PURPLE GROUP
LIMITED

Financial Statements

FOR YEAR ENDED 31 AUGUST 2023

WEWORK SHARED WORKING SPACE | ROSEBANK | JOHANNESBURG | 2092

www.purplegroup.co.za

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SEPARATE FINANCIAL STATEMENTS

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

These separate financial statements have been audited in compliance with section 30(2)(a) of the Companies Act of South Africa.

Published 30 November 2023

DIRECTORS' RESPONSIBILITY FOR FINANCIAL REPORTING

The directors are responsible for the preparation and fair presentation of the separate financial statements of Purple Group Limited, comprising the separate statement of financial position as at 31 August 2023, and the separate statement of profit or loss and other comprehensive income, the separate statement of changes in equity and the separate statement of cash flows for the year then ended, and notes to the separate financial statements, which include a summary of significant accounting policies and other explanatory notes in accordance with International Financial Reporting Standards (IFRS), the South African financial reporting requirements, the requirements of the Companies Act of South Africa and the Listing Requirements of the JSE Limited, which are supported by prudent judgements and estimates, and the Directors' Report.

The directors are also 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's ability to continue as a going concern and have no reason to believe that it will not be a going concern in the year ahead.

The auditor is responsible for reporting on whether the separate financial statements are fairly presented in accordance with International Financial Reporting Standards (IFRS), the South African financial reporting requirements, the requirements of the Companies Act of South Africa and the Listing Requirements of the JSE Limited, and in conformity with International Standards on Auditing.

APPROVAL OF THE SEPARATE FINANCIAL STATEMENTS

The separate financial statements of Purple Group Limited, which appear on pages 12 to 51 were authorised for issue by the Board of directors on 30 November 2023 and are signed on their behalf.

Charles Savage

Chief Executive Officer

Happy Ntshingila

Non-executive Chairman

DIRECTORS' REPORT

The directors submit their annual report on the activities of Purple Group Limited ("the Company") for the year ended 31 August 2023.

BUSINESS OPERATIONS

Purple Group Limited, registered and incorporated in the Republic of South Africa, is a financial services company listed on the "Financials – General Financial" sector of the JSE. It has subsidiaries that operate in trading, investing and asset management.

FINANCIAL REVIEW

The Company recognised a net loss after tax of R32.4 million (2022: R18.2 million) for the 2023 reporting period. Shareholders' funds have increased from R425.9 million in 2022 to R509.1 million in 2023.

DIRECTORS

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

Executive
Charles Savage (CEO)
Gary van Dyk (CFO)

Non-executive
Arnold Forman*
Bassie Maisela*
Bonang Mohale
Craig Carter *
Happy Ntshingila (Chairman)*
Mark Barnes
Paul Rutherford

*Independent non-executive

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

	2023				2022			
	Beneficial		**% Holding**		Beneficial		% Holding	
	Direct	**Indirect**	**Direct**	**Indirect**	Direct	Indirect	Direct	Indirect
Mark Barnes	**22,276,610**	**77,296,172**	**1.59**	**5.51**	16,960,321	70,138,108	1.36	5.61
Craig Carter	**2,129,577**	**-**	**0.15**	**-**	1,932,366	-	0.15	-
Charles Savage	**35,444,964**	**296,990**	**2.53**	**0.02**	36,162,561	954,596	2.89	0.08
Gary van Dyk	**28,325,278**	**-**	**2.02**	**-**	19,702,197	-	1.58	-
Bonang Mohale	**-**	**15,099,589**	**0.00**	**1.08**	-	21,763,282	-	1.74
William Bassie Maisela	**-**	**2,644,672**	**-**	**0.19**				
Paul Rutherford	**-**	**2,411,283**	**-**	**0.17**	-	2,227,505	-	0.18
	88,176,429	**97,748,706**	**6.29**	**6.97**	74,757,445	95,083,491	5.98	7.61

None of the directors of the Company have traded any of the shares held by them between 31 August 2023 and the issued 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 (2022: 6,000,000) shares by exercising share options on 26 January 2023, and a further 2,623,081shares by following his rights in the 2023 Purple Group Limited rights offer, and sold 0 (zero) shares (2022: 6,000,000).
- Charles Savage acquired 0 (zero) (2022: 12,000,000) shares by exercising share options, and 3,282,405 shares by following his rights in the 2023 Purple Group Limited rights offer, and sold 4,000,000 shares (2022: 7,280,000).
- Mark Barnes acquired 5,000,000 (2022: 1,660,000) shares by exercising share options on 26 January 2023, and a further 316,289 shares by following his rights in the 2023 Purple Group Limited rights offer, and sold 0 (zero) (2022: 20,913,571) shares of his direct holdings.
  - Mark acquired a further 7,158,064 indirect share by following his rights in the 2023 Purple Group Limited rights offer through his investment company, Business Venture Investments No 184 Proprietary Limited.
- Bonange Mohale sold 6,663,693 of his indirect holdings during the year (2022: 2,715,000).
- Craig Carter acquired 197,211 shares by following his rights in the 2023 Purple Group Limited rights offer, and sold 0 (zero) shares (2022: 0 (zero)).
- Paul Rutherford acquired 183,778 indirect shares by following his rights in the 2023 Purple Group Limited rights offer, and sold 0 (zero) shares (2022: 0 (zero)).
- William Bassie Masiela acquired 244,912 indirect shares by following his rights in the 2023 Purple Group Limited rights offer, and sold 0 (zero) shares (2022: 0 (zero)).

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 is 1,402,102,267 (2022: 1,250,355,282).

SUBSIDIARIES

The Company has direct holdings in the following subsidiaries:

- 70% of the issued share capital of First World Trader Proprietary Limited,
- 100% of the issued share capital of GT247.com Proprietary Limited,
- 100% of the issued share capital of EasyAssetManagement Proprietary Limited(formerly known as Emperor Asset Management Proprietary Limited)
- 49.02% of the issued share capital of Easy Crypto SA Proprietary Limited

Refer to notes 6 and 20.

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.

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

The legacy employee Share Option Scheme from 2005 is nearing the end of it's life with no new options being granted. The Share Option Scheme has 27,817,083 (2022: 45,996,938) options in issue to the directors and staff of Purple Group. Details of the options in issue are disclosed in Note 14 to the financial statements.

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 separate financial statements, which significantly affect the financial position at 31 August 2023 or the results of operations or cash flows for the year then ended. Refer to note 21 on page 51 of the financial statements

DIRECTORS' REPORT CONTINUED

GOING CONCERN

The financial statements have been prepared on a going-concern basis. The Company having accumulated losses and current liabilities in excess of current assets is supported by a overdraft facility of R14.5 million to meet operational needs. As at year end the Company had drawndown R2.4 million. The Company has net equity of R509.1 million (2022 : R425.9million), which will allow for the Group companies to fund the operating costs and commitments of the Company should the need arise, and as such management prepared forecasts and the directors expect business growth to unfold 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 13 years. The Board of Directors confirm that there is an arm's length relationship with the auditors.

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Purple Group Limited

Report on the Audit of the Separate Financial Statements

Opinion
We have audited the separate financial statements of Purple Group Limited ("the company") set out on pages 12 to 51, which comprise the separate statement of financial position as at 31 August 2023, and the separate statement of profit or loss and other comprehensive income, the separate statement of changes in equity and the separate statement of cash flows for the year then ended, and notes to the separate financial statements, including a summary of significant accounting policies.

In our opinion, the separate financial statements present fairly, in all material respects, the separate financial position of Purple Group Limited as at 31 August 2023, and its separate financial performance and separate 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 Separate Financial Statements* section of our report. We are independent of the company 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.

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

Key audit matter	How our audit addressed the key audit matter
Assessment of investments in subsidiaries for impairment At 31 August 2023 the Company's investments in subsidiaries is carried at R 408mn million (note 6). In accordance with IAS 36 – Impairment of assets, the company is required to consider whether there are indicators of impairment with respect to investments in subsidiaries. The impairment test is considered a matter of most significance in our audit of the separate financial statements of the current year due to the significant judgements and assumptions applied by management	Our audit procedures included, amongst others: - We assessed the design and implementation of key controls in the impairment process as performed by management; - We evaluated the 2024 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 2024 forecasts. Furthermore, we evaluated management's 2025-2033 outlook, in particular to forecasted revenue; - We furthermore compared the assumptions applied to the historical performance of the

when calculating the discounted cash flows, in order to determine whether the recoverable amounts exceed the carrying value of investments.

As disclosed in note 6 to the separate financial statements, an impairment of R 24.2mn on the Investment in EasyCrypto Proprietary Limited, and an impairment of R 15.8mn in Easy Asset Management Proprietary Limited was accounted for in profit and loss in the current year.

entity, local economic development and industry outlook, taking into account the sensitivity of the balance to changes in the respective assumptions;

- 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 company's impairment testing are those relating to growth in revenue, driven by trading activity;
- We made use of our internal valuation expertise to assess the valuation models and related key inputs and assumptions for reasonability, and assessed whether the methods applied are consistent with IFRS and industry norms;
- We tested the integrity and mathematical accuracy of the value in use impairment calculations by re-performing the calculations; and
- We considered the adequacy of the company's disclosures in terms of IFRS.

Deferred tax asset recoverability assessment (Note 10)

In terms of IAS 12 Deferred tax, 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.

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.

As a result of the above, the assessment of the recognition of the deferred tax asset was considered to be a matter of most significance in the audit of the separate financial statements of the current year.

Our audit procedures included, amongst others:

- We discussed with management and assessed the forecasts prepared to determine 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;
- We evaluated the reliability of the underlying data used to prepare the budgeted forecasts, by comparing the significant inputs to historical performance;
- We inspected supporting evidence relating to the key assumptions applied in the forecasts for reasonability and where possible compared the assumptions used to external market factors;
- We 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 assessing assumptions and evaluating implementation of prior tax planning opportunities; and
- We evaluated the adequacy of disclosures in terms of IFRS.

INDEPENDENT AUDITOR'S REPORT CONTINUED

Other Information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Purple Group Limited Financial Statements for the year ended 31 August 2023" and in the document titled "Purple Group Limited Annual Financial Statements for the year ended 31 August 2023", 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 separate 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 separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the separate 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 Separate Financial Statements

The directors are responsible for the preparation and fair presentation of the separate 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 separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the separate financial statements, the directors are responsible for assessing the company'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 company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the separate 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 separate 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 separate 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 company'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 company'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 separate 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 company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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 separate 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 13 years.

BDO South Africa Inc.
BDO South Africa Inc. (Nov 30, 2023 15:05 GMT+2)

BDO South Africa Incorporated
Registered Auditors

V Pretorius
Director
Registered Auditor

30 November 2023

Wanderers Office Park
52 Corlett Drive
Illovo, 2196

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	2023 R'000	2022 R'000
Revenue	1	**19,888**	21,758
Expenses before other income, interest, depreciation, fair value and impairment adjustments	2	**(20,122)**	(17,819)
Net(loss)/income		**(234)**	3,939
Other income		**11**	-
(Loss)/earnings before interest, depreciation, fair value and impairment adjustments		**(223)**	3,939
Finance income	3	**124**	-
Finance costs	3	**(1,133)**	(1,669)
Depreciation	2	**(9)**	(14)
(Loss)/earnings before fair value, impairment adjustments and tax		**(1,241)**	2,256
Fair value and impairment adjustments	4	**(40,069)**	(22,201)
Loss before tax		**(41,310)**	(19,945)
Tax benefit	5	**8,887**	1,728
Loss for the period		**(32,423)**	(18,217)
Other comprehensive income		**-**	-
Total comprehensive loss		**(32,423)**	(18,217)

STATEMENT OF FINANCIAL POSITION

	Notes	2023 R'000	2022 R'000
ASSETS			
Equipment		60	5
Investment in subsidiaries	6	408,607	343,355
Investments	7	18,255	18,224
Receivables	8	1,526	1,526
Loan to group company	9	10,026	10,026
Deferred tax assets	10	71,971	63,084
Total non-current assets		**510,445**	436,220
Trade and other receivables	11	5,797	11,633
Cash and cash equivalents	12	275	275
Total current assets		**6,072**	11,908
Total assets		**516,517**	448,128
EQUITY AND LIABILITIES			
Share capital	13	787,902	667,160
Accumulated loss		(282,409)	(249,986)
Other reserves	13	3,645	8,741
Total equity		**509,138**	425,915
Borrowings	15	-	8,438
Trade and other payables	16	4,956	5,578
Bank overdraft	12	2,423	8,197
Total current liabilities		**7,379**	22,213
Total equity and liabilities		**516,517**	448,128

STATEMENT OF CHANGES IN EQUITY

	Notes	Share Capital R'000	Accumulated loss R'000	Share-based payment reserve R'000	Total R'000
Balance at 31 August 2021		**553,302**	**(252,789)**	**35,868**	**336,381**
Total comprehensive loss for the period					
Loss for the period		-	(18,217)	-	(18,217)
Contributions by and distributions to owners					
Shares issued - EasyCrypto acquisition	13	61,275	-	-	61,275
Shares issued - RISE acquisition	13	22,570	-	-	22,570
Share-based payment expense - Company	15	-	-	931	931
Share-based payment expense - Subsidiaries	15	-	-	1,774	1,774
Reclassification of share-based payment reserve		-	-	417	417
Share options exercised - transfer from share-based payment reserve	13	9,229	-	(9,229)	-
Share options exercised - exercise price paid	13	20,784	-	-	20,784
Transfer to accumulated loss		-	21,020	(21,020)	-
Balance at 31 August 2022		**667,160**	**(249,986)**	**8,741**	**425,915**
Total comprehensive loss for the period					
Loss for the period		-	(32,423)	-	(32,423)
Contributions by and distributions to owners					
New shares issued - Purple Group Limited Rights Offer	13	102,546	-	-	102,546
Share options exercised - paid in capital	13	12,580	-	-	12,580
Share options exercised - transfer from share based payment reserve	13	5,616	-	(5,616)	-
Share-based payment expense - Company	15	-	-	169	169
Share-based payment expense - Subsidiaries	15	-	-	351	351
Balance at 31 August 2023		**787,902**	**(282,409)**	**3,645**	**509,138**

STATEMENT OF CASH FLOWS

	Notes	2023 R'000	2022 R'000
Cash flows generated by operating activities			
Cash generated from/(utilised by) operations		**5,149**	(14,807)
Finance income	3	**124**	-
Finance costs	3 & 15	**(1,571)**	(1,603)
Cash flows generated from /(utilised by) operating activities		**3,702**	(16,410)
Cash flows from investing activities			
Acquisition of additional shares - First World Trader Proprietary Limited	6	**(105,001)**	-
Acquisition of equipment		**(64)**	-
Disposal of equipment		**11**	-
Cash flows utilised in investing activities		**(105,054)**	-
Cash flows from financing activities			
Proceeds from the issue of share capital	13	**102,546**	17,579
Proceeds from exercised share options	13	**12,580**	-
Repayments of borrowings	15	**(8,000)**	(5,500)
Cash flows generated from financing activities		**107,126**	12,079
Net increase in cash and cash equivalents		**5,774**	(4,331)
Cash and cash equivalents at beginning of period		**(7,922)**	(3,591)
Cash and cash equivalents at the end of the period	12	**(2,148)**	(7,922)

NOTES TO THE STATEMENT OF CASH FLOWS

RECONCILIATION OF CASH GENERATED from/(utilised BY) OPERATIONS

	Notes	**2023 R'000**	2022 R'000
Loss before tax		**(41,310)**	(19,945)
Adjustments for:			
– Finance income	3	**(124)**	-
– Finance costs	3	**1,133**	1,669
– Depreciation	2	**9**	14
– Fair value adjustments	4	**(31)**	-
– Impairment adjustments	4	**40,100**	22,201
– Forex profit		**(1)**	-
– Profit on disposal of assets		**(11)**	-
– Share-based payment expense	2	**169**	931
		(66)	4,870
Movement in working capital			
Increase in trade and other receivables		**5,836**	(4,068)
Increase/(decrease) in trade and other payables		**(621)**	(15,609)
		5,149	(14,807)

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 WeWork - CoWorking Office Space, 1F 173 Oxford Road, Rosebank, Gauteng, 2196.

Basis of preparation

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

The separate financial statements were authorised for issue by the Board of Directors on 30 November 2023.

The separate financial statements of the Company is available for inspection on http://www.purplegroup.co.za

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

The financial statements have been prepared on the historical cost-basis except for the following:
- Share-based payments are measured at fair value at grant date; and
- Financial instruments at fair value through profit or loss.

The methods used to measure fair value are discussed further on pg : Determination of fair values.

These separate financial statements are presented in South African Rand, which is the Company'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 separate 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.

Significant Judgement

Investment in subsidiaries

The company assesses in the recoverable amount of the investment in subsidiaries based on the recoverable amount of the individual subsidiaries.

EasyCrypto SA Proprietary Limited ("EasyCrypto")
In 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 the subsidiary First World Trader Proprietary Limited 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 it's 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 notes 6.

EasyAssetManagement Proprietary Limited("EAM")

Purple Group Limited owns 100% of EAM shareholding, which is closely linked to the First World Trader Proprietary Limited("EasyEquities") business, insofar as retail distribution is concerned. EasyAssetManagement Proprietary Limited offers its asset management services to the EasyEquities client base in the form of managed segregated portfolios, called bundles on the EasyEquities platform. The bundle forecasts contracted significantly in the EasyEquities business taking into consideration the current uptake of this product on the EasyEquities platform, resulting in using significant judgements when assessing EasyAssetManagment business. Refer to notes 6.

Loans to group companies

The company assesses expected credit losses for inter-group receivables based on the general model.

Estimation uncertainty

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

Income taxes (note 5)

The Company recognises the future tax benefits related to deferred tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred income tax assets requires the Company to make estimates related to expectations of future taxable income.

Estimates of future taxable income and future taxable capital gains are based on forecast cash flows which also incorporates tax planning opportunities from operations and the application of existing tax laws in South Africa. To the extent that future cash flows, future taxable income and taxable capital gains differ significantly from estimates, the ability of the Company to realise the net deferred tax assets recorded at the reporting date could be impacted.

Investment In subsidiaries (note 6)

Determining whether investment in subsidiaries are impaired requires directors to identify indicators of impairment. Once indicators of impairment are identified an estimation of the value in use of the investment is determined. 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 the originally expected, an impairment loss may arise.

Share-based payments (note 14)

The Company issues equity-settled share-based payments to executive directors and certain employees. The fair value of these instruments is measured at grant date, using the Black-Scholes valuation model, which requires assumptions regarding the estimated term of the option, share price volatility and expected dividend yield. While the Company's management believes that these assumptions are appropriate, the use of different assumptions could have an impact on the fair value of the option granted and the related recognition of the share-based payments expense in the statement of profit or loss.

Going Concern (note 22)

The financial statements have been prepared on a going-concern basis. The Company having accumulated losses and current liabilities in excess of current assets is supported by a overdraft facility of R14.5 million to meet operational needs. As at year end the Company had drawndown R2.4 million. The Company has net equity of R509.1 million (2022 : R425.9million), which will allow for the Group companies to fund the operating costs and commitments of the Company should the need arise, and as such management prepared forecasts and the directors expect business growth to unfold over the next 12 months and are confident that the Company will continue trading as a going concern.

ACCOUNTING POLICIES CONTINUED

Valuation of financial instruments (note 17)

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

Fair values of financial assets and liabilities that are traded in active markets are based on quoted market prices or dealer price quotations. For all other financial instruments, the Company determines fair values using valuation techniques (see page 41)

The Company 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 Company 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.

Investments in subsidiaries

Investments in subsidiaries are carried at cost less any accumulated impairment losses.

The cost of an investment in a subsidiary is the aggregate of:
- the fair value, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the company; plus
- any costs directly attributable to the purchase of the subsidiary.

An adjustment to the cost of a business combination contingent on future events is included in the cost of the combination if the adjustment is probable and can be measured reliably.

Loans to group companies

This includes a loan to subsidiaries and is recognised initially at fair value plus direct transaction costs. Loans to group companies are classified as financial assets measured at amortised cost. The company assesses expected credit losses for inter-group receivables.

A loan is considered to be in default when there is evidence that the borrower is in significant financial difficulty such that it will have insufficient funds to repay the loan on demand. This is assessed on a number of factors including various liquidity and solvency ratios.This is a loan to a subsidiary and is recognised initially at fair value plus direct transaction costs. Loans to group companies are classified as financial assets measured at amortised cost. The company assesses expected credit losses for inter-group receivables based on the general method.

Financial instruments

Non-derivative financial instruments

Recognition and initial measurement
Financial assets and financial liabilities are initially recognised when the Company 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 11).
  - Cash and cash equivalents are measured at amortised cost less ECLs (Note 12).

All financial assets not classified as measured at amortised cost as described above are measured at FVTPL (Note 7).

Trade receivables are carried at amortised cost less ECLs (expected credit losses) using the Company'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.

Financial liabilities – Classification, subsequent measurement and gains and losses

On initial recognition, a financial liability is classified as measured
- at amortised cost;
- or FVTPL.

A financial liability is classified as at FVTPL if
- it is classified as held-for-trading; or
- 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.

The client open position liability (note 21) is a derivative financial liability classified as at FVTPL.

ACCOUNTING POLICIES CONTINUED

Impairment

The Company recognises loss allowances for expected credit losses ("ECLs") on financial assets measured at amortised cost. The general model applies to staff loans and intercompany loans. 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 Company 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 Company'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 Company is exposed to credit risk.

Impairment provisions for trade and other 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 Company 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.

Impairment of financial assets
The company considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affects the expected collectability of the future cash flows of the instrument. In applying this forward-looking approach, a distinction is made between

- Stage 1 - financial instruments that have deteriorated significantly in credit quality since initial recognition or that have low credit risk ;
- Stage 2 - financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low; and
- Stage 3 - would cover financial instruments that have objective evidence of impairment at the reporting date.

'12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category. Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Derecognition of financial instruments

The Company 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 Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company 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.

ACCOUNTING POLICIES CONTINUED

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 and the resulting surplus or deficit on the transaction is presented within equity.

Transfer between the share-based payment reserve and share capital

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

Expired and lapsed share options is elected by the Company to be transferred from the share based payment reserve to retained income.

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 (2022: 3 years)
Furniture and fittings	6 years (2022: 6 years)

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

Impairment

Non-financial assets

The carrying amounts of the Company'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.

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 Company 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).

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 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 Company 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 Company. 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.

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 forfited, have expired or where an employee has resigned.

Revenue

Revenue is recognised net of VAT (where applicable). Management Fees are recognised as and when services are rendered over time.

Inter-company cost recoveries are recognised when the company's right to receive payment has been established

Finance costs

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

ACCOUNTING POLICIES CONTINUED

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. 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.

Standards and interpretations effective and adopted for the first time in the 2023 financial year

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

Standard(s) Interpretation(s) Amendment(s)	Nature of the change	Salient features of the changes	Impact on financial position or performance
IFRS 9 Financial Instruments	Amendment	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.	None
IAS 16 Property, Plant and Equipment	Amendment	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.	None

ACCOUNTING POLICIES CONTINUED

New standards and interpretations issued but not yet effective

At the date of authorisation of the separate financial statements for the year ended 31 August 2023, the following Standards and Interpretations were in issue but not yet effective that are applicable to the activities of the Company:

Standard/ Interpretation	Salient features of the changes	Annual periods beginning on or after	Estimated impact on financial position or performance
IAS 1 Presentation of Financial Statements	• 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. • 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.	1 January 2024 1 January 2023	None None, however disclosure will be impacted
IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors	• 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.	1 January 2023	None
IAS 12 Income Taxes	• 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. • In May 2023, the IASB issued amendments to IAS 12 to introduce a temporary mandatory exception to the accounting for deferred taxes arising from jurisdictional implementation of the Pillar Two model rules	1 January 2023 Immediately and retrospectively	None None

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

The adoption of the other standards and amendments not specifically disclosed will not have a significant effect, other than additional disclosure.

1. Revenue

	2023 R'000	2022 R'000
Management fees	**19,888**	21,758

Revenue is recognised over time and relates to contract revenue.

2. Expenses before other income, interest, depreciation, fair value and impairment adjustments

	2023 R'000	2022 R'000
Employee benefit expenses	**16,765**	15,320
- Short-term employee benefits	16,596	14,389
- Share-based payment expense	169	931
IT Costs	**42**	204
Professional services	**1,435**	807
Listing expenses	**1,084**	834
Office Costs	**350**	116
Depreciation	**9**	14
- Computer equipment	8	14
- Furniture and fittings	1	-

3. Finance costs

	2023 R'000	2022 R'000
Interest income on bank deposits	(124)	-
Total interest income	(124)	-
Interest on borrowings	506	949
Interest on bank overdraft	627	720
Total finance costs	1,133	1,669

4. Fair value and impairment adjustments

	Notes	2023 R'000	2022 R'000
Fair value movement of investment in Evolution Credit Limited	7	31	-
Impairment of EasyAssetManagement Proprietary Limited	6	(15,855)	(22,201)
Impairment of Easy Crypto SA Proprietary Limited	6	(24,245)	-
		(40,069)	(22,201)

Please refer to notes 6 and 7 for further information regarding the fair value and impairment adjustments of investments.

5. Income tax

	Note	**2023 R'000**	2022 R'000
Recognised in profit or loss		**-**	-
Current tax expense		**-**	-
Deferred tax expense		8,887	1,728
Payables and accruals		(98)	199
Prepayments		(17)	75
Investments		8,655	4,973
Assessed tax loss		347	(1,183)
Origination and reversal of temporary differences		**8,887**	4,064
Recognition of assessed tax loss	10	-	-
Tax rate adjustment		-	(2,336)
Total deferred tax		**8,887**	1,728
Total current and deferred tax		**8,887**	1,728
Reconciliation of effective tax rate :		**%**	%
Income tax recognised in profit or loss		**21.5**	8.7
Impairment adjustment on EasyAssetManagement Proprietary Limited		2.1	6.2
Impairment adjustment on Easy Crypto SA Proprietary Limited		3.2	-
Non-deductible expenses:		**0.2**	1.4
Legal fees			0.1
Professional fees		0.1	-
Share-based payments expense		0.1	1.3
Tax rate adjustment		-	11.7
Domestic tax rate		**27**	28

6. Investments in subsidiaries

Name of company	2023 % holding	2023 Carrying amount	2022 % holding	2022 Carrying amount
First World Trader Proprietary Limited	**70**	**324,589**	70	219,400
GT247 Proprietary Limited	**100**	**13,498**	100	13,338
EasyAssetManagement Proprietary Limited	**100**	**33,491**	100	49,342
Easy Crypto SA Proprietary Limited	**49.02**	**37,029**	49.02	61,275
		408,607		343,355

	Note	2023 R'000	2022 R'000
Cost of investments - beginning of period		**396,969**	310,935
Acquisition - Easy Crypto SA Proprietary Limited		**-**	61,275
Share based expenses of subsidiaries		**351**	1,772
Acquisition of shares in First World Trader Proprietary Limited		**105,001**	22,987
Cost of investments		**502,321**	396,969
Accumulated impairment adjustments - beginning of period		**(53,614)**	(31,413)
Impairment of EasyAssetManagement Proprietary Limited	4	**(15,855)**	(22,201)
Impairment of Easy Crypto SA Proprietary Limited	4	**(24,245)**	-
Accumulated impairment adjustments		**(93,714)**	(53,614)
Carrying amount		**408,607**	343,355

Easy Crypto SA Proprietary Limited

In 2022 the Company acquired a 49.02% shareholding in Easy Crypto SA Proprietary Limited("EasyCrypto") for R61,274,510. Control was effective after being assessed and meeting the requirements of IFRS3: Business Combination. The Board of Purple Group Ltd has existing power over the EasyCrypto through First World Trader Proprietary Ltd who holds 50.98% of its shareholding and has existing rights that give it the ability to direct the relevant activities, exposure, or rights, to variable returns from its involvement with the entity, and has the ability to use its power to affect the amount of the its returns.

The primary operations of EasyCrypto provide its clients with access to its proprietary crypto online investment platforms, increasing the Groups offerings and market base to current and new customers.

The following key variables were used:

Key variables	2023	2022
Easy Crypto SA Proprietary Limited		
Discount period	**5 years**	10 years
Terminal growth rate (%)	**4.7**	5.0
Pre-tax discount rate (%)	**36.9**	36.5

A discount period of 5 years was used in the current year and is attributed to the increased uncertainty with regard to forecasting the crypto asset market conditions due to general market volatility. The higher discount rate applied during the current year reflects the lower risk-free rate used over the five year forecast period, as opposed to the ten-year rate used in the prior year.

An impairment of R24.2million was recognised in the current year due to the downturn of the crypto currency market.

EasyAssetManagement Proprietary Limited

The EasyAssetManagement Proprietary Limited(formerly known as Emperor Asset Management Proprietary Limited) business is closely linked to the EasyEquities business insofar as retail distribution is concerned. EasyAssetManagement Proprietary Limited offers its asset management services to the EasyEquities client base in the form of managed segregated portfolios, called bundles on the EasyEquities platform. The bundle forecasts contracted significantly in the EasyEquities business taking into consideration the current uptake of this product on the EasyEquities platform and historical loss trending, resulting in an impairment of the EasyAssetManagment business.

The following key variables were used:

Key variables	2023	2022
EasyAssetManagement Proprietary Limited		
Discount period	**10 years**	10 years
Terminal growth rate (%)	**5.0**	5.0
Pre-tax discount rate (%)	**27.1**	22.9

The discount rate applied during the current year reflects higher because of continued historical losses compared to pior 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.

An impairment of R15.9million(2022: R22.2 million)was recognised in the current year due to historical and current trend of being loss making.

The company and the subsidiary's business addresses are noted on page 52.

7. Investments

	2023 R'000 Fair Value	2022 R'000 Fair Value
The Company had the following unlisted investments		
Investments – recognised at fair value through profit or loss:		
- Evolution Credit Limited	**18,255**	18,224
Total investments	**18,255**	18,224

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

	2023 R'000	2022 R'000
Non-current asset - investments :		
Evolution Credit Limited	**18,255**	18,224
Total investments	**18,255**	18,224

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

	Note	2023 R'000	2022 R'000
Balance at 1 September		**18,224**	18,224
Fair value adjustments	4	**31**	-
Balance 31 August		**18,255**	18,224

Investment in Evolution Credit Limited

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

- 506 793 ordinary shares;
- 968 C2 preference shares; and
- 9325 B preference shares.

In addition, the Company holds an indirect investment in Evolution Credit Limited through Blockbuster Trading 3 Proprietary Limited (BBT) who holds 6,009,787 ordinary shares in Evolution Credit Limit, which translates to a 5% shareholding in Evolution Credit Limited

ASSUMPTIONS APPLIED IN DETERMINING FAIR VALUE

The fair value in respect of the Company's direct and indirect investment in Evolution Credit Limited 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 Limited creditors.

The values assigned to the key assumptions in the discounted cash flow model represent managements 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 (see page 41).

Key assumptions used – Evolution Credit Limited

	2023	2022
Discount period	**9.5 years**	9.5 years
Risk free rate (%)	**12.41**	10.89
Discount rate (%)	**22.90**	15.83
Terminal growth rate (%)	**3.0**	3.0

Sensitivity analysis
If the free cash flows in the discounted cash flow valuation had been 5% higher/lower, the Company's profit or loss would decrease/increase by < R0.1 million (2022: R0.7 million).

8. Receivables

	2023 R'000	2022 R'000
Deposits - non-currrent receivable	**131**	131
Loan receivable	**1,395**	1,395
	1,526	1,526

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

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. IFRS 2 is therefore not applicable to these loans and they have been accounted for as receivables.

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

For more information regarding the Company's exposure to interest rate and credit risk please refer to note 17.

9. Loan to group company

	2023 R'000	2022 R'000
EasyAssetManagement Proprietary Limited	**10,026**	10,026

This loan is unsecured, interest free, has no set repayment terms and has been subordinated in favour of all other creditors and there is no intension to call the loan within the next 12 months.

The expected credit loss percentage was calculated to be 0.1% as there were no evidence that the borrower is in significant financial difficulty such that it will have insufficient funds to repay the loan. There is no significant increase in credit risk. This was assessed based on the number of factors including various cash flow projections and solvency ratios. This assessment was performed qualitatively by reference to the borrower's cash flow and liquid asset position. The risk that the borrower will default on a demand loan is dependent on sufficient cash or other liquid assets to repay the loan immediately which was assessed as low and therefore 0.1%.

For more information regarding the Company's exposure to interest rate and credit risk please refer to note 17.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

10. Deferred tax

	2023 R'000	2022 R'000
Recognised deferred tax assets and liabilities		
Balance at the beginning of the period	**63,084**	61,357
Investments	**-**	10,712
Investments at carrying value	**8,655**	(7,037)
Payables and accruals	**(98)**	206
Receivables and prepayments	**(17)**	42
Assessed tax loss	**347**	(5,012)
Capital loss	**-**	2,816
Balance at the end of the period	**71,971**	63,084
Deferred tax comprises the following:		
Prepayments	**(75)**	(58)
Deferred tax liability	**(75)**	(58)
Investments	**43,676**	35,021
Payables and accruals	**648**	746
Assessed tax loss	**24,906**	24,559
Capital loss	**2,816**	2,816
Deferred tax asset	**72,046**	63,142
Net deferred tax assets	**71,971**	63,084

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

1. Earn a share of the asset management fees in respect of the IP it owns;
2. Generate risk advisory revenue from the GT247.com operations and;
3. The Company will take advantage of the deferred tax assets as at 31 August 2023 over the next three to seven years. The Company has accumulated tax losses of R92.2 million (2022: R91.0million) and capital losses of R13 million (2022: R13 million).

11. Trade and other receivables

	2023 R'000	2022 R'000
Related party receivables - Group companies	**-**	6,953
Prepayments	**501**	657
Accrued trade income	**-**	16
Share options[1]	**4,570**	3,205
Other receivables	**726**	802
	5,797	11,633

1 Gary van Dyk(CFO) exercised 6,000,000(2022: 4,000,000) share options.

The Company's exposure to credit and currency risks and credit losses related to trade and other receivables is disclosed in note 17. All of the above items fall under current assets.

All of the above items fall under current assets.

Related party receivables and other receivables are:
- Interest free bearing
- No fixed terms of repayment

Trade and other receivables are recognised at amortised cost in accordance with IFRS 9: Financial Instruments.

Expected credit loss assessment for customers at 31 August 2023

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The Company 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 Company 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 Company'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, given the Company's trading history in dealing with the relevant debtors.

12. Cash and cash equivalents

	2023 R'000	2022 R'000
Liquid cash	**275**	275
Bank overdraft	**(2,423)**	(8,197)
Cash and cash equivalents in the statement of cash flows	**(2,148)**	(7,922)

The Company's exposure to interest rate risk, credit risk and a sensitivity analysis for financial assets and liabilities are disclosed in note 17.

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

13. Share capital and reserves

	2023 Number of shares	2022 Number of shares
Authorised		
Ordinary shares of no par value	**2,000,000,000**	2,000,000,000
The number of shares in issue is as follows:		
Ordinary share capital[1]		
Share capital in issue at 1 September	**1,250,355,282**	1,181,004,638
New shares issued - EasyCrypto change in ownership	**-**	24,509,804
New shares issued - RISE business combination	**-**	9,028,080
New shares issued - Purple Group Rights Offer	**129,629,630**	-
Share options exercised and issued	**22,117,355**	35,812,760
In issue at reporting date	**1,402,102,267**	1,250,355,282

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.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

	Share Capital R'000	Total R'000
Balance at 31 August 2021	**553,302**	**553,302**
New shares issued - EasyCrypto acquisition	61,275	61,275
New shares issued - RISE acquisition	22,570	22,570
Share options exercised - paid in capital	20,784	20,784
Share options exercised - transfer from share based payment reserve	9,229	9,229.00
Balance at 31 August 2022	**667,160**	**667,160**
New shares issued - Purple Group Limited Rights Offer	102,546	102,546
Share options exercised - paid in capital	12,580	12,580
Share options exercised - transfer from share based payment reserve	5,616	5,616
Balance at 31 August 2023	**787,902**	**787,902**

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 Company has also issued share options to key management and staff (see note 14).

OTHER RESERVES

	2023 R'000	2022 R'000
Share-based payment reserve	**(3,889)**	8,741
Reconciliation of share-based payment reserves		
Balance as at 31 August	**8,741**	35,868
Share options exercised	**(5,616)**	(9,229)
Share-based payment expense	**520**	2,705
Reclassification to accumulated loss	**-**	(20,603)
Balance at 31 August	**3,645**	8,741

The above relates to share options granted by the Company to its employees under its employee share option scheme. For further information please refer to note 14.

14. 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
Total at 31 August 2018	**133,543,523**
Expired February 2019	(13,120,000)
Forfeiture 31 August 2019	(6,199,603)
Total at 31 August 2019	**114,223,920**
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)
Total at 31 August 2020	**153,668,015**
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)
Total at 31 August 2021	**86,091,249**
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)
Total at 31 August 2022	**45,996,938**
Exercised 26 January 2023	(16,992,355)
Exercised 27 February 2023	(1,125,000)
Forfeited 31 May 2023	(62,500)
Total at 31 August 2023	**27,817,083**

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

The options granted to directors are:

2023	Closing balance average exercise price (cents)	Opening Balance	Exercised	Closing balance	Number of options 2022
Mark Barnes	n/a	5,000,000	(5,000,000)	**-**	6,660,000
Charles Savage	31	7,000,000	-	**7,000,000**	19,000,000
Gary van Dyk	31	11,500,000	(6,000,000)	**5,500,000**	17,500,000
		23,500,000	(11,000,000)	**12,500,000**	43,160,000

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)	**5,000,000**	6,660,000
Charles Savage	31	19,000,000	(12,000,000)	**7,000,000**	19,000,000
Gary van Dyk	54	17,500,000	(6,000,000)	**11,500,000**	17,500,000
		43,160,000	(19,660,000)	**23,500,000**	43,160,000

	2023		2022	
	Weighted average exercise price (cents)	**Number of options**	Weighted average exercise price (cents)	Number of options
Outstanding at the beginning of the period	**47**	**45,996,938**	49	86,091,249
Forfeited during the period	**31**	**(62,500)**	39	(281,551)
Exercised during the period	**69**	**(18,117,355)**	56	(39,812,760)
Outstanding at the end of the period	**32**	**27,817,083**	47	45,996,938
Exercisable at the end of the period	**32**	**17,817,083**	59	25,121,938

The options outstanding at 31 August 2023 have been issued in a price range from 31 cents to 75 cents (2022: 31 cents to 76 cents) and have a weighted average exercise price of 32.00 cents (2022: 46.74 cents) and a weighted average contractual life of 3.30 years (2022: 2.91 years).

Share-based payment expenses of R0.17 million (2022: R0.93 million) were accounted for in profit or loss.

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 (2022: 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.

The expected volatility is based on the historic volatility (calculated based on the weighted average remaining life of the share options), adjusted for any expected changes to future volatility due to publicly available information.

No grants have been issued under the new 2022 Purple Group Incentive Scheme.

15. Borrowings

Notes	**2023 R'000**	2022 R'000
Industrial Development Corporation of South Africa Limited[1]	**-**	8,438

1 This loan was settled in full on 31 August 2023 with a final installment of R1.89m. Total payments of R8.9 million (2022: R6.4 million) were made during the year of which R8.0 million (2022: R5.5 million) was for capital and R0.9 million (2022: R0.9 million) was for interest. The loan beared interest at prime +1% per annum, compounded monthly and was repayable in monthly instalments

	2023 R'000	2022 R'000
Current payable	**-**	8,438
Non-current payable	**-**	-
	-	8,438

	2023 R'000	2022 R'000
Balance at beginning of period	**8,438**	13,872
Capital portion of loans repaid	**(8,000)**	(5,500)
Interest paid	**(944)**	(899)
Interest accrued	**506**	965
Balance at end of period	**-**	8,438

16. Trade and other payables

	Notes	2023 R'000	2022 R'000
Trade payables		**-**	721
Related party payables - Group companies		**293**	15
Other payables and accrued expenses		**1,095**	1,201
VAT payable		**1,705**	877
Employee benefit accruals		**1,863**	2,764
		4,956	5,578

The Company's exposure to liquidity risk related to trade and other payables is disclosed in note 17.

17. Financial instruments

Determination of fair values

A number of the Company'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 Company's risk management policies are established to identify and analyse the risks faced by the Company, 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 Company's activities. The Company aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company 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.

The Company 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 Company 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.

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
31 August 2023 Investments (at fair value through profit or loss)	7	**-**	**-**	**18,255**	**18,255**
31 August 2022 Investments (at fair value through profit or loss)	7	-	-	18,224	18,224

Financial assets and investments

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 Company'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 11).
  - Cash and cash equivalents are measured at amortised cost less ECLs (Note 12).

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.

Investment in Evolution Credit Limited Evolution Credit Limited (previously known as Real People Investment Holdings Limited).
These investments (note7) are carried at their estimated fair value as determined by the Board at the reporting date. The resultant increase or decrease in fair value is recognised in profit or loss.

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 Company's risk management policies are established to identify and analyse the risks faced by the Company, 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 Company's activities. The Company aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

Overview

The Company 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 Company's risk management framework and has delegated this responsibility to the Risk Management Committee. The management of the various Company divisions are responsible for implementing the risk policies.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, 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 Company's activities. The Company aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

CREDIT RISK

Credit risk is the risk of financial loss to the Company if a customer fails to meet its contractual obligations and arises principally from the Company's receivables.

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	**2023 R'000**	2022 R'000
Receivables	8	**1,526**	1,395
Investments	7	**18,255**	18,224
Loan to group companies	9	**10,026**	10,026
Trade and other receivables[1]	11	**726**	7,771
Cash and cash equivalents	12	**275**	275
		30,808	37,691

1 Excludes prepayments and share options

In respect of the staff loans the collateral held as security exceeds the loan amount thereby reducing the credit risk on these receivables.

The expected credit loss on loans to group companies, trade and other receivables was quantified at 0.1% and deemed insignificant due to the short-dated nature of trade receivables and loan receivables.

There are currently no other items that expose Purple Group Limited to credit risk.

LIQUIDITY RISK

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company'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 Company's reputation.

Liquidity risk is managed by ensuring the Company 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 2023:

	Notes	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[1]	16	**1,388**	**1,388**	**1,388**	-	-	**1,388**
Borrowings	15	-	-	-	-	-	-
Overdraft	12	**2,423**	**2,423**	**2,423**	-	-	**2,423**
		3,811	**3,811**	**3,811**	-	-	**3,811**

1 Excludes VAT payable and employee benefit accruals

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

	Notes	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[1]	16	1,937	1,937	1,937	-	-	1,937
Borrowings	15	8,438	8,887	8,887	-	-	8,887
Overdraft	12	8,197	8,197	8,197	-	-	8,197
		18,572	19,021	19,021	-	-	19,021

1 Excludes VAT payable and employee benefit accruals

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company'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 Asset Management Business (EAM) buys and sells derivatives, and also incurs financial liabilities, in order to manage market risks. All such transactions are carried out within the guidelines set by the Board and the Risk Committee.

Currency risk

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

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

No foreign currency is held by the Company.

INTEREST RATE RISK

The Company is exposed to interest rate risk on its cash and cash equivalents and bank overdraft that are linked to prime interest rates. The Company does not hedge these presently but would do so if it felt that it was necessary. Trade receivables and payables are not exposed to interest rate risks.

The Company'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.

Interest rate risk is mitigated primarily by matching variable rate financial assets with variable rate financial liabilities, as far as possible. The Company 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 Company's interest-bearing financial instruments was:

	Notes	Interest rates applicable	Carrying amount 2023 R'000	Carrying amount 2022 R'000
Variable rate instruments				
Borrowings	15	Prime less 1%	-	8,438
Bank overdraft	12	Prime	**2,423**	8,197
			2,423	16,635

Cash flow sensitivity analysis for variable rate instruments

A change of 200(2022:200) basis points in interest rates has been applied 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.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

	2023 Profit or loss		2022 Profit or loss	
	200bp increase R'000	**200bp decrease R'000**	50bp increase R'000	50bp decrease R'000
Variable rate instruments				
Bank overdraft	**(36)**	**36**	(119)	119

CLASSES OF FINANCIAL ASSETS AND LIABILITIES

	Notes	**2023 R'000**	2022 R'000
– Receivables	8	**1,395**	1,395
– Loans to group companies	9	**10,026**	10,026
– Trade and other receivables[1]	11	**726**	7,771
– Cash and cash equivalents	12	**275**	275
		12,422	19,467
Investments at fair value through profit or loss			
– Investments	7	**18,255**	18,224
		18,255	18,224
Financial liabilities at amortised cost			
– Trade and other payables[2]	16	**(1,388)**	(1,937)
– Borrowings	15	**-**	(8,438)
– Bank overdraft	12	**(2,423)**	(8,197)
		(3,811)	(18,572)

1 Excludes prepayments and share options

2 Excludes VAT payable and employee benefit accruals

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 Company is adequately funded to continue its growth and fund its investments. There were no changes in the Company's approach to capital management during the period.

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

The Company'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 Company'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 Company.

The Company sets the amount of capital it requires in proportion to risk. The Company 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 Company may adjust the amount of the dividend paid to the shareholders.

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

18. Contingencies

There are no contingencies at the reporting date.

19. Related parties

IDENTITY OF RELATED PARTIES

The Company has related party relationships as disclosed below.

TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL

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

	2023 R'000	2022 R'000
Employee benefits		
Non-executive directors		
Arnold Forman – fees	**373**	339
William Bassie Maisela - fees[1]	**373**	-
Bonang Mohale – fees	**180**	164
Craig Carter – fees	**373**	339
Happy Ntshingila – fees (Chairman)	**641**	582
Mark Barnes		
– fees (Purple Group Limited)	**205**	232
– fees (Subsidiary)	**500**	500
Paul Rutherford - fees	**205**	162
	2,850	2,318
Employee benefits		
Executive directors		
Charles Savage		
– salary and benefits	**5,107**	4,969
– bonus paid	**1,200**	2150
– share option expenses	**82**	173
Gary van Dyk		
– salary and benefits	**3,946**	3,865
– bonus paid	**900**	1670
– share option expenses	**64**	136
	11,299	12,963

1 Appointed 31 August 2022

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

	2023				2022			
	Beneficial		**% Holding**		Beneficial		% Holding	
	Direct	**Indirect**	**Direct**	**Indirect**	Direct	Indirect	Direct	Indirect
Mark Barnes	**22,276,610**	**77,296,172**	**1.59**	**5.51**	16,960,321	70,138,108	1.36	5.61
Craig Carter	**2,129,577**	**-**	**0.15**	**-**	1,932,366	-	0.15	-
Charles Savage	**35,444,964**	**296,990**	**2.53**	**0.02**	36,162,561	954,596	2.89	0.08
Gary van Dyk	**28,325,278**	**-**	**2.02**	**-**	19,702,197	-	1.58	-
Bonang Mohale	**-**	**15,099,589**	**0.00**	**1.08**	-	21,763,282	-	1.74
William Bassie Maisela	**-**	**2,644,672**	**-**	**0.19**				
Paul Rutherford	**-**	**2,411,283**	**-**	**0.17**	-	2,227,505	-	0.18
	88,176,429	**97,748,706**	**6.29**	**6.97**	74,757,445	95,083,491	5.98	7.61

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

- Gary van Dyk acquired 6,000,000 (2022: 6,000,000) shares by exercising share options on 26 January 2023, and a further 2,623,081shares by following his rights in the 2023 Purple Group Limited rights offer, and sold 0 (zero) shares (2022: 6,000,000).
- Charles Savage acquired 0 (zero) (2022: 12,000,000) shares by exercising share options, and 3,282,405 shares by following his rights in the 2023 Purple Group Limited rights offer, and sold 4,000,000 shares (2022: 7,280,000).
- Mark Barnes acquired 5,000,000 (2022: 1,660,000) shares by exercising share options on 26 January 2023, and a further 316,289 shares by following his rights in the 2023 Purple Group Limited rights offer, and sold 0 (zero) (2022: 20,913,571) shares of his direct holdings.
  - Mark acquired a further 7,158,064 indirect share by following his rights in the 2023 Purple Group Limited rights offer through his investment company, Business Venture Investments No 184 Proprietary Limited.
- Bonange Mohale sold 6,663,693 of his indirect holdings during the year (2022: 2,715,000).
- Craig Carter acquired 197,211 shares by following his rights in the 2023 Purple Group Limited rights offer, and sold 0 (zero) shares (2022: 0 (zero)).
- Paul Rutherford acquired 183,778 indirect shares by following his rights in the 2023 Purple Group Limited rights offer, and sold 0 (zero) shares (2022: 0 (zero)).
- William Bassie Masiela acquired 244,912 indirect shares by following his rights in the 2023 Purple Group Limited rights offer, and sold 0 (zero) shares (2022: 0 (zero)).

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

	2023 R'000	2022 R'000
Related party balances		
Receivable from related parties		
First World Trader Proprietary Limited	**751**	1,486
Easy Crypto SA Proprietary Limited	**82**	
GT247 Proprietary Limited	**229**	5,326
EasyAssetManagement Proprietary Limited	**-**	140
EasyProperties Proprietary Limited	**46**	-
Staff loans	**1,395**	-
These receivables are interest free and have no set repayment terms.		
Payable to related parties		
First World Trader Proprietary Limited	**-**	15
EasyAssetManagement Proprietary Limited	**(1,401)**	-
Mark Barnes	**(154)**	72
Happy Ntshingila	**-**	162
These payables are interest free and have no set repayment terms.		
Loan accounts - Owing from related parties		
EasyAssetManagement Proprietary Limited	**10,026**	10,026
This loan is interest free and has no set repayment terms.		
Related party transactions		
First World Trader Proprietary Limited	**11,249**	206
GT247 Proprietary Limited	**3,342**	4,648
EasyAssetManagement Proprietary Limited	**1,339**	206

20. List of subsidiaries

Subsidiaries Name	Country incorporated	Principle place of business	Nature of business	Ownership interest 2023 %	Ownership interest 2022 %	Non-controlling interest 2023 %	Non-controlling interest 2022 %	Investment 2023 R'000	Investment 2022 R'000
First World Trader Proprietary Limited	South Africa	South Africa	Equity investing platform	**70**	70	**30**	30	**324,589**	219,400
GT247 Proprietary Limited	South Africa	South Africa	Equity trading services	**100**	100	**-**	-	**13,498**	13,338
EasyAssetManagement Proprietary Limited	South Africa	South Africa	Assset management	**100**	100	**-**	-	**33,491**	53,614
Easy Crypto SA Proprietary Limited (Subsidiary of First World Trader Proprietary Limited)	South Africa	South Africa	Cryptocurrency investing platform	**49.02**	49.02	**50.98**	50.98	**37,029**	61,275

21. Events after the reporting date

The directors are not aware of any other matter or circumstance arising since reporting date up to the date of this report, not otherwise dealt with in this report.

22. Going concern

The financial statements have been prepared on a going-concern basis. The Company having accumulated losses and current liabilities in excess of current assets is supported by a overdraft facility of R14.5 million to meet operational needs. As at year end the Company had drawndown R2.4 million. The Company has net equity of R509.1 million (2022 : R425.9 million), which will allow for the Group companies to fund the operating costs and commitments of the Company should the need arise, and as such management prepared forecasts and the directors expect business growth to unfold over the next 12 months and are confident that the Company will continue trading as a going concern.

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

WeWork - CoWorking Office Space
1F 173 Oxford Road
Rosebank
Gauteng
2196

POSTAL ADDRESS

WeWork - CoWorking Office Space
1F 173 Oxford Road
Rosebank
Gauteng
2196

BANKERS

Mercantile Bank Limited

AUDITORS

BDO South Africa Incorporated
Registered Auditors

GROUP SECRETARY

4 Africa Exchange Registry Proprietary Limited
5th Floor, Block B
The Woodstock Exchange Building
66-68 Albert Road
Woodstock
7925

SHARE REGISTRARS

4 Africa Exchange Registry 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

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