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

UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 AUGUST 2021 AND INTERIM DIVIDEND DECLARATION (NUMBER 14)

HIGHLIGHTS:

- Group Revenue increased by 7.8% to R 155.6 million (R 144.4 million as at 31 August 2020).
- Assets under Management and Administration increased by 12.9% to R35.1 billion (R31.1 billion as at 31 August 2020).
- Group Net Profit After Tax increased by 7.4% to R27,890,204 (R25,976,282 as at 31 August 2020).
- 57,298,908 shares were repurchased for R121 million from cash reserves during the period under review.
- Earnings Per Shares increased by 15.1% to 9.70 cents from 8.43 cents.
- Headline Earnings Per Share decreased by 24.8% from 12.66 cents to 9.52 cents.
- Net Asset Value Per Share decreased by 1.4% to 159.36 cents (161.53 cents as at 31 August 2020).
- Net Tangible Asset Value Per Share decreased by 6.7% to 123.98 cents (132.84 cents as at 31 August 2020).
- Declaration of an interim dividend (and fourteenth dividend as a listed company) of 5.75 cents per share which represents a 4.6% increase on the 5.50 cents dividend for the same period last year.

STATEMENT OF FINANCIAL POSITION

Figures in Rands	Unaudited 31 August 2021	Audited 28 February 2021	Unaudited 31 August 2020 (restated)
Assets			
Non-Current Assets			
Property, plant and equipment	63,211,156	63,934,856	75,146,031
Investment property	281,043,265	281,039,193	261,006,114
Right of use asset	694,511	916,900	1,045,839
Goodwill	87,008,312	87,008,312	87,008,312
Investment in associates	1,685,178	1,561,152	1,017,583
Loans to directors, managers and employees	-	910,000	910,000
Operating lease asset	2,903,128	3,147,881	6,894,484
Deferred tax	3,076,025	2,558,712	1,070,322
	439,621,575	**441,077,006**	**434,098,685**

Current Assets			
Loans to related parties	53,096	47,560	73,559
Investments at fair value	10,723,844	35,423,209	5,573,964
Operating lease asset	716,147	1,102,926	1,523,814
Current tax receivable	81,615	456,727	4,816,650
Trade and other receivables	25,293,760	22,826,480	23,951,189
Cash and cash equivalents	69,771,792	163,355,531	189,609,815
	106,640,254	**223,212,433**	**225,548,991**
Total Assets	**546,261,829**	**664,289,439**	**659,647,676**

Figures in Rands	**Unaudited 31 August 2021**	**Audited 28 February 2021**	**Unaudited 31 August 2020 (restated)**
Equity and Liabilities			
Equity			
Share capital	205,172,942	326,154,200	326,154,200
Reserves	204,219	314,563	6,913,560
Retained income	186,545,406	177,171,524	156,771,042
Equity attributable to equity holders of parent	391,922,567	503,640,287	489,838,802
Non-controlling interest	1,990,310	2,192,085	1,877,038
	393,912,877	**505,832,372**	**491,715,840**
Liabilities			
Non-Current Liabilities			
Deferred tax	9,800,661	10,165,399	8,780,213
Lease liability	1,051,968	1,180,924	1,304,371
Borrowings	77,378,014	50,536,386	65,429,169
	88,230,643	**61,882,709**	**75,513,753**
Current Liabilities			
Current tax payable	3,109,000	9,230,610	6,095,519
Lease liability	75,138	158,626	134,091
Borrowings	19,955,040	55,487,159	53,669,402
Trade and other payables	40,979,131	31,697,963	32,519,071
	64,118,309	**96,574,358**	**92,418,083**
Total Liabilities	**152,348,952**	**158,457,067**	**167,931,836**
Total Equity and Liabilities	**546,261,829**	**664,289,439**	**659,647,676**

Share information:

Shares in issue at period end	245,942,814	303,241,722
Net asset value per share (cents)	159.36	161.53
Net tangible asset value per share (cents)	123.98	132.84

STATEMENT OF COMPREHENSIVE INCOME

Figures in Rands	Six months Unaudited 31 August 2021	Six months Unaudited 31 August 2020 (restated)
Revenue	155,591,024	144,360,015
Cost of sales	-64,082,048	-47,309,815
Gross profit	**91,508,976**	**97,050,200**
Other income	215,399	847,637
Other operating gains/losses	658,750	-16,534,957
Movement in credit loss allowances	-262,068	-417,731
Operating expenses	-57,699,965	-51,204,695
Operating profit	**34,421,092**	**29,740,454**
Investment revenue	3,366,892	5,592,082
Income from equity accounted investments	2,243,390	2,611,683
Finance costs	-3,564,402	-5,140,851
Profit before taxation	**36,466,972**	**32,803,368**
Taxation	-8,576,768	-6,827,086
Profit for the period ended	**27,890,204**	**25,976,282**
Other comprehensive income	-110,344	-142,984
Total comprehensive income	**27,779,860**	**25,833,298**
Total comprehensive income attributable to:		
Owners of the parent	27,458,035	25,569,961
Non-controlling interest	321,825	263,337
	27,779,860	**25,833,298**

Share information:

Weighted average number of shares	283,183,086	303,241,722
Earnings per share (cents)	9.70	8.43
Headline earnings per share (cents)	9.52	12.66

STATEMENT OF CASH FLOWS

Figures in Rands	Six months Unaudited 31 August 2021	Six months Unaudited 31 August 2020
Cash flows from operating activities		
Profit before taxation	36,466,972	32,803,368
Adjustments for:		
Depreciation and amortisation	1,213,433	1,112,410
Interest received	-2,967,308	-3,681,412
Dividends received	-399,584	-
Income from equity accounted associates	-2,243,390	-2,611,683
Fair value loss on investment property	-	13,759,049
Fair value (gain)/loss on investment at fair value	-658,750	2,775,908
Movement in credit loss allowance	262,068	-
Finance costs	3,564,402	5,140,851
Movements in operating lease assets	631,532	499,604
Movements in right of use assets and lease liabilities	-71,310	15,330
Changes in working capital:		
Trade and other receivables	-2,729,356	-3,003,522
Trade and other payables	9,281,168	-4,739,793
Cash generated from operations	**42,349,877**	**42,070,110**
Interest received	2,967,308	3,681,412
Dividends received	2,409,574	1,910,670
Finance costs	-3,564,402	-5,140,851
Tax paid	-15,205,437	-10,173,813
Net cash from operating activities	**28,956,920**	**32,347,528**
Cash flows from investing activities		
Purchase of property, plant and equipment	-408,475	-2,876,243
Purchase of investment property	-4,072	-509,509
Purchase of investments at fair value	-	-8,202,531
Disposal of investments at fair value	25,358,115	36,542,340
Loss on foreign currency exchange	-974	-
Net cash from investing activities	**24,944,594**	**24,954,057**
Cash flows used in financing activities		
Dividends paid to non-controlling interests	-523,600	-823,600
Proceeds from loan to related party	910,000	-
Advance of loan to related party	-5,407	-26,168
Buy back of shares	-120,981,258	-
Dividends paid	-18,194,497	-19,710,712
Repayment of borrowings	-8,690,491	-6,602,722
Net cash used in financing activities	**-147,485,253**	**-27,163,202**
Total cash movement for the 6 months	**-93,583,739**	**30,138,383**
Cash at the beginning of the 6 months	163,355,531	159,471,432
Total cash at end of the 6 months	**69,771,792**	**189,609,815**

STATEMENT OF CHANGES IN EQUITY

	Total stated capital	Foreign currency translation reserve	Revaluation reserve	Share based payment reserve	Retained income	Total attributable to equity holders of the Group	Non-controlling interest	Total equity
Balance at 1 March 2020	**326,154,200**	**391,462**	**6,254,737**	**410,345**	**150,768,809**	**483,979,553**	**2,437,299**	**486,416,852**
Total comprehensive income for the 6 months	-	-142,984	-	-	25,712,945	25,569,961	263,337	25,833,298
Dividends	-	-	-	-	-19,710,712	-19,710,712	-823,600	-20,534,312
Balance at 31 August 2020	**326,154,200**	**248,478**	**6,254,737**	**410,345**	**156,771,042**	**489,838,802**	**1,877,036**	**491,715,838**
Total comprehensive income for the 6 months	-	-344,260	-6,254,737	-	37,076,371	30,477,374	315,049	30,792,423
Dividends	-	-	-	-	-16,675,889	-16,675,889	-	-16,675,889
Balance at 28 February 2021	**326,154,200**	**-95,782**	**-**	**410,345**	**177,171,524**	**503,640,287**	**2,192,085**	**505,832,372**
Share buy-back	-120,981,258	-	-	-	-	-120,981,258	-	-120,981,258
Total comprehensive income for the 6 months	-	-110,344	-	-	27,568,379	27,458,035	321,825	27,779,860
Dividends	-	-	-	-	-18,194,497	-18,194,497	-523,600	-18,718,097
Balance at 31 August 2021	**205,172,942**	**-206,126**	**-**	**410,345**	**186,545,406**	**391,922,567**	**1,990,310**	**393,912,877**

SEGMENT ANALYSIS

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

31 August 2021				
Figures in Rand	**Revenue**	**Profit Before tax**	**Assets**	**Liabilities**
Insurance broking	12,768,176	2,236,163	15,329,386	7,371,940
Wealth management	126,904,955	30,223,235	133,505,103	68,852,716
Administration of estates and trusts	1,836,377	-92,869	6,324,714	4,436,498
Property services	21,453,022	2,416,196	355,531,042	274,149,577
Investments	69,414,050	58,867,152	199,369,440	23,554,272
Intercompany eliminations	-76,785,556	-57,182,905	-163,797,856	-226,016,051
	155,591,024	**36,466,972**	**546,261,829**	**152,348,952**

31 August 2020				
Figures in Rand	**Revenue**	**Profit Before tax**	**Assets (restated)**	**Liabilities**
Insurance broking	11,103,166	1,381,979	15,901,465	7,132,932
Wealth management	124,774,223	46,766,855	199,690,742	107,567,546
Administration of estates and trusts	1,989,332	344,701	5,196,950	3,881,234
Property services	21,616,545	-15,947,509	199,559,244	129,398,504
Investments	38,750,704	29,194,985	378,430,062	26,681,254
Intercompany eliminations	-53,873,955	-28,937,643	-139,130,787	-106,729,634
	144,360,015	**32,803,368**	**659,647,676**	**167,931,836**

COMMENTARY

BASIS OF PREPARATION AND ACCOUNTING POLICIES

The accounting policies and method of measurement and recognition applied in the preparation of these condensed unaudited consolidated interim 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 2021. The unaudited consolidated interim results are prepared in accordance with the requirements of the JSE Limited Listings Requirements for interim reports and the requirements of the Companies Act, 71 of 2008.

The unaudited consolidated interim 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 results were prepared by an independent compiler, Mrs Ingrid Kriel CA(SA), in conjunction with the Group Financial Director, Mr Dion Ramoo CA(SA).

Any reference to future financial performance included in this announcement has not been reviewed nor reported on by the Group's external auditors.

The directors of NVest ("the Board") take full responsibility for the preparation of the interim report.

RECONCILIATION OF HEADLINE EARNINGS PER SHARE

	Group	
Figures in Rands	**Six months Unaudited 31 August 2021**	**Six months Unaudited 31 August 2020 (restated)**
Earnings attributable to equity holders of the parent	27,458,035	25,569,961
Fair value adjustments	-658,750	16,534,957
Tax on fair value adjustment	147,560	-3,703,830
Headline earnings attributable to equity holders of the parent	**26,946,845**	**38,401,088**
Per share information:		
Weighted average number of shares	283,183,086	303,241,722
Earnings per share	9.70	8.43
Headline earnings per share (cents)	9.52	12.66

RESTATEMENT OF 31 AUGUST 2020 FIGURES

During the preparation of the Interim figures for the period ended 31 August 2021, it was discovered that the prior comparable period income tax calculation for the Property Services business was incorrect. The affected August 2020 figures have accordingly been restated. The restated Headline Earning per Share for the comparable period is 12.66 cents compared to the published 13.51 cents. The restated Earnings per Share for the comparable period is 8.43 cents compared to the published 9.28 cents. The income tax calculations were correct as at 28 February 2021 and in the numbers published for that period.

The impact of the restatement was as follows:

Statement of Comprehensive Income:

Increase in Taxation	2,572,180

Statement of Financial Position:

Decrease in Deferred Tax Asset	-2,572,180

FURTHER COMMENTARY

NVest continues to grow steadily as a broad-based Wealth Management business and is now in its 7th year of trading as a listed Financial Services Company. The history of the business dates back some 36 years, however, to the first NFB operation which was established in Port Elizabeth in 1985.

Since 31 December 2019, the spread of COVID-19 has severely impacted economies around the globe and has continued to disrupt the livelihoods and well-being of communities, countries and economies across the world. The period under review was no exception and was also impacted by the pandemic, including the national lockdowns to address the third wave of the virus. Operations did, however, start to gain momentum as the business adjusted to the pandemic environment and operational expenses increased when compared with the slowdown in spending in the comparable period.

Despite the multi-faceted challenges that the pandemic has brought, and having regard for the broader socio-economic, political unrest and other risks, the Group has adapted effectively to mitigate the adverse impacts as far as reasonably possible, and these results are testament to those efforts and the resilience of the underlying businesses.

Total Group Assets under Management and Administration have increased by 12.9% to R35.1 billion (R31.1 billion as at 31 August 2020) and Group Revenue increased by 7.8% to R155.6 million (R144.4 million as at 31 August 2020). Group Net Profit After Tax has increased by 7.4% to R27,890,204 (R25,976,282 as at 31 August 2020). Included in the 31 August 2020 period was a fair value loss of some R16.5 million, made up of a fair value loss on Investment properties totalling R13.7 million and a further fair value loss of R2.8 million on Investments at fair value.

Headline Earnings Per share has decreased by 24.8% from 12.66 cents to 9.52 cents due to a combination of factors including fee pricing pressure, growing direct costs and an increase in operating expenses, predominantly in the Private Wealth Management business as compared to the reduced operating expenditure of the comparable period which fell directly in the COVID-19 lockdown period. Business operations were significantly hampered during the August 2020 period which resulted in lower spending in operations, specifically marketing and administration.

PROSPECTS

The Group has performed satisfactorily during the period under review especially in the context of challenging and uncertain operating conditions, with certain segments performing exceptionally well in the circumstances. The continued effects of the global COVID-19 pandemic have contributed to the uncertain business environment during the period under review and the comparative period, whilst risks of further variants or waves of the infection continue to prevail, that uncertainty is likely to continue to influence investor confidence and market behaviour.

The Group has adapted well to the new operating conditions as a result of the pandemic and is well equipped to continue delivering business as usual product and service propositions to clients. Despite these headwinds NVest continues to deliver steady growth in key areas including top line revenue and assets under management. Going forward, the focus will be on unlocking operational efficiencies to drive down costs and to boost earnings growth.

The Board and Management team remain positive about the future prospects for the Group.

Internal discussions at senior management level continue regarding the potential divestiture of a segment of the NFB Private Wealth Management business (effectively the NFB Finance Brokers Gauteng Pty Limited advisory team and the assets within that entity acquired by NVest in 2015).

SCHEME OF ARRANGEMENT

As per the Firm Intention Announcement released via SENS on 27 October 2021, the Company has received a firm offer from a Consortium of existing shareholders to acquire all the ordinary shares in the Company not already owned by it at R2.10 per share, other than the majority directors and key members of staff that have irrevocably undertaken not to accept the offer. The offer will be implemented by way of a scheme of arrangement between NVest and its shareholders, in terms of section 114(1)(c) of the Companies Act, No. 71 of 2008, as amended, to be proposed by the Independent Board and will be followed by the delisting of the Company from the Alternative Exchange of the JSE Limited in terms of paragraph 1.17(b) of the JSE Listings Requirements.

In accordance with Chapter 5 of the Companies Act regulations, the Independent Board will consider the report of the Independent Expert on the fairness and reasonableness of the terms and conditions of the scheme and will provide its opinion to eligible shareholders in a circular to shareholders. The Scheme Circular is in the process of being prepared by the company and the offeror and will be sent out in due course.

RELATED PARTIES

During the period under review, the Company undertook a repurchase of shares under its General Authority through the open market. Certain shares were also repurchased from directors or directors of major subsidiaries, details of which have been announced on SENS. The repurchases were all undertaken at around R2.10 per share.

SHARE ISSUES, REPURCHASES, ACQUISITIONS AND DISPOSALS

There were no share issues, acquisitions or disposals during the period under review.

The Group, in accordance with the general authority granted by shareholders at the Company's annual general meeting held on 17 August 2020, cumulatively repurchased 57 298 908 NVest ordinary shares ("shares") in the aggregate, representing 18.9% of the Company's issued share capital ("the Repurchase"). The Repurchase was done between the dates of 21 June 2021 and 19 August 2021.

The Board has considered the effect of the Repurchase and is of the opinion that, for a period of 12 months following the date of the Repurchase and as at the date of this announcement:

- the Company and its subsidiaries ("the Group") will be able to pay its debts in the ordinary course of business;
- the assets of the Company and the Group will be in excess of the liabilities of the Company and the Group. For this purpose, the assets and liabilities were recognised and measured in accordance with the accounting policies used in the latest audited annual group financial statements;
- the share capital and reserves of the Company and the Group will be adequate for ordinary business purposes; and
- the working capital of the Company and the Group will be adequate for ordinary business purposes.

The Repurchase was funded from the Company's available cash resources. Following the Repurchase, the Company is still well positioned to fund its planned growth strategy from its current resources and future cash flow. The Company's cash balance has, to date, decreased by R120 981 258 as a result of the Repurchase. The annualised interest foregone on the cash required to date to effect the Repurchase is estimated to amount to approximately R3 060 826 after tax, assuming an average interest rate of 2.53% after tax as earned in the previous financial year.

The Repurchase, to date, will have the effect of reducing the number of shares in issue used for purposes of the net asset value per share, earnings per share and headline earnings per share calculations by 57 298 908 shares.

The Company and the Group have passed the solvency and liquidity test and since the test was performed, there have been no material changes to the financial position of the Group.

CHANGES TO THE BOARD

- On 16 August 2021, Ms Denny Emslie was appointed to the Board as an Independent Non-Executive Director.
- Mr Charl Herselman resigned from the Board with effect from 31 August 2021.
- With effect from 13 July 2021 Mr Dion Ramoo changed his role on the Board of Directors from being an Independent Non-Executive Director to being employed on a full-time basis as the Company's Group Financial Director (and Executive Director on the Board).

There were no other changes to the Board of Directors during the period under review and until the date of the issue of this announcement.

DIVIDEND DECLARATION

The Board has declared an interim dividend (Number 14) of 5.75 cents per share, which amounts to 52.3% of headline earnings. The dividend is declared out of income reserves of the Group. The dividend will be subject to a dividend withholding tax rate of 20% or 1.15 cents per ordinary share. Shareholders, unless exempt or qualifying for a reduced withholding tax rate, will receive a net dividend of 4.60 cents per share. NVest's tax reference number is 9053981180.

The number of ordinary shares which will be eligible for the dividend at the declaration date is 245,942,814. The salient dates for the dividend will be as follows:

	2021
Last date to trade "cum" dividend	Tuesday, 16 November
Shares commence trading "ex" dividend	Wednesday, 17 November
Record date (date shareholders recorded in share register)	Friday, 19 November
Payment date	Monday, 22 November

Shareholders may not dematerialise or rematerialise their share certificates between Wednesday, 17 November 2021 and Friday, 19 November 2021, both dates inclusive.

For and on behalf of the Board

Anthony Godwin
Chief Executive Officer

Dion Ramoo CA(SA)
Group Financial Director

East London
2 November 2021

Executive Directors:
Anthony Godwin (Chief Executive Officer)
Brendan Connellan (Chief Operations Officer)
Dion Ramoo (Group Financial Director)
Christopher Lemmon
Michael Estment

Non-executive Directors:
Jonathan Goldberg# (Chairperson)
Dylan Schemel
Lana Weldon#
Lusanda Mangxamba#
Denny Emslie#

 # - independent

Company Secretary:
Brendan Connellan

Designated Advisor:
AcaciaCap Advisors Proprietary Limited

Transfer Secretaries:
Computershare Investor Services Proprietary Limited
Rosebank Towers, 15 Biermann Avenue
Rosebank, 2196
(PO Box 61051 Marshalltown, 2107)

Registered Office:
42 Beach Road
Nahoon
East London, 5241
(PO Box 8132, Nahoon, 5210)

Website:
http://www.nvestholdings.co.za/