winners and to support management on their journey. While Base Capital invest globally there is a focus on developing markets. The business is operated from Cape Town, South Africa.

Paul brings 20 years experience of growing and scaling market winning businesses both as an investor and operator. This experience and global network provides support to management teams across strategy, product, expansion, access to talent and capital partners.

Paul joined the Board during October 2021 and is also a member of the Remuneration Committee and Risk Committee of Purple Group.

## WILLIAM BASSIE MAISELA – 60

Independent non-executive director

Bassie was appointed Chief Executive Officer of NBC on 1 May 2011 and is also Executive Director of NBC Holdings (Proprietary) Limited and its subsidiaries (“The NBC Group”).

Bassie joined NBC, as a successful business man in his own right, as an executive in early 2009 and has since then played a key leadership role in all aspects of our business including serving as the chairman of NBC’s Group executive committee. He has a B.A. (Hon.) degree in Communications and worked previously at ArcelorMittal South Africa, where he served as the General Manager: Human Resources. He started his career in 1986 at Amcoal (Anglo American) as an HR Trainee and proceeded to occupy numerous management positions in the mining and construction industries. Whilst with ArcelorMittal, he successfully negotiated a ground-breaking agreement which has been regarded as a benchmark in the industry.

## OUR LEADERSHIP - EXECUTIVE COMMITTEE



### Chief Executive Officer – Purple Group

Charles Savage **EasyGrow Coach**

Charles completed a B.Com Accounting and Information Systems at the University of Cape Town in 1996. For nearly 20 years he has been active in financial markets with a strong focus on technology, business development and leadership.

Charles was part of the team that pioneered CFD and spread trading in South Africa and in 2000 he led the development of the world's first fully automated online Spread Trading platform.

He was elected to manage GT247.com's South African operations in 2003 where he was part of the Global Trader Executive. Charles is now responsible for strategically leading the operating business units of the Group.

Charles joined the Board in July 2009. Charles is also a member of the Risk Committee.

“

My purpose is to leverage my technology, financial markets, leadership & strategy experience to empower our incredible team to make investing easy for everyone. Measuring our impact through uplifting the financial lives of everyone that encounters us so that 100 years from now, when looking back, people recognize the contribution we made to changing the financial fabric of the countries we operated in by making investing an easy, enjoyable, fun & rewarding user experience

”

## OUR LEADERSHIP - EXECUTIVE COMMITTEE CONTINUED



### Chief Financial Officer – Purple Group

Gary van Dyk      **EasyServe Coach**

Gary completed his articles at KPMG at the end of 2002 at which time he qualified as a Chartered Accountant. He then spent four years in the Transaction Advisory Division of KPMG prior to joining Purple Group in November 2006. Gary was Head of Corporate Finance until April 2013 at which time he was appointed as the Group's CFO Gary joined the Board in April 2013. Gary is also a member of the Social and Ethics Committee and Risk Committee.

“

Safeguarding clients' and business assets, driving cost efficiencies, and providing business intelligence to support growth is where my focus is. As the business continues to expand into new products and jurisdictions, the level of complexity within the Group will continue to increase. I have every confidence that my team is up for the task, and I look forward to the various challenges that we will face and conquer, together, in our mission to deliver financial products for everyone and exceptional value to our shareholders

”



### Chief Risk Officer – Purple Group

Nicola Comminos      **EasyTrust Coach**

Nicola is a CFA Charterholder and holds B.Com and B.Com Honours Investment Management degrees (both Cum Laude). With 17 years' experience in financial markets, she has occupied various leadership roles at the JSE in group strategy, sustainability, risk and compliance management, market and product development and business intelligence. She joined Purple Group in June 2022 and is responsible for the assurance functions of the group including group risk, legal and compliance. She participates in various industry forums and amongst others chairs the CFA SA Governance, Audit & Risk Committee, serves as VP of IRMSA (Institute of Risk Management of South Africa) board and co-heads the WE (Women in ETFs) South Africa chapter. Nicola is a member of the Risk Committee as well as the Social and Ethics Committee.

“

My purpose is to leverage my empowering leadership style, problem solving mindset and financial markets experience across a wide range of disciplines including market and product development, business intelligence, strategy, sustainability, risk management and compliance to enable purple group teams to achieve our purpose of making investing easy for everyone. Priding ourselves on having built a leading, secure and sustainable fintech group

”



## OUR LEADERSHIP - EXECUTIVE COMMITTEE CONTINUED



### Chief Technology Officer – Purple Group

Paul Jansen van Vuuren **EasyPlatform Coach**

Paul started out in systems development in 1994 and has been levelling up on disruptive technologies ever since. Paul spent five years with Alt X-listed Zaptronix Limited delivering smart card payment solutions, a PDA-based electricity meter remittance and route management system, a biometrics-based identity enrolment and verification device for use with pension payments in rural areas and a smart card based loyalty and rewards solution. Paul spent a further six years with Mobile Wave focusing on mobile-based loyalty and rewards solutions before co-founding digital solutions agency Ad-One Digital where he developed bespoke systems for a number of customers, including being contracted to GT247.com for three years before joining Purple Group in the role of development manager in 2011 and promoted to Chief Technology Officer in 2013.

“

My purpose is to constantly strive for improvement, to design efficiencies into every aspect of the platform, from architecture to processes. To deliver the same quality and aesthetics to our employees as we do our customers, and to help the team have a truly rewarding experience while delivering their best. To ensure that every aspect of our platform is safeguarded

”



### Chief Operating Officer – Purple Group

Rish Tandapany **EasyServe Coach**

Rish graduated with a BSc in Information Management from University College London in 2006. He has more than 16 years' experience in investment banking, asset management and brokerage. His previous roles include being Global COO/CFO of ADSS, a broker and investment management firm, driving their international expansion and product suite. In addition, he has held senior positions at Standard Chartered and Deutsche Bank, as well as board and advisory positions in several Hong Kong and Singapore Defi, Digital Assets and Payments FinTechs. Rish holds an MBA from INSEAD and is a Chartered Financial Analyst (CFA). He joined Purple Group in early 2022 as Group COO based out of Singapore. Rish is also a member of the Risk Committee.

“

Driving expected behaviors, removing barriers and scaling Purple Group are my core goals. My experience in organizational development, achieving operational excellence and cost efficiencies, should facilitate achieving our growth goal of making investing easy for everyone. Equally important to me is a desire to drive our staff to be pioneers within the agile fintech industry. Our products and ease of use is what garners more and more customers, but it is our culture, effectiveness and agility that will keep them with us longer. How do we better serve both our internal and external clients? That is the question I ask myself everyday

”

## OUR LEADERSHIP - EXECUTIVE COMMITTEE CONTINUED



### Chief Enablement Officer – Purple Group

Carel Nolte **EasyEnable Coach**

Carel holds a BA (Law) and MA (cum laude) from the University of Stellenbosch. After starting his career in London in Programme Acquisitions for the BBC, Carel returned to South Africa in 2000 working for the Independent News Group before joining Hollard Insurance as Head of Communications. In 2008, Carel was part of the founding team for Etana Insurance with executive responsibility for brand, people and procurement. In 2013 Carel founded CN&CO, a communications firm specialising in financial services, before joining Purple in 2014 as chief marketing and communications officer. Carel is responsible for all brand activities and the customer experience team. Carel has held numerous financial services industry roles such as founding chairman of TFC for the South African Insurance Association and a member of the Professional Standards Committee for the Insurance Institute of South Africa. Carel is a former chairman of St Stithians College Council, founding chairman of Johannesburg Services for the Homeless and chair of HR and Marketing committees at Business & Arts South Africa.

“

My purpose is to enable our team, customers and partners to achieve their investment goals. 1 + 1 must equal more than 2 and with our phenomenal products that is possible. Financial dignity and freedom should not be the purview of a few but is the right of all. I am passionate about enabling people to see how magical they are and how powerful they can be. We can and must make a positive difference in this world for our community and ourselves. EasyEquities must be the investment platform of choice for 50 million users by 2030

”



### Chief People Officer – Purple Group

Bev Ferreira **People Coach**

Bev completed a B degree Personnel Management, Hons. Industrial Relations and 2nd Hons. in Industrial Psychology at RAU. She served as HR Director for Interpark (SA) (Pty) Ltd (wholly owned subsidiary of Excellerate Holdings Limited) before being promoted to Group General Manager: HR of Excellerate Holdings Limited. After leaving Excellerate, Bev consulted extensively to local and multinational organisations spanning retail, manufacturing, trade, technology & financial services as an independent HR consultant before taking up the role of Head of HR and then Chief HR Officer for Purple Group Limited. Bev is a certified HR Agile Professional and Reiss Motivational Profile Master. She served on the Board of Marist Brothers Linmeyer School in a volunteer capacity for 6 years, including roles as Head of HR Portfolio, Deputy Chairperson and Chairperson from 2019 – 2021.

“

My purpose is to create a high-achievement, high reward, high-happiness environment that leverages our people's diversity, talent, passion and energy to deliver the group's growth strategy

”

# CORPORATE GOVERNANCE

**The Group recognises that the shareholders own the business and that the Board is required to act in the best interests of the Company.**

**The Board subscribes to the highest level of professionalism and integrity in conducting its business and in dealing with all its stakeholders. In adhering to its code of ethics, the Board will be guided by the following broad principles:**

- Businesses should operate and compete in accordance with the principles of free enterprise;
- Free enterprise will be constrained by the observance of relevant legislation and generally accepted principles regarding ethical behaviour in business;
- Ethical behaviour is predicated on the concept of utmost good faith and characterised by integrity, reliability and a commitment to avoid harm;
- Business activities will benefit all participants through a fair exchange of value or satisfaction of needs; and
- Equivalent standards of ethical behaviour are expected from individuals and companies with whom business is conducted.

## ROLE AND FUNCTION OF THE BOARD

The Board is ultimately responsible for ensuring the effective management and control of the Group and participates in the determination of the strategic direction and policy of the Group, discussions regarding transactions and disposals, approval of major capital expenditure, diverse financial and administrative activities and any other matters that may materially impact on the business of the Group.

The Board has delegated authority of the day-to-day management of the Group to the CEO and the executive teams of the businesses themselves. Management will supply the Board in a timely manner with information in a form and of a quality appropriate to enable it to discharge its duties.

The directors have unrestricted access to all Group information, records, documents and property, which they may require for the fulfilment of their duties.

Directors will furthermore have the ability to delegate certain functions, either internally or externally, in order to assist them in the performance of their duties and the decision making process.

## THE BOARD OF DIRECTORS

### COMPOSITION

At 31 August 2022, the Board comprised two executive and seven non-executive directors (four of whom are independent). William Bassie Maisela was appointed to the Board, as an independent non-executive director, effective 31 August 2022.

The Board is satisfied that it has the requisite number of directors with the skills, knowledge and resources to conduct the business of the Group. Details of the directors, together with a brief curriculum vitae of each director, can be found on pages 30 to 32.

Executive directors have standard employment contracts, requiring no more than three months' notice of termination.

Non-executive directors have standard letters of appointment and are subject to retirement by rotation and re-election by shareholders in accordance with the Memorandum of Incorporation.

# CORPORATE GOVERNANCE CONTINUED

## DIVERSITY POLICY

Purple Group recognises and embraces the benefits of having a diverse Board and sees increasing diversity at Board level as an essential element in maintaining a competitive advantage. A diverse Board will include and make good use of differences in the skills, experience, background, race, gender and other distinctions between members of the Board. These differences will be considered in determining the optimum composition of the Board and, wherever possible, should be balanced appropriately. All Board appointments are made on merit, in the context of the skills, experience, independence and knowledge which the Board as a whole requires to be effective.

In terms of Regulation 43 (5) of the Companies Act No. 71 of 2008 (“the Act”), the Purple Group Social and Ethics Committee (“the S & E Committee”) is required to report on, among others, the promotion of equality, diversity and the prevention of unfair discrimination.

In reviewing the Board composition, the Board will consider the benefits of all aspects of diversity specifically including, but not limited to, gender and race diversity, in order to enable it to discharge its duties and responsibilities effectively.

In identifying suitable candidates for appointment to the Board, the Board will consider candidates on merit against objective criteria and with due regard to the benefits of diversity on the Board.

As part of the annual performance evaluation and assessment of the Board, Board committees and individual directors, the Board will consider the balance and mix of skills, experience, independence and knowledge and the diversity representation on the Board, including gender and race, how the Board works together as a unit, and any other factors relevant to its effectiveness.

Three black non-executive directors are members of the Board, of which one is the Chairman of the Board. The Group will target a majority representation of black non-executive directors of which, at least one, will be female.

## CHAIRMAN

The Chairman of the Board, Happy Ntshingila, is an independent non-executive director.

The roles of Chairman and CEO are separate, each with clearly defined responsibilities.

## INDEPENDENCE AND PERFORMANCE

It is the intention of the Board to maintain a majority of non-executive directors to provide independent and objective input into the decision-making process.

The Board reviews the independence of directors annually at a minimum, taking into consideration the principles as set out in the King IV code and the Companies Act.

Executive directors' performance is assessed in relation to key performance indicators as agreed annually in accordance with the Company's standard performance assessment process.

Due to the small size of the Board and the fact that all directors participate actively, the Board has not found it necessary to conduct formal assessments of the individual non-executive directors.

## PROCESS FOR APPOINTMENT AND REMOVAL OF DIRECTORS

Due to the small size of the Group and the Board no Nominations Committee has been formed. As a result, directors are appointed and/or removed by the full Board directly, based on the suitability of available candidates and the requirements of the Group.

New directors will be inducted into the Group through interactions with various Exco members across the business, providing them with the necessary understanding of the Group structure and fiduciary responsibilities.

# CORPORATE GOVERNANCE CONTINUED

## APPOINTMENT AND RE-ELECTION OF THE BOARD

One-third of all non-executive directors retire by rotation annually, and any director appointed by the Board is subject to election by the shareholders at the first Annual General Meeting (AGM) held after their initial appointment.

In accordance with the Company's Memorandum of Incorporation and the King code, Mark Barnes, Arnold Forman and Bonang Mohale will retire by rotation and will stand for re-election by shareholders at the next AGM.

## BOARD COMMITTEES

The Board has established a number of statutory and other committees to assist it in fulfilling its duties and responsibilities more effectively.

Members of the Board are appointed to committees based on their areas of expertise and experience, and in such a way that there is a distribution of authority and decision-making. One of the members is appointed as chair of that committee.

Each committee operates within specific written terms of reference under which certain functions of the Board are delegated with defined purposes, duties and reporting procedures. These terms of reference are reviewed regularly.

	Board Meetings	Audit Committee	Social and Ethics Committee	Risk Committee	Remuneration Committee
Happy Ntshingila	(3/3) (Chairman)	(2/2)	(1/1)		(1/1)
Bonang Mohale	(2/3)		(1/1) (Chairman)		
Mark Barnes	(3/3)			(2/2)	(1/1)
Arnold Forman	(3/3)	(2/2)		(2/2) (Chairman)	
Craig Carter	(3/3)	(2/2) (Chairman)		(2/2)	(1/1) Chairman
Charles Savage	(3/3)			(2/2)	
Gary van Dyk	(3/3)		(1/1)	(2/2)	
Paul Rutherford	(3/3)			(1/2)	(1/1)

Paul Rutherford was appointed to the Board, Remuneration Committee and Risk Committee, effective 1 October 2021.

William Bassie Maisela was appointed to the Board effective 31 August 2022.

## REMUNERATION COMMITTEE

The Board of Directors has established a Remuneration Committee which will make recommendations to the Board within agreed terms of reference, on the Group's framework of executive remuneration and its costs. The Remuneration Committee will ensure that levels of remuneration are sufficient to attract and retain directors and executives needed to run the Group successfully. The Remuneration Committee will meet as required and comprised of Craig Carter (who chairs the committee), Happy Ntshingila, Mark Barnes, and Paul Rutherford.

# CORPORATE GOVERNANCE CONTINUED

## REMUNERATION POLICY

The Remuneration Committee has developed a performance-orientated remuneration philosophy which fairly rewards executives and employees for their respective contributions to achieving the Group's strategic, financial and operational objectives. The remuneration structures are to encourage sustainable, long-term wealth creation. The following factors regarding the remuneration structures are highlighted:

- The remuneration philosophy is supportive of the Group's strategy;
- The cost of employment is managed while, at the same time, employees are rewarded in order to retain and motivate talented, skilled and high-calibre executives and employees;
- The Group promotes a performance-based culture; and
- The Group strives to align executive rewards with the interests of stakeholders.

The Remuneration Committee acknowledges the importance of motivating individual and team performances and therefore applies the remuneration policy equitably, fairly and consistently in relation to job responsibilities, the markets in which the Group operates and personal performance.

The Group rewards executive directors and employees as follows:

- Market-related, fair annual packages (base salary and benefits), which are competitive owing to the portability of skills;
- Market information is sourced from industry and executive remuneration surveys to benchmark executive remuneration in comparable positions;
- Annual performance bonuses related to specific Company and personal objectives; and
- Participation in the employee share scheme.

For non-executive directors' fees, the Remuneration Committee takes cognisance of market norms and practices as well as the additional responsibilities placed on Board members by new legislation and corporate governance rules. Non-executive director remuneration is fee-based and not linked to the share price of Purple Group. Purple Group non-executive directors do not receive bonuses or share options to ensure actual and perceived independence, except for Mark Barnes who has share options from his time as an executive. It was approved at a general meeting of shareholders that these could be retained by Mark Barnes.

## AUDIT COMMITTEE

The Board of Directors has established an Audit Committee whose primary objective is to provide the Board with additional assurance regarding the efficiency and reliability of the financial information used by the directors, and assurance that the regulatory structures are maintained in compliance with the applicable legislative frameworks. The members of the Audit Committee are elected by ordinary resolution at each Annual General Meeting of the Company.

The Audit Committee will meet at least twice a year and comprises Craig Carter (who chairs the committee), Arnold Forman and Happy Ntshingila, all of whom are independent non-executive directors. The Chief Financial Officer, VP of Finance and representatives from external audit attend Audit Committee meetings by invitation.

Other functions of the Audit Committee include:

- Nomination of the external auditor for appointment;
- Approval of the terms and remuneration of the external auditor;
- Approval of non-audit services by the external auditor;
- Communication with shareholders regarding the external auditors;
- Overseeing integrated reporting;
- Satisfying itself that the finance function is appropriately staffed; and
- Considering the competence and independence of the external auditor by, amongst others, receiving and reviewing the documentation as detailed in paragraph 22.15(h) of the Listings Requirements of the JSE.

As required by the JSE, the Company has a Financial Director. The position is currently held by Gary van Dyk, who is an executive director and is deemed competent by the committee.

# CORPORATE GOVERNANCE CONTINUED

The committee is satisfied that the external audit function and designated auditor are accredited and have acted with unimpaired independence and free from any scope restriction.

## SOCIAL AND ETHICS COMMITTEE

The Group's Social and Ethics Committee functions in line with the requirements of the Companies Act (No. 71 of 2008). The members of the committee are Bonang Mohale (who chairs the committee), Happy Ntshingila, Bradley Leather, Carel Nolte, Nicola Comninos, Beverley Ferreira, Justin Pearse, Sascha Graham, Estian Goosen and Gary van Dyk (Committee Secretary). A formal charter has been adopted that governs the objectives of the committee and how its business shall be conducted.

## RISK COMMITTEE

The Group has formed a Risk Management Committee that is responsible for the governance of risk and to set levels of risk tolerance and risk appetite. The committee comprised of Arnold Forman (Chairman), Craig Carter, Mark Barnes, Charles Savage (CEO), Gary van Dyk (CFO), Mark Wilkes (VP of Risk), and Paul Rutherford as at 31 August 2022, and meets when the risk position of the various companies warrants it, but at a minimum two times a year, to review the risk policies. Mark Barnes was appointed Chairman of the Risk Committee at the last meeting held on 26 August 2022.

Paul Rutherford was appointed to the Risk Committee, effective 1 October 2021.

This committee has as its responsibility to:

- Design, implement and monitor the risk management plan;
- Ensure risk is assessed on a continual basis;
- Ensure that there are appropriate risk responses implemented; and
- Ensure that there are processes in place enabling complete, timely, relevant, accurate and accessible risk disclosure.

The Board is of the view that the risk management process is effective in managing the risks that the business is faced with and in responding to unusual or abnormal risks.

The disclosure of material risks as required by JSE Listings Requirement 8.63(s) can be found on page 44.

# CORPORATE GOVERNANCE CONTINUED

## COMPANY SECRETARY

All directors have access to the advice and services of the Company Secretary.

The Company Secretary acts in a support capacity to the directors and Chairman and provides the Board with guidance and advice regarding the directors' responsibilities, duties and powers and to ensure that the Board is aware of all the legislation relevant to or affecting the affairs of the Group.

The Company Secretary is required to ensure that the Group complies with all applicable legislation regarding its affairs including the necessary recording of meetings of the Board or shareholders.

The Board was satisfied that the Company Secretary is suitably qualified, competent, experienced and independent. The Company Secretary is a third party entity in which none of the directors or Exco members have an interest, and as a result the Board believes that an arms-length relationship exists between the Group and the Company Secretary.

## GOVERNANCE OF INFORMATION TECHNOLOGY (IT)

IT forms an integral part of the three business units, namely EasyEquities Group, GT247.com and Emperor Asset Management.

IT governance, therefore, forms an integral part of the Group's risk management to ensure that the systems are able to support our clients' needs and our own internal control systems, whilst at the same time being aligned to the Group's strategic objectives.

While the Board is ultimately responsible for the governance of IT, this has been delegated to Paul Jansen van Vuuren (Group Chief Technology Officer), who is a member of Exco, and who is responsible for the implementation of an IT governance framework and for monitoring and evaluating significant IT expenditure.

As part of this framework the Group identifies any new and innovative technology that can be incorporated into its strategy and processes. Security, disaster recovery and data management are also essential focuses of the IT department.

## COMPLIANCE WITH RELEVANT LAWS, RULES, CODES, STANDARDS AND THE MEMORANDUM OF INCORPORATION

The Board is responsible for ensuring the Group complies with all applicable laws that affect the different business units as well as with the Memorandum of Incorporation of the Company. This is achieved through effective delegation to management and the Group compliance and legal function that monitors the Group's compliance with the relevant rules and laws.

A Regulatory Committee was formed to monitor the Group's compliance with the acts relevant to its various businesses, most importantly Financial Intelligence Centre Act (FICA), Financial Advisory and Intermediary Services (FAIS), Financial Management Association International (FMA), Financial Services Regulatory Authority (FSRA) and Protection of Personal Information Act (POPIA). The committee comprises Charles Savage (CEO) and Gary van Dyk (CFO) and meetings are attended by the Group's VP of Compliance, VP of Legal, VP of Operations and VP of Risk.

## GOVERNING STAKEHOLDER RELATIONSHIPS

The Board is responsible for ensuring that all the Group's stakeholders are dealt with in an equitable manner and that there is transparent and effective communication with them. The Board has identified the important stakeholders in the Group and strives to achieve a balance between their various expectations. There were no requests for information lodged with the Company in terms of the Promotion of Access to Information Act, No 2 of 2000 that were denied during the year.

The main stakeholders in Purple Group and the primary channels of communication with each of them, are as follows:

# CORPORATE GOVERNANCE CONTINUED

## COMMUNICATION CHANNELS

Employees	Human Resource function, performance management systems, management structures, team and staff meetings.
Customers	Website, emails, seminars, training, social media and client services team.
Shareholders	Integrated report, Annual General Meeting, one-on-one meetings, circulars and announcements.
Partners	Reporting and meetings.
Regulators	Submission of integrated annual reports and returns, audits and compliance with the rules and regulations of the individual regulatory bodies.
Media	Interviews, providing content to TV shows and magazines.

## KING REPORTS ON CORPORATE GOVERNANCE

The Group remains committed to managing its operations in accordance with the highest ethical standards. It supports the values of corporate governance advocated in the King Reports on Corporate Governance and complies with the principles contained in the Code of Corporate Practices forming part of King IV.

A register in terms of King IV, can be found on the website at [www.purplegroup.co.za](http://www.purplegroup.co.za).

# RISK MANAGEMENT PROCESS

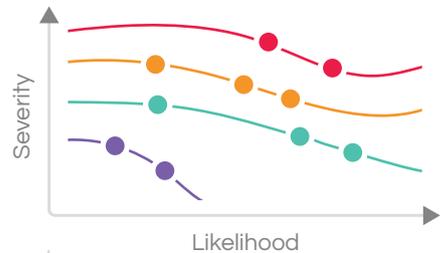
## Risk Events

The risk events applicable to the Purple Group businesses are grouped according to 5 primary risk categories:



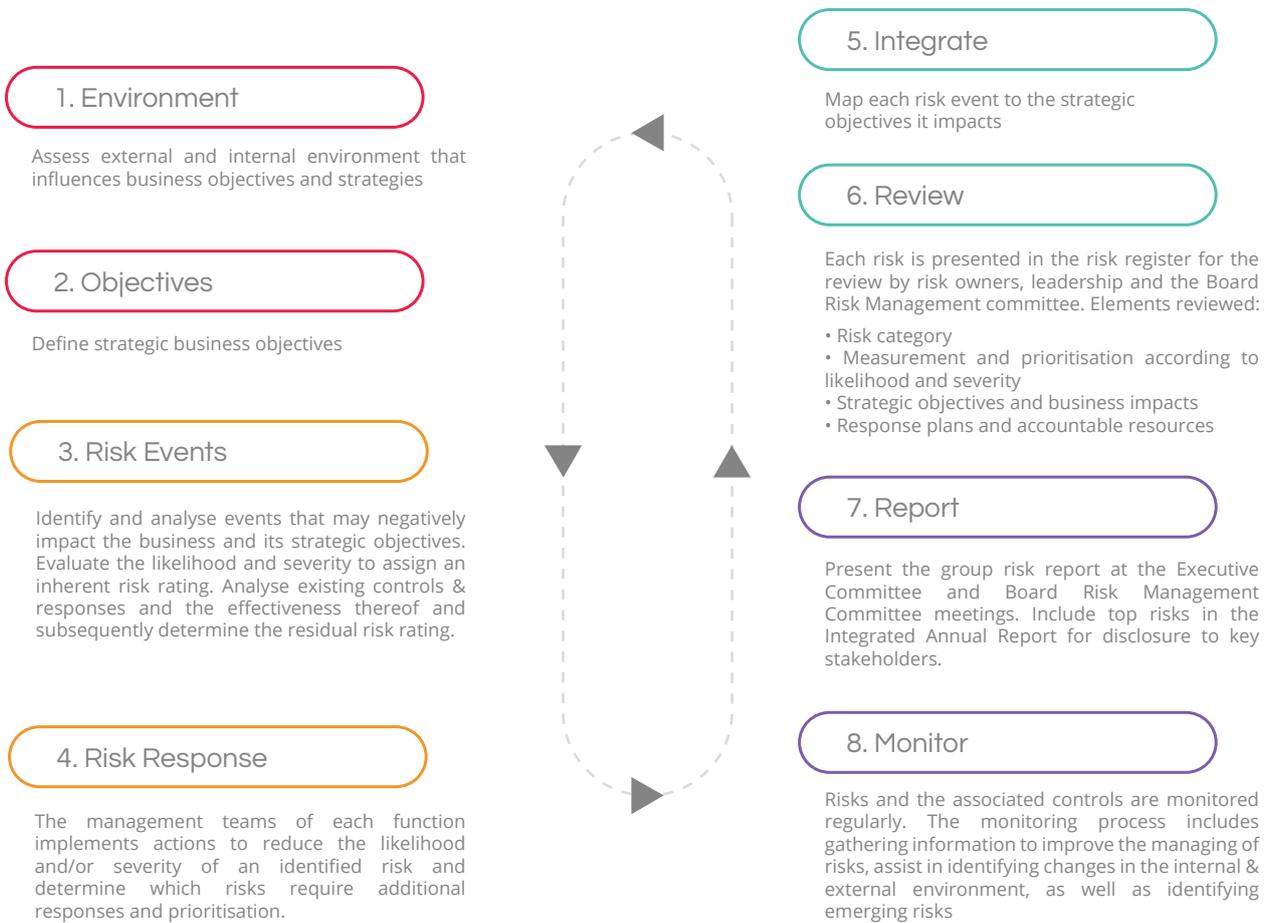
## Risk Matrix

Showing the measurement of residual risk events with existing responses and controls in place:

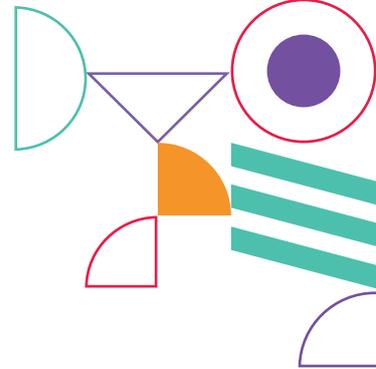


- Risk Ratings**
- Extreme:** Significant event with potential material impact on business sustainability
  - High:** Event that can severely impact strategic direction, operations and financial health
  - Medium:** Event that can disrupt normal business operations and impact financial health or strategy
  - Low:** Minor even with limited potential impact which can readily be absorbed in business operations

## Risk Management Process



# RISK MANAGEMENT PROCESS CONTINUED



## Top Risks

### Shareholders Alignment Risk

The risk of major shareholder groups' intent, risk appetite, capital allocations and term structure not being in alignment with Purple Group's

#### Mitigating controls

Executive management engagement with current and new major shareholder groups to communicate the group's strategic priorities, risk appetite, capital requirements and term structure. The group capital plan is regularly reviewed and updated routinely to ensure capital needs are well understood and communicated to major shareholder groups

### Partner Delivery Risk

The risk of not delivering on contractual obligations set out in partner agreements within Purple Group

#### Mitigating controls

To ensure that the group delivers on each of its partnerships, key team members have been assigned to develop and maintain each partner relationship. From an IT development and support perspective, a Partner Enablement team which solely focuses on development work for the Group's partners and the maintenance and support of those systems and platforms is in place.

### Compliance Risk

The risk of failing to comply with laws and regulations

#### Mitigating controls

The Group's Compliance Function monitor legislation changes and continuously update the business on any new requirements as well as ensure compliance within existing regulations. In respect of any new products, new jurisdictions or significant changes in legislation, the group secures the advice and services of external legal advisors and seasoned compliance specialists.

### Market Risk - Derivatives Trading & Hedging

The risk of financial loss due to ineffective market risk management controls

#### Mitigating controls

The business has several systems, processes and controls in place in the trading and market risk management functions to protect the business against losses incurred due to ineffective market risk management. Risk management tools include, but are not limited to the increase or decrease of product margin rates as well as the increase or decrease of maximum limit exposures a client may hold in a specified instrument. Business expertise in derivatives trading and hedging is extensive; risk management policies are in place and the risk is monitored daily.

### Cyber Security Risk

The risk of a large-scale cyber attack compromising the digital assets of Purple Group, any of its subsidiaries and/or partners

#### Mitigating controls

The Group has a robust cyber security risk management programme applied across all access points throughout the business. This includes, but is not limited to periodic reviews and monitoring of user access rights, internal vulnerability security scans, penetration tests to identify potential vulnerabilities, and an extensive mandatory cyber security training programme.

### Reputation Risk

The risk of reputational damage due to market perceptions and lack of stakeholder management

#### Mitigating controls

Stakeholder management plans are in place to ensure stakeholders are regularly engaged with, their expectations are well known, tracked, and delivered on; and the group protects its reputation as it continues to expand in size and geographically.

### Talent Risk

The risk of being under resourced, key man dependencies, lack of succession planning and skills attraction and retention strategies

#### Mitigating controls

Capital plans detailing the human resources required to pursue new products and jurisdictions are regularly reviewed and updated to secure the required capital, deploy resources, and mitigate this risk. Key-man dependencies across the group has been identified and each executive has a cluster of resources that they mentor, coach and upskill to secure succession planning for key and critical roles. A new share incentive scheme has been approved by the board and is ready to be implemented.

### Change Risk - Capacity, Culture & Governance Structures

The risk of inadequate management processes in place to accommodate large scale change within Purple Group - new products, new business lines and new geographies

#### Mitigating controls

Change management plans aim to preserve and build on the well-entrenched agile culture; adding additional governance guardrails and configuring the scaled corporate structure; and enhance the IT, financial and operational controls as the group grows its product suite and expands geographically. The Group subscribes to good corporate governance principles and ensures effective controls, well-defined processes and procedures are in place to maintain a high governance standard.

### Fraud Risk

The risk of loss due to fraud

#### Mitigating controls

The business has several measures and controls in place to protect the business and our clients against fraud, which include an advanced Anti-Money Laundering and Fraud Detection system, withdrawal lock-up periods, daily reconciliations of deposits together with system and manual checks when processing refunds. In addition, the Group has Crime and Civil Liability insurance cover to protect it against losses due to fraud or error that results in financial loss.

### Capital Availability Risk

The risk of inability to raise funding for growth and operational requirements

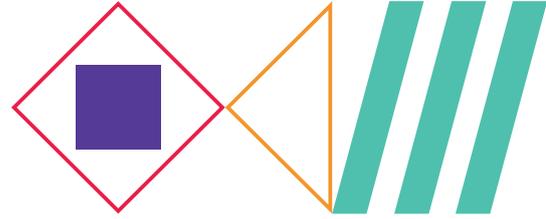
#### Mitigating controls

Group Capital plans detailing the funding required to pursue new products and jurisdictions; explaining the group aspirations, global expansion plans and recent successes are regularly reviewed, updated and communicated to various shareholder groups to secure continued capital support required to execute on group strategy.

#### Risk Category Legend

STRATEGIC  
FINANCIAL  
OPERATIONAL  
REGULATORY & GOVERNANCE  
PEOPLE





# SUSTAINABILITY REPORT

Our purpose of democratising investing to empower financial dignity for all is core to our value creation process and is enabled through our agile culture and values.

“

We democratise investing & empower financial dignity for all

”

Profit through purpose

Brave enough to fail to succeed

Culture enabling Strategy delivery

## Cheap as chips and easy as pie – we’re building the worlds best investment platform

### Value Drivers

There are four key drivers through which we unlock stakeholder value

**+ Customers**

- Partnerships
- Design
- Loyalty & Referrals
- Platform Improvements
- Conversion Journey

**+ ARPU**

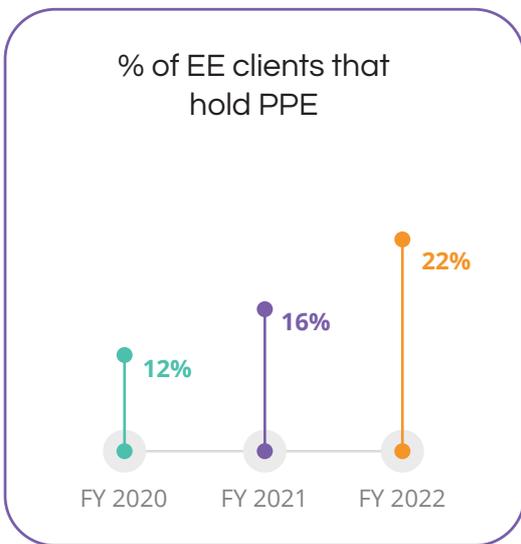
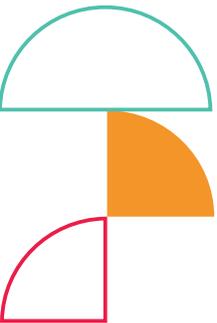
- Research & Education
- +Products
- +Services
- +Markets
- +Transactions

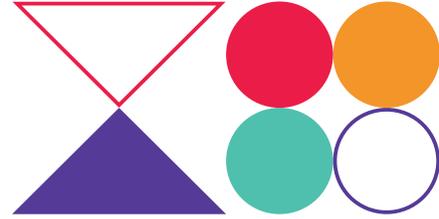
**+ Trust**

- Scalability, Stability & Security
- Staff training & Culture
- Risk Management
- Legal & Compliance
- Stakeholder Comms

**- Cost**

- Digitisation
- Operational efficiencies
- Digital Customer Experience





## We deliver on our purpose by proactively managing material matters to unlock value creation

- 1 High level of trust clients have in our platforms and products
- 2 An agile, innovative, and highly ambitious culture
- 3 Leading and scalable technology enabling our platforms and products
- 4 Innovative, world class fintech platforms and products
- 5 Operational availability and stability of our platforms and products
- 6 Attractiveness of the Purple Group as an employer
- 7 Macro economic conditions impact on financial markets – bear market persistent
- 8 Regulatory environment – constructive engagements with regulators

## We have a great story to tell and look forward to purposeful sustainable business outcomes.

Our integrated approach considers impact on society, the environment, and economic outcomes, which is underpinned by good governance practices

### Social

- Customer responsibility**  
1.6 million users trust us with 59% new clients referred by existing clients
- Human rights and community development**  
We offer financial dignity for all by democratising investing
- Labour standards**  
We have fair labour practices which are applied consistently to all businesses we run

### Economic

- Financial position and operations for sustainable business**  
Our balance sheets, income statements and cash flow supports sustainability
- Inclusive Stakeholder Engagement**  
We make decisions taking stakeholders into account
- Ethical behaviour**  
We operate ethically and value our clients, investors and other stakeholders' interests

### Environment

- Environmental Climate change**  
We are a digital business with a low carbon footprint
- Water security**  
Our physical presence is insignificant with very low water usage
- Pollution and waste**  
Our physical presence is insignificant with very low pollution and waste impact

### Governance

We maintain good governance and compliance practices and have a highly risk aware culture, which underpins how we enable purposeful sustainable business outcomes.

## United Nations Sustainable Development Goals we focus on SDG 10, 4 & 8:

<https://sdgs.un.org/goals>

### 10 Reduced Inequalities

Our products and platforms allow clients to build and protect their personal wealth which contributes to reducing social inequalities. Our number of active investors increased from 246,000 in 2020 to 507,000 in 2021 and now sit at over 762,000 in 2022

### 4 Quality Education

Through our platforms & products we provide easily understandable, unintimidating information on how to build and protect your wealth. Our clients can up their investment smarts with our online tools & research

### 8 Decent work and economic growth

By democratising investing and making it cheap as chips and easy as pie our clients, partners and suppliers can build and protect their personal wealth, which in turn contributes to economic growth

# FINANCIAL STATEMENTS

These consolidated annual financial statements have been internally prepared under the supervision of Gary van Dyk CA(SA).

# DIRECTORS' RESPONSIBILITY FOR FINANCIAL REPORTING

The directors are responsible for the preparation and fair presentation of the consolidated annual financial statements of Purple Group Limited, comprising the statement of financial position at 31 August 2022, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes in accordance with International Financial Reporting Standards (IFRS), the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the requirements of the Companies Act of South Africa and the Listing Requirements of the JSE Limited.

The directors are ultimately responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and for maintaining adequate accounting records and an effective system of risk management.

The directors have made an assessment of the Company and its subsidiaries' ability to continue as going concerns and have no reason to believe that they will not be going concerns in the year ahead.

The auditor is responsible for reporting on whether the consolidated financial statements are fairly presented in accordance with the applicable financial reporting framework.

## CEO AND FINANCIAL DIRECTOR RESPONSIBILITY STATEMENT

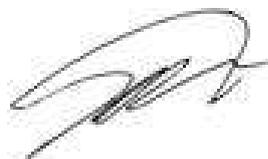
The CEO and financial director responsibility statement is made after due, careful and proper consideration as follows :

Each of the directors, whose names are stated below, hereby confirm that:

1. The consolidated annual financial statements set out on pages 65 to 145, fairly present in all material respects the financial position, financial performance and cash flows of the issuer in terms of IFRS;
2. To the best of our knowledge and belief, no facts have been omitted or untrue statements made that would make the consolidated annual financial statements false or misleading;
3. Internal financial controls have been put in place to ensure that material information relating to the issuer and its consolidated subsidiaries have been provided to effectively prepare the financial statements of the issuer;
4. the internal financial controls are adequate and effective and can be relied upon in compiling the annual financial statements, having fulfilled our role and function as executive directors with primary responsibility for implementation and execution of controls;
5. Where we are not satisfied, we have disclosed to the audit committee and the auditors any deficiencies in design and operational effectiveness of the internal financial controls, and have taken steps to remedy the deficiencies; and
6. We are not aware of any fraud involving directors.



**Charles Savage**  
Chief Executive Officer



**Gary van Dyk**  
Chief Financial Officer

# DIRECTORS' RESPONSIBILITY FOR FINANCIAL REPORTING CONTINUED

## APPROVAL OF ANNUAL FINANCIAL STATEMENTS

The consolidated annual financial statements of Purple Group Limited, which appear on pages 65 to 145 were authorised for issue by the Board of directors on 14 November 2022 and are signed on their behalf.



Charles Savage  
*Chief Executive Officer*



Happy Ntshingila  
*Non-executive Chairman*

# COMPANY SECRETARY'S REPORT

## TO THE SHAREHOLDERS OF PURPLE GROUP LIMITED

We have conducted the duties of the Company Secretary for Purple Group Limited and its subsidiaries. The secretarial matters are the responsibility of the Group's directors. Our responsibility is providing the directors collectively and individually with guidance as to their duties, responsibilities and powers.

In terms of section 88(2)(e)/33(1) of the Companies Act of South Africa, I certify that to the best of my knowledge and belief the Company has lodged with the Companies and Intellectual Property Commission all such returns as are required of a public company in terms of the Companies Act of South Africa, in respect of the reporting period ended 31 August 2022, and that all such returns are true, correct and up to date.

### **CTSE Registry Services Proprietary Limited**

Company Secretary  
Cape Town

14 November 2022

# DIRECTORS' REPORT

The directors submit their annual report on the activities of Purple Group Limited (the Company) and its subsidiaries (Purple Group or the Group) for the year ended 31 August 2022.

## BUSINESS OPERATIONS

Purple Group, registered and incorporated in the Republic of South Africa, is a financial services and technology company listed on the "Financials – General Financial" sector of the JSE. It has subsidiaries that operate global equity and CFD trading platforms, fractional property investing, crypto asset investing, retirement fund administration and asset management.

## FINANCIAL REVIEW

The Group recognised an attributable profit of R44.0 million (2021: R44.3 million) for the 2022 reporting period. Shareholders' funds have increased from R389.1 million in 2021 to R479.1 million in 2022. The Segmental Analysis starts on page 72.

## SUBSIDIARIES AND CHANGES IN OWNERSHIP

Details of interests in subsidiaries are listed on page 138.

The following changes in ownership took place during the reporting period, with effective dates:

### Easy Crypto SA Proprietary Limited ("EasyCrypto")

- On 1 September 2021, First World Trader (Proprietary Limited) ("FWT") exercised its option to acquire 50.98% of EasyCrypto for consideration paid of five Rand. This did not result in a change in control as EasyCrypto was initially acquired on 13 August 2021. Refer to Note 13 for further detail.
- On 1 March 2022, the parent of the Group, Purple Group Limited, directly acquired the remaining 49.02% shareholding in EasyCrypto from the non-controlling shareholders by issuing 24,509,804 Purple Group Limited shares at R2.50 per Purple Group share, being a total consideration paid of R61.3 million. The Group's effective percentage shareholding in EasyCrypto increased to 84.706%.

### EasyProperties Proprietary Limited ("EasyProperties")

- On 1 June 2022, FWT acquired the remaining 49% shareholding in EasyProperties from the non-controlling shareholders. This did not result in a change in control because EasyProperties was previously consolidated. The Group's effective percentage shareholding in EasyProperties increased from 35.7% to 70%. FWT paid consideration of R25.3 million by disposing of and transferring ownership of 10 115 800 treasury shares at a price of R2.50 per Purple Group share.

### Retirement Investments and Savings for Everyone Proprietary Limited ("RISE")

- On 23 August 2022, the Group acquired the remaining 50% shareholding in RISE from NBC Fund Administration Services Proprietary Limited ("NBC"). RISE was previously recognised as an investment in joint venture and was accounted for using the equity method. The acquisition of the remaining 50% shareholding resulted in the Group obtaining control of RISE and has been accounted for as a business combination in terms of *IFRS 3: Business Combinations* ("IFRS 3") and *IFRS 10: Consolidated Financial Statements*. In compliance with IFRS 3, the 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 R48.9 million being recognised in profit or loss. The Group's effective percentage shareholding in RISE increased from 35% to 70%.
- The contract price of the transaction was R60 million at R2.50 per Purple Group share, resulting in 24,000,000 shares being transferred from FWT to NBC. However, in terms of IFRS 3, the fair value of the consideration paid is R50.9 million, as the market price of Purple Group Limited shares at the time of settlement was R2.12 per Purple Group share.

## DIRECTORS' REPORT CONTINUED

- At the time of the transaction, FWT owned 14,971,920 treasury shares. A further 9,028,080 shares were issued by Purple Group to NBC, on behalf of FWT, bringing the total number of Purple Group Limited shares disposed of and transferred to NBC to 24 million, fair valued at R50.9 million.
- The shares issued by Purple Group, on behalf of FWT, resulted in a loan of R22.6 million being owed by FWT to Purple Group.
- FWT extinguished its debt owed to Purple Group Limited for the additional shares by issuing shares of its own to the value of R32.2 million. The non-controlling interest shareholder (Sanlam Investment Holdings Proprietary Limited) followed their rights to the value of R9.7 million, which is reflected in the Statement of Changes in Equity. Refer to Note 13 for further detail on the RISE business combination.

### SHARE CAPITAL

The total authorised share capital is 2,000,000 000 ordinary shares of no par value and the total number of ordinary shares in issue net of treasury shares is 1,248,055,282 (2021: 1,153,616,918).

At 31 August 2022 the directors' interests in the issued share capital of the Company were as follows:

	2022				2021			
	Beneficial		% Holding		Beneficial		% Holding	
	Direct	Indirect	Direct	Indirect	Direct	Indirect	Direct	Indirect
Mark Barnes	16,960,321	70,138,108	1.36	5.61	36,213,892	70,138,108	3.07	5.94
Craig Carter	1,932,366	-	0.15	-	1,932,366	-	0.16	-
Charles Savage	36,162,561	954,596	2.89	0.08	27,412,561	954,596	2.32	0.08
Gary van Dyk	19,702,197	-	1.58	-	19,702,197	-	1.67	-
Bonang Mohale	-	21,763,282	-	1.74	-	24,478,282	-	2.07
Paul Rutherford	-	2,227,505	-	0.18	n/a	n/a	n/a	n/a
	<b>74,757,445</b>	<b>95,083,491</b>	<b>5.98</b>	<b>7.61</b>	85,261,016	95,570,986	7.23	8.10

None of the directors of the Group have traded any of the shares held by them between 31 August 2022 and the date of this report.

During the year the movement in the shares held by the directors were as follows:

- Gary van Dyk acquired 6,000,000 (2021: 7,000,000) shares by exercising share options and sold 6,000,000 (2021: 2,700,000) shares.
  - Gary exercised 2,000,000 share options on 9 December 2021, and another 4,000,000 share options on 31 August 2022.
- Charles Savage acquired 12,000,000 (2021: 7,000,000) shares by exercising share options and sold 7,280,000 (2021: 2 700 000) shares.
  - Charles exercised 2,000,000 share options on 9 December 2021, and 10 000 000 on 10 May 2022.
- Mark Barnes acquired 1,660,000 (2021: 6,000,000) shares by exercising share options on 9 December 2021, and sold 20,913,571 (2021: 3,898,826) shares of his direct holdings.
- Bonange Mohale sold 2,715,000 of his indirect holdings during the year.

# DIRECTORS' REPORT CONTINUED

## DIRECTORS

The directors of the Group during the reporting period and up to the date of this report were as follows:

### Executive directors

Charles Savage (CEO)  
Gary van Dyk (CFO)

### Non-executive directors

Arnold Forman\*  
Bassie Maisela\* - appointment effective 31 August 2022  
Bonang Mohale  
Craig Carter \*  
Happy Ntshingila (Chairman)\*  
Mark Barnes  
Paul Rutherford - appointment effective 1 October 2021

*\*Independent non-executive*

The interests of directors and remuneration paid to directors are disclosed in Note 27 and the Implementation Report of the Remuneration Policy.

## SHARE INCENTIVE SCHEME

A new share incentive scheme, "The Purple Group 2022 Share Incentive Plan", was approved at a general meeting of shareholders held on 3 June 2022. The 2022 scheme includes Performance Shares and Hurdle Share Appreciation Rights ("HSAR"). The 2022 scheme has not been implemented by the date of this report and no grants have been made. Details of the plan can be found on Purple Group website: [www.purplegroup.co.za](http://www.purplegroup.co.za)

The legacy employee Share Option Scheme from 2005 is nearing the end of its life with no new options being granted. The Share Option Scheme has 45,996,938 (2021: 86,091,249) options in issue to the directors and staff of Purple Group. Details of the options in issue are disclosed in Note 20 to the consolidated annual financial statements.

## BORROWINGS

In terms of the Memorandum of Incorporation of the Company, the directors may exercise all powers of the Company to borrow money, as they consider appropriate.

## SHAREHOLDING OF THE COMPANY

Details of the Company's shareholder spread is provided on page 142

## CORPORATE GOVERNANCE AND SUSTAINABILITY

The corporate governance and sustainability report is set out on pages 37 to 47.

# DIRECTORS' REPORT CONTINUED

## EVENTS AFTER THE REPORTING DATE

The directors are not aware of any other matters or circumstances arising since the end of the financial year, not otherwise dealt with in these consolidated annual financial statements, which significantly affect the financial position at 31 August 2022 or the results of operations or cash flows for the year then ended.

- On 1 June 2022, First World Trader Proprietary Limited entered into an underwritten agreement with Cloud Atlas (RF) Proprietary Limited ("Cloud Atlas") to acquire 100% shareholder interest in the Company for R2.25 million. Once all the suspensive conditions are met, Cloud Atlas will become a wholly-owned subsidiary of First World Traders Proprietary Limited. Up until the reporting date of these consolidated annual financial statements, the suspensive condition for the application and approval to make changes in shareholding by the Financial Sector Conduct Authority ("FSCA") is pending.

Refer to Note 30 on page 140 of the consolidated annual financial statements.

## REDUCTION IN CORPORATE INCOME TAX RATE

The Group's tax liabilities and assets have been computed based on the corporate tax rate and tax laws prevailing at the reporting date. On 23 February 2022 the South African Minister for Finance announced changes to the corporate income tax from 28% to 27%. The effective date of the change being years of assessment ending on or after 31 March 2023.

## REGULATION OF CRYPTO ASSETS

On 19 October 2022 and with effect, the Financial Sector Conduct Authority (FSCA) issued a declaration of a Crypto Asset as a financial product under the Financial Advisory and Intermediary Services Act. Crypto Assets means a digital representation of value that:

- is not issued by a central bank, but is capable of being traded, transferred or stored electronically by natural and legal persons for the purpose of payment, investment and other forms of utility;
- applies cryptographic techniques; and
- uses distributed ledger technology.

## GOING CONCERN

The consolidated annual financial statements have been prepared on a going-concern basis. Despite the Group having accumulated losses, the Group has net equity of R479.1 million and has generated profits for three consecutive years. Management prepared forecasts and the directors expect business growth to continue over the next 12 months and are confident that the Company will continue trading as a going concern.

## COMPANY SECRETARY

The Company secretary during the period was CTSE Registry Services Proprietary Limited (previously named 4 Africa Exchange Registry), as represented by Estelle de Jager. Per the JSE Listings Requirements, the Board of Directors has, during the period under review, considered and satisfied itself of the competency, qualifications and experience of the Company Secretary. The Board of Directors confirms that there is an arm's length relationship with the Company Secretary.

Business and postal address of the Company Secretary: 5th Floor, Block B, The Woodstock Exchange Building, 66-68 Albert Road, Woodstock, 7925.

## AUDITORS

BDO South Africa Incorporated (Designated audit partner: Vianca Pretorius) has been the auditor for 12 years. The Board of Directors confirm that there is an arm's length relationship with the auditors.

# REPORT OF THE AUDIT COMMITTEE

The Audit Committee is appointed by the Shareholders. It assists the Board by advising and making recommendations on financial reporting, risk management and internal controls, external and internal audit functions and statutory and regulatory compliance of the Group, but retains no executive powers or responsibility. Arnold Forman and Happy Ntshingila are members of the Audit Committee and Craig Carter continued as Chairman of the committee.

The Audit Committee met twice during the period. The first meeting was on 8 November 2021 to approve the 2021 consolidated financial statements, and again on 6 July 2022 to deal with the matters below and planning for the 31 August 2022 audit. The CFO of the Group, VP of Finance and representatives from the external auditors attend the committee meetings by invitation.

The external auditors have unrestricted access to the Audit Committee and are able to meet separately with the Chairman of the Audit Committee during the period if considered necessary.

In execution of its duties during the past reporting period, the Audit Committee has:

- nominated for appointment as auditor of the Group a registered auditor who, in the opinion of the Audit Committee, was independent of the Group;
- determined the fees to be paid to the auditor and the auditor's terms of engagement;
- ensured that the appointment of the auditor complies with the Companies Act and any other legislation relating to the appointment of auditors;
- performed an assessment of the competence of the auditor to perform its duties by, amongst others, receiving and reviewing the documentation as detailed in paragraph 22.15(h) of the Listings Requirements of the JSE;
- determined the nature and extent of any non-audit services which the auditor may provide to the Group;
- received and dealt appropriately with any complaints relating to the accounting practices of the Group or to the content or auditing of its consolidated annual financial statements, or to any related matter;
- ensured that the Group has established appropriate financial reporting procedures and that those procedures are operating which includes consideration of all entities included in the consolidated Group annual financial statements;
- ensured that the committee has access to all the financial information of the Group to allow the Group to effectively prepare and report on the consolidated annual financial statements;
- considered the JSE Proactive Monitoring report of 2022 and has taken appropriate action to apply the findings where applicable; and
- performed other functions as determined by the Board.

The Audit Committee is of the view that the size of the Group does not warrant the formation of an internal audit department. This will be reviewed on an ongoing basis to determine whether one will be required in the future.

Per the Companies Act requirements, the committee has considered the independence of the external auditors and has concluded that the external auditor has been independent of the Group throughout the period taking into account all other non-audit services performed if applicable and circumstances known to the committee.

# REPORT OF THE AUDIT COMMITTEE CONTINUED

Per the JSE Listings Requirements, the committee must consider and be satisfied, on an annual basis, with the appropriateness of the expertise and experience of the Financial Director and the Group must confirm this by reporting to the shareholders in its annual report that the Audit Committee has executed this responsibility. In this respect, we believe that Gary van Dyk, the CFO, possesses the appropriate expertise and experience to meet his responsibilities in that position. In addition, the finance function is adequately staffed and resourced, is able to fulfil its function adequately and has in place appropriate financial reporting procedures that are applied and operational.

The Audit Committee have evaluated the underlying assessment performed by the CEO and financial director to support their declaration required in terms of section 3.84(k) of the JSE Listing Requirements and are satisfied that it supports the declaration made.

## KEY AUDIT MATTERS

The audit committee has satisfied itself that the auditors have addressed the key audit matters, as raised in the Independent Auditors Report, sufficiently during the audit.

## FINANCIAL STATEMENTS

Following our review of the consolidated annual financial statements for the year ended 31 August 2022, we are of the opinion that, in all material respects, they comply with International Financial Reporting Standards and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council and in the manner required by the Companies Act of South Africa and the Listings Requirements of the JSE Limited, and that they fairly present the financial position at 31 August 2022 for Purple Group Limited and the results of operations and cash flows for the period then ended.

On behalf of the Audit Committee

**Craig Carter**  
Chairman

14 November 2022

# INDEPENDENT AUDITOR'S REPORT

## TO THE SHAREHOLDERS OF PURPLE GROUP LIMITED

Report on the audit of the consolidated annual financial statements

### OPINION

We have audited the consolidated financial statements of Purple Group Limited and its subsidiaries ("the group") set out on pages 65 to 141, which comprise the consolidated statement of financial position as at 31 August 2022, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Purple Group Limited and its subsidiaries as at 31 August 2022, and its consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

### BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the group in accordance with the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

# INDEPENDENT AUDITOR'S REPORT CONTINUED

## KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

<i>Key audit matter</i>	<i>How our audit addressed the key audit matter</i>
<p><b>Goodwill impairment assessment (Note 7)</b></p> <p>Goodwill, recognised on the acquisition of the GT247, and Easy Crypto in the prior years, as well as Retirement Investment and Savings for Everyone ("Rise") in the current year, represents the most significant asset in the statement of financial position.</p> <p>The goodwill is measured at cost less accumulated impairment losses and is not amortised in accordance with International Financial Reporting Standards ('IFRS').</p> <p>The annual goodwill impairment testing in accordance with IAS 36: Impairment of Assets, involves value in use calculations utilising valuation techniques, including free cash flow models, growth and discount rates which are complex and require significant judgement from management.</p> <p>In addition, the estimate of the recoverable amount of goodwill is sensitive to the discount rate applied to the cashflow forecast, and arriving at an appropriate discount rate in itself involves a high degree of estimation uncertainty. As a result, the impairment testing of goodwill was regarded as a matter of most significance in our audit of the consolidated financial statements in the current year.</p>	<p>Our audit procedures included, amongst others:</p> <ul style="list-style-type: none"> <li>● We assessed the design and implementation of key controls in the goodwill impairment process as performed by management;</li> <li>● We evaluated the 2023 financial budget against the budget approved by the board of directors and evaluated the validity of the budget preparation process and the reasonability of the 2023 forecasts. Furthermore, we evaluated management's 2024 -2032 outlook in particular to forecasted revenue;</li> <li>● We furthermore compared the key assumptions applied in the forecast to the historical performance of the cash generating unit, local economic development and industry outlook, taking into account the sensitivity of the goodwill balance to changes in the respective assumptions;</li> <li>● We assessed the key inputs and assumptions used in the value in use and impairment model for reasonability, taking into account specifically the operating cash flow projections, discount rates, and long-term growth rates and comparing these to external sources where appropriate, taking into account our knowledge of the industry and business. The key assumptions used for estimating cash flow projections in the Group's impairment testing are those relating to growth in revenue, driven by trading activity;</li> <li>● We made use of our internal valuation expertise to assess the valuation models and related key inputs and assumptions for reasonability, to assess whether the methods applied are consistent with International Financial Reporting Standards and industry norms;</li> <li>● We evaluated the remeasurement of the provisional amounts recognised on EasyCrypto Goodwill that has been finalised in the current year;</li> <li>● We tested the integrity and mathematical accuracy of the value in use impairment calculation by re-performing the calculation; and</li> <li>● We evaluated the adequacy of the group's disclosures in terms of IFRS in respect of its goodwill impairment testing.</li> </ul>

# INDEPENDENT AUDITOR'S REPORT CONTINUED

<i>Key audit matter</i>	<i>How our audit addressed the key audit matter</i>
<p><b>Acquisition of Retirement Investments Savings for Everyone "RISE" (Note 13)</b></p> <p>On 23 August 2022, First World Trader (Pty) Ltd ("EasyEquities"), a subsidiary of Purple Group Limited, concluded an agreement in terms of which Easy Equities acquired the remaining 50% in RISE. The transaction resulted in a deemed disposal of the previously held equity interest. There were no other conditions precedent in the RISE Share Purchase Agreement, therefore Easy Equities obtained control of RISE on 23 August 2022.</p> <p>The group has therefore prepared consolidated financial statements, that includes RISE from 23 August 2022, being the acquisition date, and has applied the acquisition method of IFRS 3 to the business combination.</p> <p>The accounting for the resulting Purchase Price Allocation ('PPA') and goodwill was a matter of most significance to the current year audit due to the following:</p> <ul style="list-style-type: none"> <li>• The significant judgement and estimates involved in the model applied by management to determine the fair value of the previously held equity interest;</li> <li>• The significant judgement and estimates involved in the model applied by management to determine the provisional fair value of the identifiable assets and liabilities in terms of IFRS 3;</li> <li>• The significance of the goodwill balance recognised as a consequence to the Statement of Financial Position.</li> </ul>	<p>Our audit procedures included amongst others:</p> <ul style="list-style-type: none"> <li>• We assessed the design and implementation of key controls in the Goodwill impairment test as performed by management;</li> <li>• We made use of our internal IFRS expertise to evaluate the accounting treatment on group level in terms of IFRS 3;</li> <li>• We made use of our internal valuation expertise to assess the valuation model of the PPA reflecting the fair value of the assets and liabilities, the fair value of the consideration transferred, and the resulting goodwill impairment test;</li> <li>• The related key inputs and assumptions in the PPA, fair value of the previously held equity interest, and goodwill impairment test were assessed for reasonability, by comparing to external sources where appropriate, and substantively testing actual revenue of RISE.;</li> <li>• Our internal valuation expertise also assessed whether the valuation methods applied are consistent with IFRS and industry norms;</li> <li>• We tested the integrity and mathematical accuracy of the value in use impairment calculation by re-performing the calculation; and</li> <li>• We considered the adequacy of the group's disclosures in terms of IFRS in respect of the PPA, and the goodwill recognition.</li> </ul>

# INDEPENDENT AUDITOR'S REPORT CONTINUED

<i>Key audit matter</i>	<i>How our audit addressed the key audit matter</i>
<p><b>Revenue recognition – Complex IT Systems (Note 1)</b></p> <p>A significant part of the group's financial processes is reliant on Information Technology (IT) systems, with automated processes and controls over the capturing, valuing and recording of transactions. This is a key part of our audit due to the:</p> <ul style="list-style-type: none"> <li>• Complex IT environment supporting diverse business processes;</li> <li>• Mix of manual and automated processes and controls, with the majority of the control environment within the revenue cycle being automated;</li> <li>• Complexity of the billing systems used to recognise revenue;</li> <li>• Revenue consisting of high volume, low value transactions which are generated automatically by the system when clients execute transactions; and</li> <li>• Revenue transactions that are electronically generated by the group's trading platforms, with limited physical supporting documents.</li> </ul> <p>These factors increase the risk relating to the existence and accuracy of revenue and obtaining the required assurance over revenue recognition, which results in significant audit time and focus being spent on this cycle and as a result is considered to be a matter of most significance in our audit of the consolidated financial statements of the current year.</p>	<p>Our audit procedures included, amongst others:</p> <ul style="list-style-type: none"> <li>• We made use of our internal IT expertise to test the design, implementation and operating effectiveness, where applicable, of relevant IT general controls;</li> <li>• Through the use of our IT assurance expertise we tested the key automated controls in the system by means of test data;</li> <li>• The relevant operational systems and databases were reconciled to the general ledger year end values;</li> <li>• We obtained access to the transactional data for the financial year and identified exceptions within the underlying data when compared to our expectations. These exceptions were identified using computer assisted auditing techniques and verified to supporting evidence;</li> <li>• In addition to the computer assisted auditing techniques, we also performed substantive detail testing to obtain assurance on the existence, completeness and accuracy of transactions within the system on a sample basis, by verifying transactions to supporting evidence and the requirements of IFRS 15;</li> <li>• Where counterparties were used, revenue transactions were confirmed on a sample basis to external supporting evidence;</li> <li>• Where the revenue stream is homogenous and recurring we used substantive analytical procedures to test the existence, completeness and accuracy of revenue;</li> <li>• We evaluated the adequacy of disclosures in terms of IFRS.</li> </ul>

# INDEPENDENT AUDITOR'S REPORT CONTINUED

Key audit matter	How our audit addressed the key audit matter
<p><b>Deferred tax asset recoverability assessment (Note 15)</b></p> <p>IAS 12 Income Taxes was considered. In terms of IAS 12:34, a deferred tax asset shall be recognised for the carry forward of unused tax losses and unused tax credits to the extent that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilised.</p> <p>Recoverability of the deferred tax asset assessment by management involves making significant judgements and estimates about the future and underpins the recognition of a deferred tax asset. In addition, the deferred tax asset is recognised in the financial statements to the extent that it is probable that future taxable profits will be available against which the tax losses can be utilised.</p> <p>The assessment of the recognition of the deferred tax asset of R56.8mn (2021: R58.1mn) was therefore considered to be a matter of most significance in our audit of the consolidated financial statements of the current year.</p>	<p>Our audit procedures included, amongst others:</p> <ul style="list-style-type: none"> <li>• Discussed with management and assessed their forecasts prepared and considered whether all information that is reasonably available had been taken into account for purposes of assessing the probability of sufficient taxable profits and taxable capital profits that will be available against which the tax losses, and capital losses can be utilised;</li> <li>• Evaluated the reliability of underlying data used to prepare the budgeted forecasts by comparing the significant inputs to historical performance;</li> <li>• Inspected supporting evidence relating to the key assumptions underlying the forecasts for reasonability and where possible compared the assumptions used to external market factors;</li> <li>• Evaluated management's tax planning opportunities and ability of implementing chosen tax planning opportunities as support for the recognition of the deferred tax asset, by challenging assumptions and evaluating implementation of prior tax planning opportunities;</li> <li>• Evaluated the adequacy of disclosures in terms of International Financial Reporting Standards.</li> </ul>

## OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the information included in the document titled "Purple Group Limited Annual Report 31 August 2022" and in the document titled "Purple Group Limited Separate Financial Statements for the year ended 31 August 2022", which includes the Directors' Report, the Audit Committee's Report and the Company Secretary's Certificate as required by the Companies Act of South Africa. The other information does not include the consolidated or the separate financial statements and our auditor's reports thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

The directors are responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or to cease operations, or have no realistic alternative but to do so.

# INDEPENDENT AUDITOR'S REPORT CONTINUED

## AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

# INDEPENDENT AUDITOR'S REPORT CONTINUED

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that BDO South Africa Incorporated has been the auditor of Purple Group Limited for 12 years.

*BDO South Africa Inc.*  
BDO South Africa Inc. (Nov 14, 2022 07:34 GMT+2)

### **BDO South Africa Incorporated**

V Pretorius  
Director  
Registered Auditor

Wanderers Office Park  
52 Corlett Drive  
Illovo, 2196

14 November 2022

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Notes	2022 R'000	Restated 2021 R'000
Revenue	1	274,003	204,778
Commissions and research expenses	2	(5,135)	(2,998)
Operating expenses	2	(212,490)	(153,903)
Share of profit in joint venture <sup>1</sup>	12	5,249	1,431
<b>Profit before fair value &amp; impairment adjustments, interest, depreciation &amp; amortisation</b>		<b>61,627</b>	49,308
Depreciation and amortisation	2	(26,413)	(19,776)
Finance income	3	7,282	4,294
Finance costs	3	(2,168)	(7,847)
<b>Profit before fair value &amp; impairment adjustments and tax</b>		<b>40,328</b>	25,979
Fair value and impairment adjustments	4	44,548	55,919
<b>Profit before tax</b>		<b>84,876</b>	81,898
Income tax	5	(13,926)	(9,253)
<b>Profit for the period</b>		<b>70,950</b>	72,645
<b>Profit attributable to:</b>			
Owners of the Company		43,968	44,332
Non-controlling interests		26,982	28,313
		<b>70,950</b>	72,645
<i>Earnings per share</i>			
Basic earnings per share (cents)	19	3.71	4.46
Diluted earnings per share (cents)	19	3.60	4.27

1 The share of profit in joint venture line item has been reclassified to be taken into account in the profit before fair value and impairment adjustments, interest, depreciation and amortisation, as this better reflects the core earnings of the Group. In the prior year, the share of profit in joint venture was reported after profit before fair value and impairment adjustments and tax. The prior period amounts have been restated to reflect this change.

# CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

	Note	2022 R'000	2021 R'000
<b>Profit for the period</b>		70,950	72,645
<b>Other comprehensive income</b>			
<b>Items that will subsequently be reclassified to profit or loss:</b>			
Foreign currency translation reserve	18	134	(575)
<b>Items that will not subsequently be reclassified to profit or loss:</b>			
Crypto assets revaluation reserve	18	865	-
Tax effect		(242)	-
<b>Total comprehensive income</b>		<b>71,707</b>	72,070
<b>Total comprehensive income attributable to:</b>			
Owners of the Company		44,630	43,757
Non-controlling interest		27,077	28,313
		<b>71,707</b>	72,070

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	2022 R'000	2021 - Restated R'000	2020 - Restated R'000
<b>ASSETS</b>				
Equipment	6	3,017	2,201	2,839
Intangible assets	7	162,298	101,262	76,719
Goodwill <sup>1</sup>	7	290,848	239,568	204,568
Right of use asset	24	2,277	2,724	4,209
Investments	11	18,224	18,224	13,781
Investment in joint venture	12	-	5,604	4,832
Receivables	14	2,314	2,293	2,954
Deferred tax assets	15	56,780	58,053	59,396
<b>Total non-current assets</b>		<b>535,758</b>	<b>429,929</b>	<b>369,298</b>
Current tax receivable		-	-	1,333
Trade and other receivables	16	52,988	50,703	23,372
Investments	11	2,616	1,591	6,356
Crypto assets	8	692	-	-
Financial assets <sup>2</sup>	9	154,394	133,216	92,607
Cash and cash equivalents <sup>2</sup>	17	94,554	125,100	132,497
<b>Total current assets</b>		<b>305,244</b>	<b>310,610</b>	<b>256,165</b>
<b>Total assets</b>		<b>841,002</b>	<b>740,539</b>	<b>625,463</b>
<b>EQUITY AND LIABILITIES</b>				
Share capital and premium	18	667,055	539,815	481,430
Accumulated loss		(96,192)	(182,375)	(226,867)
Other reserves	18	(91,787)	31,832	39,915
Equity component of compound financial instrument		-	-	3,496
<b>Equity attributable to owners</b>		<b>479,076</b>	<b>389,272</b>	<b>297,974</b>
Non-controlling interests		<b>72,325</b>	43,859	27,535
<b>Total equity</b>		<b>551,401</b>	<b>433,131</b>	<b>325,509</b>
Lease liability	24	617	1,562	3,368
Borrowings	23	-	7,872	39,131
Deferred tax liability	15	18,262	7280	1474
<b>Total non-current liabilities</b>		<b>18,879</b>	<b>16,714</b>	<b>43,973</b>
Client open position liability <sup>2</sup>	22	169,345	164,930	128,831
Borrowings	23	8,438	34,822	29,875
Lease liability	24	2,281	1,806	1,507
Current tax payable		10,017	2,415	-
Trade and other payables	21	72,444	82,855	85,921
Bank overdraft	17	8,197	3,866	9,847
<b>Total current liabilities</b>		<b>270,722</b>	<b>290,694</b>	<b>255,981</b>
<b>Total equity and liabilities</b>		<b>841,002</b>	<b>740,539</b>	<b>625,463</b>

1 Restated due to finalisation of provisional accounting - refer Note 13.

2 Restated - refer Note 10.

Due to the correction of a prior period error, we have reclassified amounts from cash and cash equivalents to financial assets, and these line items have been restated accordingly. The restatement did not affect the consolidated statement of profit or loss, earnings per share, or headline earnings per share.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Notes	Share capital R'000	Share premium R'000	Accumulated loss R'000	Foreign currency translation reserve R'000
<b>Balance at 31 August 2020</b>		<b>9,552</b>	<b>471,878</b>	<b>(226,867)</b>	<b>(4,094)</b>
Conversion from par value to no par value shares	18	471,878	(471,878)	-	-
<b>Total comprehensive income for the period</b>					
Profit for the period		-	-	44,332	-
<b>Other comprehensive income</b>					
Foreign currency translation reserve	18	-	-	-	(575)
<b>Contributions by and distributions to owners</b>					
Debt converted to equity	18	30,929	-	-	-
Acquisition of subsidiary (restated - refer Note 13)	13	-	-	160	-
Dividends declared and paid <sup>1</sup>		-	-	-	-
Shares issued	18	27,456	-	-	-
Share-based payment expense	20	-	-	-	-
<b>Balance at 31 August 2021 - restated<sup>2</sup></b>		<b>539,815</b>	<b>-</b>	<b>(182,375)</b>	<b>(4,669)</b>
<b>Total comprehensive income for the period</b>					
Profit for the period		-	-	43,968	-
<b>Other comprehensive income</b>					
Foreign currency translation reserve	18	-	-	-	134
Crypto assets revaluation reserve	18	-	-	-	-
<b>Contributions by and distributions to owners</b>					
Change in ownership, EasyCrypto	13	61,275	-	-	-
Change in ownership - EasyProperties	13	-	-	980	-
Business combination - RISE	13	22,570	-	-	-
Shares issued to non-controlling interest	18	-	-	-	-
Dividends declared and paid to non-controlling interests		-	-	-	-
Treasury shares disposed of - EasyProperties	18	5,563	-	11,605	-
Treasury shares disposed of - RISE	18	8,235	-	8,610	-
Share options exercised - transfer from share-based payment reserve to share capital	20	9,229	-	-	-
Share options exercised - exercise price paid	20	20,785	-	-	-
Transfer to retained earnings	18	-	-	21,020	-
Reclassification of share-based payment reserve		(417)	-	-	-
Share-based payment expense	18	-	-	-	-
<b>Balance at 31 August 2022</b>		<b>667,055</b>	<b>-</b>	<b>(96,192)</b>	<b>(4,535)</b>

1 A dividend of R1 million was declared and paid to the non-controlling interests in EasyCrypto SA on 28 August 2021.

2 The prior period statement of changes in equity has been restated with the finalisation of the accounting for the EasyCrypto business combination. Refer Note 13.

Crypto assets revaluation surplus R'000	Share-based payment reserve R'000	Equity component of derivative financial instrument R'000	Change in ownership reserve R'000	Total R'000	Non-controlling interest R'000	Total equity R'000
-	44,009	3,496	-	297,974	27,535	325,509
-	-	-	-	-	-	-
-	-	-	-	44,332	28,313	72,645
-	-	-	-	(575)	-	(575)
-	-	(3,496)	-	27,433	-	27,433
-	-	-	-	160	(10,989)	(10,829)
-	-	-	-	-	(1,000)	(1,000)
-	(9,188)	-	-	18,268	-	18,268
-	1,680	-	-	1,680	-	1,680
-	<b>36,501</b>	-	-	<b>389,272</b>	<b>43,859</b>	<b>433,131</b>
-	-	-	-	<b>43,968</b>	26,982	<b>70,950</b>
-	-	-	-	<b>134</b>	-	<b>134</b>
528	-	-	-	<b>528</b>	94	<b>622</b>
-	-	-	(70,498)	<b>(9,223)</b>	9,271	<b>48</b>
-	-	-	(26,655)	<b>(25,675)</b>	1,360	<b>(24,315)</b>
-	-	-	-	<b>22,570</b>	(21,977)	<b>593</b>
-	-	-	-	-	9,673	<b>9,673</b>
-	-	-	-	-	(2,853)	<b>(2,853)</b>
-	-	-	-	<b>17,168</b>	3,400	<b>20,568</b>
-	-	-	-	<b>16,845</b>	2,516	<b>19,361</b>
-	(9,229)	-	-	-	-	-
-	-	-	-	<b>20,785</b>	-	<b>20,785</b>
-	(21,020)	-	-	-	-	-
-	417	-	-	-	-	-
-	2,704	-	-	<b>2,704</b>	-	<b>2,704</b>
<b>528</b>	<b>9,373</b>	-	<b>(97,153)</b>	<b>479,076</b>	<b>72,325</b>	<b>551,401</b>

# CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	2022 R'000	2021 - Restated R'000
<b>Cash flows generated by operating activities</b>			
Cash generated by operations		32,686	14,126
Tax (paid) / received		(14,553)	1,643
Finance income	3	7,282	4,294
Finance costs	3	(2,103)	(3,371)
<b>Cash flows generated by operating activities</b>		<b>23,312</b>	<b>16,692</b>
<b>Cash flows from investing activities</b>			
Acquisition of intangible assets	7	(63,935)	(38,182)
Business combination - acquisition of subsidiaries	13	20,442	1,278
Acquisition of equipment	6	(1,388)	(593)
Acquisition of crypto assets	8	(692)	-
Repayment from joint venture	12	-	658
Purchase of other financial assets - current	11	(1,000)	-
Proceeds from sale of Investments	11	-	6,241
Rental deposit paid		(22)	-
<b>Cash flows utilised in investing activities</b>		<b>(46,595)</b>	<b>(30,598)</b>
<b>Cash flows from financing activities</b>			
Proceeds from the exercise of share options	18	17,580	18,268
Proceeds from the issue of share capital to non-controlling interest		9,673	-
Repayment of staff loans relating to share options exercised	20	-	661
Dividend paid to non-controlling interests		(2,854)	(1,000)
Repayments of borrowings	23	(34,322)	(2,936)
Repayments of lease liability	24	(1,805)	(1,928)
<b>Cash flows (utilised)/generated in financing activities</b>		<b>(11,728)</b>	<b>13,065</b>
Net decrease in cash and cash equivalents		(35,011)	(841)
Effect of foreign exchange on cash held		134	(575)
Cash and cash equivalents at beginning of period	14	121,234	122,650
Cash and cash equivalents at the end of the period	14	86,357	121,234

# NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

## RECONCILIATION OF CASH GENERATED BY OPERATIONS

	Notes	2022 R'000	2021 R'000
Profit before tax <sup>1</sup>		<b>84,876</b>	85,451
Adjustments for:			
- Depreciation and amortisation	2	<b>26,413</b>	19,776
- Impairment of intangible assets	7	<b>3,842</b>	-
- Interest income	3	<b>(7,282)</b>	-
- Finance costs	3	<b>2,168</b>	-
- Fair value adjustments on investments	4	<b>(48,957)</b>	(55,919)
- Share of profit in joint venture	12	<b>(5,249)</b>	(1,431)
- Movement in expected credit loss allowance		-	(569)
- Share-based payment expense	2	<b>2,704</b>	1,680
		<b>58,515</b>	48,988
<b>Movement in working capital</b>			
Decrease/(increase) in trade and other receivables	16	<b>7,393</b>	(26,758)
Increase in financial assets	9	<b>(21,179)</b>	(40,609)
Decrease in trade and other payables	21	<b>(16,458)</b>	(3,594)
Increase in client open position liability	22	<b>4,415</b>	36,098
		<b>32,686</b>	14,126

1 The prior period reconciliation started with 'Profit before tax, finance income and finance costs.' The current year reconciliation starts with 'Profit before tax'.

## Tax received / (paid)

	Notes	2022 R'000	2021 R'000
Balance at beginning of period		<b>(2,415)</b>	1,333
Current tax	5	<b>(19,151)</b>	(2,105)
Business combination - RISE		<b>(3,004)</b>	-
Balance at end of period		<b>10,017</b>	2,415
Tax (paid)/received		<b>(14,553)</b>	1,643

# SEGMENTAL ANALYSIS

## OPERATING SEGMENTS

Operating segments are distinguishable components of the Group. The Chief Executive Officer and the Chief Financial Officer, as the chief operating decision-makers in the Group, review on a regular basis, assess performance and to allocate resources. Operating segment results, assets, and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

The operating segments are distinguished by the type of business and the management team responsible for the business unit. The Group comprises the following operating segments:

- GT247.com and Emperor Asset Management (EAM): represent the derivatives trading and asset management operations of the Group. These two businesses operate largely off the same centralised resource base of the Group and GT247.com generates a portion of its revenue for services performed for Emperor clients.
- EasyEquities Group is the web-based investment platform of the Group and includes EasyProperties, EasyCrypto, and RISE.
- Head Office and Investments represent fees and dividends earned on investments and fair value adjustments made against them, as well as head office costs.

	GT247.com and EAM R'000	EasyEquities Group R'000	Head Office and Investments R'000	Intercompany Elimination R'000	Total R'000
<b>2022</b>					
<b>Segment assets</b>					
Non-current assets	8,404	212,521	324,836	(10,003)	535,758
Current assets	72,463	227,800	10,286	(5,305)	305,244
<b>Total assets</b>	<b>80,867</b>	<b>440,321</b>	<b>335,122</b>	<b>(15,308)</b>	<b>841,002</b>
<b>Segment liabilities</b>					
Non-current liabilities	11,577	17,304	-	(10,003)	18,879
Current liabilities	37,249	218,210	20,568	(5,305)	270,722
<b>Total liabilities</b>	<b>48,826</b>	<b>235,514</b>	<b>20,568</b>	<b>(15,308)</b>	<b>289,600</b>

	GT247.com and EAM R'000	EasyEquities Group R'000	Head Office and Investments R'000	Intercompany Elimination R'000	Total R'000
<b>2021</b>					
<b>Segment assets</b>					
Non-current assets	19,684	180,208	284,460	(54,423)	429,929
Current assets	102,526	240,387	1,599	(33,902)	310,610
<b>Total assets</b>	<b>96,772</b>	<b>372,707</b>	<b>286,060</b>	<b>(88,325)</b>	<b>740,539</b>
<b>Segment liabilities</b>					
Non-current liabilities	12,120	8,842	7,872	(12,120)	16,714
Current liabilities	75,282	214,940	12,860	(12,388)	290,694
<b>Total liabilities</b>	<b>74,101</b>	<b>212,575</b>	<b>20,732</b>	<b>(24,508)</b>	<b>307,408</b>

## SEGMENTAL ANALYSIS CONTINUED

	GT247.com and EAM R'000	EasyEquities Group R'000	Head Office and Investments R'000	Total R'000
<b>2022</b>				
Equity investing fees	-	187,115	-	187,115
Property investing fees and commissions	-	5,937	-	5,937
Property management fees	-	824	-	824
Crypto asset investing fees	-	10,088	-	10,088
Crypto asset management fees	-	8,735	-	8,735
Asset management execution revenue	4,328	-	-	4,328
Derivatives trading revenue	35,997	-	-	35,997
Funding income	16,600	-	-	16,600
Asset management fees	3,037	-	-	3,037
Other revenue	-	1,342	-	1,342
<b>Revenue</b>	<b>59,962</b>	<b>214,041</b>	<b>-</b>	<b>274,003</b>
Commissions and research expenses	(3,291)	(1,844)	-	(5,135)
Operating expenses	(43,954)	(166,579)	(1,957)	(212,490)
Share of profit of joint venture	-	5,249	-	5,249
<b>Profit before fair value &amp; impairment adjustments, interest, depreciation &amp; amortisation</b>	<b>12,717</b>	<b>50,867</b>	<b>(1,957)</b>	<b>61,627</b>
Depreciation and amortisation	(124)	(26,275)	(14)	(26,413)
Finance income	-	7,282	-	7,282
Finance costs	(1)	(498)	(1,669)	(2,168)
<b>Profit / (loss) before fair value, impairment adjustments and tax</b>	<b>12,592</b>	<b>31,376</b>	<b>(3,640)</b>	<b>40,328</b>
Fair value adjustments	(4,383)	48,931	-	44,548
<b>Profit/ (loss) before tax</b>	<b>8,209</b>	<b>80,307</b>	<b>(3,640)</b>	<b>84,876</b>
Income tax	(2,318)	(8,363)	(3,245)	(13,926)
<b>Profit for the period</b>	<b>5,891</b>	<b>71,945</b>	<b>(6,885)</b>	<b>70,951</b>

## SEGMENTAL ANALYSIS CONTINUED

	GT247.com and EAM R'000	EasyEquities R'000	Head Office and Investments R'000	Total R'000
<b>2021</b>				
Equity investing fees	-	167,163	-	167,163
Property investing fees and commissions	-	4,939	-	4,939
Property management fees	-	230	-	230
Asset management execution revenue	3,488	-	-	3,488
Derivatives trading revenue	14,800	-	-	14,800
Funding income	9,527	-	-	9,527
Asset management fees	4,404	-	-	4,404
Other	-	-	227	227
<b>Revenue</b>	<b>32,219</b>	<b>172,332</b>	<b>227</b>	<b>204,778</b>
Commissions and research expenses	(1,268)	(1,730)	-	(2,998)
Operating expenses	(39,961)	(106,407)	(7,535)	(153,903)
Share of profit of joint venture	-	1,431	-	1,431
<b>Profit before fair value &amp; impairment adjustments, interest, depreciation &amp; amortisation</b>	<b>(9,010)</b>	<b>65,626</b>	<b>(7,308)</b>	<b>49,308</b>
Finance income	-	4,294	-	4,294
Finance costs	-	(2,381)	(5,466)	(7,847)
Depreciation and amortisation	(278)	(19,483)	(15)	(19,776)
<b>Profit / (loss) before fair value, impairment adjustments and tax</b>	<b>(9,288)</b>	<b>48,056</b>	<b>(12,789)</b>	<b>25,979</b>
Fair value adjustments	1,476	50,000	4,443	55,919
<b>Profit/ (loss) before tax</b>	<b>(7,812)</b>	<b>98,056</b>	<b>(8,346)</b>	<b>81,898</b>
Income tax	3,600	(14,184)	1,331	(9,253)
<b>Profit for the period</b>	<b>(4,212)</b>	<b>83,872</b>	<b>(7,015)</b>	<b>72,645</b>

# ACCOUNTING POLICIES

## Reporting entity

Purple Group Limited (the Company) is a company domiciled in South Africa. The address of the Company's registered office is 16th Floor, 25 Owl Street, Braamfontein Werf, Johannesburg, 2092. The consolidated financial statements of the Group as at and for the year ended 31 August 2022 comprise the Company and its subsidiaries (together referred to as the Group and individually as Group entities). The Group is primarily involved in financial services.

## Basis of preparation

The consolidated annual financial statements have been prepared in conformity with International Financial Reporting Standards (IFRS), and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the requirements of the Companies Act of South Africa and the Listing Requirements of the JSE Limited.

The consolidated financial statements were authorised for issue by the Board of Directors on 14 November 2022.

The separate annual financial statements of the issuer and parent of the Group, Purple Group Ltd, is available for inspection on the company's website [www.purplegroup.co.za](http://www.purplegroup.co.za)

The accounting policies set out below have been applied consistently to all the periods presented in these consolidated financial statements.

The consolidated financial statements have been prepared on the historical cost-basis except for the following:

- Derivative financial instruments are measured at fair value;
- Financial instruments at fair value through profit or loss; and
- Crypto assets revalued above cost, to fair value through other comprehensive income, in accordance with IAS 38: *Intangible Assets*.

The methods used to measure fair value are discussed further on page 123.

The new and revised accounting standards, amendments to standards and new interpretations adopted by the Group as disclosed on page 87 have had no material effect on the financial statements in the current year.

These consolidated financial statements are presented in South African Rand, which is the Group's functional currency. All financial information presented in South African Rand has been rounded to the nearest thousand, unless specified otherwise.

## Use of judgement and estimation uncertainty

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Information on significant areas of judgement can be found in the following sections/notes:

## Use of judgement

### Control or significant influence assessment of EasyProperties Special Purpose Vehicles ("SPV's")

EasyProperties permits investors to subscribe for fractional units (portions) in property. This is achieved by EasyProperties creating a property Special Purpose Vehicle (SPV) for each property and inviting investors to purchase ordinary shares in the SPV. Management considered whether EasyProperties controls the SPV's. Management has determined that despite EasyProperties controlling the board of the SPV via the A shares class, none of the entities in the Purple Group control the SPV's, due to not meeting all the elements of control as defined by IFRS 10: Consolidated Financial Statements.

# ACCOUNTING POLICIES CONTINUED

Please refer to Note 26

## Significant transactions

### **Consolidation and acquisition of EasyCrypto SA Proprietary Limited ("EasyCrypto")**

As explained in the 2021 financial year, the call options to acquire a 50.98% interest in EasyCrypto were assessed as being substantive potential voting rights and resulted in EasyEquities obtaining control of EasyCrypto on 13 August 2021 in terms of IFRS 10: Consolidated Financial Statements ("IFRS 10"). During the 2022 financial year, and effective 1 September 2022, the Group exercised its options to acquire the 50.98% equity interest. On 1 March 2022, Purple Group Limited directly acquired the remaining 49.02% equity interest in EasyCrypto from the non-controlling interests. Refer to Note 13 for details.

### **Step acquisition of Retirement Investments and Savings for Everyone Proprietary Limited ("RISE")**

EasyEquities held a 50% shareholding in RISE and it was accounted for as a joint venture using the equity method of accounting per 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. Purple Group's new effective holding increased from 35% to 70%. EasyEquities has the ability to control RISE in terms of IFRS 10: Consolidated Financial Statements, and all criteria of the definition of 'control' over RISE were met on this date. Refer to Note 13 for details.

### **Acquisition of non-controlling interests in EasyProperties Proprietary Limited ("EasyProperties")**

On 1 June 2022, FWT acquired the remaining 49% shareholding in EasyProperties from the non-controlling shareholders. This did not result in a change in control because EasyProperties was previously consolidated. The Group's effective percentage shareholding in EasyProperties increased from 35.7% to 70%. FWT paid consideration of R25.3m by disposing of and transferring ownership of 10,115,800 treasury shares at a price of R2.50 per share.

## Estimation uncertainty

Information on significant areas of estimation uncertainty can be found in the following sections/notes:

### **Useful life of intangibles (Note 7)**

The useful life of developed software is assessed at each reporting date based on information and data obtained from the Chief Technology Officer, Chief Financial Officer and Chief Executive Officer. Judgement is applied in determining the appropriate useful life based on previous technical experience with products of this nature and similar platforms in the industry.

Indefinite useful life intangible assets include contracts related to proprietary trading algorithms and intellectual property (Note 7). A customer relationship intangible asset has been recognised as part of both the EasyCrypto and RISE business combinations (Note 13) which is estimated to have a useful life of 5 and 7 years, respectively.

### **Impairment of goodwill (Note 7)**

Determining whether goodwill is impaired requires an estimation of the value-in-use of the cash-generating units to which goodwill has been allocated. The value-in-use calculation requires the directors to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. Where the actual future cash flows are less than originally expected, an impairment loss may arise.

### **Income taxes (Note 5)**

The Group has assessed the future profitability of subsidiaries where deferred tax assets have arisen from deductible temporary differences. To substantiate the likelihood of generating future taxable profits estimated future taxable incomes were based on forecasted cash flows. To the extent that future cash flows, future taxable income and taxable capital gains differ significantly from estimates, the ability of the Group to realise the net deferred tax assets recorded at the reporting date could be impacted.

The tax losses incurred by the subsidiaries can be carried forward indefinitely and have no expiry date.

# ACCOUNTING POLICIES CONTINUED

## **Valuation of financial instruments (Note 25)**

Management makes judgements and estimates in measuring fair values of the various financial instruments disclosed in the financial statements. Management applies the fair value hierarchy that reflects the significance of the inputs used in making the measurements. The Group uses widely recognised valuation models such as the Discounted Cash Flow valuation model in determining the fair value of complex instruments such as investments in unlisted equities. Some or all of the significant inputs into these models may not be observable in the market, and are derived from market prices or rates such as comparable beta ratios, or are estimated based on assumptions. Management judgement and estimation are usually required for selection of the appropriate valuation model to be used, determination of expected future cash flows on the financial instrument being valued, determination of probability of counterparty default and prepayments and selection of appropriate discount rates, forecasted and terminal growth rates and other model inputs.

## **Basis of consolidation**

### **Subsidiaries**

Subsidiaries are entities controlled by the Group. The Group controls an investee if all three of the following elements are present: power over the investee, exposure to variable returns from the investee, and the ability of the investor to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

### **Transactions eliminated on consolidation**

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

### **Non-controlling interest**

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. Those interests of non-controlling shareholders that are present ownership interests entitling their holders to a proportionate share of net assets upon liquidation may initially be measured at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets or at fair value. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

### **Provisional accounting**

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group uses financial provisional amounts for the items for which the accounting is incomplete. During the measurement period, the Group retrospectively adjusts the provisional amounts recognised at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date and, if known, would have affected the measurement of the amounts recognised as of that date. During the measurement period, the Group also recognises additional assets or liabilities if new information is obtained about facts and circumstances that existed as of the acquisition date and, if known, would have resulted in the recognition of those assets and liabilities as of that date. The measurement period ends as soon as the acquirer receives the information it was seeking about facts and circumstances that existed as of the acquisition date or learns that more information is not obtainable. However, the measurement period does not exceed 12 months from the acquisition date.

# ACCOUNTING POLICIES CONTINUED

## Foreign currency

### Foreign currency transactions

Transactions entered into by Group entities in a currency other than the currency of the primary economic environment in which they operate (their “functional currency”) are recognised at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the reporting date. Exchange differences arising on the retranslation of unsettled monetary assets and liabilities are recognised in profit or loss.

### Foreign operations

On consolidation, the results of foreign operations are translated into South African Rand at rates approximating those ruling when the transactions took place. All assets and liabilities of foreign operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of foreign operations at actual rate are recognised in other comprehensive income and accumulated in the Foreign Currency Translation Reserve (FCTR).

Exchange differences recognised in profit or loss in Group entities’ separate financial statements on the translation of long-term monetary items forming part of the Group’s net investment in the foreign operation concerned are reclassified to other comprehensive income and accumulated in the FCTR on consolidation.

On the disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation, recognised in other comprehensive income and accumulated in the FCTR, is reclassified from equity to profit or loss (as a reclassification adjustment) when the gain or loss on disposal of the foreign operation is recognised.

## Financial instruments

### Recognition and initial measurement

Financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument. A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (“FVTPL”), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

### Classification and subsequent measurement

#### Financial assets

On initial recognition, a financial asset is classified as measured at

- Amortised cost; or
- FVTPL.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
  - Trade receivables are carried at amortised cost less ECLs (expected credit losses) using the Group’s business model for managing its financial assets. Please refer to the accounting policy on Impairments for the treatment of expected credit losses on trade receivables (Note 16).
  - Cash and cash equivalents are measured at amortised cost less ECLs (Note 17).
  - Derivative financial assets are measured at fair value through profit or loss (FVTPL) (Note 9).
  - Financial assets are measured at fair value through profit or loss (FVTPL) (Note 9).
  - Investments are measured at fair value through profit or loss (FVTPL) (Note 11).

# ACCOUNTING POLICIES CONTINUED

## **Financial liabilities – Classification, subsequent measurement and gains and losses**

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL, if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value, and net gains and losses including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

## **Impairment**

The Group recognises loss allowances for expected credit losses (“ECLs”) on financial assets measured at amortised cost. The general model applies to staff loans and other receivables. In terms of the general model, a loss allowance for lifetime expected credit losses is recognised for a financial instrument if there has been a significant increase in credit risk since initial recognition of the financial asset. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group’s historical experience and informed credit assessment and including forward-looking information. The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Impairment provisions for trade receivables are recognised based on the simplified approach within IFRS 9 using a provision matrix in the determination of the lifetime expected credit losses.

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit impaired. A financial asset is “credit-impaired” when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

## **Derecognition of financial instruments**

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

On conversion of a convertible instrument at maturity, the entity derecognises the liability component and recognises it as equity. The original equity component remains as equity (although it may be transferred from one line item within equity to another). There is no gain or loss on conversion at maturity.

## **Derivative financial instruments**

Derivative financial instruments are initially recognised at fair value and subsequently remeasured to their fair value with changes therein recognised in revenue in the case of derivatives trading in GT247. Refer to the revenue accounting policy.

In the prior year, changes in the fair value of the EasyCrypto derivative option was reported under the ‘fair value adjustments’ line item as this was non-trading related. Refer to Note 4.

# ACCOUNTING POLICIES CONTINUED

## Crypto Assets

Crypto Assets are an emerging technology and asset class, and as such, no accounting standards have been issued to cover the accounting treatment. The IFRS Interpretations Committee ("IFRS IC") issued an Agenda Decision and Comments letter in June 2019 on a Crypto Asset subset – Cryptocurrency, and concluded that *IAS 2 Inventories* applies to Cryptocurrency when they are held for sale in the ordinary course of business. If *IAS 2 Inventories* is not applicable, an entity applies *IAS 38 Intangible Assets* to holdings of crypto assets.

The Group does not hold Crypto Assets as inventory and has therefore not applied the accounting treatment under *IAS 2: Inventories*.

The Group has applied *IAS 38: Intangible Assets* to its holdings of crypto assets. Crypto assets have an indefinite useful life.

### Initial recognition and measurement

Crypto Assets are initially recognised when they are acquired and the risks and rewards of ownership has transferred to the Group. They are initially measured at cost plus transactions costs. Crypto Assets are presented as a separate category of asset in the Statement of Financial Position.

### Subsequent measurement

After initial recognition, crypto assets are carried at a revalued amount, being the fair value at the reporting date. Crypto Assets are measured using quoted prices from three different high-volume exchanges. Management considers this fair value to be a Level 1 input under the *IFRS 13: Fair Value Measurement* fair value hierarchy, as the price is extracted from an active market for identical assets.

If a crypto asset's carrying amount is increased as a result of a revaluation, the increase is recognised in other comprehensive income and accumulated in equity under the heading of 'crypto asset revaluation surplus'. However, increases in fair value are recognised in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss.

If a crypto asset's carrying amount is decreased as a result of a revaluation, the decrease shall be recognised in profit or loss. However, the decrease shall be recognised in other comprehensive income to the extent of any credit balance in the crypto asset revaluation surplus in respect of that asset. The decrease recognised in other comprehensive income reduces the amount accumulated in equity.

### Derecognition

The Group derecognises a Crypto Asset when the risks and rewards of ownership have been transferred. The cumulative crypto asset revaluation surplus included in equity is transferred directly to retained earnings when the surplus is realised. The transfer from crypto asset revaluation surplus to retained earnings is not made through profit or loss.

## Share capital

### Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

### Repurchase of share capital (treasury shares)

When shares recognised as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, is recognised as a deduction from equity. Repurchased shares are cancelled until they are re-issued later. When treasury shares are sold or re-issued subsequently, the amount received is recognised as an increase in equity.

# ACCOUNTING POLICIES CONTINUED

### Transfers between the share-based payment reserve and share capital

Share options exercised result in a transfer from the share-based payment reserve to share capital at the initial grant date fair value of the options expensed over the vesting period. This transfer is recognised within the statement of changes in equity and does not affect profit or loss.

## Equipment

### Recognition and measurement

Equipment is measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Gains and losses on disposal of an item of equipment are determined by comparing the proceeds from disposal with the carrying amount of equipment, and are recognised in profit or loss.

### Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other expenditure is recognised in profit or loss as incurred.

### Depreciation

Depreciation is recognised in profit or loss on a straight-line basis, over the estimated useful life of each asset to its residual value.

The estimated useful lives for the current and comparative periods are as follows:

Computer equipment	3 years (2021: 3 years)
Fixtures, fittings and improvements	5 years (2021: 5 years)
Office equipment	5 years (2021: 5 years)

Depreciation methods, useful lives and residual values are reviewed at each reporting date, and adjusted if required.

## Goodwill

Goodwill that arises on the acquisition of a business is measured at cost less accumulated impairment losses. Goodwill is not amortised and is assessed for impairment at least annually and whenever there is an indication of impairment.

## Intangible assets

### Contracts

Contracts that arise from separate acquisition are measured at cost less accumulated impairment losses. The contracts include proprietary trading algorithms and these have been assessed as having indefinite useful lives, as there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows for the entity. These are assessed for impairment at least annually, and whenever there is an indication of impairment.

### Customer relationships

Customer relationships acquired as part of the EasyCrypto business combination (refer Note 13) are measured at cost less accumulated amortisation and accumulated impairment losses. EasyCrypto customer relationships are assessed as having a definite useful life of 5 years.

Customer relationships acquired as part of the RISE business combination (refer Note 13) are measured at cost less accumulated amortisation and accumulated impairment losses. RISE customer relationships are assessed as having a definite useful life of 7 years.

# ACCOUNTING POLICIES CONTINUED

### Research and development

Expenditure on research activities, undertaken with the prospect of gaining new technical knowledge and understanding, is recognised in profit or loss when incurred.

Development activities (specifically software development) involve a plan or design for the production of new or substantially improved products and processes. Development expenditure is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset.

The expenditure capitalised includes the cost of professional services and direct labour that are directly attributable to preparing the asset for its intended use. Capitalised development expenditure is measured at cost less accumulated amortisation and accumulated impairment losses.

### Purchased software

Purchased software that is acquired by the Group, which has a finite useful life, is measured at cost less accumulated amortisation and accumulated impairment losses. Purchased software is only recognised when it meets the recognition criteria and the definition of an intangible asset in IAS 38: Intangible Assets. Purchased software which gives right of access to the software only over the contract term is accounted for as a service contract, and is expensed in profit or loss over the contract term. Any prepayments are recognised as an asset and expensed over the term of service.

### Subsequent expenditure

Subsequent expenditure is capitalised only when it meets the definition of an intangible asset and when the recognition criteria is met. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

### Amortisation

Amortisation is recognised in profit or loss on a straight-line basis, over the estimated useful lives of intangible assets. Indefinite life intangible assets and goodwill are not amortised.

The estimated useful lives for the current and comparative periods are as follows:

Capitalised software development costs	7 years
Customer relationships - EasyCrypto	5 years
Customer relationships - RISE	7 years
Purchased software	3 years

The amortisation methods and useful lives are reviewed at each reporting date and adjusted if required.

# ACCOUNTING POLICIES CONTINUED

## Impairment

### Non-financial assets

The carrying amounts of the Group's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill and intangible assets with indefinite useful lives are tested for impairment at least annually and whenever there is an indication of impairment.

The recoverable amount of an asset or cash-generating unit is the greater of its value-in-use and its fair value less costs to sell. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generate cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the cash-generating unit). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units that are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in profit or loss.

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

## Employee benefits

### Short-term employee benefits

Short-term employee benefits are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

### Share-based payment transactions

The share option programme (equity-settled share-based payment arrangement) allows selected Group employees to acquire shares of the Group. The grant date fair value of options granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the vesting period that the employees become unconditionally entitled to the options and are not subsequently revalued.

The fair value of the options granted is measured using a Black-Scholes model, taking into account the terms and conditions upon which the options were granted. Measurement inputs include the share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility adjusted for changes expected due to publicly available information), weighted average expected life of the instruments (based on historical experience and general option holder behaviour), expected dividends, and the risk-free interest rate (based on government bonds). Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value.

# ACCOUNTING POLICIES CONTINUED

## Transfers to retained earnings from the Share-Based Payment Reserve

Transfers are made to retained earnings from the share-based payment reserve for amounts expensed and accumulated in the reserve that relate to options which have been forfeited, lapsed, or where an employee has resigned.

## Revenue

### Revenue from contracts with customers:

Revenue is recognised net of VAT (where applicable). Revenue is measured based on the consideration specified in a contract with the customer. The Group's revenue is derived from the following sources:

Components of revenue	Nature and timing of revenue recognition
Equity investing fees	Revenue is recognised at a point in time.
Asset management execution revenue	Revenue is recognised at a point in time.
Asset management fees	Revenue is recognised over time.
Crypto asset investing fees	Revenue is recognised at a point in time.
Crypto asset management fees	Revenue is recognised over time.
Derivatives trading revenue	Revenue is recognised at a point in time.
Funding income	Revenue is recognised over time.
Property investing fees and commissions	Revenue is recognised at a point in time.
Property management fees	Revenue is recognised over time.

### Nature and timing of satisfaction of performance obligations

Customers pay a brokerage fee to transact (buy or sell shares, crypto or property) on the platform that they invest on. The brokerage fee is a certain percentage of the value of the customer's transaction, and the revenue is recognised when the transaction takes place.

Revenue from the derivatives business represents:

- fees paid by clients for spread, commissions and funding charges in respect of the opening, holding and closing of CFD contracts, together with gains and losses for the Group arising on client trading activity; less
- fees paid by the Group in spread, commissions and funding charges arising in respect of hedging the risk associated with the client trading activity, together with gains and losses incurred by the Group arising on hedging activity. Open client and hedging positions are fair valued daily with gains and losses arising on this valuation recognised in revenue. The policies and methodologies associated with the determination of fair value are disclosed in Note 25.

Customers are also charged management and performance fees for services provided to them, and this revenue is recognised over time.

The revenue described above is the only performance obligations and the contracts do not contain any further performance obligations.

As the period of time between customer payment and performance will always be one year or less, the group applies the practical expedient and does not adjust the promised amount of consideration for the effects of financing.

### Non-contract revenue:

The Group recognises revenue that does not originate from contracts with customers, namely settlement profit or loss, which is recognised as the difference between consideration paid by clients and the purchase cost paid by the Group to fulfil those trades. This revenue is recognised at a point in time, as and when transactions take place. Settlement profit or loss is included in Equity Investing Fees in Note 1.

# ACCOUNTING POLICIES CONTINUED

## Finance income

Finance income comprises finance income on funds invested and are recognised in profit or loss using the effective interest method.

## Leases

### Leases recognition under IFRS 16

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for a consideration. The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. Subsequent to initial recognition, the right-of-use asset is accounted for in accordance with the accounting policy applicable to that asset (cost less accumulated amortisation). Depreciation of the right-of-use asset is calculated using the straight-line method to allocate its cost over the estimated useful life, being the lesser of the remaining lease term and the life of the asset.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. The Group uses its incremental borrowing rate as the discount rate. Subsequent to initial recognition, the lease liability is measured at amortised cost using the effective interest rate method.

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term. Low-value assets relate mainly to photocopiers and coffee machines.

## Finance costs

Finance costs comprise finance costs on borrowings and are recognised in profit or loss using the effective interest method.

## Income tax

Income tax expense/benefit comprises current and deferred tax. Current and deferred tax is recognised as income or an expense and included in profit or loss for the period.

Current tax is the expected tax payable/receivable on the estimated taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable/receivable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset tax liabilities and assets and they relate to income taxes levied by the same tax authority on the same taxable entity.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Detailed forecasts are prepared. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

# ACCOUNTING POLICIES CONTINUED

## Standards and interpretations effective and adopted for the first time in the 2022 financial year

During the financial year, the following new and revised accounting standards, amendments to standards and new interpretations were adopted by the Group:

Standard(s) Interpretation(s) Amendment(s)	Nature of the change	Salient features of the changes	Impact on financial position or performance
IFRS 7 Financial Instruments: Disclosures  &  IFRS 9 Financial Instruments	Amendment	<p>Interest Rate Benchmark Reform Phase 2: The amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 amend requirements relating to changes in the basis for determining contractual cash flows of financial assets, financial liabilities and lease liabilities, hedge accounting and disclosures.</p> <ul style="list-style-type: none"> <li>• The amendment to IFRS 7 requires a company to make additional disclosures in its financial statements so that investors can better understand the effects of IBOR reform on that company.</li> <li>• The amendments to IFRS 9 enable a company to apply a practical expedient to account for a change in the contractual cash flows that are required by IBOR reform by updating the effective interest rate to reflect any change arising from the reform. <ul style="list-style-type: none"> <li>o The amendments to IFRS 9 enable (and require) companies to continue hedge accounting in circumstances when changes to hedged items and hedging instruments arise as a result of changes required by the IBOR reform, by requiring companies to amend their hedging relationships to reflect: <ul style="list-style-type: none"> <li>o designating an alternative benchmark rate as the hedged risk; or</li> <li>o changing the description of the hedged item, including the designated portion, or of the hedging instrument.</li> </ul> </li> </ul> </li> <li>• Annual Improvements to IFRS Standards 2018–2020: The amendment clarifies which fees an entity includes when it applies the '10 per cent' test in assessing whether to derecognise a financial liability.</li> </ul>	None

# ACCOUNTING POLICIES CONTINUED

## New standards and interpretations issued but not yet effective

At the date of authorisation of the financial statements for the year ended 31 August 2022, the following Standards and Interpretations were in issue but not yet effective that are applicable to the activities of the Group:

Standard/ Interpretation	Salient features of the changes	Annual periods beginning on or after	Estimated impact on financial position or performance
IFRS 9 Financial Instruments	<ul style="list-style-type: none"> <li>Annual Improvements to IFRS Standards 2018–2020: The amendment clarifies which fees an entity includes when it applies the '10 per cent' test in assessing whether to derecognise a financial liability.</li> </ul>	1 January 2022	None
IAS 1 Presentation of Financial Statements	<ul style="list-style-type: none"> <li>Classification of Liabilities as Current or Non-current: Narrowscope amendments to IAS 1 to clarify how to classify debt and other liabilities as current or non-current.</li> <li>Disclosure of Accounting Policies: The amendments require companies to disclose their material accounting policy information rather than their significant accounting policies, with additional guidance added to the Standard to explain how an entity can identify material accounting policy information with examples of when accounting policy information is likely to be material.</li> </ul>	1 January 2024 1 January 2023	None None
IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors	<ul style="list-style-type: none"> <li>Definition of Accounting Estimates: The amendments clarify how companies should distinguish changes in accounting policies from changes in accounting estimates, by replacing the definition of a change in accounting estimates with a new definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". The requirements for recognising the effect of change in accounting prospectively remain unchanged.</li> </ul>	1 January 2023	None
IAS 12 Income Taxes	<ul style="list-style-type: none"> <li>Deferred Tax related to Assets and Liabilities arising from a Single Transaction: The amendment clarifies how a company accounts for income tax, including deferred tax, which represents tax payable or recoverable in the future. In specified circumstances, companies are exempt from recognising deferred tax when they recognise assets or liabilities for the first time. The aim of the amendments is to reduce diversity in the reporting of deferred tax on leases and decommissioning obligations, by clarifying when the exemption from recognising deferred tax would apply to the initial recognition of such items.</li> </ul>	1 January 2023	None
IAS 16 Property, Plant and Equipment	<ul style="list-style-type: none"> <li>Property, Plant and Equipment: Proceeds before Intended Use: The amendments prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, in profit or loss.</li> </ul>	1 January 2022	None

## ACCOUNTING POLICIES CONTINUED

Standard/ Interpretation	Salient features of the changes	Annual periods beginning on or after	Estimated impact on financial position or performance
IAS 37 Provisions, Contingent Liabilities and Contingent Assets	<ul style="list-style-type: none"> <li>• Onerous Contracts—Cost of Fulfilling a Contract: The amendments specify which costs should be included in an entity's assessment whether a contract will be loss-making.</li> </ul>	1 January 2022	None

The Group does not intend to early adopt the standards or amendments.

# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

## 1. Revenue

	Note	2022 R'000	2021 R'000
Equity investing fees		187,115	167,395
Asset management execution revenue		4,328	3,488
Derivatives trading revenue		35,997	14,800
Funding income		16,600	9,527
Asset management fees		3,037	4,399
Property investing fees and commissions		5,937	4,939
Property management fees		824	230
Crypto asset investing fees		10,088	-
Crypto asset management fees		8,735	-
Other revenue		1,342	-
<b>Total revenue</b>		<b>274,003</b>	<b>204,778</b>
<b>Split between contract and non-contract revenue:</b>			
<b>Equity investing fees</b>		<b>187,115</b>	<b>167,395</b>
- Contract revenue (IFRS 15)		150,063	145,001
- Non-contract revenue (at a point in time)		37,052	22,394
Revenue recognised over time		29,196	14,155
Revenue recognised at a point in time		244,807	190,623
<b>Total revenue</b>		<b>274,003</b>	<b>204,778</b>

The Group generates revenue primarily from equity, crypto and property investing fees, asset management execution revenue and revenue from its derivatives trading business (derivatives trading revenue and funding income).

The disaggregation of revenue above is consistent with the revenue information disclosed for each reportable segment under IFRS 8: Operating Segments - refer to the Segmental Analysis on page 73.

# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS CONTINUED

## 2. Trading and operating expenses

	Notes	2022 R'000	2021 R'000
<b>Commissions and research expenses</b>		<b>5,135</b>	2,998
- Introducing broker commission		3,807	2,185
- Sales commission		798	321
- Research costs		530	492
<b>Employee benefit expenses</b>		<b>105,645</b>	79,427
- Short-term employee benefits		102,941	77,747
- Share-based payment expense		2,704	1,680
<b>Marketing</b>		<b>15,766</b>	11,440
<b>IT Costs</b>		<b>37,736</b>	24,635
<b>Professional services</b>		<b>31,514</b>	19,638
<b>Legal fees</b>		<b>2,055</b>	886
<b>Listing expenses</b>		<b>832</b>	422
<b>Office costs</b>		<b>3,855</b>	3,040
<b>Depreciation and amortisation</b>		<b>26,413</b>	19,776
- Computer equipment	6	546	405
- Furniture and fittings	6	193	230
- Lease improvements	6	437	420
- Office equipment	6	23	176
- Amortisation of intangible assets	7	23,728	17,059
- Depreciation of right of use asset (premises)	24	1,486	1486

# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS CONTINUED

## 3. Net finance income/(costs)

	Notes	2022 R'000	2021 R'000
Interest income on bank deposits		7,282	4,294
Interest income from Tax Receivable		-	-
<b>Total interest income</b>		<b>7,282</b>	4,294
Interest on borrowings	23	(899)	(6,390)
Interest on lease liability	24	(258)	(421)
Interest on bank overdraft		(1,011)	(1,036)
<b>Total finance costs</b>		<b>(2,168)</b>	(7,847)
<b>Net finance income/ (costs)</b>		<b>5,114</b>	(3,553)

## 4. Fair value and impairment adjustments

	Note	2022 R'000	2021 R'000
Investment accounts in Group's Asset Management Division - fair value adjustment	11	(540)	1,476
Impairment of intangible asset - Contracts	7	(3,843)	
Revaluation of investment in Evolution Credit Limited <sup>1</sup>	11	-	4,443
Retirement Investments and Savings for Everyone Proprietary Limited	13	48,931	-
Revaluation of options to acquire EasyCrypto Proprietary Limited	13	-	50,000
		<b>44,548</b>	55,919

<sup>1</sup> Real People Investment Holdings Limited's name changed to Evolution Credit Limited

### **Retirement Investments and Savings for Everyone Proprietary Limited**

On 23 August 2022, First World Trader Proprietary Limited ("FWT") acquired the remaining 50% shareholding in Retirement Investments and Savings for Everyone Proprietary Limited ("RISE"), resulting in RISE being a 100% owned subsidiary. In accordance with *IFRS 3: Business Combinations* paragraph 32(a)(iii), the acquirer must remeasure its previously held equity interest in the acquiree to its acquisition-date fair value. The carrying amount of FWT's investment in RISE before the remeasurement was R10.9 million and the fair value was determined to be R59.8 million, resulting in a fair value adjustment of R48.9 million being recognised in profit or loss. Please refer to Note 13 for disclosure of the RISE Business Combination.

### **Impairment of Contracts**

Intellectual property rights, algorithms and developed systems related thereto, utilised by Emperor Asset Management, were impaired by R3.8 million during the year in line with an expected decrease in future economic benefits that will be derived from these assets.

### **Evolution Credit Limited**

The fair value of Evolution Credit Limited remained unchanged from the prior period and therefore no fair value adjustment was processed.

# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS CONTINUED

## **Revaluation of options to acquire EasyCrypto Proprietary Limited - 2021 financial year**

In 2021, a R50 million fair value adjustment was recognised on the Group's options to acquire a 50.98% interest in EasyCrypto (Pty) Ltd. The options to acquire EasyCrypto were accounted for as a derivative financial asset measured at fair value through profit or loss up until 13 August 2021, after which it was accounted for as part of the consideration transferred in the business combination (Note 13). In calculating the fair value of the options, management used significant judgement in estimating unobservable inputs, which contains elements of estimation uncertainty. The options fall into level 3 of the fair value hierarchy. Since the strike price of the options are a nominal R5, the value of the options have been determined based on the fair value of the business and a corresponding 50.98% interest in equity, using a discounted cash flow valuation model.

The following assumptions were applied in valuing the options:

Key variables - Black-Scholes Option Valuation Model	2021
<b>EasyCrypto SA Proprietary Limited</b>	
Current underlying asset price (Rands)	50,000,000
Exercise price of the option (Rands)	5.0
Time to maturity of the option in years	1.08
Risk free rate	4.9%
Annual standard deviation of the rate of return on the stock (Volatility)	0.4
Dividend yield (continuous dividend payout)	0.0

# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS CONTINUED

## 5. Income tax

	Note	2022 R'000	2021 R'000
Recognised in:			
- Statement of profit and loss		8,193	2,105
- Equity		10,958	-
<b>Current tax expense</b>		<b>19,151</b>	2,105
<b>Deferred tax expense</b>			
Payables and accruals		(91)	365
Prepayments		(299)	650
Investments at fair value - Statement of profit and loss		126	3,594
Investments at fair value - Equity		(10,958)	-
Right of use assets		(675)	-
Lease liability		820	-
Unrealised gains on derivative positions not yet realised		2,586	-
Intangible assets		1,699	1,710
<b>Origination and reversal of temporary differences</b>		<b>(6,792)</b>	6,319
Recognition of tax loss	15	(585)	829
Tax rate change		2,083	-
Under provision of deferred tax for prior periods		69	-
<b>Total deferred tax expense</b>		<b>(5,225)</b>	7,148
<b>Total current and deferred tax</b>		<b>13,926</b>	9,253

# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS CONTINUED

	Note	2022 R'000	2021 R'000
<b>Reconciliation of effective tax rate:</b>			
<b>Income tax recognised in profit or loss</b>		<b>16.4</b>	11.3
Non-taxable share of profit in joint venture		1.7	0.5
Fair value adjustments - RISE (2022), EasyCrypto (2021)	4	16.6	17.1
Assessed losses utilised		-	(0.4)
Capital gains/(losses) not recognised for tax <sup>1</sup>		-	0.6
Tax rate change		(2.5)	-
Impairment - intangible asset		(1.3)	-
<b>Non-deductible expenses:</b>		<b>(2.9)</b>	(1.1)
- Equity-settled share-based payment expenses		(0.9)	(0.6)
- Fair value adjustment to investments		(1.0)	-
- Leasehold improvements - depreciation		(0.1)	-
- Legal fees - Capital expenditure		(0.6)	(0.3)
- Penalties incurred - in respect of taxes		(0.1)	-
- Prior year deferred tax underprovided		(0.1)	-
- Other		(0.1) <sup>2</sup>	(0.2) <sup>3</sup>
<b>Domestic tax rate</b>		<b>28.0</b>	28.0

1 Deferred tax is only raised on 80% of taxable capital gains or losses South African Revenue Services (SARS) CGT inclusion rate, and therefore the remaining 20% results in a non-taxable difference.

2 This includes donations and research and development expenditure

3 This includes SARS penalties, donations and depreciation on leasehold improvements

# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS CONTINUED

## 6. Equipment

	Note	Computer equipment R'000	Fixtures, fittings R'000	Lease improvements R'000	Office equipment R'000	Total R'000
<b>Cost</b>						
<b>Balance at 31 August 2020</b>		2,138	1,660	2,100	812	6,710
Additions		532	-	-	61	593
<b>Balance at 31 August 2021</b>		2,670	1,660	2,100	873	7,303
Additions		1,388	-	-	-	1,388
Business combination - Retirement Investments and Savings for Everyone Proprietary Limited		453	82	56	36	627
<b>Balance at 31 August 2022</b>		<b>4,511</b>	<b>1,742</b>	<b>2,156</b>	<b>909</b>	<b>9,318</b>
<b>Accumulated depreciation and impairment losses</b>						
Balance at 31 August 2020		1,344	1,013	890	623	3,871
Depreciation for the period	2	405	230	420	176	1,231
<b>Balance at 31 August 2021</b>		1,749	1,244	1,310	799	5,102
Depreciation for the period	2	546	193	437	23	1,199
Business combination - Retirement Investments and Savings for Everyone Proprietary Limited						
<b>Balance at 31 August 2022</b>		<b>2,295</b>	<b>1,437</b>	<b>1,747</b>	<b>822</b>	<b>6,301</b>
<b>Carrying amounts</b>						
At 31 August 2020		794	647	1,210	189	2,840
At 31 August 2021		921	416	790	74	2,201
<b>At 31 August 2022</b>		<b>2,216</b>	<b>305</b>	<b>409</b>	<b>87</b>	<b>3,017</b>

# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS CONTINUED

## 7. Intangible assets and goodwill

	No
<b>Cost</b>	
Balance at 31 August 2020	
Additions	
Business combination - EasyCrypto Proprietary Limited	
Disposals	
Balance at 31 August 2021	
Additions	
Scrapping	
Business combination - Retirement Investments Savings for Everyone Proprietary Limited	
Provisional accounting adjustment - EasyCrypto Proprietary Limited	
<b>Balance at 31 August 2022</b>	
<b>Accumulated amortisation and impairment losses</b>	
Balance at 31 August 2020	
Amortisation for the period	
Disposals	
Balance at 31 August 2021	
Amortisation for the period	
Scrapping	
Impairment	
Provisional accounting adjustment - EasyCrypto Proprietary Limited	
<b>Balance at 31 August 2022</b>	
<b>Carrying amounts</b>	
At 31 August 2020	
At 31 August 2021	
<b>At 31 August 2022</b>	

1 Fully depreciated assets which are no longer in use were scrapped and derecognised during the 2022 financial year.

2 The opening balance of goodwill of R204.5 million was acquired as part of the First World Trader Proprietary Limited purchase in November 2007. In 2022, R51.2m goodwill was re

# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS CONTINUED

otes	Goodwill R'000	Customer relationships R'000	Contracts R'000	Software Development R'000	Purchased Software R'000	Total Intangible Assets R'000	Total R'000
	212,999	-	8,807	94,384	6,614	109,805	322,804
	-	-	-	38,182	-	38,182	38,182
	35,000	1,530	-	1,890	-	3,420	38,420
	-	-	-	-	-	-	-
	247,999	1,530	8,807	134,456	6,614	151,407	399,406
	-	-	-	63,935	-	63,935	63,935
	-	-	-	-	(4,507)	(4,507)	(4,507)
	51,280	23,890	-	-	-	23,890	75,170
	-	-	-	1,468	-	1,468	1,468
	<b>299,279</b>	<b>25,420</b>	<b>8,807</b>	<b>199,859</b>	<b>2,107</b>	<b>236,193</b>	<b>535,472</b>
	8,431	-	894	25,937	6,256	33,087	41,518
2	-	-	-	16,710	349	17,059	17,059
	-	-	-	-	-	-	-
	8,431	-	894	42,647	6,605	50,146	58,577
2	-	321	-	23,392	15	23,728	23,728
	-	-	-	-	(4,513) <sup>1</sup>	(4,513)	(4,513)
	-	-	3,843	-	-	3,843	3,843
	-	-	-	691	-	691	691
	<b>8,431</b>	<b>321</b>	<b>4,737</b>	<b>66,730</b>	<b>2,107</b>	<b>73,895</b>	<b>82,326</b>
	204,568	-	7,914	68,448	358	76,720	281,288
	239,568	1,209	7,913	91,809	9	101,261	340,829
	<b>290,848<sup>2</sup></b>	<b>25,099</b>	<b>4,070</b>	<b>133,129</b>	<b>-</b>	<b>162,298</b>	<b>453,146</b>

recognised as part of the RISE business combination. In 2021, R35 million goodwill was recognised as part of the EasyCrypto business combination.

# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS CONTINUED

The average remaining useful lives is as follows:

- Software Development: 4.66 years.
- Customer relationships: 6.86 years

## IMPAIRMENT TESTING FOR CASH-GENERATING UNITS CONTAINING GOODWILL

The value-in-use method was used to assess the impairment of goodwill.

For the purpose of impairment testing, goodwill is allocated to the Group's operating divisions which represent the lowest level within the Group at which goodwill is monitored for internal management purposes. The aggregate carrying amounts of goodwill allocated to each unit are as follows:

	2022 R'000	2021 - Restated R'000
GT247.com	204,568	204,568
EasyCrypto SA Proprietary Limited	35,000	35,000
Retirement Investments and Savings for Everyone Proprietary Limited	51,280	-
	<b>290,848</b>	239,568

The values assigned to the key assumptions in the discounted cash flow model represent management's assessment of future trends in the online trading and asset management sectors and are based on both external sources and internal sources (historical data). The main drivers of the model are the assumptions around income growth and expenses that have been based on past trends and management's view of future prospects. The valuation technique is consistent with prior years.

Key variables	2022	2021
<b>GT247 Proprietary Limited</b>		
Discount period	10 years	10 years
Terminal growth rate (%)	3.0	3.0
Pre-tax discount rate	32.0	21.9

The 10 year discount period is attributed to the time frame management uses to forecast and budget cash flows, and takes into account the longer period that the cash-generating unit will contribute to the carrying amount. The higher discount rate applied during the current year reflects the higher levels of uncertainty with regards to market conditions as it pertains to GT247 at the date of the valuation.

Key variables	2022	2021
<b>EasyCrypto SA Proprietary Limited</b>		
Discount period	10 years	5 years
Terminal growth rate (%)	5.0	6.0
Pre-tax discount rate	36.5	27.1

The 10 year discount period is attributed to the time-frame management uses to forecast and budget cash flows, and takes into account the longer period that the cash-generating unit will contribute to the carrying amount. The

# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS CONTINUED

higher discount rate applied during the current year reflects the higher levels of uncertainty with regards to market conditions as it pertains to EasyCrypto at the date of the valuation.

Key variables	2022
<b>Retirement Investments and Savings for Everyone Proprietary Limited</b>	
Discount period	<b>10 years</b>
Terminal growth rate (%)	<b>5.0</b>
Pre-tax discount rate	<b>31.0</b>

The 10 year discount period is attributed to the time-frame management uses to forecast and budget cash flows, and takes into account the longer period that the cash-generating unit will contribute to the carrying amount. A pre-tax discount rate of 31.0% was used.

#### Contracts with an indefinite useful life

Key variables	2022	2021
<b>Emperor Asset Management Proprietary Limited</b>		
Discount period	<b>10 years</b>	10 years
Terminal growth rate (%)	<b>5.0</b>	5.0
Pre-tax discount rate	<b>22.9</b>	22.1

Contracts have been assessed as having indefinite useful lives as the rights to which the Group is entitled, are in respect of contracts that are currently held and includes intellectual property rights, algorithms and developed systems related thereto.

The discount rate applied during the current year reflects a similar level of uncertainty, to the prior year, with regards to market conditions at the date of valuation. The 10 year discount period is attributed to the time-frame management uses to forecast and budget cash flows, and takes into account the longer period that the cash-generating unit will contribute to the carrying amount.

Management has performed various sensitivity analysis by changing each of the key variables in the models for GT247.com, Emperor Asset Management, EasyCrypto and RISE by 3.5% which resulted in significant headroom and the recoverable amount exceeding the carrying amount in all instances.

# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS CONTINUED

## 8. Crypto assets

	2022 R'000	2021 R'000
<b>Crypto assets:</b>		
EasyCrypto10 Bundle (EC10)	16	-
Bitcoin (BTC)	664	-
Ethereum (ETH)	12	-
<b>Total crypto assets</b>	<b>692</b>	<b>-</b>

## 9. Financial assets

	2022 R'000	Restated 2021 R'000	Restated 2020 R'000
<b>Financial assets at fair value through profit or loss:</b>			
Listed equities and ETF's	134,010	103,218	61,030
Derivative CFD contracts	20,384	29,998	31,577
<b>Total financial assets</b>	<b>154,394</b>	<b>133,216</b>	<b>92,607</b>

- Fair value adjustments on derivative CFD contracts are recognised in revenue. Refer to the revenue accounting policy on page 84 and Note 1.
- Listed equities and ETF's are held to hedge the fractional share holdings of clients, and the associated client open position liability (refer Note 22). Fair value adjustments are therefore offset against fair value adjustments on the client open position liability and do not impact the profit or loss insofar as it relates to hedging, as these are the profits or losses attributable to clients and not the business. The portion of the fractional shares which is directly attributable to FWT and not related to hedging, together with associated gains and losses, is recognised in profit or loss although this is immaterial.

## 10. Prior period error

During the current financial year, and to correct a prior period error identified in the current year, a portion of the cash and cash equivalents balance was reclassified to financial assets at fair value through profit or loss. Please refer to Note 9 and 17 respectively, for disclosure of the financial assets and the restated cash and cash equivalents. The restatement did not affect the consolidated statement of profit or loss, earnings per share, or headline earnings per share.

The reclassified financial assets consist in part of listed equities and ETF's which are held by First World Trader to hedge the client open position liability (refer Note 22) in relation to fractional shares held by EasyEquities' customers. The derivative contracts for difference (CFD) relates to GT247's hedged positions to cover the GT247 client open position liability (refer Note 22).

Furthermore, the client open position liability was previously classified as a financial liability measured at amortised cost. The classification has been restated to derivative financial liability through profit or loss. Please refer to Note 22 for further disclosure of the client open position liability and how it impacts profit or loss. The restatement of this classification did not affect the consolidated statement of profit or loss, earnings per share, or headline earnings per share.

# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS CONTINUED

	Notes	2021 R'000	2020 R'000
Bank deposit		83,809	33,958
Trading margin with brokers		174,507	191,146
<b>Cash and cash equivalents as reported in prior periods:</b>		<b>258,316</b>	<b>225,104</b>
Reclassification of amounts to financial assets through profit or loss from cash and cash equivalents:			
- Listed equities and ETF's	9	(103,218)	(61,030)
- Derivative CFD contracts	9	(29,998)	(31,577)
<b>Restated prior period cash and cash equivalents, consisting of bank balances:</b>	17	<b>125,100</b>	<b>132,497</b>
<b>Impact on cash flow statement:</b>			
Cash generated by operations as previously disclosed		<b>57,301</b>	
Cash generated by operations - restated	Cash flow	16,692	
<b>Difference</b>		(40,609)	
<b>Due to movement in financial assets - restated</b>	9	40,609	

## 11. Investments

	Note	2022 R'000 Fair Value	2021 R'000 Fair Value
The Group has the following unlisted investments			
<b>Investments - recognised at fair value through profit or loss:</b>			
Evolution Credit Limited <sup>1</sup>	25	<b>18,224</b>	18,224
Investment accounts in Group's Asset Management Division <sup>2</sup>	25	<b>2,616</b>	1,591
<b>Total investments</b>		<b>20,840</b>	19,815

1 Real People Investment Holdings Limited name changed to Evolution Credit Limited

2 This relates to Unit Trust investments held through Emperor Asset Management Proprietary Limited.

The value of the investment accounts held by the Group with its asset management division has been determined with reference to quoted market prices (unadjusted) in an active market for identical instruments, as these are Level 2 instruments.

The fair values of investments are reassessed at the reporting date and adjusted accordingly.

# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS CONTINUED

	2022 R'000	2021 R'000
<b>Non-current asset - investments :</b>		
Evolution Credit Limited <sup>1</sup>	18,224	18,224
<b>Current asset - investments:</b>		
Investment accounts in Group's Asset Management Division	2,616	1,591
<b>Total investments</b>	<b>20,840</b>	19,815

1 Real People Investment Holdings Limited name changed to Evolution Credit Limited.

	Notes	2022 R'000	2021 R'000
Balance 1 September		19,815	20,137
Fair value adjustments		(540)	55,919
Additions		1,565	-
Disposals		-	(6,241)
Derecognition of previously held equity interests in business combinations	13	-	(50,000) <sup>1</sup>
Balance 31 August		<b>20,840</b>	19,815

1 2021: Business combination of EasyCrypto SA (Pty) Ltd, the options were accounted for as part of the consideration transferred in the business combination (Note 13).

## Investment in Evolution Credit Limited

The Group holds a direct investment in Evolution Credit Limited comprising the following instruments:

- 506 793 ordinary shares (0.42% of issued ordinary shares);
- 968 C2 preference shares; and
- 9 325 B preference shares.

In addition, the Group owns 37.5% of Blockbuster Trading 3 Proprietary Limited ("BBT"). Blockbuster Trading holds 6,009,787 ordinary shares in Evolution Credit, which translates to a 5% shareholding in Evolution Credit.

# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS CONTINUED

## ASSUMPTIONS APPLIED IN DETERMINING FAIR VALUE

The fair value in respect of the Group's direct and indirect investment in Evolution Credit was calculated by management using a discounted cash flow model in order to arrive at an indicative valuation for the business. The valuation arrived at was then allocated across the various instruments in issue, in accordance with the cash flow waterfall agreed with the Evolution Credit creditors. The cash flow waterfall sets out the order of prioritising the use and distribution of cash flows.

The values assigned to the key assumptions in the discounted cash flow model represent management's assessment of future trends and are based on both external sources and internal sources (historical data). The main drivers of the model are the assumptions around income growth and net yields that have been based on past trends and managements view of the future prospects. The fair value measurement technique results in Level 3 fair value in the fair value hierarchy (Note 25).

### Key assumptions used – Evolution Credit Limited/Blockbuster Trading 3 Proprietary Limited

	2022	2021
Discount period	<b>9.5 years</b>	9.5 years
Risk free rate (%)	<b>10.9</b>	9.1
Discount rate (%)	<b>15.83</b>	16.82
Terminal growth rate (%)	<b>3%</b>	3%

### Sensitivity analysis

If the free cash flows in the discounted cash flow valuation had been 5% higher/lower, the Group's profit or loss would decrease/increase by R0.7 million (2021: R0.7 million).

# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS CONTINUED

## 12. Investment in joint venture

Up until 22 August 2022, the Group held a 50% shareholding in Retirement Investments and Savings for Everyone Proprietary Limited ("RISE") which was accounted as an investment in joint venture. On 23 August 2022, the Group acquired the remaining 50% shareholding, thereby gaining control of RISE, resulting in a business combination in terms of *IFRS 3: Business Combinations*. Please refer to Note 13 for further disclosure.

	2022 R'000	2021 R'000
Effective rate of interest held (%)	100	50
<b>Reconciliation between proportionate investment and current investment value:</b>		
Investment at cost	-	-
Share in profit in prior periods	5,604	4,173
Investment in joint venture	5,604	4,173
Share in profit for the period up until 22 August 2022 (2021: 31 August)	5,249	1,431
<b>Carrying amount in joint venture on 22 August 2022 (2021: 31 August)</b>	<b>10,853</b>	5,604
<b>Derecognition of joint venture as part of business combination</b>	<b>(10,853)</b>	

The following table presents the amounts of the assets and liabilities, income and expenses of the joint venture up until the acquisition date. The statement of financial position is also presented in Note 13.

	2022 R'000	2021 R'000
<b>Assets</b>		
Non-current assets	19,717	2,997
Current assets	26,915	19,547
<b>Liabilities</b>		
Non-current liabilities	(1,335)	(2,600)
Current liabilities	(7,889)	(5,189)
<b>Equity</b>	<b>37,408</b>	14,755
<b>Summarised statement of comprehensive income</b>		
Income	59,767	52,608
Expenses	(44,530)	(48,028)
<b>Profit before tax</b>	<b>15,237</b>	4,580
Income tax expense	(4,739)	(1,719)
<b>Profit for the period</b>	<b>10,498</b>	2,861
<b>Total comprehensive income for the period</b>	<b>10,498</b>	2,861
<b>Group's proportionate share of the income for the period</b>	<b>5,249</b>	1,431

# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS CONTINUED

## 13. Business combinations

### Retirement Investments and Savings for Everyone Proprietary Limited ("RISE")

The Company previously held a 50% shareholding in RISE 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*, refer Note 12.

On 23 August 2022, the Group acquired the remaining 50% shareholding in RISE from NBC Fund Administration Services Proprietary Limited ("NBC"). The acquisition of the remaining 50% shareholding resulted in the Group 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 Group revalued its previously held 50% equity interest in RISE to its acquisition date fair value of R59.8m, resulting in a positive fair value adjustment of R48.9m being recognised in profit or loss. The Group's effective percentage shareholding in RISE is 70%.

FWT paid consideration of R50.1m for the 50% by disposing of and transferring ownership of 24,000,000 Purple Group shares at a price of R2.12 per share. At the time of the transaction, FWT owned 14,971,920 Purple Group shares, so a further 9,028,080 shares were issued by Purple Group to NBC, on behalf of FWT, bringing the total number of Purple Group shares disposed of and transferred to NBC to 24 million.

The shares issued by Purple Group, on behalf of FWT, resulted in a loan of R22.6 million being owed by FWT to Purple Group.

FWT extinguished its debt owed to Purple Group for the additional shares by issuing shares of its own to the value of R32.2 million. The non-controlling interests (Sanlam Investment Holdings Proprietary Limited) followed their rights to the value of R9.7 million and is reflected in the Statement of Changes in Equity.

RISE has a 31 March financial year end, which was aligned with the previous shareholder's year end. Management will change RISE's year end to be aligned with Group in the next financial year.

Included in the sale of shares agreement, is contingent consideration, which may result in the seller returning to FWT a portion of the consideration paid, being Purple Group shares, up to a maximum of one third of the 24 million Purple Group shares transferred to the seller, should certain growth targets not be met by RISE. Management has estimated the fair value of the contingent consideration to be zero, as there is a very high probability that growth targets will be met and no contingent consideration will be received by FWT.

# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS CONTINUED

The fair value of the previously held equity interest in RISE at acquisition date was revalued through profit or loss in terms of *IFRS 3: Business Combinations*, paragraph 32(a)(iii), 41 and 42:

	Notes	2022 R'000	2021 R'000
Effective rate of interest held (%)		100	50
<b>Reconciliation between proportionate investment and current investment value:</b>			
Investment at cost		-	-
Share in profit in prior periods		5,604	4,173
Investment in joint venture		5,604	4,173
Share in profit for the period <sup>1</sup>		5,249	1,431
<b>Carrying amount in joint venture<sup>2</sup></b>		<b>10,853</b>	5,604
<b>Remeasurement recognised in profit or loss:</b>	4	<b>48,931</b>	
<b>Fair value of previously held equity interest</b>		<b>59,784</b>	
Fair value of consideration transferred - 24 million shares at R2.12	18	50,880	
Non-controlling interest recognised		(21,977)	
Acquisition date fair value of assets acquired and liabilities assumed:		(37,408)	-
<b>Goodwill</b>		<b>51,279</b>	

<sup>1</sup> RISE is accounted for as a joint venture up until 22 August 2022, at which point the investment in joint venture is derecognised.

<sup>2</sup> This is the carrying amount as at 22 August 2022, which is remeasured to the acquisition date fair value of R59.8 million, and taken into account in the calculation of Goodwill in terms of *IFRS 3*.

Goodwill primarily consists of intangible assets that do not qualify for separate recognition, including workforce intangible assets, and synergies from combining operations.

### **Provisional amounts**

The accounting for the RISE business combination has been accounted for provisionally. Amounts recognised are subject to change in accordance with the requirements of *IFRS 3* which permits the acquirer to use provisional amounts for the items for which the accounting is incomplete (i.e. If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs). This is due to the different financial year end of RISE, being 31 March. The Group is working with RISE to finalise.

# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS CONTINUED

## Net assets acquired, liabilities assumed and non-controlling interest

	<b>23 August 2022 R'000</b>
<b>Assets</b>	<b>46,632</b>
<b>Non current assets</b>	<b>19,717</b>
Property and equipment	627
Right-of-use asset	1,039
Customer relationships	23,890
Deferred tax assets	(5,839)
<b>Current assets</b>	<b>26,915</b>
Trade and other receivables	6,473
Cash and cash equivalents	20,442
<b>Liabilities</b>	<b>9,224</b>
<b>Non current liabilities</b>	<b>1,335</b>
Lease liability	1,335
<b>Current liabilities</b>	<b>7,889</b>
Trade and other payables	6,050
Current tax payable	1,839
<b>Net assets on 23 August 2022</b>	<b>37,408</b>

The amounts of revenue in the profit after tax of the acquiree since the acquisition date and included in the consolidated statement of comprehensive income for the period amounted to R1.5 million.

The revenue and profit or loss of the combined entity, as if the acquisition occurred at the beginning of the reporting period, is revenue of R56.3 million and profit after tax of R10.7 million.

# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS CONTINUED

## EasyCrypto SA Proprietary Limited

First World Trader Proprietary Limited ("EasyEquities") and EasyCrypto SA Proprietary Limited ("EasyCrypto") entered into a shareholders' and subscription agreement on 3 December 2018. In terms of this agreement EasyEquities had the right to subscribe for a maximum of 50.98% of the ordinary shares in EasyCrypto, provided certain distribution targets were achieved. The call options were exercised on 1 September 2021, at an exercise price of R5.

In the prior reporting period, the call options were assessed as potential voting rights which became substantive resulting in EasyEquities having the ability to control EasyCrypto in terms of *IFRS 10: Consolidated Financial Statements* ("IFRS 10"), as all criteria of the definition of 'control' over EasyCrypto were met. EasyCrypto has been consolidated as a subsidiary since then. Note 4 discloses the call options were treated as a level 3 derivative financial instrument at fair value through profit and loss up until 13 August 2021. Management assessed the fair value of the options and there has been no change between 13 August 2021 and when the options were exercised on 1 September 2021.

On 1 March 2022, Purple Group Limited acquired the remaining 49.02% shareholding in EasyCrypto from the founding shareholders, increasing the Group's total effective shareholding to 84.706%. The consideration of R61.3 million was paid by Purple Group issuing 24,509,804 of its own shares at R2.50 per Purple Group share, to the sellers.

This increase in Purple Group's ownership percentage has been accounted for as an equity transaction i.e. a transaction with owners in their capacity as owners, and has been presented in the statement of changes in equity under the change in ownership reserve and non-controlling interests.

As disclosed in the prior reporting period ended 2021, the fair value of the identifiable net assets of EasyCrypto had been determined on a provisional basis as the accounting was incomplete at the time. Subsequently, the provisional amounts have been remeasured and the impact thereof is presented below:

# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS CONTINUED

## Net assets acquired, liabilities assumed and non-controlling interest

	2021 R'000		2021 R'000
	Provisional Amounts	Remeasurements	Restated fair value
<b>Assets</b>			
<b>Intangible assets</b>			
Software development	1,890	422	2,312
Customer relationships	1,530	-	1,530
<b>Current assets</b>			
Cash and cash equivalents	1,278	(236)	1,042
Crypto assets	-	382	382
<b>Liabilities</b>			
<b>Current liabilities</b>			
VAT payable	(527)	25	(502)
Accounts payable	-	(1,325)	(1,325)
<b>Non-current liabilities</b>			
Deferred tax	-	(428)	(428)
<b>Acquisition date fair value of assets acquired and liabilities assumed</b>	<b>4,171</b>	<b>(1,160)</b>	<b>3,011</b>
<b>Non-controlling interest in net assets</b>	<b>4,171</b>	<b>(1,160)<sup>1</sup></b>	<b>3,011</b>
Consideration transferred			50,000
Goodwill			50,000
Goodwill allocated to NCI			(15,000)
Goodwill recognised			<b>35,000</b>
<b>Total non-controlling interest</b>			<b>(11,989)</b>

1 A R1 million dividend was paid to non-controlling interests on 28 August 2021, therefore the adjustment to the provisional amount of NCI recognised is negative R160k, being the difference between this amount (R1.16 million) and the R1 million dividend. Refer to prior year Statement of Changes in Equity.

Goodwill primarily consists of intangible assets that do not qualify for separate recognition, including workforce intangible assets, and synergies from combining operations.

# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS CONTINUED

## 14. Receivables

	2022 R'000	2021 R'000
Rental deposits - non-current receivable <sup>1</sup>	919	898
Loan receivable - non-current receivable	1,395	1,395
	<b>2,314</b>	2,293

<sup>1</sup> The rental deposits are repayable upon termination of the leases (Note 24).

Loans were provided to staff members, other than directors for the purchase of shares in the Purple Group.

Terms of the loan:

- loans were issued at Prime rate;
- there are no fixed terms of repayment; and
- shares purchased are held as security, together with a cession of the employee's salary to the value of the outstanding loan balance, in the event of default or non-payment of the amount due. These loans have been accounted for as receivables.

The Group has no intention or expectation to call on these loans in the next 12 months.

For more information regarding the Group's exposure to interest rate and credit risk please refer to Note 25.

## 15. Deferred tax

	2022 R'000	2021 R'000
<b>Recognised deferred tax assets and liabilities</b>		
Balance at the beginning of the period	50,773	57,922
Investments at fair value	(1,803)	(3,595)
Equipment	(730)	-
Payables and accruals	4,220	(365)
Prepayments	342	(650)
Tax loss recognised in current period	(686)	(829)
Intangible assets	(7,681)	(1,710)
Right of use assets	1,661	-
Lease liabilities	(1,622)	-
Unrealised gains on derivative positions not yet realised	(5,956)	-
<b>Balance at the end of the period</b>	<b>38,518</b>	50,773
<b>Deferred tax comprises the following:</b>		
Prepayments	(1,138)	(1,480)
Intangible assets	(17,711)	(10,030)

# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS CONTINUED

	2022 R'000	2021 R'000
Equipment	(730)	-
Unrealised gains	(5,956)	-
Lease liabilities	(1,622)	-
<b>Deferred tax liability</b>	<b>(27,157)</b>	<b>(11,510)</b>
Right of use assets	1,661	-
Investments at fair value	22,554	24,356
Payables and accruals	6,628	2,408
Capital loss	2,816	2,816
Assessed tax loss	32,017	32,703
<b>Deferred tax asset</b>	<b>65,675</b>	<b>62,283</b>
<b>Net deferred tax assets</b>	<b>38,518</b>	<b>50,773</b>

	2022 R'000	2021 R'000
<b>As disclosed in terms of IAS 12:</b>		
- Deferred tax asset	56,780	58,053
- Deferred tax liability	(18,262)	(7,280)
	<b>38,518</b>	<b>50,773</b>

The directors have assessed that the deferred tax asset will be recovered as the group will continue to:

1. Earn a share of the asset management fees in respect of the IP it owns; and
2. Generate risk advisory revenue from the GT247.com operations;
3. The Group will take advantage of the deferred tax assets as at 31 August 2022 over the next three to seven years.  
The Group has accumulated tax losses of R118.6 million (2021: R116.4 million) and capital losses of R13.0 million (2021: R13.0 million).

# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS CONTINUED

## 16. Trade and other receivables

	2022 R'000	2021 R'000
Trade receivables	9,475	19,744
Prepayments	9,265	5,373
VAT receivable	8,084	8,813
Accrued trade income	11,611	14,008
Other receivables	14,553 <sup>1</sup>	2,765
	<b>52,988</b>	50,703

<sup>1</sup> Includes R8.2 million held by attorneys for the incorporation of a new legal entity.

The Group's exposure to credit and currency risks and credit losses related to trade and other receivables is disclosed in Note 25.

All of the above items fall under current assets

Other receivables are:

- Interest free and
- Have no fixed terms of repayment.

### Movement in allowance for credit losses - trade receivables

	2022 R'000	2021 R'000
Opening balance	-	569
Movement	-	(569)

### Expected credit loss assessment for customers at 31 August 2022

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The Group also considers other factors that might impact the credit risk of its customer base including default risk and the economic conditions of the country in which the customer operates.

The Group is not exposed to significant credit risk due to the short dated nature of trade receivables.

Impairment of trade receivables, carried at amortised cost, has been determined using the simplified expected credit loss ("ECL") approach and reflects the short-term maturities of the exposures. The ECL for trade and other receivables was based on the Group's understanding of the financial position of the counterparty, including the consideration of their credit risk grade.

In performing the assessment to determine the expected credit loss, it was concluded that there is no credit loss as the Group expects to recover all amounts in full, given the Group's trading history in dealing with the relevant debtors.

# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS CONTINUED

## 17. Cash and cash equivalents

	2022 R'000	Restated 2021 R'000	Restated 2020 R'000
Bank deposit	94,554	125,100	132,497
<b>Cash and cash equivalents</b>	<b>94,554</b>	125,100	132,497
Bank overdraft	(8,197)	(3,866)	(9,847)
<b>Cash and cash equivalents in the statement of cash flows</b>	<b>86,357</b>	121,234	122,650

The Group's exposure to credit risk, interest rate risk, and a sensitivity analysis for financial assets and liabilities are disclosed in Note 25. The Group holds R1.8 billion (2021: R1.3 billion) of client funds which are not reflected on the statement of financial position. These are restricted funds held on trust and are not available for use by the Group.

R0.57 million (2021: R2.9 million) of the cash and cash equivalent balance is held in foreign currency bank and broker accounts and are denominated in US\$, GBP and AUD \$.

The Group has an overdraft facility totalling R14.5million with Mercantile Bank. The overdraft is secured by an unlimited pledge and cession over the Group's investment in Blockbuster Trading 3 Proprietary Limited, Evolution Credit Limited and First World Trader Proprietary Limited. Refer to Note 25 for ECL considerations.

Refer to Note 10 for disclosure of the prior period error and restatement of the cash and cash equivalents balance.

## 18. Capital and reserves

	Notes	Number of shares	Number of shares
The number of shares in issue is as follows:			
<b>Ordinary share capital<sup>1</sup></b>			
Ordinary share capital in issue at 1 September		1,181,004,638	982,569,287
New shares issued - Serialong		-	135,239,128 <sup>2</sup>
New shares issued - EasyCrypto change in ownership		24,509,804	-
New shares issued - RISE business combination		9,028,080	-
Share options exercised and issued	20	35,812,760 <sup>3</sup>	63,196,223
<b>In issue at 31 August – fully paid up</b>		<b>1,250,355,282</b>	1,181,004,638
Less: Treasury shares		(2,300,000)	(27,387,720)
<b>In issue at reporting date</b>		<b>1,248,055,282</b>	1,153,616,918

1 Holders of the shares are entitled to dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company.

2 2021: Serialong Financial Investments Proprietary Limited provided the Company with formal notice to convert the Loan Outstandings of R30,929,189, into Purple Group Limited shares at a price per share of 22.87 cents. The number of Purple Group Limited shares issued to Serialong is 135,239,128 shares, representing 11.46% of the issued capital of Purple Group, post the issue of the Conversion Shares. The shares were issued and listed on the JSE on 27 August 2021. The Conversion Shares were issued under the general authority which was granted to the Directors pursuant to an ordinary resolution of the Shareholders passed at the Annual General Meeting held on 8 December 2017 (Note 22).

3 4,000,000 share options were exercised on 31 August 2022, however, the shares only settled with STRATE on 5th September 2022 and were therefore not included in the issued share capital of Purple Group Limited as at 31 August 2022.

# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS CONTINUED

	Notes	Number of shares	Number of shares
Reconciliation of treasury shares held:			
<b>Treasury shares held on 1 September</b>		<b>27,387,720</b>	27,387,720
Treasury shares disposed - EasyProperties change in ownership		<b>(10,115,800)</b>	-
Treasury shares disposed of - RISE business combination	13	<b>(14,971,920)</b>	-
<b>In issue at 31 August – fully paid up</b>		<b>2,300,000<sup>1</sup></b>	27,387,720

1 2,300,000 (2021: 27,387,720) shares (acquired at an average price of 16 cents) are held by GT247.com and are eliminated on consolidation. First World Trader disposed of all its treasury shares in the current year. FWT held 25,087,720 treasury shares in 2021.

Group	Notes	Share Capital R'000	Share Premium R'000	Total R'000
<b>Balance at 31 August 2020</b>		9,552	471,878	481,430
Conversion of par value to no par value ordinary shares <sup>1</sup>		471,878	(471,878)	-
Sieralong debt converted to equity	23	30,929	-	30,929
Shares issued <sup>2</sup>		27,456	-	27,456
<b>Balance at 31 August 2021</b>		<b>539,815</b>	-	<b>539,815</b>
Treasury shares disposed of		13,798	-	13,798
New shares issued - EasyCrypto change in ownership		61,275	-	61,275
New shares issued - RISE business combination		22,570	-	22,570
Share options exercised - paid in capital		20,785	-	20,785
Share options exercised - transfer from share based payment reserve		9,229	-	9,229
Reclassification of share-based payment reserve		(417)	-	(417)
<b>Balance at 31 August 2022</b>		<b>667,055</b>	-	<b>667,055</b>

1 As approved by the requisite majority of shareholders following the issue of a circular to shareholders on 25 September 2020, and as published on SENS on 2 November 2020, the Authorised Ordinary Shares of the Company were converted from a par value of R0.01 to no par value, and the number of Authorised shares were increased from 1.2 billion to 2 billion shares. This increase and change in par value came into effect on 11 November 2020.

2 R18.3 million of the increase in share capital is as a result of 63,196,223 share options exercised (Note 20) at an average strike price of 29 cents, with a related transfer of R9.2 million from the share-based payment reserve.

At 31 August 2022 the authorised share capital comprised 2 000 000 000 ordinary shares (2021: 2 000 000 000) at R0.01c par value per share.

The unissued shares were placed under the control and authority of the directors until the next Annual General Meeting, and they have been empowered to allot, issue or otherwise dispose of the shares as they may in their discretion deem fit, subject to the provisions of the Companies Act of South Africa and the Listings Requirements of the JSE Limited. The Group has also issued share options to key management and staff (Note 20).

# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS CONTINUED

## OTHER RESERVES

	Notes	2022 R'000	2021 R'000
Foreign currency translation reserve		(4,535)	(4,669)
Share-based payment reserve		9,373	36,501
Change in ownership reserve	13	(97,153)	-
Crypto assets revaluation surplus		528	-
<b>Balance 31 August</b>		<b>(91,787)</b>	31,832
<b>Reconciliation of foreign currency translation reserve</b>			
Balance as at 31 August of prior year		(4,669)	(4,094)
Translation of foreign operations		134	(575)
<b>Balance as at 31 August</b>		<b>(4,535)</b>	(4,669)
<b>Reconciliation of share-based payment reserve</b>			
<b>Balance as at 31 August of prior year</b>		<b>36,501</b>	44,009
Share options exercised	20	(9,229)	(9,188)
Transfers to retained earnings <sup>1</sup>		(21,020)	-
Reclassification of share-based payment reserve		417	-
Share-based payment expense	2	2,704	1,680
<b>Balance as at 31 August</b>		<b>9,373</b>	36,501
<b>Reconciliation of changes in ownership reserve</b>			
<b>Balance as at 31 August of prior year</b>		-	-
<b>EasyCrypto</b>			
Consideration paid		61,275	-
Non-controlling interest acquired		9,223	-
<b>Recognition of change in ownership reserve</b>		<b>70,498</b>	-
<b>EasyProperties</b>			
Consideration paid		25,290	-
Non-controlling interest acquired		1,365	-
<b>Recognition of change in ownership reserve</b>		<b>26,655</b>	-
<b>Balance as at 31 August</b>		<b>97,153</b>	

1 In accordance with the accounting policy, transfers are made to retained earnings from the share-based payment reserve for amounts expensed and accumulated in the reserve that relate to options which have been forfeited, have expired or where an employee has resigned.

The above relates to share options granted by the Company to its employees under its employee share option scheme. For further information is disclosed in Note 20.

# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS CONTINUED

## 19. Earnings per share

	2022 R'000	2021 R'000
<b>Basic earnings per share</b>		
The calculation of basic and headline earnings per share at 31 August 2022 was based on a Group profit attributable to ordinary shareholders of R44 million (2021: R44.3 million), a headline profit of R13.6 million (2021: R44.3 million) and a weighted average number of ordinary shares outstanding during the year ended 31 August 2022 of 1 184 368 976 (2021: 993 936 749), calculated as follows:		
<b>Earnings attributable to ordinary shareholders</b>	<b>43,968</b>	44,332
<b>Reconciliation of headline earnings (gross and net values are the same):</b>		
<b>Earnings attributable to ordinary shareholders</b>	<b>43,968</b>	44,332
Remeasurement of previously held equity interest in RISE, net of tax	(48,931)	-
Effect of non-controlling interest	14,680	-
<b>Total effect of remeasurement of previously held equity interest in RISE</b>	<b>(34,251)</b>	-
Impairment of intangible assets, net of tax	3,843	-
<b>Headline earnings for the period</b>	<b>13,560</b>	44,332
<b>Weighted average number of ordinary shares</b>		
Issued ordinary shares at 31 August <sup>1</sup>	1,181,004,638	982,569,287
Effect of treasury shares	(24,565,261)	(27,387,720)
Effect of shares issued	27,929,599	38,755,182
<b>Weighted average number of ordinary shares at 31 August</b>	<b>1,184,368,976</b>	993,936,749
Basic earnings per share (cents)	3.71	4.46
Headline earnings per share (cents)	1.14	4.46
<b>Diluted earnings per share</b>		
The calculation of diluted earnings and diluted headline earnings per share as at 31 August 2022 was based on a Group profit attributable to ordinary shareholders of R44 million (2021: profit of R44.3 million), a headline profit of R13.6 million (2021: R44.3 million) and a diluted weighted average number of ordinary shares outstanding during the year ended 31 August 2022 of 1 222 121 955 (2021: 1 037 437 895), calculated as follows:		
<b>Profit attributable to ordinary shareholders (diluted)</b>	<b>43,968</b>	44,332
<b>Weighted average number of ordinary shares (diluted)</b>		
Weighted average number of ordinary shares at 31 August	1,184,368,975	993,936,749
Effect of share options in issue	37,752,980	43,501,146
<b>Weighted average number of ordinary shares (diluted) at 31 August</b>	<b>1,222,121,955</b>	1,037,437,895
Diluted earnings per share (cents)	3.60	4.27
Diluted headline earnings per share (cents)	1.11	4.27

1 Number of ordinary shares is stated after taking into account treasury shares owned at the beginning of the reporting period.

# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS CONTINUED

There are currently 46.0 million (2021: 86.1 million) share options in issue in terms of the Group's share incentive scheme (Note 20) of which 25.1 million (2021: 55.3 million) are exercisable.

## 20. Share-based payments

### SHARE-BASED PAYMENT EXPENSES

On 1 February 2005, an employee share option scheme was introduced by approval at the general meeting of the Company. The terms and conditions of the options, as well as details of the options granted, are as follows:

Options granted to key management and staff	Number of options
<b>Total at 31 August 2017</b>	<b>144,805,905</b>
Expired 9 October 2017	(6,500,000)
Forfeiture 31 August 2018	(4,762,382)
<b>Total at 31 August 2018</b>	<b>133,543,523</b>
Expired February 2019	(13,120,000)
Forfeiture 31 August 2019	(6,199,603)
<b>Total at 31 August 2019</b>	<b>114,223,920</b>
Issued 6 December 2019	41,000,000
Issued 28 May 2020	2,000,000
Issued 9 July 2020	2,000,000
Exercised 7 July 2020	(5,555,905)
<b>Total at 31 August 2020</b>	<b>153,668,015</b>
Exercised 24 November 2020	(28,979,899)
Forfeited 31 December 2020	(1,312,500)
Exercised 25 January 2021	(20,481,321)
Forfeited 31 March 2021	(68,043)
Exercised 26 May 2021	(7,007,652)
Forfeited 30 June 2021	(3,000,000)
Exercised 2 July 2021	(5,744,331)
Exercised 30 August 2021	(983,020)
<b>Total at 31 August 2021</b>	<b>86,091,249</b>
Exercised 9 December 2021	(16,000,615)
Exercised 16 February 2022	(5,409,137)
Forfeited 28 February 2022	(281,551)
Exercised 10 May 2022	(13,875,969)
Exercised 26 July 2022	(527,039)
Exercised 31 August 2022	(4,000,000)
<b>Total at 31 August 2022</b>	<b>45,996,938</b>

# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS CONTINUED

The options granted to directors are:

2022	Closing balance average exercise price (cents)	Opening Balance	Exercised	Closing balance	Number of options 2021
Mark Barnes	75	6,660,000	(1,660,000)	<b>5,000,000</b>	6,660,000
Charles Savage	31	19,000,000	(12,000,000)	<b>7,000,000</b>	19,000,000
Gary van Dyk	54	17,500,000	(6,000,000)	<b>11,500,000</b>	17,500,000
		43,160,000	(19,660,000)	<b>23,500,000</b>	43,160,000

2021	Closing balance average exercise price (cents)	Opening Balance	Exercised	Closing balance	Number of options 2020
Mark Barnes	65	12,660,000	(6,000,000)	<b>6,660,000</b>	12,660,000
Charles Savage	55	26,000,000	(7,000,000)	<b>19,000,000</b>	26,000,000
Gary van Dyk	57	24,500,000	(7,000,000)	<b>17,500,000</b>	24,500,000
		63,160,000	(20,000,000)	<b>43,160,000</b>	63,160,000

	2022		2021	
	Weighted average exercise price (cents)	Number of options	Weighted average exercise price (cents)	Number of options
<b>Outstanding at the beginning of the period</b>	<b>49</b>	<b>86,091,249</b>	42	153,668,015
Forfeited during the period	39	(281,551)	36	(4,380,543)
Granted during the period	-	-	-	-
Exercised during the period	52	(39,812,760)	29	(63,196,223)
<b>Outstanding at the end of the period</b>	<b>47</b>	<b>45,996,938</b>	49	86,091,249
<b>Exercisable at the end of the period</b>	<b>59</b>	<b>25,121,938</b>	59	55,341,250

The options outstanding at 31 August 2022 have been issued in a price range from 31 cents to 76 cents (2021: 31 cents to 76 cents) and have a weighted average exercise price of 46.74 cents (2021: 59 cents) and a weighted average contractual life of 2.91 years (2021: 2.65 years).

Share-based payment expenses of R2.7 million (2021: R1.7 million) were accounted for in profit or loss.

# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS CONTINUED

The vesting conditions of all the options granted to date are:

- Up to 25% on or after the first anniversary date of acceptance of the options;
- Up to 50% on or after the second anniversary of the acceptance date;
- Up to 75% on or after the third anniversary date; and
- Up to 100% on or after the fourth anniversary date.

The contractual life of all options is seven years from date of grant.

The aggregate number of share options granted under the scheme is limited to 164 million shares (2021: 164 million shares).

The aggregate number of share options to any one participant under the scheme shall not exceed 41 million shares.

Share options under this scheme were last granted and accepted in the 2020 financial year.

## 21. Trade and other payables

	2022 R'000	2021 R'000
Trade payables	29,334	16,632
Trading account <sup>1</sup>	11,964	40,718
Accrued expenses	10,469	7,746
Employee-related accruals	20,677	17,759
	<b>72,444</b>	82,855

<sup>1</sup> Trading account balance relates to trades that are settled 3 business days after trading has been concluded on the JSE, which have not yet been paid as at 31 August.

The Group's exposure to currency and liquidity risk related to trade and other payables is disclosed in Note 25.

## 22. Client open position liability

Note	2022 R'000	Restated 2021 R'000	Restated 2020 R'000	
<b>Derivative financial liabilities at fair value through profit or loss:</b>				
Client open position liability - GT247 CFD	9	35,335	61,712	67,801
Client open position liability - EasyEquities CFD's	9	134,010	103,218	61,030
		<b>169,345</b>	164,930	128,831

- Fair value adjustments on the derivative CFD client open position liability are recognised in revenue. Refer to the revenue accounting policy on page 84 and Note 1.
- The EasyEquities client open position liability relates to the fractional share holdings of clients, and is hedged by the listed equities and ETF holdings of FWT, as reported under financial assets in Note 9. Fair value adjustments on the liability are offset against fair value adjustments on the financial assets and do not impact the profit or loss, as these are the profits or losses attributable to clients and not the business.

The Group's exposure to currency and liquidity risk related to client open position liability is disclosed in Note 25.

# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS CONTINUED

## 23. Borrowings

	Note	2022 R'000	2021 R'000
Industrial Development Corporation of South Africa Limited <sup>1</sup>		8,438	13,872
Sanlam Investment Holdings <sup>2</sup>		-	28,822
		<b>8,438</b>	42,694

1 The loan bears interest at prime +1% per annum, compounded monthly and is repayable in monthly instalments, with a final balloon payment of R2.2 million due on 31 August 2023. Total payments of R6.4 million (2021: R4.1 million) were made during the year of which R5.5 million (2021: R2.9 million) was for capital and R0.9 million (2021: R1.2 million) was for interest.

2 The loan was repaid in full on 15 September 2021 with a final cash payment of R28.9 million. Interest was accrued daily at the prime rate and compounded monthly.

	2022 R'000	2021 R'000
Balance at beginning of period	42,694	69,006
Capital portion of loans repaid	(34,322)	(2,936)
Capital portion of loan converted to equity	-	(27,433)
Interest paid	(899)	(1,214)
Interest accrued	965	5,271
Balance at end of period	<b>8,438</b>	42,694
Current payable	<b>8,438</b>	34,822
Non-current payable	-	7,872
	<b>8,438</b>	42,694

# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS CONTINUED

## 24. Lease assets and lease liabilities

The right-of-use asset and lease liability have been raised in relation to the lease signed for our offices, situated on the 16th and 17th floors at 25 Owl Street, Braamfontein Werf, 2092.

Right-of-use asset is comprised of the following:

	Notes	2022 R'000	2021 R'000
Cost		7,428	7,428
Accumulated depreciation		(4,704)	(3,218)
Net carrying amount at 1 September		2,724	4,210
Opening net carrying amount at 1 September		2,724	4,210
Change in ownership business combination - Retirement Investments and Savings for Everyone Proprietary Limited	13	1,039	-
Depreciation	2	(1,486)	(1,486)
Closing net carrying amount at 31 August		2,277	2,724

# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS CONTINUED

Lease liability is comprised of the following:

	Notes	2022 R'000	2021 R'000
Balance at the beginning of the year		3,368	4,875
Change in ownership business combination - Retirement Investments and Savings for Everyone Proprietary Limited	13	1,335	-
Interest expense	3	258	421
Repayments		(2,063)	(1,928)
Balance at the end of the year		2,898	3,368
Current portion of lease liability		(2,281)	(1,806)
Non-current portion of lease liability		617	1,562
Lease liabilities are payable as follows:			
<b>Future lease payments</b>			
- within one year		2,428	2,064
- later than one and not later than five years		637	1,627
- later than five years		-	-
<b>Total</b>		<b>3,065</b>	<b>3,691</b>
<b>Interest</b>			
- within one year		147	257
- later than one and note later than five years		20	66
- later than five years		-	-
<b>Total</b>		<b>167</b>	<b>323</b>
<b>Present value of lease payments</b>			
- within one year		2,281	1,806
- later than one and not later than five years		617	1,562
- later than five years		-	-
<b>Total</b>		<b>2,898</b>	<b>3,368</b>

# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS CONTINUED

## 25. Financial instruments

### Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

The Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Quoted market price (unadjusted) in an active market for an identical instrument;

Level 2: Valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data; and

Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation.

Fair values of financial assets and liabilities that are traded in active markets are based on quoted market prices or dealer price quotations.

The Group uses widely recognised valuation models for determining the fair value of common and more simple financial instruments. Observable prices and model inputs are usually available in the market for listed debt and equity securities, exchange traded derivatives and over the counter derivatives. Availability of observable market prices and model inputs reduces the need for management judgement and estimation and also reduces the uncertainty associated with determination of fair values.

Availability of observable market prices and inputs varies depending on the products and markets and is prone to changes based on specific events and general conditions in the financial markets.

For more complex instruments such as investments in unlisted equities, the Group uses primarily the Discounted Cash Flow valuation model. Some or all of the significant inputs into these models may not be observable in the market, and are derived from market prices or rates such as comparable beta ratios, or are estimated based on assumptions. Valuation models that employ significant unobservable inputs require a higher degree of management judgement and estimation in the determination of fair value. Management judgement and estimation are usually required for selection of the appropriate valuation model to be used, determination of expected future cash flows on the financial instrument being valued, determination of probability of counterparty default and prepayments and selection of appropriate discount rates, forecasted and terminal growth rates and other model inputs.

# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS CONTINUED

## Fair value hierarchy

The table below analyses financial instruments measured at fair value at the reporting date, by the level in the fair value hierarchy into which the fair value measurement is categorised:

	Note	Level 1 R'000	Level 2 R'000	Level 3 R'000	Total R'000
<b>31 August 2022</b>					
<b>Financial assets at fair value through profit or loss:</b>					
- Investments	11		2,616	18,224	20,840
- Derivative CFD contracts	9		20,384	-	20,384
- Listed equities and ETF's	9	134,010	-	-	134,010
<b>Crypto assets through other comprehensive income</b>	<b>8</b>	<b>692</b>	<b>-</b>	<b>-</b>	<b>692</b>
<b>Financial liabilities at fair value through profit or loss:</b>					
Client open position liability	22	-	169,345	-	169,345
<b>Total</b>		<b>134,702</b>	<b>192,345</b>	<b>18,224</b>	<b>345,271</b>
<b>31 August 2021</b>					
<b>Financial assets at fair value through profit or loss:</b>					
- Investments	11	-	1,591	18,224	19,815
- Derivative CFD contracts	9	-	29,998	-	29,998
- Listed equities and ETF's	9	103,218	-	-	103,218
<b>Crypto assets through other comprehensive income</b>	<b>8</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Financial liabilities at fair value through profit or loss:</b>					
Client open position liability	22	-	164,930	-	164,930
<b>Total</b>		<b>103,218</b>	<b>196,519</b>	<b>18,224</b>	<b>317,961</b>

### Financial assets and investments

Financial assets at fair value through profit/loss:

- Unlisted investments (Note 11) are measured at their estimated fair value as determined by the Board at the reporting date.
- Derivative CFD contracts are measured at fair value with reference to quoted market prices of the underlying instruments.
- Client open position liability is measured at fair value with reference to quoted market prices of the underlying instruments.
- Listed equities and ETF's are measured at fair value with reference to quoted market prices for identical instruments.
- In the prior financial year of 2021, the derivative options to acquire EasyCrypto were fair valued up until the business combination acquisition date (Note 13).

# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS CONTINUED

The fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair values should be first calculated with reference to observable inputs where these are available in the market. Only where these are unavailable should fair value techniques be applied which employ less observable inputs. Unobservable inputs may only be used where observable inputs or less observable inputs are unavailable.

*IFRS 13: Fair Value Measurement* does not mandate the use of a particular valuation technique but rather sets out a principle requiring an entity to determine a valuation technique that is appropriate in the circumstances for which sufficient data is available and for which the use of relevant observable inputs can be maximised. Where management is required to place greater reliance on unobservable inputs, the fair values may be more sensitive to assumption changes and different valuation methodologies that may be applied. For this reason, there is a direct correlation between the extent of disclosures required by IFRS and the degree to which data applied in the valuation is unobservable.

The principal methodologies applied in valuing unlisted investments are as follows:

- Discounted cash flow or earnings (of the underlying business); and
- Available market prices and multiples.

Where the discounted cash flow methodology is applied, the directors discount the projected cash flows of the underlying business at an appropriate weighted average cost of capital.

## **Crypto assets through other comprehensive income**

Crypto assets are measured at fair value with reference to quoted market prices for identical instruments.

## **Trade and other receivables and payables**

Due to the short-term nature of these receivables and payables the fair value approximates the carrying values.

## **Financial risk management**

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

### **Overview**

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework and has delegated this responsibility to the Risk Management Committee. The management of the various Group companies are responsible for implementing the risk policies. Different units of the business require different approaches to risk management to be developed.

## **CREDIT RISK**

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and cash and cash equivalents, trading counterparties and investments and evaluating the counterparty credit-worthiness on an ongoing basis.

# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS CONTINUED

The Group establishes an allowance for credit losses that represents its estimate of expected losses in respect of trade and other receivables. The main component of this allowance is a specific loss component that relates to individually significant exposures. The expected credit loss is also based on the Group's understanding of the financial position of the counterparty, including the consideration of their credit risk grade.

Default has been defined as the customer's or counterparty's failure to meet its contractual obligations.

## Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure.

The maximum exposure to credit risk at the reporting date was:

	Notes	2022 R'000	2021 R'000
Receivables	14	1,395	1,395
Investments	11	20,840	19,815
Trade and other receivables <sup>1</sup>	16	35,639	36,517
Cash and cash equivalents	17	94,554	125,100
Financial assets	9	154,394	133,216
		<b>306,822</b>	316,043

1 Excludes prepayments and VAT receivables

The exposure to credit risk for financial assets at the reporting date relates to financial assets that are based in South Africa, the United States of America and Australia. The Group's receivables are predominantly with a few large corporates and banks whom management deems to be credit worthy. In respect of the staff loans the collateral held as security exceeds the loan amount thereby reducing the credit risk on these receivables.

Financial assets which potentially subject the Group to concentrations of credit risk consist principally of amounts owing due to unsettled trades with broking counterparties and are limited to high credit quality financial institutions. The maximum credit risk exposure is represented by the carrying amount of the assets, except where otherwise stated. At the reporting date no amounts are past due. All trades are settled daily through the mark-to-market process.

Credit risk also arises from cash and cash equivalents and deposits with banks and financial institutions. For banks and financial institutions, the Group only holds accounts with major South African and international banks, with credit ratings ranging from Baa1 to Baa3, to reduce risk.

The expected credit loss from trade receivables (Note 16) was quantified at 0.1% and deemed insignificant due to the short dated nature of trade receivables, resulting from T + 3 settlement of trades that are committed to on a daily basis. All trade receivables have settled at reporting date.

The Group's credit policy is set by the Board on advice from the Risk Management Committee, which is responsible for:

- formulating the principles and guidelines on setting counterparty and product limits, approving transactions with credit risk, cash equity trading and prime broking exposures. The purpose of these policies is to articulate the minimum standard for credit across the firm and to define the roles and responsibilities necessary for the management of credit on a timely, accurate and complete basis; and
- setting cash equity trading policy, which addresses the risk of cash trading with a settlement cycle of T+3.

# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS CONTINUED

## **Trading counterparties**

The Derivatives Business (GT247.com) has various trading counterparties and mitigates the risk of default through using multiple counterparties and evaluating the counterparty credit-worthiness on an ongoing basis. In addition, a certain percentage is held as margin for all trades.

Credit risk is dispersed through a wide range of individual investors from whom margin is withheld for every trade. The Group establishes an allowance for credit losses that represents its estimate of expected losses in respect of trade and other receivables. The main component of this allowance is a specific loss component that relates to individually significant exposures. The expected credit loss is also based on the Group's understanding of the financial position of the counterparty, including the consideration of their credit risk grade.

Default has been defined as the customer's or counterparty's failure to meet its contractual obligations.

## **Other investments**

The Group monitors the credit risk of its various investments on an ongoing basis and will liaise with management to resolve any problems that may arise before they cause credit problems.

## **LIQUIDITY RISK**

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity and access to facilities to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Liquidity risk is managed by ensuring the Group has sufficient liquid assets and stable sources of funding to cover the repayment of liabilities as they fall due. This is monitored and managed on an ongoing basis, for both operational and regulatory purposes. Revenue is generally settled in cash, whereas creditors are paid in arrears.

The following are the contractual undiscounted maturities of financial liabilities, including estimated interest payments as at 31 August 2022:

	Notes	Contractual Carrying amount R'000	Contractual cash flows R'000	Less than one year R'000	One to two years R'000	Two to five years R'000	Total R'000
Trade and other payables <sup>1</sup>	21	51,767	51,767	51,767	-	-	51,767
Client open position liability	22	169,345	169,345	169,345	-	-	169,345
Borrowings	23	8,438	8,887	8,887	-	-	8,887
Overdraft	17	8,197	8,197	8,197	-	-	8,197
Lease liabilities	24	2,898	3,065	2,428	637	-	3,065
		<b>240,645</b>	<b>241,261</b>	<b>240,624</b>	<b>637</b>	<b>-</b>	<b>241,261</b>

<sup>1</sup> Excludes employee related benefits

The following were the contractual undiscounted maturities of financial liabilities including estimated interest payments as at 31 August 2021:

# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS CONTINUED

		Contractual	Less	One to	Two to	Total	
	Notes	Carrying amount	cash flows	than one year	two years	five years	
		R'000	R'000	R'000	R'000	R'000	
Trade and other payables <sup>1</sup>	21	65,097	65,097	65,097	-	-	65,097
Client open position liability	22	164,930	164,930	164,930	-	-	164,930
Borrowings	23	42,694	44,040	35,998	8,041	-	44,039
Overdraft	17	3,866	3,866	3,866	-	-	3,866
Lease liabilities	24	3,368	3,691	2,064	1,627	-	3,691
		279,955	281,624	271,955	9,668	-	281,623

<sup>1</sup> Excludes employee related benefits

## Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, crypto asset prices and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The Derivatives Business and Asset Management Business (EAM) buys and sells derivatives, and also incurs financial liabilities, in order to manage market risks. The Equity Trading Business (EE) is also exposed to market risk through timing on transactions and the whole shares owned to cover fractional shares owned by clients. All such transactions are carried out within the guidelines set by the Board and the Risk Committee.

### CURRENCY RISK

The Group is exposed to currency risk on expenses that are denominated in a currency other than the respective functional currencies of Group entities, primarily the South African Rand and USD.

Interest on bank overdrafts is denominated in South African Rand that matched the cash flows generated by the underlying operations of the Group.

In respect of other monetary assets and liabilities denominated in foreign currencies, the Group ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

All of the Group's products based on off-shore foreign denominated instruments are Rand-settled. There is no foreign exchange risk on trading of foreign instruments.

The Group is exposed to currency risk related to foreign currency held at its subsidiary One World Trader (OWT) in Mauritius, which is used for off-shore hedging purposes, as well as foreign currency held by First World Trader. At the reporting date the amount of foreign currency held was R0.57 million (2021: R2.9 million). The closing rate used was 16.88 (2021: R14.56).

For foreign currency held, the impact on profit or loss after tax of a 10% change in the exchange rate at the reporting date would have the following impact:

# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS CONTINUED

	2022 Profit or loss		2021 Profit or loss	
	10% increase R'000	10% decrease R'000	10% increase R'000	10% decrease R'000
	Foreign currency held (in USD)	74	(74)	83

## INTEREST RATE RISK

The Group is exposed to interest rate risk on its cash and cash equivalents, bank overdraft and investments that are linked to prime interest rates. The Group does not hedge these presently but would do so if it felt that it was necessary. The Group's investments are subject to variable interest rates and are exposed to a risk of change in cash flows due to changes in interest rates. Equity investments and trade receivables and payables are not exposed to interest rate risks.

Interest rate risk is mitigated primarily by matching variable rate financial assets with variable rate financial liabilities, as far as possible. The Group reviews the minutes of meetings held by the SARB Monetary Policy Committee, as part of assessing interest rate forecasts.

At the reporting date the interest rate profile of the Group's interest-bearing financial instruments was:

	Notes	Interest rates applicable	Carrying amount 2022 R'000	Carrying amount 2021 R'000
<b>Borrowings</b>	23	Various <sup>1</sup>	(8,438)	(42,694)
<b>Variable rate instruments</b>				
- Cash and cash equivalents	17	Daily call rate	94,554	125,100
- Overdraft	17	Prime	(8,197)	(3,866)

<sup>1</sup> Note 23 discloses the individual interest rates.

## Cash flow sensitivity analysis for variable rate instruments

A change of 200(2021:50) basis points in interest rates at the reporting date would have increased/(decreased) profit or loss after tax by the amounts shown below. This analysis assumes that all other variables remain constant.

	2022 Profit or loss		2021 Restated Profit or loss <sup>1</sup>	
	200 basis point increase R'000	200 basis point decrease R'000	50 basis point increase R'000	50 basis point decrease R'000
	Variable rate instruments	1,374	1,374	451
Financial assets	(242)	(242)	(168)	(168)
	1,132	1,132	283	283

<sup>1</sup> The prior period figures have been restated in line with the prior period error disclosed in Note 10.

# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS CONTINUED

## Other market price risk

Equity price risk has an impact on the fair value of the Group's investments. Material investments are constantly monitored and buy and sell decisions approved by the Board.

The Derivatives Business operations are subject to equity, commodity, indices and currency price movements. Detailed value-at-risk analysis is performed on a continual basis to ensure the Derivatives Business limits are not breached and appropriate hedges are in place.

Exposure to these risks is also mitigated through the buying and selling of derivative instruments.

## Price risk

GT247.com purchases and sells derivatives in the ordinary course of business and incurs financial liabilities in order to manage market risks. All such transactions are carried out within the guidelines set by the Risk Management Committee.

## Management of price risk

The principal tool used to measure and control market risk exposure within the Group's trading portfolios is value at risk (VaR).

The VaR of a portfolio is the maximum loss that could arise on a given confidence level. The VaR model used by the Group is based on a 95% confidence level and assumes a 21-day holding period. The VaR model is based on historical simulation using market data from the last 250 trading days with a maximum time lag of one month.

Although VaR is an important tool for measuring and managing the Group's exposure to market risk, there are certain limitations due to the assumptions on which the model is based.

This includes the use of historical data as a basis for determining the possible range of future outcomes that may not always cover all possible scenarios, especially those of an exceptional nature.

The Group uses VaR analysis for the measurement and management of market risk. The VaR limits are determined at a management level and are subject to review and approval by the Risk Management Committee. VaR limits are allocated to each trading portfolio.

Although VaR is a primary indicator of risk, the full intra-day exposure risk is monitored in real-time by the Risk Committee and the risk tolerance for the day is assessed and monitored, taking into account market conditions. All risk on our book is capable of being extinguished intra-day due to the liquidity available in the instruments that we offer our clients.

A summary of the VaR position of the Company's trading portfolio at 31 August and during the period is as follows:

	At 31 August R'000	Average R'000	Maximum R'000	Minimum R'000
<b>2022</b>				
Other price risk	2,837	3,920	6,016	1,969
<b>2021</b>				
Other price risk	8,509	3,503	10,357	379

Sensitivity analysis – equity price risk of unlisted investments shown at fair value through profit or loss.

# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS CONTINUED

For investments classified as fair value through profit or loss, the impact on profit or loss after tax of a 5% increase in the price of the equities at the reporting date of the Group's unlisted investments would be an increase of R1 million (2021: R0.8 million).

## CLASSES OF FINANCIAL ASSETS AND LIABILITIES

The table below sets out the classification of each class of financial assets and liabilities, and their fair values:

	Notes	2022 R'000	2021 R'000
<b>Financial assets at amortised cost</b>			
- Trade and other receivables <sup>1</sup>	16	35,639	36,517
- Receivables	14	1,395	1,395
- Cash and cash equivalents	17	94,554	125,100
		<b>131,588</b>	163,012
<b>Financial assets at fair value through profit or loss</b>			
- Investments	11	20,840	19,815
- Financial assets	9	154,394	133,216
		<b>175,234</b>	153,031
<b>Financial liabilities at fair value through profit or loss</b>			
- Client open position liability	22	(169,345)	(164,930)
		<b>(169,345)</b>	(164,930)
<b>Financial liabilities at amortised cost</b>			
- Trade and other payables <sup>2</sup>	21	(51,767)	(65,096)
- Borrowings	23	(8,438)	(42,694)
- Bank overdraft	17	(8,197)	(3,866)
		<b>(68,402)</b>	(111,656)

1 Excludes prepayments and VAT receivables

2 Excludes employee related accruals

# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS CONTINUED

## Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

The Board considers its equity as its capital and manages this to ensure the Group is adequately funded to continue its growth and fund its investments. There were no changes in the Group's approach to capital management during the period.

The Group operates in a rapidly evolving industry and capital investments are made to maintain and enhance returns.

The Group's objectives when maintaining capital are:

- Safe guard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits of other stakeholders, and
- To provide an adequate return to shareholders by expanding the business, and when the expected economic returns are present and outweighs the cost of capital to distribute dividends.

The Group's dividend policy is designed to ensure payment of a supportable returns to its investors, Dividend distributions are reviewed by the Board, after considering the economic conditions and liquidity position of the Group.

The Group sets the amount of capital it requires in proportion to risk. The Group manages its capital structure and makes adjustments when economic conditions and the risk characteristics of the underlying assets become apparent. To maintain or adjust the capital structure, the Group may adjust the amount of the dividend paid to the shareholders.

# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS CONTINUED

Consistent with other entities in the industry, the Group monitors capital on the basis of the debt to capital ratio. The Group strives to achieve a debt ratio with the objective to maintain a high credit rating and secure access to funding.

	Notes	2022 R'000	2021 R'000
Borrowings	23	(8,438)	(42,694)
Lease liabilities	24	(2,898)	(3,368)
Cash and cash equivalents	17	86,357	121,234
<b>Net cash</b>		<b>75,021</b>	<b>75,172</b>
EBITDA		61,627	49,308
Net debt to EBITDA (times)		N/A	N/A
Interest cover (times)		28	6
Total equity		551,401	433,131
Debt to equity ratio (%)		2.1%	10.6%

## 26. Special purpose vehicles

EasyProperties Proprietary Limited ("EasyProperties") is a 100% owned subsidiary of First World Trader Proprietary Limited ("FWT"). EasyProperties permits investors to subscribe for fractional units (portions) in property. This is achieved by EasyProperties creating a property Special Purpose Vehicle (SPV) for each property and inviting investors to purchase ordinary shares in the SPV.

The SPV purchases the property and funds any development using funds obtained from investors and loans from SA Home Loans. The aim is to fund the SPV via 70% investor equity funding (ordinary shares) and a maximum of 30% debt funding.

The SPV has two classes of shares:

- Class A shares – which are owned by EasyProperties; and
- Ordinary shares – which are owned by investors.

EasyProperties manages the SPV via the Class A shares which enables EasyProperties board to:

- appoint the directors.
- manage the rental of the property.
- manager all other functions related to the property.
- administer the SPV. For example, investors will be given an opportunity to dispose of their ordinary shares via an auction process (as determined by the board of EasyProperties).
- decide when to sell the property in the SPV.
- have 25% vote on any matter to be decided on in any shareholder meetings.

# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS CONTINUED

Management considered whether EasyProperties controls the SPV. Management has determined that despite EasyProperties controlling the board of the SPV via the A shares class, none of the entities in the Purple Group control the SPV, due to not meeting all the elements of control as defined by IFRS 10: Consolidated Financial Statements. Management concluded the SPVs are unconsolidated structured entities and the key reasons to support this judgement are:

- Purple Group (and its related parties as defined in the JSE LR, the Companies Act and IFRS) is not exposed to gains or losses in the value of the property owned by the SPV. It also is not entitled to any rental income, dividends or other returns. The investors, as ordinary shareholders, are fully exposed to changes in the value of the property and to the related rental returns.
- The only fees earned by EasyProperties [including Purple Group and its related parties] are market-related fees. The fees are calculated using a variable percentage and relate to:
  - Commission paid by the seller of the property when the SPV purchases it. This is calculated on the purchase price of the property and is paid to EasyProperties by the seller.
  - Commission paid by the bond originator. This is calculated inclusive of VAT on the net bond (i.e. total bond less raising fees on the bond) and is paid to EasyProperties by the bond originator.
  - Property management fee is paid by the SPV to EasyProperties and is derived from the rental income generated.
  - Brokerage (IPO) fee paid by the investors to EasyProperties. This is a once-off fee that is charged per investment transaction on the subscription amount.
  - Platform fee paid by the investors to EasyProperties. This is an annual fee based on the total investment value.
  - Auction fee paid by the investors to EasyProperties. This fee is only payable if the investor chooses to sell the ordinary share it owns in the SPV before the property is sold and is based on the total repurchase value or total subscription amount.
  - Early settlement fee paid by the investors to EasyProperties. This fee is only payable if the investor chooses to sell the ordinary it owns in the SPV before the property is sold and withdrawn.
  - Settlement and administration fee paid by investors to Easy Properties on the basis of the value invested, when the property is disposed of.
- Purple Group (and its related parties as defined in the JSE LR, the Companies Act and IFRS) has not provided any funding to the SPV for the purposes of purchasing or developing the property. It has also not provided any guarantees or sureties. As such, it is not exposed to any funding risk or exposure.
- The properties purchased by the SPVs were not previously owned by any person, trust or entity that is a related party of any person or entity in Purple Group.

# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS CONTINUED

The tabular information sets out the financial information of the SPVs:

Special Purpose Entity	Property Value R'000	Net asset value R'000
BlackBrick Sandton EP1	5,400	3,789
GreenReef EP1	3,400	2,768
Rockefeller EP1	-	5,998
Blyde EP2	13,080	9,546
Greenpark EP3	19,580	13,667
BlackBrick Cape Town EP4	13,780	10,461
Seven on main EP5	9,500	6,553
Exchange lofts EP6	14,200	10,173
PoloFields EP7	24,800	17,521
Monroe EP8	16,561	13,363
Kikuyu EP9	20,100	14,220
Ballito Groves EP10	21,690	14,851
Sea Point Four EP11	17,193	13,124
The Bailey EP12	-	15,221
The Reid EP13	28,291	19,849
Ballito Hills EP16	23,663	16,835
Carrington EP18	-	6,922
Capital on Bath EP19	-	7,182
Saxon Square EP20	-	2,723
	<b>231,238</b>	<b>202,563</b>

## 27. Contingencies and commitment

There are no contingencies at the reporting date.

The Group has entered into a service agreement with a supplier who will provide information technology support services over a 3 year period for R2.6 million. At year end the commitment balance outstanding is R2.2 million.

	2022 R'000
Within 1 year	871
1-3 years	1,306
	<b>2,177</b>

# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS CONTINUED

## 28. Related parties

### IDENTITY OF RELATED PARTIES

Related transactions are created from the transfer of resources, benefits or obligations between parties related to the Group. Related parties are key management,

Details of transactions with related parties not disclosed elsewhere in the financial statements are set out below.

### TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL

The key management personnel compensation is as follows and is included in employee benefit expense (Note 2):

	2022 R'000	2021 R'000
<b>Employee benefits</b>		
<b>Non-executive directors</b>		
Arnold Forman – fees	339	318
Bassie Maisela	-	-
Bonang Mohale – fees	164	153
Craig Carter – fees	339	318
Happy Ntshingila – fees (Chairman)	582	546
Mark Barnes		
– fees (Purple Group Ltd)	232	197
– fees (Subsidiary)	500	500
– share option expenses	-	-
Paul Rutherford	162	-
	<b>2,318</b>	2,032
<b>Employee benefits</b>		
<b>Executive directors</b>		
Charles Savage		
– salary and benefits	4,969	4,606
– bonus paid	2150	800
– share option expenses	173	242
Gary van Dyk		
– salary and benefits	3,865	3,581
– bonus paid	1670	850
– share option expenses	136	190
	<b>12,963</b>	10,269

The three highest paid employees other than directors earned salaries and bonuses of R4.2 million, R4.2 million and R3.9 million respectively (2021: R3.5 million, R3.4 million and R3.2 million).

# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS CONTINUED

At 31 August the directors' interests in the issued share capital of the Company were as follows:

	2022				2021			
	Beneficial		% Holding		Beneficial		% Holding	
	Direct	Indirect	Direct	Indirect	Direct	Indirect	Direct	Indirect
Mark Barnes	16,960,321	70,138,108	1.36	5.61	36,213,892	70,138,108	3.07	5.94
Craig Carter	1,932,366	-	0.15	-	1,932,366	-	0.16	-
Charles Savage	36,162,561	954,596	2.89	0.08	27,412,561	954,596	2.32	0.08
Gary van Dyk	19,702,197	-	1.58	-	19,702,197	-	1.67	-
Bonang Mohale	-	21,763,282	-	1.74	-	24,478,282	-	2.07
Paul Rutherford	-	2,227,505	-	0.18	n/a	n/a	n/a	n/a
	<b>74,757,445</b>	<b>95,083,491</b>	<b>5.98</b>	<b>7.61</b>	85,261,016	95,570,986	7.23	8.10

None of the directors of the Group have traded any of the shares held by them between 31 August 2022 and the date of this report.

During the year the movement in the shares held by the directors were as follows:

- Gary van Dyk acquired 6,000,000 (2021: 7,000,000) shares by exercising share options and sold 6,000,000 (2021: 2,700,000) shares.
  - Gary exercised 2,000,000 share options on 9 December 2021, and another 4,000,000 share options on 31 August 2022. Gary realised a profit before tax on the exercise of options of 90.00 cents per share and 113.65 cents per share, respectively.
- Charles Savage acquired 12,000,000 (2021: 7,000,000) shares by exercising share options and sold 7,280,000 (2021: 2 700 000) shares.
  - Charles exercised 2,000,000 share options on 9 December 2021, and 10 000 000 on 10 May 2022. Charles realised a profit before tax on the exercise of options of 90.00 cents per share and 122.65 cents per share, respectively.
- Mark Barnes acquired 1,660,000 (2021: 6,000,000) shares by exercising share options on 9 December 2021, and sold 20,913,571 (2021: 3,898,826) shares of his direct holdings. Mark realised a profit before tax on the exercise of options of 90.00 cents per share.
- Bonange Mohale sold 2,715,000 of his indirect holdings during the year.

	Note	2022 R'000	2021 R'000
Loans from related parties:			
- Sanlam Investment Holdings Limited	23	-	28,822

During the current year, revenue of R18.1 million (2021: R18.6 million) was earned from EasyEquities' partnership with Satrix. Satrix is part of the Sanlam Ltd group of companies and is a related party.

# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS CONTINUED

## 29. List of subsidiaries

Subsidiaries Name	Country incorporated	Principle place of business
First World Trader Proprietary Limited <sup>1</sup>	South Africa	South Africa
First World Trader Nominees (RF) Proprietary Limited (Subsidiary of First World Trader Proprietary Limited) <sup>1</sup>	South Africa	South Africa
GT247 Proprietary Limited <sup>2</sup>	South Africa	South Africa
One World Trader Proprietary Limited (Subsidiary of GT247 Proprietary Limited)	Mauritius	Mauritius
Emperor Asset Management Proprietary Limited	South Africa	South Africa
Emperor Asset Management Nominees (RF) Proprietary Limited (Subsidiary of Emperor Asset Management Proprietary Limited)	South Africa	South Africa
Emperor Asset Management GP 1 (RF) Proprietary Limited (Subsidiary of Emperor Asset Management Proprietary Limited)	South Africa	South Africa
Global Trader Europe Limited <sup>3</sup>	United Kingdom	United Kingdom
EasyEquities International Limited (Subsidiary of First World Trader Proprietary Limited)	Ireland	Ireland
EasyEquities Proprietary Limited (Subsidiary EasyEquities International Limited)	Australia	Australia
EasyCrypto SA Proprietary Limited (Subsidiary of First World Trader Proprietary Limited) <sup>4</sup>	South Africa	South Africa
Retirement Investments and Savings for Everyone Proprietary Limited <sup>5</sup>	South Africa	South Africa
EasyProperties Proprietary Limited (Subsidiary of First World Trader Proprietary Limited)	South Africa	South Africa

1 Includes the operations of EasyEquities.

2 Includes the operations of GT247.com.

3 Placed into liquidation in 2008 and still ongoing.

4 Note 13 discloses the business combination details for EasyCrypto SA Proprietary Limited

5 Previously recognised as an Investment in Joint venture. Note 13 discloses the business combination details for Retirement Investments and Savings for Everyone Proprietary Limited

# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS CONTINUED

Nature of business	Ownership interest	Ownership interest	Non-controlling interest	Non-controlling interest	Investment	Investment
	2022 %	2021 %	2022 R'000	2021 %	2022 R'000	2021 R'000
Equity investing platform	<b>70</b>	70	<b>30</b>	30	<b>219,400</b>	195,539
Nominee account holder	<b>100</b>	100	-	-	-	-
Equity trading services	<b>100</b>	100	-	-	<b>13,338</b>	12,456
	<b>100</b>	100	-	-	-	-
Asset management	<b>100</b>	100	-	-	<b>53,614</b>	71,527
Nominee account holder	<b>100</b>	100	-	-	-	-
Dormant	<b>100</b>	100	-	-	-	-
Derivative broker	<b>100</b>	100	-	-	-	-
Investing company	<b>100</b>	100	-	-	<b>17</b>	17
Investing company	<b>100</b>	100	-	-	-	-
Cryptocurrency investing platform	<b>84.7</b>	-	<b>15.3</b>	100	<b>111,275</b>	50,000
Fund administration and investment management	<b>30</b>	50	<b>70</b>	50	<b>108,932</b>	5,604
Property equity investing platform	<b>30</b>	51	<b>70</b>	49	<b>25,290</b>	-

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# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS CONTINUED

First World Trader, a 70% owned subsidiary of the Company, has material non-controlling interests (NCI). Summarised financial information in relation to First World Trader, before intra-group eliminations, is presented below together with amounts attributable to NCI:

	2022 R'000	2021 Restated R'000
<b>Statement of profit or loss and other comprehensive income:</b>		
Revenue	210,276	167,163
Profit after tax	77,195	85,367
Total comprehensive income	77,195	85,367
<b>Statement of financial position:</b>		
Non-current assets	314,281	173,569
Current assets	189,504	234,737
Non-current liabilities	10,998	8,841
Current liabilities	172,332	203,769
<b>Allocations to NCI:</b>		
Profit	24,995	29,045
Accumulated non-controlling interests	72,325	43,859
Dividends paid	-	-

## 30. Events after the reporting date

The directors are not aware of any other matters or circumstances arising since the end of the financial year, not otherwise dealt with below and in these Group consolidated annual financial statements, which significantly affect the financial position at 31 August 2022 or the results of operations or cash flows for the year then ended.

### Cloud Atlas (RF) Proprietary Limited

On 1 June 2022, First World Trader Proprietary Limited reached an agreement with Cloud Atlas (RF) Proprietary Limited ("Cloud Atlas") to acquire 100% shareholder interest in the Company for R2.25 million. Once the suspensive conditions are met, Cloud Atlas will become a wholly-owned subsidiary of First World Traders Proprietary Limited.

Up until the reporting date of these consolidated annual financial statements the suspensive condition for the application and management approval to make changes in shareholding by the Financial Sector Conduct Authority ("FSCA") is pending.

### Reduction in Corporate Income Tax Rate

The Group's tax liabilities and assets have been computed based on the corporate tax rate and tax laws prevailing at the reporting date. On 23 February 2022 the South African Minister for Finance announced changes to the corporate income tax from 28% to 27%. The effective date of the change being years of assessment ending on or after 31 March 2023.

# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS CONTINUED

## Regulation of Crypto Assets

On 19 October 2022 and with effect, the Financial Sector Conduct Authority (FSCA) issued a declaration of a Crypto Asset as a financial product under the Financial Advisory and Intermediary Services Act. Crypto Assets means a digital representation of value that:

- is not issued by a central bank, but is capable of being traded, transferred or stored electronically by natural and legal persons for the purpose of payment, investment and other forms of utility;
- applies cryptographic techniques; and
- uses distributed ledger technology.

## 31. Net asset value per share

The Group net asset value is 38.4 cents per share (2021: 33.7 cents per share) and is based on the number of ordinary shares in issue net of treasury shares at reporting date of 1,248,055,282 (2021: 1,153,619,918) and net assets of R479.1 million (2021: R389.1 million).

## 32. Going concern

The consolidated financial statements have been prepared on a going-concern basis. Despite the Group having accumulated losses, the Group has net equity of R479.1 million (R389.1 million) and has generated profits for three consecutive years, and as such management prepared forecasts and the directors expect business growth to continue over the next 12 months and are confident that the Group will continue trading as a going concern.

Current assets exceed current liabilities by 12.8% (2021: 6.9%), and the Group is satisfied that it has sufficient liquid assets and access to financing to cover short-term liabilities in the ordinary course of business.

# SHAREHOLDERS ANALYSIS

	Number of shareholders	% of total shareholders	Number of shares	% of total issued share capital
<b>Analysis of shareholdings</b>				
1-999	82,710	80.07%	11,888,754	0.95%
1 000-9 999	15,354	14.86%	49,771,110	3.98%
10 000-99 999	4,554	4.41%	121,752,373	9.74%
100 000-999 999	585	0.57%	128,861,098	10.31%
1 000 000 +	95	0.09%	938,081,947	75.03%
<b>Total</b>	<b>103,298</b>	<b>100.00%</b>	<b>1,250,355,282</b>	<b>100.01%</b>
<b>Distribution of shareholders</b>				
PRIVATE COMPANIES	265	0.26%	145,749,745	11.66%
INDIVIDUAL	102,671	99.39%	506,520,301	40.51%
BANKS	3	0.00%	108,221	0.01%
BROKER	2	0.00%	312,254	0.02%
NOMINEES AND TRUSTS	190	0.18%	31,295,017	2.50%
INVESTMENT COMPANIES	111	0.11%	561,040,552	44.87%
CLOSE CORPORATION	53	0.05%	5,290,976	0.42%
OTHER CORPORATIONS	3	0.00%	38,216	0.00%
<b>Total</b>	<b>103,298</b>	<b>100.00%</b>	<b>1,250,355,282</b>	<b>100.00%</b>
<b>Shareholder spread</b>				
<b>Non-public</b>	<b>44</b>	<b>0.04%</b>	<b>360,015,689</b>	<b>28.79%</b>
Employees	34	0.03%	48,356,571	3.87%
Directors	9	0.01%	169,840,936	13.58%
10% of issued capital or more	1	0.00%	141,818,182	11.34%
<b>Public</b>	<b>103,254</b>	<b>99.96%</b>	<b>890,339,593</b>	<b>71.21%</b>
<b>Total</b>	<b>103,298</b>	<b>100.00%</b>	<b>1,250,355,282</b>	<b>100.00%</b>

## SHAREHOLDERS ANALYSIS CONTINUED

	Number of shareholders	% of total shareholders	Number of shares	% of total issued share capital
<b>Beneficial shareholding of 3% or more</b>				
BUSINESS VENTURE INVESTMENTS NO 184			70,138,108	5.61%
BASE SPV PARTNERSHIP A			141,818,182	11.34%
MONTEGRAY CAPITAL (PTY) LTD			46,480,456	3.72%
SERIALONG FINANCIAL INVESTMENTS PTY			120,239,128	9.62%
<b>Foreign Custodians Holding 3% or more</b>				
BANQUE LOMBARD ODIER & CIE SA			97,169,601	7.77%
JP MORGAN CHASE BANK OMNIBUS CLIENT S ONSHORE			70,000,000	5.93%
<b>Country</b>				
Andorra	1	0.0%	989	0.00%
Australia	2	0.0%	10,093	0.00%
Austria	1	0.0%	42	0.00%
Belgium	1	0.0%	698	0.00%
Bermuda	1	0.0%	121	0.00%
Botswana	1	0.0%	23	0.00%
British Indian Ocean Territory	1	0.0%	47,334	0.00%
Central African Republic	6	0.0%	357	0.00%
Chile	1	0.0%	551	0.00%
China	49	0.0%	97,058	0.01%
Denmark	1	0.0%	1,190	0.00%
Ethiopia	1	0.0%	105,300	0.01%
France	4	0.0%	553	0.00%
French Guiana	1	0.0%	1	0.00%
French Southern Territories	12	0.0%	1,329	0.00%
Germany	1	0.0%	892	0.00%
Guernsey	1	0.0%	88	0.00%
Honduras	1	0.0%	4	0.00%
Hong Kong	1	0.0%	2,012	0.00%
Hungary	1	0.0%	317	0.00%
India	2	0.0%	9,030	0.00%
Ireland	1	0.0%	836	0.00%

## SHAREHOLDERS ANALYSIS CONTINUED

	Number of shareholders	% of total shareholders	Number of shares	% of total issued share capital
Japan	1	0.0%	502	0.00%
Kenya	2	0.0%	60,602	0.00%
Korea, Democratic People's Republic of	2	0.0%	2,467	0.00%
Korea, Republic of	15	0.0%	18587	0.00%
Lesotho	239	0.2%	157,706	0.01%
Luxembourg	2	0.0%	33,416	0.00%
Macao	1	0.0%	881	0.00%
Mauritius	1	0.0%	5,293,744	0.42%
Mozambique	1	0.0%	1,000	0.00%
Namibia	576	0.6%	2,008,416	0.16%
Netherlands	4	0.0%	67449	0.01%
New Zealand	2	0.0%	149	0.00%
Oman	2	0.0%	95762	0.01%
Portugal	6	0.0%	111855	0.01%
Qatar	8	0.0%	96,049	0.01%
Romania	1	0.0%	19	0.00%
Russia Federation	2	0.0%	110	0.00%
Saudi Arabia	2	0.0%	1,278	0.00%
Singapore	1	0.0%	83	0.00%
South Africa	102075	98.8%	1,055,365,868	84.41%
South Georgia & The South Sandwich Islands	11	0.0%	4,229	0.00%
South Sudan	4	0.0%	111	0.00%
Swaziland	178	0.2%	404,057	0.03%
Switzerland	2	0.0%	97,610,380	7.81%
Taiwan, Province of China	4	0.0%	4,496	0.00%
Ukraine	1	0.0%	11	0.00%
United Arab Emirates	15	0.0%	13,726	0.00%
United Kingdom	24	0.0%	72,100,499	5.77%
United States	6	0.0%	7,449,242	0.60%
Vietnam	6	0.0%	13,576	0.00%
Virgin Islands, British	1	0.0%	9,090,272	0.73%
Zimbabwe	12	0.0%	69,922	0.01%
<b>Total</b>	<b>103,298</b>	<b>100%</b>	<b>1,250,355,282</b>	<b>100.00%</b>

# SHAREHOLDERS ANALYSIS CONTINUED

	Number of shareholders	% of total shareholders	Number of shares	% of total issued share capital
Dematerialised	208	0.20%	6,096,989	0.49%
Certificated	103090	99.80%	1,244,258,293	99.51%
<b>Total</b>	<b>103,298</b>	<b>100%</b>	<b>1,250,355,282</b>	<b>100.00%</b>

# NOTICE OF ANNUAL GENERAL MEETING

This document is important and requires your immediate attention. If you are in any doubt as to the action you should take, please consult your stockbroker, accountant, attorney, banker or other independent professional adviser immediately.

Notice is hereby given that the Annual General Meeting of ordinary shareholders ("shareholders") of the Company will be held Virtually on Friday, 20 January 2023 at 10:00.

## ATTENDANCE AND VOTING

In terms of section 59(1)(a) and (b) of the Companies Act, 2008 (Act 71 of 2008), as amended ("the Act"), the Board of Directors has set the record date for the purpose of determining which shareholders are entitled to:

- Receive the notice of the Annual General Meeting, i.e. the Notice Record Date (being the date on which a shareholder must be registered in the Company's share register in order to receive notice of Annual General Meeting) as Friday, 4 November 2022; and
- participate in and vote at the Annual General Meeting, i.e. the Meeting Record Date (being the date on which a shareholder must be registered in the Company's share register in order to participate in and vote at the Annual General Meeting) as Friday, 13 January 2023.

Should any shareholder (or representative or proxy for a shareholder) wish to participate in the Virtual AGM, that shareholder should apply in writing (including details on how the shareholder or representative (including proxy) can be contacted) to the Company and Transfer Secretaries via email at purple@4axregistry.co.za for the Company and Transfer Secretaries to arrange for the shareholder (or representative or proxy) to provide reasonably satisfactory identification for the purposes of section 63(1) of the Companies Act 71 of 2008, as amended (Companies Act) and for the Company and Transfer Secretaries to provide the shareholder (or representative or proxy) with the link to the Online Registration and Voting Platform as well as the process to register and vote online.

Forms of identification that will be accepted include original and valid identity documents, driver's licences and passports.

Shareholders are advised to ensure that they are identified and registered to attend the Virtual AGM by preferably no later than Thursday, 19 January 2023 at 12:00, to ensure that they do not experience any delays in accessing the Virtual AGM.

## PURPOSE OF THE MEETING

### Ordinary Resolutions

The purpose of this meeting is for shareholders to consider and if deemed fit, pass the following ordinary resolutions.

1. To receive, consider and present the audited financial statements of the Company for the year ended 31 August 2022, together with the reports of the auditors and directors;
2. To authorise the directors to fix the remuneration of the auditors for the past audit;
3. To authorise the directors to confirm the appointment of the auditors, BDO South Africa Incorporated, as auditors and Vianca Pretorius, as the registered auditor responsible for the audit, until the conclusion of the next Annual General Meeting and to fix their remuneration;
4. To re-elect directors for positions to the Board:
  - a. in terms of the Memorandum of Incorporation, the following directors retire by rotation, but being eligible, hereby offer themselves for re-election:
    - Mark Barnes;
    - Arnold Forman; and
    - Bonang Mohale.
  - 4.1 Ordinary resolution number : "Resolved that Mr Mark Barnes is re-elected as a member of the Board of the Company."
  - 4.2 Ordinary resolution number : "Resolved that Mr Arnold Forman is re-elected as a member of the Board of the Company."
  - 4.3 Ordinary resolution number : "Resolved that Mr Bonang Mohale is re-elected as a member of the Board of the Company."

(A brief curriculum vitae in respect of these directors is contained on pages 155 to 156 of this integrated annual report).

### Ratification of the election of a director to the Board

Willaim Bassie Maisela was appointed to the Board, effective 31 August 2022. In terms of the Memorandum of incorporation, shareholders are required to ratify such appointment at a general meeting of shareholders.

"Resolved that William Bassie Maisela is elected as a member of the Board of the Company"

(A brief curriculum vitae in respect of the director is contained on page 32 of this integrated annual report).

# NOTICE OF ANNUAL GENERAL MEETING CONTINUED

Special business Shareholders will be asked to consider and, if deemed fit, to pass the following resolutions with or without amendment:

## **Ordinary resolution number 6 – Unissued shares to be placed under the control of the directors**

“Resolved that, all of the authorised but unissued ordinary shares of the Company be and are hereby placed under the control and authority of the directors of the Company and that the directors be and are hereby authorised and empowered to allot and issue all or any such ordinary shares to such person or persons on such terms and conditions and at such times as the directors may from time to time in their discretion deem fit, subject to the proviso that the aggregate number of shares allotted and issued in terms of this resolution shall be limited to 15% (fifteen percent) of the authorised share capital and subject to the provisions of the Act and the Listings Requirements of the JSE Limited (“JSE”).

## **Ordinary resolution number 7 – General authority to issue shares and to sell treasury shares for cash**

“Resolved that, subject to not less than 75% of the votes exercisable by ordinary shareholders in aggregate of the Company, present in person or by proxy or represented and entitled to vote at the Annual General Meeting at which this ordinary resolution is to be considered, being cast in favour thereof, the directors of the Company and/or any of its subsidiaries from time to time be and are hereby authorised by way of a general authority to allot and issue all or any of the authorised but unissued ordinary shares in the Company and/or sell or otherwise dispose of or transfer, or issue any options in respect of ordinary shares in the Company, for cash, to such person/s on such terms and conditions and at such times as the directors in their discretion deem fit, subject to the Act, the memorandum of incorporation of the Company and Listings Requirements of the JSE, which Listings Requirements currently provide, inter alia, that:

- the equity securities which are the subject of the issue for cash must be of a class already in issue,
- or where this is not the case, must be limited to such securities or rights that are convertible into a class already in issue;
- any such issue will be made to public shareholders as defined in paragraphs 4.25 to 4.27 of the JSE Listings Requirements, and to related parties through a bookbuild process provided as set out below;
  - related parties may participate in a general issue for cash through a bookbuild process provided:
    - the approval by shareholders contemplated in paragraph 5.52(e) expressly affords the ability to the issuer to allow related parties to

participate in a general issue for cash through a bookbuild process;

- related parties may only participate with a maximum bid price at which they are prepared to take-up shares or at book close price. In the event of a maximum bid price and the book closes at a higher price the relevant related party will be “out of the book” and not be allocated shares; and
- equity securities must be allocated equitably “in the book” through the book build process and the measures to be applied must be disclosed in the SENS announcement launching the bookbuild;

- this general authority is valid and will extend to the date of the next Annual General Meeting of the Company, provided that it will not extend beyond 15 (fifteen) months from the date of this Annual General Meeting;
- the number of ordinary shares issued for cash shall not in the aggregate in any one financial year of the Company exceed 15% (fifteen percent) or 187 553 292 shares of the Company’s issued ordinary shares, including instruments which are convertible into ordinary shares. The number of ordinary shares which may be issued for cash shall be based on the number of ordinary shares in issue at the date of the application, less any ordinary shares issued by the Company during the current financial year, provided that any ordinary shares to be issued for cash pursuant to a rights issue (announced, irrevocable and fully underwritten) or acquisition (concluded up to the date of application) may be included as if they were ordinary shares in issue at the date of application;
- a press announcement giving full details, including the impact on net asset value, net tangible asset value, headline earnings and earnings per share, will be published at the time of any issue representing, on a cumulative basis within any 1 (one) financial year, 5% (five percent) or more of the number of ordinary shares in issue prior to such issue;
- in determining the price at which an issue of ordinary shares will be made in terms of this authority, the maximum discount permitted will be 10% (ten percent) of the weighted average traded price on the JSE of such ordinary shares, as determined over the 30 business days prior to the date that the price of the issue is determined or agreed by the directors of the Company; and
- whenever the Company wishes to use ordinary shares, held as treasury stock by a subsidiary of the Company, such use must comply with the JSE Listings Requirements as if such use was a fresh issue of ordinary shares.

# NOTICE OF ANNUAL GENERAL MEETING CONTINUED

## **Ordinary resolution number 8 – Authorised signatories**

"Resolved that, any director of the Company or the Company Secretary be and is hereby authorised to do all such things and to sign all such documents issued by the Company to give effect to ordinary resolutions numbers 6 and 7 and special resolutions number 1, 2 and 3."

## **Ordinary resolution number 9 – Non-binding advisory vote on remuneration policy**

"To endorse by way of a non-binding advisory vote, the Company's remuneration policy, as set out in the integrated annual report on page 40. In order for this resolution to be approved, it must be supported by more than 50% of the voting rights exercised on the resolution."

### **Reason for and effect of ordinary resolution 9**

The reason for ordinary resolution number 9 is that the King IV Report on Corporate Governance for South Africa 2016, recommends and the JSE Listings Requirements in paragraph 3.84(j) stipulates that the Remuneration Policy of the Company be endorsed through separate non-binding advisory votes by shareholders. Should resolution number 9 be voted against by 25% or more of the voting rights exercised, the Board will enter into an engagement process to ascertain the reasons for the dissenting votes and appropriately address legitimate and reasonable objections and concerns raised. Details of such engagement will be provided in the Annual General Meeting results announcement as per the listings requirements, if necessary.

## **Ordinary resolution number 10: Non-binding advisory vote on implementation report of the remuneration policy**

"Resolved that, by way of a non-binding advisory vote, the remuneration implementation report of the Company, as contained in the Remuneration Committee report set out below on pages 151 to 154, be, and is hereby, endorsed. In order for this resolution to be approved, it must be supported by more than 50% of the voting rights exercised on the resolution."

To the extent that 25% or more votes are cast against this resolution 10, dissenting shareholders will be invited to engage with the Remuneration Committee to discuss their concerns. Details of such engagement will be provided in the Annual General Meeting results announcement as per the listings requirements, if necessary.

### **Reason for and effect of ordinary resolution 10**

The reason for the ordinary resolution number 10 is that the King IV Report on Corporate Governance for South Africa, 2016 recommends, and the JSE Listings Requirements stipulate, that the Implementation Report

of the Remuneration Policy be endorsed through separate non-binding advisory votes by shareholders.

## **Ordinary resolution number 11: Appointment of the Audit Committee members**

"Resolved that the following Directors of the Company be, and are hereby, elected as members of the Company's Audit Committee until the conclusion of the next Annual General Meeting, being appointed in accordance with the Companies Act."

### **11.1 Ordinary resolution number**

"Resolved that Mr Arnold Forman is elected as a member and Chair of the Audit Committee of the Company, subject to the approval of ordinary resolution 4.2."

### **11.2 Ordinary resolution number**

"Resolved that Mr Happy Ntshingila is elected as a member of the Audit Committee of the Company."

### **11.3 Ordinary resolution number**

Resolved that Mr Craig Carter is elected as a member of the Audit Committee of the Company."

### **Reason for and effect of ordinary resolution 11**

The reason for, and effect of, ordinary resolution 11.1-11.3 are that the members of the Audit Committee of the Company are required, in terms of Section 94(2) of the Companies Act, to be appointed by Shareholders.

## **Special Resolutions**

### **Special resolution no. 1 – Approval of non-executive directors' remuneration**

"Resolved that unless otherwise determined by the Company in general meeting, the fees payable to non-executive directors for their services as directors, until the next AGM, as set out below, be approved:

#### **Non-executive Chairman**

Annual fee of – R640 777 per year

#### **Independent non-executive directors**

Annual fee of – R373 236 per year

#### **Non-executive directors**

Attendance fee per Board meeting – R51 319

Attendance fee per sub-committee meeting – R25 658

The minimum percentage of voting rights that is required for this resolution to be adopted is 75% of the voting rights to be cast on the resolution.

# NOTICE OF ANNUAL GENERAL MEETING CONTINUED

## **Special resolution no. 2 – Financial assistance to related and inter-related entities**

"Resolved that the directors of the Company may, subject to compliance with the requirements of the articles of association of the Company and the Act, authorise the provision by the Company, at any time and from time to time during the period of two (2) years commencing on the date of adoption of this special resolution, of direct or indirect financial assistance, by way of a loan, guarantee of a loan or other obligation or the securing of a debt or other obligation to any one or more related or interrelated companies or corporations of the Company and/ or to any one or more members of any such related or inter-related company or corporation related to any such company or corporation as outlined in section 2 of the Act, on such terms and conditions as the directors may deem fit".

### **Reasons for and effect of the special resolution 2**

The reason for the passing of this special resolution is that, on a strict interpretation of section 45 of the Act, the Company may not provide the financial assistance contemplated in such section without a special resolution.

The above resolution gives the directors the authority to authorise the Company to provide direct or indirect financial assistance, by way of a loan, guaranteeing of a loan or other obligation or securing of a debt or other obligation, to the recipients contemplated in special resolution number 2. It is difficult to foresee the exact details of financial assistance that the Company may be required to provide over the next two (2) years. It is essential, however, that the Company is able to organise effectively its internal financial administration. For these reasons and because it would be impractical and difficult to obtain shareholder approval every time the Company wishes to provide financial assistance as contemplated above, it is necessary to obtain the approval of shareholders, as set out in special resolution number 2.

### **Special resolution number 3: Awarding of shares and provision of financial assistance in connection therewith**

"Resolved that the Company be and is hereby authorised to implement a reward programme which shall entail the following, and be on the following basis:

- The Company may issue investment vouchers to selected employees of the Company or of Group companies (excluding Directors), on a monthly basis or such other basis, all as may be determined from time to time by the Company, such vouchers shall be utilised by the recipients to acquire ordinary shares in the Company on the open market (collectively "Awards");
- The Company may grant Awards to selected clients or potential clients of the Company or of Group companies, for loyalty, retention and/or marketing purposes;

- Such Awards may be free of charge and for no consideration payable by the employees or clients or potential clients, as the case may be, and accordingly the Company shall be entitled to provide any necessary financial assistance in implementing such Awards;
- The authority contained in this resolution shall endure until the next Annual General Meeting of the Company;
- The aggregate of Awards which may be Awarded to employees is a maximum of R75 000; and
- The aggregate of Awards which may be Awarded to clients and potential clients is a maximum of R1 200 000. and to the extent that the implementation of any Awards is to entail the provision of financial assistance by the Company as contemplated in section 45 of the Act (to directors or prescribed officers of the Company or of Group companies) and/or section 44 of the Act (for the purpose of or in connection with the acquisition of securities of the Company) and/or the relevant JSE Listings Requirements, such financial assistance be and is hereby authorised."

### **Reason for and effect of the special resolution 3**

The Company's Board is desirous of implementing a share awards program for purposes of incentivising its staff and clientele. To the extent that "financial assistance" is given by the Company in connection with the Awards, as regulated by the Act, the Board is obliged by the Act to pass resolutions pertaining to the solvency and liquidity of the Company and the fairness and reasonableness of the terms of the financial assistance. The Company shall not proceed to provide any such financial assistance unless such requirements are complied with. The authority contained herein constitutes specific authority for the issuance of ordinary shares of the Company as contemplated in the JSE Listings Requirements and, to the extent applicable, section 41(1) of the Act (if shares are to be issued to directors or prescribed officers), as well as authority for the financial assistance.

## **SALIENT DATES**

See the section titled Salient Dates and Times situated below after the resolutions.

Record date to receive notice of AGM	Friday, 4 November 2022
Notice of AGM distributed to shareholders via email on	Wednesday, 14 November 2022
Notice of AGM distributed to	Friday, 18 November 2022

# NOTICE OF ANNUAL GENERAL MEETING CONTINUED

shareholders by post by no later than	
Last day to trade to be recorded in the register on the record date for participation in AGM	Tuesday, 10 January 2023
Record date to participate in and vote at the AGM	Friday, 13 January 2023
Last day for lodging forms of proxy at 10:00 on	Wednesday, 18 January 2023
AGM at 10:00 on	Friday, 20 January 2023

*Note: Any changes to the above dates will be announced on SENS subject to JSE approval.*

In compliance with section 62(3)(c) of the Act and/or the Listings Requirements it is confirmed that a voting majority of 50% is required for the approval of ordinary resolutions number 1 to 6 and 8 to 11. For the special resolutions and ordinary resolution number 7, a 75% voting majority is required by law and the JSE Listings Requirements.

## VOTING AND PROXIES

All shareholders will be entitled to attend and vote at the Annual General Meeting or any adjournment thereof, every shareholder of the Company who, being an individual, is present or is present by proxy at the Annual General Meeting or which, being a company or body corporate, is represented thereat by a representative appointed, shall have one vote only and on a poll every shareholder of the Company (whether an individual or a company or a body corporate) or represented by a proxy at the Annual General Meeting shall have one vote for every ordinary share held by such shareholder.

Holders of dematerialised shares, other than with "own-name" registration intending to attend the Annual General Meeting, must inform their Central Securities Depository Participant ("CSDP") or broker of their intention and must obtain the necessary authorisation from their CSDP or broker to attend. Such authorisation must be submitted to the Company and Transfer Secretaries on submission of the required proof of identification before the link to the Online Registration and Voting Platform will be provided. If a Dematerialised Holder is unable to attend the Annual General Meeting in person, they should provide their CSDP or broker with their voting instructions in terms of

their agreement with the CSDP or broker in the manner and time stipulated therein.

The necessary form of proxy is attached for the convenience of certificated shareholders and dematerialised shareholders with "own-name" registration who cannot attend the Annual General Meeting but who wish to be represented thereat. Any shareholder entitled to attend and vote at the Annual General Meeting may appoint one or more persons to attend, speak and vote in place of such shareholder. A proxy so appointed need not be a shareholder of the Company. In order to be valid, duly completed proxy forms must be received by hand at CTSE Registry Services, 5th Floor, Block B, The Woodstock Exchange Building, 66-68 Albert Road, Woodstock, 7925 or by email at purple@4axregistry.co.za by no later than 10:00 on Wednesday, 18 January 2022. A duly appointed proxy will be required to follow the Online Registration process to attend the Virtual AGM.

Shareholders who require more information about the Online Registration and Voting Process, can contact the Company and Transfer Secretaries telephonically at 011 100 8352 or by email at purple@4axregistry.co.za.

## RECORD DATES

The posting record date, being the date that shareholders must be recorded in the register to be eligible to receive this notice of Annual General Meeting, is Friday, 4 November 2022.

The last day to trade in order to be eligible to vote at the Annual General Meeting is Tuesday, 10 January 2023.

The voting record date, being the date that shareholders must be recorded in the register to be eligible to speak and vote at the Annual General Meeting is Friday, 13 January 2023.

By order of the Board

CTSE Registry Services Proprietary Limited

*Company Secretary*

14 November 2022

# IMPLEMENTATION REPORT OF THE REMUNERATION POLICY

## REMUNERATION IMPLEMENTATION REPORT FOR THE YEAR ENDED 31 AUGUST 2022

We are pleased to present Purple Group's Remuneration Implementation Report for the financial year ended 31 August 2022. The report aligns to the reporting structure recommended in the fourth King Report on Corporate Governance for South Africa (King IV).

We believe this report provides stakeholders with improved clarity on how our remuneration policy informs the actual pay and awards received by Purple Group's executive directors, senior executives and prescribed officers as defined by the Companies Act, and how it supports our strategy to attract and retain talent.

At the Annual General Meeting (AGM) held on 21 January 2022, 99.98% of our shareholders voted in favour of our remuneration policy. Following the Remuneration Committee's review of its processes and the remuneration policy, to ensure alignment with shareholder expectations, the remuneration principles have not changed for this financial year.

We will continue to actively engage with shareholders on changes to our remuneration policy and its implementation as part of our commitment to enhance our reporting, meet shareholder expectations, where feasible, and maintain accurate, transparent and relevant disclosure on the performance measures used to determine the award of short- and long-term incentives.

The Remuneration Committee has developed a performance orientated remuneration philosophy which fairly rewards executives and employees for their respective contributions to achieving the Group's strategic, financial and operational objectives. The remuneration structures are to encourage sustainable, long-term wealth creation. The following factors regarding the remuneration structures are highlighted:

- The remuneration philosophy is supportive of the Group's strategy;
- The cost of employment is managed while, at the same time, employees are rewarded in order to retain and motivate talented, skilled and high-calibre executives and employees;
- The Group promotes a performance-based culture; and
- The Group strives to align executive rewards with the interests of stakeholders.

The Remuneration Committee acknowledges the importance of motivating individual and team performances and therefore applies the remuneration policy equitably, fairly and consistently in relation to job responsibilities, the markets in which the Group operates and personal performance.

The Group rewards executive directors and employees as follows:

- Market-related, fair annual packages (base salary and benefits), which are competitive owing to the portability of skills;
- Market information is sourced from industry and executive remuneration surveys to benchmark executive remuneration in comparable positions;
- Annual performance bonuses related to specific Company and personal objectives; and
- Participation in the employee share scheme.

For non-executive directors' fees, the Remuneration Committee takes cognisance of market norms and practices as well as the additional responsibilities placed on Board members by new legislation and corporate governance rules. Non-executive director remuneration is fee-based and not linked to the share price of Purple Group. Purple Group non-executive directors do not receive bonuses or share options to ensure actual and perceived independence, except for Mark Barnes, who has share options from his time as an executive. It was approved at a general meeting of shareholders that these could be retained.

# IMPLEMENTATION REPORT OF THE REMUNERATION POLICY CONTINUED

## EXECUTIVE DIRECTORS AND SENIOR MANAGEMENT REMUNERATION

### GUARANTEED PACKAGES

	2022 R'000	2021 R'000	Movement %
C Savage	4,969	4,606	7.9
G van Dyk	3,865	3,581	7.9
Senior Management (3 members)	9,342	8,601	8.6

The senior management members include the Group Chief Technology Officer, Chief Marketing & Communications Officer and Vice-President of Partnerships.

Annual increases were awarded to the above individuals during the 2022 financial year.

### INCENTIVES – SHORT-TERM

Short-term bonuses for Executives and Senior Management are currently awarded at the discretion of the Remuneration Committee. Although various metrics are taken into account in evaluating performance, the overriding criteria is Group profitability. As such, no bonuses were paid during the financial years 2017, 2018 and 2019 to the Executives and Senior Management.

In respect of the Group's performance for the financial year ended 2022, a bonus pool of R10 million (FY 2021: R8 million) was approved and paid to the executive team and a large proportion (circa.85%) of the staff complement during the financial year 2022. An additional bonus pool of R5 million was approved and paid in respect of the value created in respect of the EasyCrypto option, which was valued at R50 million at 31 August 2021.

The bonuses awarded to the executives and senior management have been disclosed below:

	2022 R'000	2021 R'000	Movement %
C Savage	2,150	1,000	115.0
G van Dyk	1,670	850	96.5
Senior Management (3 members)	2,800	1,486	88.4

### INCENTIVES – LONG-TERM

The Group rewards its staff through the Employee Share Option Scheme which translates into future value to the staff through increasing profits and in return, the share price of Purple Group.

On 1 February 2005, an employee share option scheme was introduced by approval at the general meeting of the Company. The movement in the options during the year and the terms and conditions of the options are detailed below.

	2022		2021	
	Weighted average exercise price	Number of options	Weighted average exercise price	Number of options
Outstanding at the beginning of the period	49	86,091,249	42	153,668,015

# IMPLEMENTATION REPORT OF THE REMUNERATION POLICY CONTINUED

	2022		2021	
	Weighted average exercise price	Number of options	Weighted average exercise price	Number of options
Issued during the period	-	-	-	-
Exercised during the period	52	(39,812,760)	29	(63,196,223)
Expired during the period	-	-	-	-
Forfeited during the period	39	(281,551)	36	(4,380,543)
<b>Outstanding at the end of the period</b>	<b>47</b>	<b>45,996,938</b>	<b>49</b>	<b>86,091,249</b>
<b>Exercisable at the end of the period</b>	<b>59</b>	<b>25,121,938</b>	<b>59</b>	<b>55,341,250</b>

The vesting conditions of all the options granted to date are:

- Up to 25% on or after the first anniversary date of acceptance of the options;
- Up to 50% on or after the second anniversary of the acceptance date;
- Up to 75% on or after the third anniversary date; and
- Up to 100% on or after the fourth anniversary date.

The contractual life of all options is seven years from date of grant.

The options outstanding at 31 August 2022 have been issued in a price range from 31 cents to 76 cents (2021: 31 cents to 76 cents) and have a weighted average exercise price of 46.74 cents (2021: 59 cents) and a weighted average contractual life of 2.91 years (2021: 2.65 years).

The existing share option scheme has run its course and has been replaced by The Purple Group 2022 Share Incentive Plan which was approved by shareholders at a general meeting held on 3 June 2022. No issuances have been made under this new plan.

The number of share options held by executive directors and senior management are:

	2021	Movement		
		Issued	Exercised	2022 %
C Savage	19,000,000	-	(12,000,000)	7,000,000 (63.2)
G van Dyk	17,500,000	-	(6,000,000)	11,500,000 (34.3)
Senior Management (3 members)	17,000,000	-	(8,062,500)	8,937,500 (47.4)

## NON-EXECUTIVE DIRECTORS' REMUNERATION

The remuneration of non-executive directors is reviewed annually by the Board and the Remuneration Committee. The Remuneration Committee proposed a 7.5% (2021: 4.6%) increase in non-executive directors' fees.

Non-executive directors are paid a fixed fee for services rendered and fees are set at levels that will attract and retain the calibre of directors necessary to contribute to a highly productive board.

# IMPLEMENTATION REPORT OF THE REMUNERATION POLICY CONTINUED

## FEES PAID TO EACH NON-EXECUTIVE DIRECTOR FOR SERVICES PERFORMED AS DIRECTORS OF THE COMPANY

	2022 R'000	2021 R'000	Movement %
Arnold Forman			
- Independent non-executive director's fees	339	318	6.6
<b>Total director's fees</b>	<b>339</b>	<b>318</b>	<b>6.6</b>
William Bassie Maisela			
- Independent non-executive director's fees <sup>1</sup>	-	-	N/A
<b>Total director's fees</b>	<b>-</b>	<b>-</b>	<b>N/A</b>
Bonang Mohale			
- Board meetings attendance fee	140	131	6.9
- Sub-committee meeting attendance fees	24	22	9.1
<b>Total director's fees</b>	<b>164</b>	<b>153</b>	<b>7.2</b>
Craig Carter			
- Independent non-executive director's fees	339	318	6.6
<b>Total director's fees</b>	<b>339</b>	<b>318</b>	<b>6.6</b>
Happy Ntshingila			
- Chairman of the Board	582	546	6.6
<b>Total director's fees</b>	<b>582</b>	<b>546</b>	<b>6.6</b>
Mark Barnes			
- Board meetings attendance fee	140	131	6.9
- Sub-committee meeting attendance fees <sup>2</sup>	92	66	39.4
<b>Total director's fees</b>	<b>232</b>	<b>197</b>	<b>17.8</b>
Paul Rutherford			
- Board meetings attendance fee	140	-	N/A
- Sub-committee meeting attendance fees	22	-	N/A
<b>Total director's fees</b>	<b>162</b>	<b>-</b>	<b>N/A</b>

1 William Bassie Maisela joined the board on 31 August 2022; hence did not attend any meetings during FY 2022.

2 Mark Barnes attended 4 sub-committee meetings during FY 2022, compared to 3 during FY 2021; hence the increase.

# BRIEF CURRICULUM VITAE OF DIRECTORS STANDING FOR RE-ELECTION

## **MARK BARNES – 66**

### **Non-executive director**

Mark Barnes graduated from UCT with a Business Science degree in Actuarial Science and attended a Management Programme at Harvard Business School.

Mark is widely known as an investment banker in South Africa. He has 35 years of experience in financial services, holding positions of leadership at Standard Bank, Capital Alliance and Brait. Mark has had a wide exposure to financial markets previously as head of the biggest treasury operation in South Africa and as Chairman of the South African Futures Exchange. He is currently a significant shareholder in the Purple Group.

Mark is a frequent contributor in the South African media and was CEO of the South African Post Office, until September 2019.

Mark joined the Board in October 2004.

Mark is also a member of the Remuneration Committee and Risk Committee.

## **ARNOLD FORMAN – 58**

### **Independent non-executive director**

Arnold Forman is a chartered accountant having completed articles at Arthur Young, and having worked at PWC locally and internationally.

He is the Chief Executive Officer of The Lubner Group of Companies which portfolio includes Real Estate, Property Development, Retail, Sporting and Financial Services Interests. His 27 years of experience in strategy, operations, financial and marketing aspects of these businesses is valuable, broad and always seeking out of the box solutions to promote businesses and sustainability. He is a non-executive director on the majority of these interests with the exception of The Houghton Hotel Group where he is the Group Chief Executive Officer.

From a CSI perspective, he was one of the founders and is the Chair Person of Afrika Tikkun Investments and a Non-Executive Director of the NPO Afrika Tikkun which focuses on the cradle to career development of underprivileged township children and youth in South Africa. Today this NPO has 650 employees with more than 20 000 beneficiaries.

Arnold joined the Board in February 2019.

Arnold is also a member of the Audit Committee and the Risk Committee.

# BRIEF CURRICULUM VITAE OF DIRECTORS STANDING FOR RE-ELECTION CONTINUED

## **BONANG MOHALE – 60**

### **Non-executive director**

Bonang is the President of Business Unity South Africa (BUSA), Chancellor of the University of the Free State, Professor of Practice in the Johannesburg Business School (JBS) College of Business and Economics, Chairman of both The Bidvest Group Limited and SBV Services.

Bonang Mohale was the Chief Executive Officer of Business Leadership South Africa (BLSA) till June 2019. Prior to joining BLSA, Mr Mohale ended a distinguished term as Vice President Upstream and Chairman of Shell South Africa (Pty) Limited at the end of June 2017.

Mr Mohale has had a distinguished career at the helm and in leadership roles of several major South African and multinational companies;

Mr Mohale has an impressive track record of building successful companies, delivering results and making significant advances in transformation in the companies he has been privileged to lead. He has been a vocal, courageous and active proponent of transformation since the 1980s, and played a leadership role in the Black Management Forum (BMF) for over 33 years, where he was the president.

Bonang joined the Board in February 2019. Bonang is also Chairman of the Social & Ethics Committee.

# SHAREHOLDER RIGHTS

In terms of section 58 of the Companies Act, No. 71 of 2008 (as amended), shareholders have rights to be represented by proxy as herewith stated.

1. At any time, a shareholder of the Company may appoint any individual, including an individual who is not a shareholder of the Company, as a proxy to:
  - a. participate in, and speak and vote at, a shareholders meeting on behalf of the shareholder; or
  - b. give or withhold written consent on behalf of the shareholder to a decision contemplated in section 60.

Provided that the shareholder may appoint more than one proxy to exercise voting rights attached to different shares held by the shareholder.

2. A proxy appointment:
  - b. must be in writing, dated and signed by the shareholder; and
  - c. remains valid for:
    - ii. one year after the date on which it was signed; or
    - iii. any longer or shorter period expressly set out in the appointment, unless it is revoked in a manner contemplated in subsection (4)(c), or expires earlier as contemplated in subsection (8) (d).
3. Except to the extent that the Memorandum of Incorporation of the Company provides otherwise:
  - c. a shareholder of the Company may appoint two or more persons concurrently as proxies, and may appoint more than one proxy to exercise voting rights attached to different securities held by the shareholder;
  - d. a proxy may delegate the proxy's authority to act on behalf of the shareholder to another person, subject to any restriction set out in the instrument appointing the proxy; and
  - e. a copy of the instrument appointing a proxy must be delivered to the Company, or to any other person on behalf of the Company, before the proxy exercises any rights of the shareholder at a shareholders meeting.
4. Irrespective of the form of instrument used to appoint a proxy:
  - d. the appointment is suspended at any time and to the extent that the shareholder chooses to act directly and in person in the exercise of any rights as a shareholder;

- e. the appointment is revocable unless the proxy appointment expressly states otherwise; and
5. If the appointment is revocable, a shareholder may revoke the proxy appointment by:
  - a. cancelling it in writing, or making a later inconsistent appointment of a proxy; and
  - b. delivering a copy of the revocation instrument to the proxy, and to the Company.
6. The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on behalf of the shareholder as of the later of:
  - d. the date stated in the revocation instrument, if any; or
  - e. the date on which the revocation instrument was delivered as required in subsection (4)(c)(ii).
7. If the instrument appointing a proxy or proxies has been delivered to the Company, as long as that appointment remains in effect, any notice that is required by this Act or the Company's Memorandum of Incorporation to be delivered by the Company to the shareholder must be delivered by the Company to:
  - g. the shareholder; or
  - h. the proxy or proxies, if the shareholder has  
vii. directed the Company to do so, in writing; and  
viii. paid any reasonable fee charged by the Company for doing so.
8. A proxy is entitled to exercise, or abstain from exercising, any voting right of the shareholder without direction, except to the extent that the Memorandum of Incorporation, or the instrument appointing the proxy, provides otherwise.
9. If the Company issues an invitation to shareholders to appoint one or more persons named by the Company as a proxy, or supplies a form of instrument for appointing a proxy:
  - i. the invitation must be sent to every shareholder which is entitled to notice of the meeting at which the proxy is intended to be exercised;
  - j. the invitation, or form of instrument supplied by the Company for the purpose of appointing a proxy, must:
    - ix. bear a reasonably prominent summary of the rights established by this section;
    - x. contain adequate blank space, immediately preceding the name or names of any person or persons named in it, to enable a shareholder to write in the name and, if so desired, an alternative name of a proxy chosen by the shareholder; and

## SHAREHOLDER RIGHTS CONTINUED

- xi. provide adequate space for the shareholder to indicate whether the appointed proxy is to vote in favour of or against any resolution or resolutions to be put at the meeting, or is to abstain from voting;
  - k. the Company must not require that the proxy appointment be made irrevocable; and
  - l. the proxy appointment remains valid only until the end of the meeting at which it was intended to be used, subject to subsection (5).
10. Subsection (8)(b) and (d) do not apply if the Company merely supplies a generally available standard form of proxy appointment on request by a shareholder.

# FORM OF PROXY

**PURPLE GROUP LIMITED**  
 Incorporated in the Republic of South Africa  
 Registration Number: 1998/013637/06  
 JSE Share Code: PPE  
 ISIN: ZAE000185526  
 (“Purple Group” or “the Company”)

**FOR USE BY SHAREHOLDERS WHO CANNOT ATTEND THE ANNUAL GENERAL MEETING OF THE COMPANY BUT WISHES TO BE REPRESENTED THEREAT**

Where appropriate and applicable, the terms defined in the notice of Annual General Meeting to which this form of proxy is attached bear the same meanings in this form of proxy.

For use by shareholders of the Company, registered as such at the close of business on **Friday, 13 January 2023**, being the voting record date (“**Voting Record Date**”), at the annual general meeting of the Company to be held entirely by electronic communication on **Friday, 20 January 2023 at 10:00** (hereinafter referred to as “**Annual General Meeting**” or “**AGM**”) or any postponement of this meeting.

I/We (FULL NAME IN BLOCK LETTERS) \_\_\_\_\_

of (ADDRESS) \_\_\_\_\_

being the holder/s of \_\_\_\_\_ issued shares in the Company hereby appoint:

1. \_\_\_\_\_ or failing him/her,
2. \_\_\_\_\_ or failing him/her,
3. the chairperson of the annual general meeting,

as my/our proxy to attend, speak and vote for me/us and on my/our behalf at the Annual General Meeting and/or at any postponement or adjournment thereof, for the purpose of considering and, if deemed fit, passing, with or without modification, the resolutions to be proposed at the Annual General Meeting, and to vote on the resolutions in respect of the ordinary shares registered in my/our name(s), in the following manner:

RESOLUTIONS	NUMBER OF SHARES		
	*IN FAVOUR OF	*AGAINST	ABSTAIN
Ordinary resolution number 1: Adoption of annual financial statements for the year ended 31 August 2022			
Ordinary resolution number 2: Remuneration of auditors			
Ordinary resolution number 3: Appointment of auditors			
Ordinary resolution number 4.1: Re-election of Mr. Mark Barnes			
Ordinary resolution number 4.2: Re-election of Mr. Arnold Forman			
Ordinary resolution number 4.3: Re-election of Mr. Bonang Mohale			
Ordinary resolution number 5: Ratification of appointment of William Bassie Maisela			
Ordinary resolution number 6: To place the unissued shares of the Company under the control of the directors			
Ordinary resolution number 7: To authorise the Company to issue shares and to sell treasury shares for cash under a general authority			
Ordinary resolution number 8: To authorise the directors as signatories			
Ordinary resolution number 9: Non-binding advisory note on remuneration policy			
Ordinary resolution number 10: Non-binding advisory note on implementation report of remuneration policy			
Ordinary resolution number 11.1: Election of Mr. Arnold Forman as Chairman of the Audit Committee			
Ordinary resolution number 11.2: Election of Mr. Happy Ntshingila as a member of the Audit Committee			
Ordinary resolution number 11.3: Election of Mr. Craig Carter as a member of the Audit Committee			
Special resolution number 1: Non-executive directors’ remuneration to next AGM			
Special resolution number 2: Financial assistance to related and inter-related entities			
Special resolution number 3: Awarding of shares and provision of financial assistance in connection therewith			

\* One vote per share held by shareholders recorded in the register on the Voting Record Date.

\* Mark “in Favour of”, “against” or “abstain” as required. If no options are marked, the proxy will be entitled to vote as he/she thinks fit.

Unless otherwise instructed, my/our proxy may vote or abstain from voting as he/she thinks fit.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2022/2023

Signature of shareholder(s) \_\_\_\_\_  
 Assisted by me (where applicable) \_\_\_\_\_

# NOTES TO THE FORM OF PROXY

1. Purple Group shareholders who have dematerialised their shares through a CSDP or broker must not complete this form of proxy but must provide their CSDP or broker with their voting instructions, except for Purple Group shareholders who have elected "own-name" registration in the sub-register through a CSDP or broker, It is these shareholders who must complete this form of proxy and lodge it with the transfer secretaries.
2. Holders of dematerialised Purple Group shares wishing to attend the Annual General Meeting must inform their CSDP or broker of such intention and request their CSDP or broker to issue them with the relevant authorisation to attend.
3. A member entitled to attend and vote at the Annual General Meeting may appoint one or more proxies to attend, vote and speak in his/her/its stead at the Annual General Meeting. A proxy need not be a member of the Company.
4. A member may insert the name of a proxy or the names of two alternative proxies of the member's choice in the space/s provided, with or without deleting "the Chairman of the Annual General Meeting", but any such deletion must be initialled by the member. The person whose name stands first on the form of proxy and who is present at the Annual General Meeting will be entitled to act as proxy to the exclusion of those whose names follow.
5. Please insert an "X" in the relevant spaces according to how you wish your votes to be cast, However, if you wish to cast your votes in respect of a lesser number of shares than you own in the Company, insert the number of shares held in respect of which you desire to vote. Failure to comply with the above will be deemed to authorise the proxy to vote or to abstain from voting at the Annual General Meeting as he/ she deems fit in respect of all the member's votes exercisable thereat. A member or his/her proxy is not obliged to use all the votes exercisable by the member or by his/her proxy, but the total of the votes cast and in respect whereof abstention is recorded may not exceed the total of the votes exercisable by the member or by his/her proxy. Holders of dematerialised shares, other than with "own-name" registration must inform their CSDP or broker of whether or not they intend to attend the Annual General Meeting and obtain the necessary authorisation from their CSDP or broker to attend the Annual General Meeting or provide their CSDP or broker with their voting instructions should they not be able to attend the Annual General Meeting.
6. Forms of proxy must be received at the Company's Transfer Secretaries by hand at CTSE Registry Services, 5th Floor, Block B, The Woodstock Exchange Building, 66-68 Albert Road, Woodstock, 7925 or by email at purple@4axregistry.co.za by no later than 10:00 on Wednesday, 18 January 2023.
7. The completion and lodging of this form of proxy will not preclude the relevant member from attending the Annual General Meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof.
8. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form of proxy unless previously recorded by the Company's Transfer Secretaries or waived by the Chairman of the Annual General Meeting.
9. Any alteration or correction made to this form of proxy must be initialled by the signatory/ies.
10. A minor must be assisted by his/her parent or guardian unless the relevant documents establishing his/her legal capacity are produced or have been registered by the transfer secretaries of the Company.
11. The Chairman of the Annual General Meeting may reject or accept a form of proxy which is completed and/or received, other than in accordance with these notes, if the Chairman is satisfied as to the manner in which the member wishes to vote.

# CORPORATE INFORMATION

## NATURE OF BUSINESS

Purple Group Limited is a financial services company.

## DIRECTORS

Happy Ntshingila	Independent non-executive Chairman
Mark Barnes	Non-executive director
Charles Savage	Group CEO
Gary van Dyk	Group CFO
Arnold Forman	Independent non-executive director
Craig Carter	Independent non-executive director
Bonang Mohale	Non-executive director
Paul Rutherford	Non-executive director
William Bassie Maisela	Independent non-executive director

## BUSINESS ADDRESS

16th Floor  
25 Owl Street  
Braamfontein Werf  
2092

## POSTAL ADDRESS

PO Box 411449  
Craighall  
2024

## BANKERS

Mercantile Bank Limited

## AUDITORS

BDO South Africa Incorporated  
Registered Auditors

## GROUP SECRETARY

CTSE Registry Services Proprietary Limited  
5th Floor, Block B  
The Woodstock Exchange Building  
66-68 Albert Road  
Woodstock  
7925

## SHARE REGISTRARS

CTSE Registry Services Proprietary Limited  
5th Floor, Block B  
The Woodstock Exchange Building  
66-68 Albert Road  
Woodstock  
7925

## COMPANY REGISTRATION NUMBER

1998/013637/06

## ISIN

ZAE000185526

## VAT REGISTRATION NUMBER

4640178168

## TAX NUMBER

9552/065/64/2



**PURPLE GROUP**  
LIMITED

16TH FLOOR 25 OWL STREET | AUCKLAND PARK | JOHANNESBURG | 2092

[www.purplegroup.co.za](http://www.purplegroup.co.za)