NVEST FINANCIAL HOLDINGS LIMITED AND ITS SUBSIDIARIES
(Incorporated in the Republic of South Africa)
(Registration number 2008/015990/06)
("NVest", "the Group" or "the Company")
ISIN Code: ZAE000199865 JSE Code: NVE

SUMMARISED AUDITED CONSOLIDATED RESULTS FOR THE YEAR ENDED 29 FEBRUARY 2020 AND DIVIDEND DECLARATION NUMBER 11

HIGHLIGHTS:

- Revenue increased by 1.26% to R310.2 million (2019: R306.3 million).
- Headline earnings decreased by 2.20% to R64.51 million (2019: R65.95 million).
- Earnings per share increased by 2.71% to 21.62 cents per share (2019: 21.05 cents per share).
- Net asset value increased by 7.06% to 159.60 cents per share (2019: 149.07 cents per share).
- Net Profit After Tax increased by 2.56% to R66.5 million (2019: R64.8 million).
- Net cash from operating activities increased by 3.60% to R71.1 million (2019: from R68.6 million).
- Total Group Assets under Management and Administration remained relatively flat at R30.1 billion as at 29 February 2020 (2019: R30.3 billion).
- Declaration of a final dividend of 6.50 cents per share. The total dividend for the 2020 financial year amounts to 11.75 cents which is the same as was declared for the 2019 financial year.

Statement of Financial Position as at 29 February 2020

Figures in Rand	Audited 29 February 2020	Audited 28 February 2019
ASSETS		
Non-Current Assets		
Property, plant and equipment	73 382 198	47 487 774
Right-of-use assets	1 088 818	-
Investment property	274 255 654	306 121 663
Goodwill	87 008 312	87 008 312
Investments in associates	459 554	625 910
Loans to directors, managers and employees	910 000	-
Operating lease asset	2 391 485	6 906 762
Deferred tax	2 646 100	2 280 922
	442 142 121	**450 431 343**

Current Assets		
Investments at fair value	36 689 681	36 865 109
Loan to associate	47 391	84 772
Loans to shareholders	-	28 547
Operating lease asset	3 274 435	1 627 262
Current tax receivable	1 229 610	967 177
Trade and other receivables	20 947 667	22 550 322
Cash and cash equivalents	159 471 432	135 024 089
	221 660 216	**197 147 278**
Total assets	**663 802 337**	**647 578 621**
EQUITY AND LIABILITIES		
EQUITY		
Equity Attributable to Equity Holders of Parent		
Share capital	326 154 200	324 779 200
Reserves	7 056 544	6 181 035
Retained earnings	150 768 811	120 348 317
	483 979 555	451 308 552
Non-controlling interest	2 437 299	2 283 980
	486 416 854	**453 592 532**
LIABILITIES		
Non-Current Liabilities		
Deferred tax	11 109 433	16 108 502
Lease liabilities	1 339 550	-
Borrowings	64 204 376	109 591 596
	76 653 359	**125 700 098**
Current Liabilities		
Borrowings	61 496 917	32 593 609
Current tax payable	1 849 782	325 437
Lease liabilities	126 560	-
Trade and other payables	37 258 865	35 366 945
	100 732 124	**68 285 991**
Total Liabilities	**177 385 483**	**193 986 089**
Total Equity and Liabilities	**663 802 337**	**647 578 621**

Statement of Profit or Loss and Other Comprehensive Income

Figures in Rand	Year Audited 29 February 2020	Year Audited 28 February 2019
Revenue	310 185 831	306 336 355
Cost of sales	(118 097 465)	(116 785 774)
Gross profit	**192 088 366**	**189 550 581**
Other income	613 133	5 021 901
Movement in credit loss allowances	(102 656)	(192 282)
Fair value adjustments	805 990	(2 450 210)
Operating expenses	(103 985 416)	(99 632 153)
Operating profit	**89 419 417**	**92 297 837**
Investment revenue	10 977 791	9 631 577
Finance costs	(12 981 025)	(13 798 383)
Income from equity accounted investments	2 989 596	1 317 832
Profit before taxation	**90 405 779**	**89 448 863**
Taxation	(23 947 943)	(24 649 251)
Profit for the year	**66 457 836**	**64 799 612**
Other comprehensive income:		
Items that will not be reclassified to profit or loss:		
Gains and losses on revaluation	623 771	1 814 660
Income tax relating to items that will not be reclassified	(139 725)	(508 105)
Total items that will not be reclassified to profit or loss	**484 046**	**1 306 555**
Total comprehensive income for the year	**66 941 882**	**66 106 167**
Items that may be reclassified to profit or loss:		
Share of comprehensive income of equity accounted investments	391 462	-
Total comprehensive income for the year	**67 333 344**	**66 106 167**
Profit attributable to:		
Equity holders of the parent	65 480 917	63 726 376
Non-controlling interest	976 919	1 073 236
	66 457 836	**64 799 612**
Total comprehensive income attributable to:		
Equity holders of the parent	66 356 425	65 032 931
Non-controlling interest	976 919	1 073 236
	67 333 344	**66 106 167**

Statement of Cash Flows

Figures in Rand	Audited 29 February 2020	Audited 28 February 2019
Cash flows from operating activities		
Cash generated from operations	97 735 574	96 904 759
Interest received	9 188 211	8 465 949
Dividends received	5 339 789	1 893 910
Finance costs	(12 981 025)	(13 798 383)
Tax paid	(28 107 676)	(24 856 864)
Repayment of lease liabilities	(98 623)	-
Net cash generated by operating activities	**71 076 250**	**68 609 371**
Cash flows from investing activities		
Purchase of property, plant and equipment	(27 421 312)	(6 793 886)
Disposal of property, plant and equipment	33 203	237 840
Disposal of investment property	43 000 000	-
Purchase of investment property	(10 333 094)	-
Addition in investments (incl. subsidiaries and associates)	-	(412 370)
Advances of loan to associate	-	(84 772)
Receipts from loan to associate	37 381	-
Purchase of investments at fair value	-	(36 873 932)
Disposal of investments at fair value	175 428	-
Disposal of financial assets	-	31 643 465
Loans to shareholders repaid	28 547	91 834
Net cash from investing activities	**5 520 153**	**(12 191 821)**
Cash flows from financing activities		
Repayment of borrowings	(16 483 912)	(11 868 314)
Dividends paid	(35 665 148)	(35 527 498)
Proceeds on sale of shares in subsidiary to non-controlling interest where control is not lost	-	183 642
Net cash used in financing activities	**(52 149 060)**	**(47 212 170)**
Total cash movement for the year	**24 447 343**	**9 205 380**
Cash at the beginning of the year	135 024 089	125 818 709
Total cash at end of the year	**159 471 432**	**135 024 089**

Statement of Changes in Equity

Figures in Rand	Share capital	Foreign currency translation reserve	Revaluation reserve	Share based payment reserve	Total reserves	Retained income	Total attributable to equity holders of the Group	Non-Controlling interest	Total equity
Balance at 1 March 2018	**324 779 200**	**-**	**4 464 136**	**410 345**	**4 874 481**	**91 437 239**	**421 090 920**	**2 053 817**	**423 144 737**
Profit for the year	-	-	-	-	-	63 726 376	63 726 376	1 073 236	64 799 612
Other comprehensive income	-	-	1 306 554	-	1 306 554	-	1 306 554	-	1 306 554
Total comprehensive income for the year	**-**	**-**	**1 306 554**	**-**	**1 306 554**	**63 726 376**	**65 032 930**	**1 073 236**	**66 106 166**
Acquisition from non-controlling interest	-	-	-	-	-	-	-	(130 873)	(130 873)
Dividends	-	-	-	-	-	(34 815 298)	(34 815 298)	(712 200)	(35 527 498)
Total contributions by and distributions to owners of company recognised directly in equity	**-**	**-**	**-**	**-**	**-**	**(34 815 298)**	**(34 815 298)**	**(843 073)**	**(35 658 371)**
Opening balance as previously reported	324 779 200	-	5 770 690	410 345	6 181 035	120 348 317	451 308 552	2 283 980	453 592 532
Change in accounting policy	-	-	-	-	-	(218 877)	(218 877)	-	(218 877)
Balance at 1 March 2019	**324 779 200**	**-**	**5 770 690**	**410 345**	**6 181 035**	**120 129 440**	**451 089 677**	**2 283 980**	**453 373 657**
Profit for the year	-	-	-	-	-	65 480 917	65 480 917	976 919	66 457 836
Other comprehensive income	-	391 462	484 047	-	875 509	-	875 509	-	875 509
Total comprehensive income for the year	**-**	**391 462**	**484 047**	**-**	**875 509**	**65 480 917**	**66 356 426**	**976 919**	**67 333 345**
Issue of shares	1 375 000	-	-	-	-	-	1 375 000	-	1 375 000
Dividends	-		-	-	-	(34 841 548)	(34 841 548)	(823 600)	(35 665 148)
Total contributions by and distributions to owners of company recognised directly in equity	**1 375 000**	**-**	**-**	**-**	**-**	**(34 841 548)**	**(33 466 548)**	**(823 600)**	**(34 290 148)**
Balance at 29 February 2020	**326 154 200**	**391 462**	**6 254 737**	**410 345**	**7 056 544**	**150 768 811**	**483 979 555**	**2 437 299**	**486 416 854**

SEGMENT ANALYSIS

The following information relates to segment financial information of the group:

2020	Revenue	Profit before tax	Assets	Liabilities
Segments:				
Insurance broking	23 741 145	4 423 063	16 740 025	7 628 301
Wealth management	241 115 613	68 174 063	154 621 030	79 378 760
Administration of estates and trusts	5 274 088	1 944 679	6 952 936	4 611 556
Property services	53 585 956	5 125 419	396 489 192	314 368 311
Investments	75 917 603	62 480 180	384 961 951	22 333 576
Inter-company eliminations	(89 448 574)	(51 741 625)	(295 962 797)	(250 935 021)
	310 185 831	**90 405 779**	**663 802 337**	**177 385 483**

2019	Revenue	Profit before tax	Assets	Liabilities
Segments:				
Insurance broking	21 643 291	4 090 771	11 544 006	2 605 878
Wealth management	234 201 137	69 466 451	106 136 011	40 471 641
Administration of estates and trusts	4 139 628	1 411 693	3 295 346	1 357 075
Property services	54 642 576	5 891 130	374 817 245	286 443 262
Investments	62 291 848	53 067 339	341 145 672	1 652 755
Inter-company eliminations	(70 582 125)	(44 478 521)	(189 359 659)	(138 544 522)
	306 336 355	**89 448 863**	**647 578 621**	**193 986 089**

The operating segments of the Group operate predominantly in South Africa, with a newly established associate, NFB AM International, operating in Mauritius (See "Acquisitions, Disposals, Share Issues and Repurchases" information below). Operations are integrated and therefore not shown per geographical area.

Per share information

	2020	2019
Earnings per share information:		
Earnings per share (cents)	21,62	21,05
Diluted earnings per share (cents)	21,62	21,05
Headline earnings per share (cents)	21,30	21,78

Headline earnings reconciliation:		
Earnings attributable to equity holders of the parent	65 480 917	63 726 376
Fair value loss/(gain) adjustment of investment property	27 126	1 720 186
Loss on disposal of fixed assets	(607 554)	71 464
Impairment loss on goodwill	-	430 624
Re-measurements included in equity-accounted earnings of associate	(391 462)	-
Headline earnings	**64 509 027**	**65 948 650**
Weighted average number of shares	302 863 640	302 741 722
Net asset value per share:		
Net asset value per share (cents)	159,60	149,07
Net tangible asset value per share (cents)	130,91	120,33
Shares in issue at 29 February 2020	303 241 722	302 741 722

BASIS OF PREPARATION AND ACCOUNTING POLICIES

The accounting policies and method of measurement and recognition applied in the preparation of these summarised audited consolidated provisional results are in terms of International Financial Reporting Standards ("IFRS") and are consistent with those applied in the audited annual financial statements for the previous year ended 28 February 2019, except for the first-time adoption of IFRS 16. Details of the effect of the adoption of this new standard have been disclosed under the Results Commentary below.

The summarised audited consolidated provisional results are prepared in accordance with the requirements of the JSE Limited Listings Requirements for provisional reports and the requirements of the Companies Act, 71 of 2008.

The summarised audited consolidated provisional results are presented in terms of the minimum disclosure requirements set out in International Accounting Standards ("IAS") 34 – Interim Financial Reporting, as well the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council.

The Group's Financial Director Charl Herselman (B.Compt, Honours, CA(SA)) was responsible for the preparation of the summarised audited consolidated provisional results and Sean Weldon CA (SA) compiled the Annual Financial Statements. Any reference to future financial performance included in this announcement has not been reviewed or reported on by the Group's external auditors.

The Directors of NVest ("the Board") take full responsibility for the preparation of the report. The financial information has been correctly extracted from the underlying Annual Financial Statements.

This summarised report is extracted from audited information but is itself not audited.

The annual financial statements for the year ended 29 February 2020 have been audited by BDO South Africa Inc. A copy of the auditor's unmodified opinion is available for inspection at the Company's registered office.

This announcement does not include the information required pursuant to paragraph 16A(j) of IAS 34. The full abridged report is available on NVest's website at www.nvestholdings.co.za, at the registered offices of NVest and upon request.

COMMENTARY

Although NVest listed on the Alternative Exchange in May 2015, the Group has been in operation (through its NFB Financial Advisory business) for 35 years and continues to grow steadily as a broad-range Financial Services Provider.

The Group consists of ten wholly or majority owned subsidiaries located in Gauteng, East London, Port Elizabeth and Cape Town. The core business operations are Private Wealth Management, Stockbroking and Asset Management.

The Group also includes other complementary business subsidiaries aimed at providing a holistic and integrated financial services proposition, which includes a short-term insurance brokerage, a commercial property investment portfolio and a wills and administration of deceased estates business.

This collection of businesses, alongside the commercial property portfolio, provides a diverse set of income streams.

The Group's long-term strategy is to become a pre-eminent independent Wealth Management business on a national scale, providing a holistic and integrated client product and service proposition. This ambition will be achieved through both organic and acquisitive growth. NVest is well positioned in terms of both capital reserves and human resources to execute against this strategy.

RESULTS

The Group has performed well in challenging conditions. The headwinds of previous years have continued to prevail and, in some cases relevant to the financial services sector, the operating and market conditions were even more challenging during the year under review than before.

Despite these circumstances the Group has achieved respectable results. Key metrics are broadly consistent with the prior year, and in some instances, results such as Revenue (increased by 1.26% to R310.2 million compared with R306.3 million in 2019) and Net Profit After Tax (increased by 2.56% to R66.5 million compared with R64.8 million in 2019) reflect some growth, albeit marginal. Group Assets under Management and Administration remained relatively flat, down marginally by 0.7% to R30.1 billion compared to R30.3 billion in 2019.

Prudent cost management remains a priority for the business. Cost of Sales has increased by 1.12% (R1.3 million) which was broadly in line with expectation and is proportionate to the overall growth of the business. As in prior years, the increase in costs is a product of variable costs growing in line with revenue, costs associated with operating in the listed environment such as Legal, Regulatory and Compliance costs, as well as increased investment in Marketing which was identified as a strategic priority.

The Company remains highly cash generative. Net cash from operating activities increased by 3.6% from R68.6 million in 2019 to R71.1 million for the year under review. NVest continues to hold substantial cash reserves of R196.2 million (which includes R159 471 432 in cash and cash equivalents and R36 689 681 held in liquid investments at fair value). The strategic intention is to apply these reserves predominantly in acquisitions going forward to ensure a more attractive yield than what these funds currently earn on call.

Headline earnings decreased to R64.51 million (2019: R65.95 million). The overall position in terms of revenue growth and the increased cost of sales translated into a profit before tax R 90.41 million (2019: R 89.45 million).

Headline earnings per share decreased slightly to 21.30 cents per share (2019: 21.78 cents per share), largely due to the tough market and operating environment.

Non-current liabilities reduced substantially by R49 Million due to the maturity of a number of commercial notes during the next financial period, resulting in these commercial notes being disclosed as current liabilities. There were no other material changes to assets or liabilities from the prior period.

The adoption of IFRS16 during the 2020 financial year has necessitated the recognition of both Right-of-use assets (Non-Current Assets) and Lease Liabilities (both Non-Current Liabilities and Current Liabilities) with depreciation and finance charges recognised through the Statement of Profit and Loss and Other Comprehensive income. The adoption of this IFRS standard did not have a material impact on the Annual Financial Statements for the 2020 Financial Year.

The loan of R910 000 to Directors, Managers and employees under Non-Current Assets relates to the issue of shares under the Share Incentive Scheme as more fully described under the sub section below, entitled "Acquisitions, Disposals, Share Issues and Repurchases".

PROSPECTS

The Group has demonstrated its resilience during the year under review, delivering consistent results in the context of particularly challenging operating conditions. Market volatility locally and abroad on the back of heightened political and economic uncertainty and weak investor confidence have contributed to a difficult business environment. Despite these prevailing headwinds NVest has maintained its performance in key areas including top line revenue and headline earnings. This bears testimony to the resilience and sustainability of NVest's operating model and its continued relevance to the market. The Board and Management team are positive about the future prospects for the Group. The business is well placed in terms of capital reserves which provides a meaningful source of funding for acquisitions. The leadership team is experienced and settled and is supported by a Board and governance structures that are maturing year on year.

ACQUISITIONS, DISPOSALS, SHARE ISSUES AND REPURCHASES

During the 2020 Financial Year, there was an issue of 500 000 shares, in respect of share options that were exercised by a Board Member, Mr CG Lemmon. The options were exercised at their subscription price of R1.82 on 2 December 2019 (vesting date).

As at 29 February 2020, the Company had 303 241 722 shares in issue (2019: 302 741 722). No shares were repurchased for the year ended 29 February 2020.

There were no acquisitions or disposals during the year under review.

BUSINESS RESTRUCTURE

The three separate and wholly owned NFB Private Wealth Management subsidiaries, NFB Private Wealth Management (Pty) Limited, NFB Finance Brokers Port Elizabeth (Pty) Limited and NFB Finance Brokers Gauteng (Pty) Limited have executed steps over the last year to amalgamate into one consolidated Private Wealth Management business. The first phase of amalgamation, being the operational consolidation and streamlining of the separate subsidiary boards and EXCO teams into one centrally led Private Wealth Management business under the NFB brand, has already taken place. The next phase being the legal amalgamation will become effective as of 1 June 2020. The strategic rationale for the amalgamation is to create the appropriate legal structure to leverage economies of scale and to facilitate growth on a national as opposed to a regional level.

RELATED PARTY INFORMATION

There were no transactions with related parties that would be material to an understanding of these results.

CHANGES TO THE BOARD OF DIRECTORS

The following changes to the Board occurred during the year under review:

- Mr Glenn Wayne Orsmond resigned from the Board as an Executive Director with effect from 1 May 2019.
- Mr Charl Herselman was appointed as Group Financial Director with effect from 1 November 2019.
- Mr Brendan Connellan, who was previously appointed to the Board in the capacity as a Non-Executive Director, was re-appointed as an Executive Director in light of him resuming the role of Chief Operating Officer, with effect from 1 March 2020.

SUBSEQUENT EVENTS

COVID-19:

Since 31 December 2019, the spread of COVID-19 has severely impacted many local economies around the globe. In many countries, businesses are being forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. Global stock markets have also experienced great volatility and a significant weakening. Governments and central banks have responded with monetary and fiscal interventions to stabilise economic conditions.

Since the implementation of the National Lockdown in South Africa on 26 March 2020, the Company has, for the most part, operated remotely with staff having been set up to work from their homes. The Company has managed to continue operating very effectively and with minimal disruption during this period and Management are confident that it will be able to continue to do so until such time as this is no longer required.

The Company's financial position has, to date, not been adversely affected and Management are of the opinion that it is unlikely to be significantly affected in coming months. The Company has determined that this is a non-adjusting subsequent event. Accordingly, the financial position and results of operations as of and for the year ended 29 February 2020 have not been adjusted to reflect any impact.

The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the Company for future periods.

DIVIDEND DECLARATION

The Board has declared a final gross dividend (Number 11) of 6.50 cents per share for the year ended 29 February 2020.

The dividend is declared out of income reserves. The dividend will be subject to a dividend withholding tax rate of 20% or 1.30 cents per ordinary share. Shareholders, unless exempt or qualifying for a reduced withholding tax rate, will receive a net dividend of 5.20 cents per share.

NVest's tax reference number is 9053981180. The number of ordinary shares in issue at the declaration date is 303 241 722.

The salient dates for the dividend will be as follows:

	2020
Last date to trade "cum' dividend	Monday 15 June
Shares commence trading 'ex' the dividend	Wednesday 17 June
Record date (date shareholders recorded in share register)	Friday 19 June
Payment date	Monday 22 June

Shareholders may not dematerialise or rematerialise their share certificates between Wednesday 17 June 2020 and Friday 19 June 2020, both dates inclusive.

For and on behalf of the Board

Anthony Godwin
Chief Executive Officer

Jonathan Goldberg
Group Chairman

29 May 2020

Executive Directors:
Anthony Godwin (Chief Executive Officer)
Michael Estment
Christopher Lemmon
Charl Herselman
Brendan Connellan

Independent Non-executive Directors:
Jonathan Goldberg (Chairman)
Lana Weldon
Lusanda Mangxamba
Non-executive Directors:
Dylan Schemel

Company Secretary and Registered Office:
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Transfer Secretaries:
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Designated Advisor:
Arbor Capital Sponsors