



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 28 FEBRUARY 2021 AND
DIVIDEND DECLARATION NUMBER 13**

The Board of Directors is pleased to present a solid set of results produced during a particularly tough and uncertain economic environment. Despite a decline in revenue, most Group subsidiaries performed well. The Group's bottom line was mainly impacted by challenges in the Property segment due to the impact of Covid 19 and related lockdowns which manifested in increased vacancies, downward property revaluations and rental concessions. However, through proactive management and mitigating steps, the property portfolio has since stabilised and the Board is looking forward to a better performance going forward.

The Wealth Management segment performed above expectation and Group Assets under Management and Administration grew significantly. Against this backdrop, the key performance measures for the year under review are set out below:

KEY PERFORMANCE MEASURES:

- Revenue decreased by 10.95% to R276.2 million (2020: R310.2 million).
- Headline earnings decreased by 5.82% to R60.76 million (2020: R64.51 million).
- Earnings per share decreased by 4.21% to 20.71 cents per share (2020: 21.62 cents per share).
- Net asset value increased by 4.07% to 166.09 cents per share (2020: 159.60 cents per share).
- Net tangible asset value per share increased by 4.95% to 137.39 cents per share (2020: 130.91 cents per share).
- Net Profit After Tax decreased by 4.65% to R63.4 million (2020: R66.5 million).
- Net cash from operating activities decreased by 7.36% to R65.9 million (2020: from R71.1 million).
- Borrowings decreased by 15.65% to R106.0 million (2020: R125.7 million).
- Total Group Assets under Management and Administration increased by 15.2% to R34.7 billion as at 28 February 2021 (2020: R30.1 billion).
- Declaration of a final dividend of 6.00 cents per share.
- The total dividend for the 2021 financial year amounts to 11.50 cents per share (2020: 11.75 cents per share).

Statement of Financial Position as at 28 February 2021

Figures in Rands	Audited 28 February 2021	Audited 29 February 2020
ASSETS		
Non-Current Assets		
Property, plant and equipment	63 934 856	73 382 198
Right-of-use assets	916 900	1 088 818
Investment property	281 039 193	274 255 654
Operating lease asset	3 147 881	2 391 485
Goodwill	87 008 312	87 008 312
Investments in associates	1 561 152	459 554
Loans to directors, managers and employees	910 000	910 000
Deferred tax	2 558 712	2 646 100
	441 077 006	442 142 121
Current Assets		
Loan to associate	47 560	47 391
Trade and other receivables	22 826 480	20 947 667
Investments at fair value	35 423 209	36 689 681
Operating lease asset	1 102 926	3 274 435
Current tax receivable	456 727	1 229 610
Cash and cash equivalents	163 355 531	159 471 432
	223 212 433	221 660 216
Total Assets	664 289 439	663 802 337
EQUITY AND LIABILITIES		
EQUITY		
Equity Attributable to Equity Holders of Parent		
Share capital	326 154 200	326 154 200
Reserves	314 563	7 056 544
Retained income	177 171 524	150 768 811
	503 640 287	483 979 555
Non-controlling interest	2 192 085	2 437 299
	505 832 372	486 416 854
LIABILITIES		
Non-Current Liabilities		
Borrowings	50 536 386	64 204 377
Lease liabilities	1 180 924	1 339 550
Deferred tax	10 165 399	11 109 433
	61 882 709	76 653 360
Current Liabilities		
Trade and other payables	31 697 963	37 258 864
Current tax payable	9 230 610	1 849 782
Lease liabilities	158 626	126 560
Borrowings	55 487 159	61 496 917
	96 574 358	100 732 123
Total Liabilities	158 457 067	177 385 483
Total Equity and Liabilities	664 289 439	663 802 337

Statement of Profit or Loss and Other Comprehensive Income

Figures in Rands	Audited 28 February 2021	Audited 29 February 2020
Revenue	276 231 497	310 185 831
Cost of sales	(94 507 018)	(118 097 465)
Gross profit	181 724 479	192 088 366
Other income	998 434	613 133
Other operating gains	804 729	805 990
Movement in credit loss allowances	(348 029)	(102 656)
Operating expenses	(103 470 268)	(103 985 416)
Operating profit	79 709 345	89 419 417
Investment revenue	9 301 157	10 977 791
Finance costs	(9 065 201)	(12 981 025)
Income from equity accounted investments	6 080 773	2 989 596
Profit before taxation	86 026 074	90 405 779
Taxation	(22 655 972)	(23 947 943)
Profit for the year	63 370 102	66 457 836
Other comprehensive income:		
Items that will not be reclassified to profit or loss:		
(Losses) / gains on property revaluation	(8 060 228)	623 771
Income tax relating to items that will not be reclassified	1 805 491	(139 725)
Total items that will not be reclassified to profit or loss	(6 254 737)	484 046
Items that may be reclassified to profit or loss:		
Share of comprehensive income of equity accounted investments	4 611	391 462
Other comprehensive income for the year net of taxation	(6 250 126)	875 508
Total comprehensive income for the year	57 119 976	67 333 344
Profit attributable to:		
Equity holders of the parent	62 789 316	65 480 917
Non-controlling interest	580 786	976 919
	63 370 102	66 457 836
Total comprehensive income attributable to:		
Equity holders of the parent	56 539 190	66 356 425
Non-controlling interest	580 786	976 919
	57 119 976	67 333 344

Statement of Cash Flows

Figures in Rands	Audited 28 February 2021	Audited 29 February 2020
Cash flows from operating activities		
Cash generated from operations	75 320 313	97 735 574
Interest income	8 376 751	9 188 211
Dividends received (trading)	4 820 605	5 339 789
Finance costs	(9 051 995)	(12 981 025)
Tax paid	(13 530 597)	(28 107 676)
Net cash from operating activities	65 935 077	71 174 873
Cash flows from investing activities		
Purchase of property, plant and equipment	(3 802 841)	(27 421 312)
Disposal of property, plant and equipment	-	33 203
Purchase of investment property	(932 364)	(10 333 094)
Disposal of investment property	-	43 000 000
Purchase of investments at fair value	(33 331 283)	-
Disposal of investments at fair value	33 041 595	175 428
Receipts from loan to associate	(169)	37 381
Loans to shareholders repaid	-	28 547
Net cash (used in) / from investing activities	(5 025 062)	5 520 153
Cash flows from financing activities		
Repayment of borrowings	(19 686 749)	(16 483 912)
Dividends paid	(37 212 607)	(35 665 148)
Payment of principal portion of lease liabilities – non current	(126 560)	(98 623)
Net cash used in financing activities	(57 025 916)	(52 247 683)
Total cash movement for the year	3 884 099	24 447 343
Cash at the beginning of the year	159 471 432	135 024 089
Total cash at end of the year	163 355 531	159 471 432

Statement of Changes in Equity

Figures in Rands	Share capital	Foreign currency translation reserve	Revaluation reserve	Share based payment reserve	Total reserves	Retained income	Total attributable to equity holders of the group / company	Non-controlling interest	Total equity
Balance at 01 March 2019	324 779 200	-	5 770 690	410 345	6 181 035	120 129 442	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 01 March 2020	326 154 200	391 462	6 254 737	410 345	7 056 544	150 768 815	483 979 559	2 437 299	486 416 858
Profit for the year	-	-	-	-	-	62 789 316	62 789 316	580 786	63 370 102
Other comprehensive income	-	(487 244)	(6 254 737)	-	(6 741 981)	-	(6 741 981)	-	(6 741 981)
Total comprehensive income for the year	-	(487 244)	(6 254 737)	-	(6 741 981)	62 789 316	56 047 335	580 786	56 628 121
Dividends	-	-	-	-	-	(36 386 607)	(36 386 607)	(826 000)	(37 212 607)
Total contributions by and distributions to owners of company recognised directly in equity	-	-	-	-	-	(36 386 607)	(36 386 607)	(826 000)	(37 212 607)
Balance at 28 February 2021	326 154 200	(95 782)	-	410 345	314 563	177 171 524	503 640 287	2 192 085	505 832 372

SEGMENT ANALYSIS

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

2021

	Revenue	Profit/(loss) before tax	Assets	Liabilities	Interest Revenue	Depreciation	Tax expense
Segments:							
Insurance broking	23 515 074	3 471 172	16 666 848	7 805 880	218 298	(670 123)	(971 928)
Wealth management	240 450 093	67 818 010	175 521 359	73 992 699	3 191 183	(3 859 451)	(17 597 176)
Administration of estates and trusts	3 962 992	491 017	6 203 494	4 512 984	97 391	(291 659)	(141 885)
Property services	43 151 550	(3 127 295)	389 954 215	310 392 296	2 743 342	(463 698)	568 330
Holding company - investments	69 574 693	52 136 662	397 052 153	20 279 041	2 216 037	(2 298 458)	(1 602 919)
Inter-company eliminations	(104 422 905)	(34 763 492)	(321 108 630)	(258 525 833)	(53 135)	5 132 152	(2 910 394)
	276 231 497	86 026 074	664 289 439	158 457 067	8 413 116	(2 451 237)	(22 655 972)

2020

	Revenue	Profit before tax	Assets	Liabilities	Interest Revenue	Depreciation	Tax expense
Segments:							
Insurance broking	23 741 145	4 423 063	16 740 025	7 628 301	557 454	(660 736)	(1 242 164)
Wealth management	241 115 613	68 174 063	154 621 030	79 378 760	4 452 452	(3 339 824)	(18 102 625)
Administration of estates and trusts	5 274 088	1 944 679	6 952 936	4 611 556	155 058	(244 680)	(541 571)
Property services	53 585 956	5 125 419	396 489 192	314 368 311	1 009 892	(400 492)	(1 378 524)
Holding company - investments	75 917 603	62 480 180	384 961 951	22 333 576	3 203 161	(1 860 065)	(2 068 312)
Inter-company eliminations	(89 448 574)	(51 741 625)	(295 962 797)	(250 935 021)	(189 806)	4 211 328	(614 747)
	310 185 831	90 405 779	663 802 337	177 385 483	9 188 211	(2 294 469)	(23 947 943)

The operating segments of the Group operate predominantly in South Africa. The only exception is an associate, NFB AM International, operating in Mauritius since 2018. Operations are integrated and therefore not shown per geographical area.

Per share information	2021	2020
Earnings per share information:		
Earnings per share (cents)	20,71	21,62
Diluted earnings per share (cents)	20,71	21,62
Headline earnings per share (cents)	20,04	21,30
Headline earnings reconciliation:		
Earnings attributable to equity holders of the parent	62 789 316	65 480 917
Fair value (gain) / loss adjustment of investment property	(4 540 511)	27 126
Loss / (gain) on disposal of fixed assets	127	(607 554)
Impairment of property, plant and equipment	2 508 688	-
Re-measurements included in equity-accounted earnings of associate	-	(391 462)
Headline earnings	60 757 620	64 509 027
Weighted average number of shares	303 241 722	302 863 640
Net asset value per share:		
Net asset value per share (cents)	166.09	159.60
Net tangible asset value per share (cents)	137.39	130.91
Shares in issue at 28 February 2021	303 241 722	303 241 722

BASIS OF PREPARATION AND ACCOUNTING POLICIES

The accounting policies and methods of computation 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 29 February 2020.

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 prepared in accordance with the framework concepts and the measurement and recognition requirements of IFRS and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by Financial Reporting Standards Council, and as a minimum contain the information required by International Accounting Standards 34: Interim Financial Reporting.

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 Ingrid Kriel 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 28 February 2021 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 provisional report is available on NVest's website at www.nvestholdings.co.za, at the registered offices of NVest and upon request.

The auditor's report does not necessarily report on all of the information contained in this announcement/financial results. Shareholders are therefore advised that in order to obtain a full understanding of the nature of the auditor's engagement they should obtain a copy of the auditor's report together with the accompanying financial information from NVest's website at (insert direct link), at the registered offices of NVest and upon requests.

COMMENTARY

Although NVest listed on the Alternative Exchange in May 2015, the Group has been in operation (through its NFB Financial Advisory business) for 36 years.

The Group consists of seven 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 (NFB Insurance Brokers), a commercial property investment portfolio (NVest Properties) and a wills and administration of deceased estates business (Independent Executor and Trust).

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

The Group's long-term strategy is to become a pre-eminent independent Wealth Management business, providing a holistic and integrated client product and service proposition. The Group is also intent on pursuing further diversification opportunities within financial services which would complement the existing offering across the Businesses. 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 remarkably well in extremely challenging and turbulent conditions. The headwinds of previous years were exacerbated by the Global COVID-19 pandemic which brought immeasurable uncertainty and disruption to markets and economies across the world throughout most of the financial year in question.

Given the depth and breadth of the negative impact of the COVID-19 related lockdowns the Group has achieved very respectable results. Certain Key Indicators are down compared with the prior year including: Revenue (decreased by 10.95% to R276.2 million), Headline earnings (decreased by 5.82% to R60.76 million) and Net Profit After Tax (decreased by 4.65% to R63.4 million). However, Group Assets under Management and Administration grew significantly, up by 15.2% to R34.7 billion as at 28 February 2021 (2020: R30.1 billion). With the exception of NVest Properties (which felt the adverse impact of COVID-19 most acutely in terms of reduction in occupancy rates and declining rental revenue), the balance of the Group's subsidiaries performed largely to expectation given the coronavirus pandemic.

Headline earnings per share decreased to 20.04 cents per share (2020: 21.30 cents per share), largely due to the tough market and operating environment.

Non-current liabilities reduced substantially by R14.8 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 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".

Due to the impact of COVID-19 on the property industry, the Group obtained independent valuations across its property portfolio. As a consequence of the exercise, an impairment of R11 293 072 on Land and Buildings and an upward adjustment of R5 851 175 on investment property was recognised.

Revenue from contracts with customers (rendering of services) decreased by 8.59% from R264.0 million in 2020 to R241.3 million in 2021. Revenue other than from contracts with customers (rental income, interest and dividends received) decreased by 24.4% from R46.2 million in 2020 to R34.9 million in 2021.

PROSPECTS

The Group has demonstrated remarkable resilience during the year under review, delivering a solid set of results especially given the unprecedented context. This performance again demonstrates NWest's robust 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 continue to mature year on year.

ACQUISITIONS, DISPOSALS, SHARE ISSUES AND REPURCHASES

As at 28 February 2021, the Company had 303 241 722 shares in issue (2020: 303 241 722). No shares were repurchased for the year ended 28 February 2021.

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 successfully amalgamated with effect from 1 March 2020. The consolidated NFB Private Wealth Management business now exists as NFB Private Wealth Management Pty Limited. The recently combined Private Wealth Management business is ably led by one Board of Directors and one Executive Team. 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

Mr Dion Ramoo was appointed as an Independent Non-Executive Director with effect from 27 January 2021. There were no other changes to the Board of Directors during the year under review.

SUBSEQUENT EVENTS

The Board has approved a general repurchase of shares following the last day to trade as noted in the dividend declaration below. The repurchase of shares will be done:

- via a general repurchase of up to 20% of the current ordinary shares in issue,
- pursuant to the general authority already in place (special resolution number 5: General authority to acquire (repurchase) shares dated 17 August 2020).

The rationale for the share purchase is that the Group has surplus capital reserves and the repurchase of shares at certain volumes and values would be accretive to the business.

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 initially experienced great volatility but have since recovered very well, largely due to governments and central bank's monetary and fiscal interventions and optimism due to the development of vaccines.

For the duration of the 2021 Financial Year and for the period subsequent to year end, the Group has operated with a number of staff working remotely in order to keep numbers in the various offices within the Government's prescribed limits. The Group has managed to continue operating 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 Group's financial position has, to date, not been as negatively affected as originally predicted. The property holding company in the Group was most adversely affected with requests for rental concessions and with certain tenants liquidating their businesses and vacating their rented premises. The situation has improved somewhat subsequent to year end and the company has managed to fill a number of vacancies. The Group's primary source of income is annuity based and remains from the Private Wealth Management companies. Clients have continued to contribute to their policies, savings and investments during the year and the period subsequent to year end. Consequently, management believe that it is highly unlikely that the pandemic or the predicted "third wave of Covid-19" will have a material impact on the Group's earnings.

DIVIDEND DECLARATION

The Board has declared a final gross dividend (Number 13) of 6.00 cents per share for the year ended 28 February 2021.

The dividend is declared out of income reserves. The dividend will be subject to a dividend withholding tax rate of 20% or 1.20 cents per ordinary share. Shareholders, unless exempt or qualifying for a reduced withholding tax rate, will receive a net dividend of 4.80 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:

	2021
Last date to trade "cum" dividend	Monday, 14 June
Shares commence trading 'ex' the dividend	Tuesday, 15 June
Record date (date shareholders recorded in share register)	Friday, 18 June
Payment date	Monday, 21 June

Shareholders may not dematerialise or rematerialise their share certificates between Tuesday, 15 June 2021 and Friday, 18 June 2021, both dates inclusive.

For and on behalf of the Board

Anthony Godwin
Chief Executive Officer

Jonathan Goldberg
Group Chairman

31 May 2021

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
Dion Ramoo

Non-executive Directors:

Dylan Schemel

Company Secretary and Registered Office:

Brendan Connellan
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Eastern Cape
(PO Box 8132, Nahoon, 5210)

Transfer Secretaries:

Computershare Investor Services Proprietary
Limited
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Designated Advisor:

AcaciaCap Advisors Proprietary Limited