

Santova Ltd

Great Track Record & Exciting Future

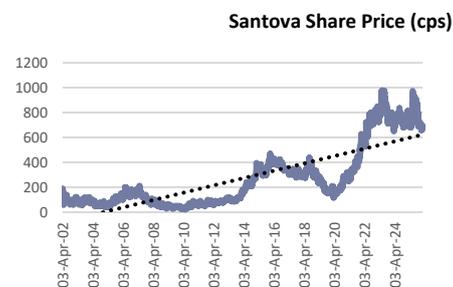
Share Code: SNV – Market Cap: R900m – PE: 6.7x – DY: 2.5%

12m Target Price	1122cps
Share Price	695cps
Implied Return	61%

Logistics | South Africa

Business Overview: Global Track Record

- Listed on the JSE, Santova is a **global technology-based trade solutions specialist** providing innovative international end-to-end supply chain solutions. The Group operates primarily as a Fourth-Party Logistics (“4PL”) provider from 33 offices in 13 countries (& growing), whereby the Group manages the (increasingly) complex logistical needs of clients globally.
- The Group has grown organically *and* through 13 business acquisitions, with the quality of their acquisitive execution evidenced by the fact that only two of these acquisitions resulted in quite minor goodwill impairments.
- Related to this point and, more recently, in May 2025, the Group acquired Seabourne (England, France, Scotland and Netherlands), which should see **the Group double revenue in FY 27E** (the first year of full consolidation).

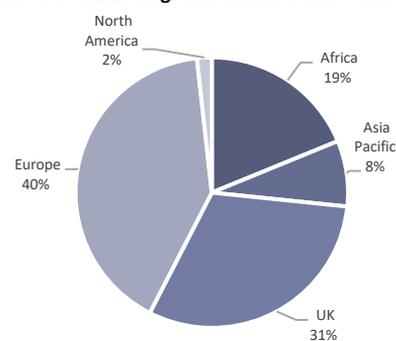


Source: Profile, Blue Gem Research

Key Upsides & Downsides: A Longer-term View Smooths the Volatility

- In the short-term, Santova’s regional revenues and profits can be volatile from period to period (via volumes, freight rates and/or foreign exchange). However—when we look beyond short-term volatility—**Santova has a strong track record of increasing earnings over the long term**. Thus, we believe that the Group’s performance is best evaluated over five- or ten-year periods, smoothing potentially misleading short-term volatility.
- A shareholder would have achieved a c.10% p.a. CAGR Total Return (TR) over the decade to FY 25. *However*, we believe the share price is currently undervalued, which deflates TR. Furthermore, **we believe that the current share price does not reflect the potential of Seabourne, and there is substantial upside from the current price** (10-year TR < Next 10-year TR).
- Seabourne’s delivery on its profit warranty and exchange rates are likely to be the largest determinants of profits in the short- to medium-term.

Santova – H1:26 Regional Contribution to Revenue



Sources: Santova, Blue Gem Research

Forecast, Valuation and Implied Return: Share Undervalued

- Our Group forecast is built from forecasting Santova and Seabourne, respectively, using historic margins, and assuming a conservative 3% real growth rate along with some other simplifying assumptions (flat FX).
- Using a DCF, we arrive at an implied **fair value of R9.70, implying c.28% upside to the share price of R6.95**. When considering global peers’ valuations and M&A multiples of the past two years, we believe there to be >60% potential upside which could crystallise in a range of ways over time.

Santova- H1:26 Regional Operating Profit (Rm)



Sources: Santova, Blue Gem Research

Key Forecast (R m)	FY24A	FY25A	YoY %	1H26A	YoY %	FY26 E	YoY %	FY27E	YoY %	FY28E	YoY %
Revenue	638	630	-1%	486	54%	1,150	82%	1,337	16%	1,377	3%
EBITDA	239	236	-2%	97	-18%	205	-13%	249	21%	261	5%
Operating profit	184	193	5%	68	-29%	176	-9%	220	25%	232	5%
HEPS (cps)	124	115	-7%	37	-36%	101	-12%	126	24%	133	6%
Operating margin (%)	29	31		14		15		16		17	
Current ratio (x)	3.0	3.7		2.3		2.3		2.5		2.7	
Return on Equity (%)	14	12		2		5		5		5	
Price-to-Book (x)	0.8	0.8		0.9							
Price Earnings Ratio (x)	5.9	6.7		12.1							

Sources: Santova financial reports, Blue Gem Research



Note: This is Commissions Research; all views expressed, data used and workings and calculations in this report are the Analyst’s & not Blue Gem Research (Pty) Ltd’s. www.BlueGemResearch.co.za – Confused by this report? View our [FAQ](#). Please refer to [disclaimer](#) at the end of this document and [on website](#)

Harry van der Merwe*



BLUE GEM RESEARCH

Table 1: Detailed Forecasts

Detailed Forecast (R m)	FY24A	FY25A	YoY %	1H26A	YoY %	FY26 E	YoY %	FY27E	YoY %	FY28E	YoY %
Revenue and interest income	638	630	-1%	486	54%	1,150	82%	1,337	16%	1,377	3%
Santova before Seabourne acquisition	638	630	-1%	305	-3%	610	-3%	619	2%	637	3%
Seabourne				181		540		718		740	3%
EBITDA	239	236	-2%	97	-18%	205	-13%	249	21%	261	5%
Operating Profit	184	193	5%	68	-29%	176	-9%	220	25%	232	5%
Net interest paid (received)	-21	-8		1		-2		-0		-2	
Net Profit (Parents)	147	148	0%	48		131	-11%	163	24%	173	6%
Property, Plant & Equipment	17	18	5%	44		44	142%	44	0%	44	0%
Intangible Assets (mostly goodwill)	370	353	-4%	709	101%	709	101%	709	0%	709	0%
Cash	264	353		244	-31%	325	-8%	445	37%	568	28%
Net operating assets	1,167	1,258	8%	1,453	15%	1,525	21%	1,651	8%	1,786	8%
Interest bearing debt	5	2		134		75		37		0	
Shareholder's Equity (Parent)	1,161	1,256	8%	1,319	5%	1,450	16%	1,613	11%	1,786	11%
Per share											
Weighted Ave. Number of Shares (millions)	132	128	-3%	128		128		128	0%	128	0%
EPS (Continuing Operations - cps)	112	115	3%	37	-35%	101		126	24%	133	6%
HEPS (cps)	124	115	-7%	37	-36%	101		126	24%	133	6%
NAV (cps)	896	981	9%	1,017	4%	1,119		1,244	11%	1,378	11%
Ratios - annual											
EBITDA margin (%)	38	37		20		18		19		19	
Operating margin (%)	29	31		14		15		16		17	
Tax rate (%)	28	26		29		26		26		26	
Net profit margin (%)	23	23		10		11		12		13	
Current Ratio x	3.0	3.7		2.3		2.3		2.5		2.7	
Cash - interest bearing debt / equity (NAV) (%)	22	28		8		17		25		32	
Ratios - cumulative											
Cash from operations / EBITDA 10 year total		81%									
Returns											
Operating profit / ave net operating assets - cash (%)	21	21		13		15		17		17	
Return on equity (%)	14	12		2		5		5		5	
Valuation											
Price Earnings Ratio (x)	5.9	6.7		12.1							
Price to Book Ratio (x)	0.8	0.8		0.9							

Sources: Santova financial reports, Sharedata, Blue Gem Research

Investment Case: Santova

We believe that Santova Ltd’s (code: SNV) share price is undervalued and its fair value is likely at least a 1.0x Price-to-Book (P/B) and, potentially even, a 1.5x to 2.0x P/B based on the long-term Return on Equity (ROE) of 16%, peer comparisons and recent M&A transactions of similarly sized companies globally. Thus, **we believe that there could be considerable re-rating upside for the share.**

Looking backwards, the 10% Culminative Average Growth Rate (CAGR) of its Total Return (TR) that Santova has generated for its shareholders (**Table 2**) is good considering inflation has averaged c. 4~5% in the past ten years. Given the current perceived undervaluation of the share, the long-running TR lifts to c.13% if we value Santova at a Price/Book of 1x and 17% if we value it at 1.5x P/B.

The **Seabourne acquisition has effectively doubled the Group’s revenue, which should result in a substantial increase in future profits.** This should generate returns even if the current valuation metrics are only *maintained*, as a full year inclusion of Seabourne’s numbers should occur in FY 27E (FY 26E: 9 months).

Share buybacks and dividends contributed c. 2.5% of the 10% TR over the ten years to FY 25. We may reasonably expect this return to continue (perhaps post-degearing of the minor debt the Group is raising for the Seabourne acquisition), likely through further share buybacks if the current share price stays flat.

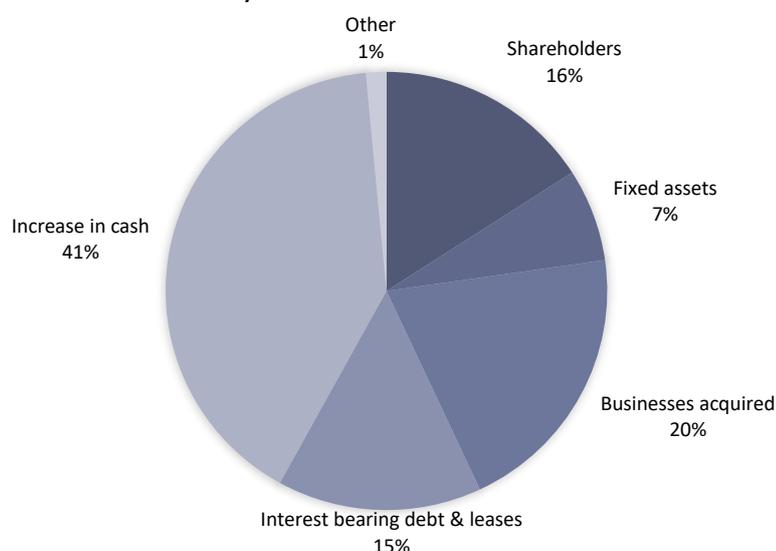
Table 2: Shareholder CAGR TR Based on “Opening Market Cap.” Versus “Closing Market Cap.”

IRR calculations R million	0	1	2	3	4	5	6	7	8	9	10
Opening market cap	-475										
Dividends		6	9	6	11	12	0	0	0	0	0
Share buybacks		1	1	2	0	13	32	15	49	49	12
Closing market cap											974
Cash flows	-475	7	9	8	11	24	32	15	49	49	987
IRR											10%

Sources: Santova financial reports and Blue Gem Research

A further consideration is that Santova has a substantial cash balance and effectively no gearing, substantially reducing the investment risk. Management has indicated that the **cash will be deployed in business acquisitions**, auguring well for a larger company with a continued good return on capital *and* considering their stellar business acquisition and integration track record (i.e. while acquisitive risk is slightly higher risk than organic growth, management is excellent at executing acquisitive growth).

Figure 1: Application of Cash Generated – 10-years to FY 25



Sources: Santova financial reports and Blue Gem Research

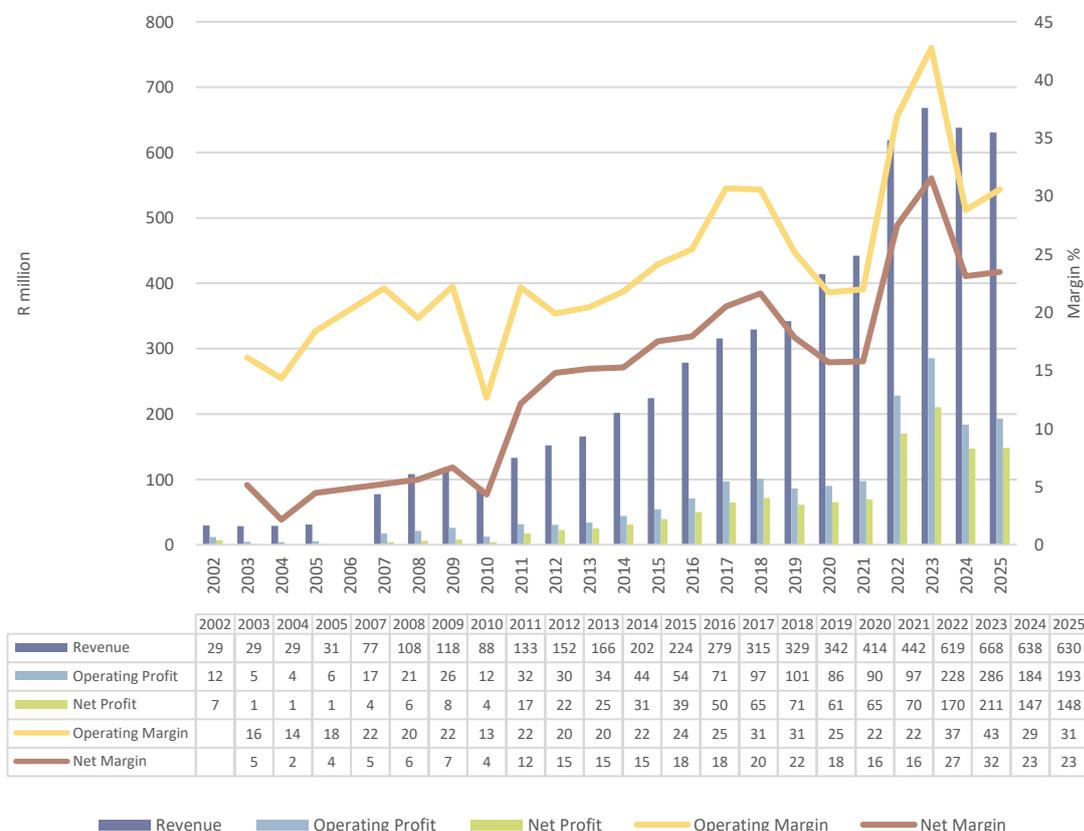
Figure 1 is a testament to Santova management’s track record. Over the past ten years, Santova generated R640m in cash (after interest and tax), which was utilised as depicted above. Gearing of more than 100% was repaid whilst large cash balances were held (41% of cash generated), 16% was returned to shareholders, 20% invested in business acquisitions, and the balance in fixed asset acquisitions and sundry. **Thus, if the future looks like the past, an investor can expect this management team to continue to perform.**

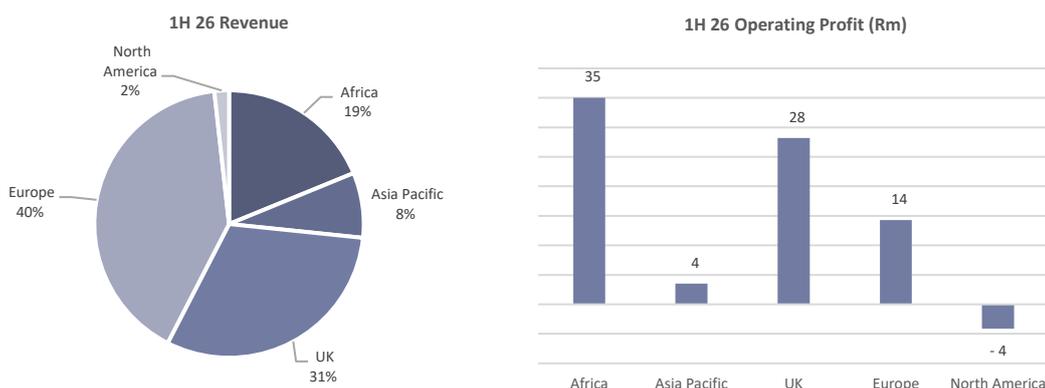
It is worth highlighting that management has an **outstanding record of executing and integrating business acquisitions**, and as demonstrated by Seabourne, this remains an integral part of their growth strategy. Here are some highlights of their acquisitive history:

- **Where, what & how much:** Acquisitions have been mainly focused on Europe and the UK (50%+ by number), with increasing use of contingent payments (70% of post-2015 deals) to align with performance. Funding used was through a mix of cash (internal/loan) and shares (e.g., 20-30% in some deals). Valuation multiples averaged ~5-8x PE/EBITDA, reflecting the bolt-on nature of acquisitions.
- **Effects on the Group:** Acquisitions drove revenue from R224m (FY 15) to >R600m by FY 25, with net profit increasing from R38m in FY 15 to R148m in FY 25. Our forecast revenue and net profit in FY 27 are R1.3 billion and R172m (first full year of including Seabourne acquisition in May 2025).
- **Long track record:** Since listing on the JSE in 2002, the Group has completed 13 distinct acquisitions (counting bolt-on or partial stakes as separate where they represent new entities or regions). Of these, only two resulted in material impairments: 2015: R3.9 million (related to W.M. Shipping); 2024: R14.6 million (related to A-Link Freight, rebranded as Santova USA). This is a *great* track record, particularly when compared to other South African JSE-listed companies' acquisitive ventures into foreign markets. (In addition to A-Link and W.M. Shipping impairments, there was a small goodwill impairment in 2011 related to the acquisition of Standard Insurance Consultants for R1.2 million.)

Group History & Overview

Figure 2: Santova’s Listed Financial History – Strong Long-term Growth with Global Revenue and Profit Streams





Sources: Santova financial reports and Blue Gem Research

Santova is a South African JSE-listed international, technology-based trade solutions specialist that provides innovative end-to-end supply chain solutions. Operating primarily as a Fourth-Party Logistics (4PL) provider, the Group manages the complex logistical needs of clients globally.

Notably, the 4PL model is asset-lite, meaning the Group generally does not own physical assets like ships, planes, or fleets of trucks or warehouses. Rather than owning assets, the Group relies on intellectual capital and technology to coordinate global logistics through specialised third-party logistics providers on behalf of clients.

Note: Following the May 2025 acquisition of Seabourne, which operates in the UK and Europe, the Group now rents (strategic) warehouses – see more detail in the Seabourne acquisition section.

(Due to IFRS 16 requiring capitalizing of leases, we note for the reader that we do not consider the lease as an asset in the sense that it is an integral part of the business that may have to be acquired – examples of the contrary are Data Centres where the infrastructure investment means that the business cannot easily be moved to another location; and self-storage premises which require zoning and are of a specialist nature i.e. cannot easily be converted at low cost into an alternative use. Our approach is therefore to net the Right-of-use asset and Lease liability off on the balance sheet. We do not adjust the Income Statement, which means depreciation and interest are the debits, whereas the lease payment would have been part of normal operating expenses pre-IFRS 16. We adjust for this in our DCF valuation by deducting the interest portion of the lease payments from projected operating cash flow.)

History: Evolution and Key Developments

Having joined the Group in 2003, Glen Gerber, the Chief Executive Officer (CEO), has been instrumental in its growth over the last two decades (see **Annexure B** for details on management and governance) as a listed Group evolving from a clearing and forwarding background in Durban, South Africa, into its modern-day sophisticated 4PL global footprint.

Santova's history is characterised by a strategy of relentless diversification (geographically and operationally), organic growth through client acquisition, route expansion, and service extension, and highly strategic business acquisitions (achieving all of the above).

Key Shaping Events as a Listed Group:

- The thirteen business acquisitions from FY 02 to FY 25 and their successful integration into the Group (only three had subsequent impairments).
- Evolution to somewhat of a “Hybrid Model” following the Seabourne acquisition in May 2025. This acquisition is strategic, providing nine offices and warehouses, mainly in the UK and the Netherlands, which specialise in "fulfilment centres" ('smart' warehousing). This transaction signals a necessary

evolution towards a hybrid asset-based 4PL model to support larger, more complex multinational clients while offering sophisticated eCommerce capabilities that were previously lacking in the Group.

Key Services: The Group’s core offering revolves around end-to-end supply chain management for clients, often medium-sized enterprises and, over time, increasingly larger and more complex organisations.

- **Logistics Services:** Coordinating forward and reverse logistics via sea, air, road, and rail. Services include customs clearing, freight forwarding, and courier services.
- **Supply Chain Engineering & Technology:** Providing business intelligence, advanced data analytics, and continuous process optimisation using in-house developed IT systems.
- **Value-Added Services:** Financial services (tailor-made short-term insurance solutions), and sourcing and procurement management services (a small part of the business, but, as clients become larger and more complex, this service offering could grow in proportion to the Group).

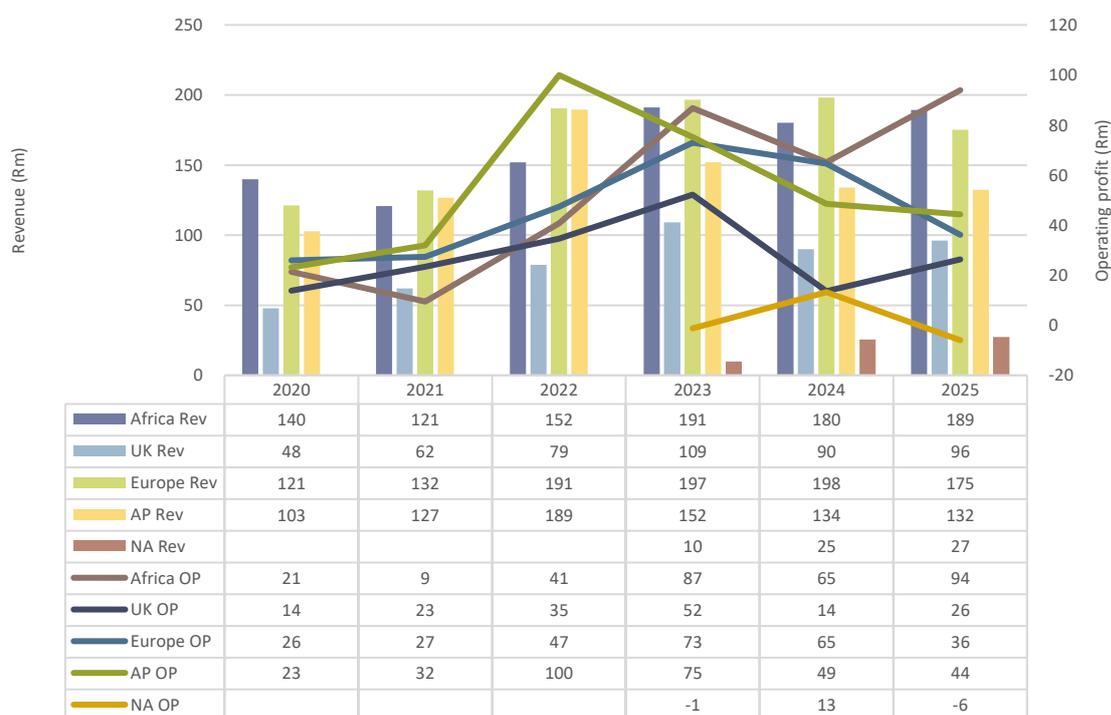
Revenue Drivers and Definition: The Group generates income primarily by acting as an agent on behalf of its clients (apart from Seabourne), thus its ‘billings’ are not its ‘revenue’ (“Agent” versus “Principal” difference for accounting purposes), though the former does drive the latter (billings drives revenue, so more billings equate to more revenue):

1. **Billings:** This represents the total value of *all* recoverable costs incurred on behalf of clients (such as customs duties, Value Added Tax (VAT), and transportation costs) plus the direct revenue earned by the Group.
2. **Revenue (or Direct Revenue):** This represents only the fees, commission, and net interest income earned directly by Santova from coordinating the logistics services (i.e. Santova’s *portion* that they charge for handling logistics on behalf of the client).

Markets and Geographic Diversification

As of today, Santova operates with offices in 13 countries (including South Africa, Mauritius, Australia, Germany, China, Hong Kong, the Netherlands, France, Singapore, England, Scotland, the USA and Vietnam).

Figure 3: Santova’s Revenue and Operating Profit Contributions by Geography



Sources: Santova annual reports

Figure 2 demonstrates the Group’s growth in total revenue and profits since listing in FY 02, including the Group’s current high-level geographic spread. The margins have increased over time and, as we highlight later in this report, scale benefits increase as 4PL groups grow. Note that the FY 20 to FY 24 period was (for worse and then better) influenced, inter alia, by the COVID-19 slump and subsequent recovery.

Figure 3 demonstrates that the Group’s revenue and operating profit in each region fluctuated significantly from year to year, but **Figure 1** illustrates that, in combination, the Group produced an increasing profit profile.

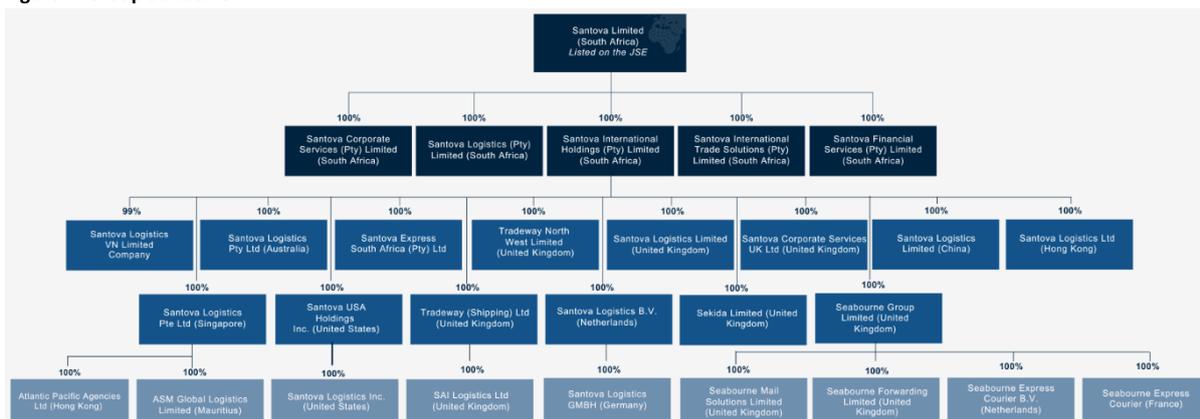
Individual regional volatility that creates a group-wide stability is not a bug but a feature of the design and growth of the Group, as the geographic diversification is a major reason for the success of the Group.

Said differently, the fundamental purpose of this diversification is two-fold:

1. **Risk Mitigation:** The structure is intended to create a hedge against unexpected 'regional risks' (such as socio-political instability in SA, or currency weakness).
2. **Opportunity Capture:** It allows the Group to capitalise on opportunities that may present themselves globally.

As new geographies and trade routes are opened up, the Group not only earns greater revenues, but it also has great buying capacity for logistics services (important for margins), and it also diversifies further and further away from any single client, any single trade route and any single geography and currency, thus smoothing its own return profile over time.

Figure 4: Group Structure



Sources: Santova & Blue Gem Research

That said, recent global and geopolitical events have had a major impact on revenues and profits by region, and the incidence of such events has been higher in recent years. Losses are being incurred in North America, largely due to a legacy property lease. The lease has about 12 months remaining as of January 2026.

High-level Strengths and Risks of Santova

Strengths & Opportunities:

- **4PL:** Santova’s model demonstrates a unique capability to generate high profitability (Operating Margins often above 20~30%) and strong capital efficiency (high Tangible NAV growth) through its asset-light, knowledge-intensive 4PL model.
- **Diversification:** The strategy of relentless diversification (detailed above and in **Figures 1 & 2**) acts as a crucial hedge against regional economic and political volatility, positioning the Group as a global player rather than a domestic one, despite its JSE listing.

- **Intellectual Property (IP):** The aggressive focus on digital technology and intellectual property provides a strong competitive differentiator in the fragmented logistics industry. **We note uncertainty around Artificial Intelligence (AI) here, but given management’s technological-focus and track record, we would expect that AI would be a tailwind in their relentless drive for automation and efficiency that offers them even more runway to scale up the Group.**
- **Capital Allocation:** The consistent reinvestment of capital into strategic acquisitions and share buybacks, and the success with acquisitions, demonstrates sound capital allocation.

Weaknesses & Threats:

- **Key person risk:** The strong reliance on intellectual capital and leadership creates a material risk related to succession and key personnel retention. This may materialise in either a loss in revenue (when a key person leaves) or pressure on operating margins (when a key person is retained but at a higher cost).
- **Global trade volatility and headwinds:** Operating performance has been challenged by external macro factors; the decline in global freight rates and dampened consumer demand have pressured revenue and profitability metrics like HEPS and Operating Margin in FY24 and FY25. However, as stated earlier, FY 22 and FY 23 were rebound years after COVID-19. Margins and profits declined further in 1H 26 (albeit off a high base) – we would argue that they are much more “normal” currently. In this vein, there is above-average volatility due to well-publicised geopolitical pressures in the world which could create a headwind to the Group’s performance (or tailwind, depending on what happens).
- **Seabourne introduction of a slightly more capital-intensive business model to the Group:** While the shift to a hybrid asset-based model (via the Seabourne acquisition) is strategic for high-value clients, it introduces new capital requirements (higher maintenance capital expenditure) and slightly shifts the traditional asset-light risk profile due to IFRS 16 requiring leases to be reflected in assets and liabilities.

Major Variables Impacting Santova’s Earnings and Net Asset Value (since FY 16):

- **Currency:** The Rand strengthening reduces the Group’s translated offshore earnings while a weakening Rand boosts them. The majority of Santova’s earnings are from operations outside South Africa (c.59% in FY 25 and c.56% FY 27E, but note historical fluctuations per geography, outside SA can be significantly higher in any year). In addition, most cash on hand is held in foreign currencies, and the translation of foreign operations affects Net Asset Value (NAV) via a direct adjustment to reserves (bypassing the Income Statement – reported as other comprehensive income in the statement of changes in equity).
- **Business acquisitions and post-acquisition contributions:** Acquisitions can add revenue/profit streams to the Group, but can also include integration challenges, impairments of goodwill, or initial losses.
- **Mix of regional/operational performances:** Group results are heavily influenced by volatility in regional mix, augmented by its exposure to foreign exchange volatility.
- **Freight/shipping rates & market conditions:** The Group’s exposure to different freight rates means that elevated/disrupted rates can boost revenue/margins while sharp declines, overcapacity, or volume can reduce them. Likewise, growing or opportunistic purchasing power can secure favourable rates and capacity (management skill and experience), which can be positive for Group margins.
- **In-house developed technology & efficiency gains:** The Group’s adoption of increasingly better technology can consistently improve operating margins, but not always in a linear, predictable manner.
- **Employee & admin cost increases:** As noted in our key person risk above, inflationary payroll costs can pressure profits but note that this can sometimes be offset by efficiencies that are likely driven by scale and/or improved technology.
- **Interest paid/earned:** Lately, Santova has held significant cash with minimal interest-bearing debt. Following the Seabourne acquisition, the Group is likely to hold a small amount of debt. The swing in gearing structure can change the mix of the Group’s profits and, with added financial leverage, make it more sensitive to all these other variables.
- **Tax rates:** Different geographies have different tax rates while the Group has differing segmental mixes.

Santova’s Financial Performance

For readers who like detail, we have analysed the financial performance of Santova over 10 years to FY 25, provided summaries of major reported items, and analysed the acquisitions track record in **Annexure A**. We also provided details of the Seabourne acquisition, which is a major event considering that the acquisition value is more than *twice* what was spent on acquisitions in the prior ten years. Once fully consolidated, Seabourne should have larger revenues than the rest of Santova, though at lower margins (**Figure 9**).

Summary: Globally diversified, growing 4PL

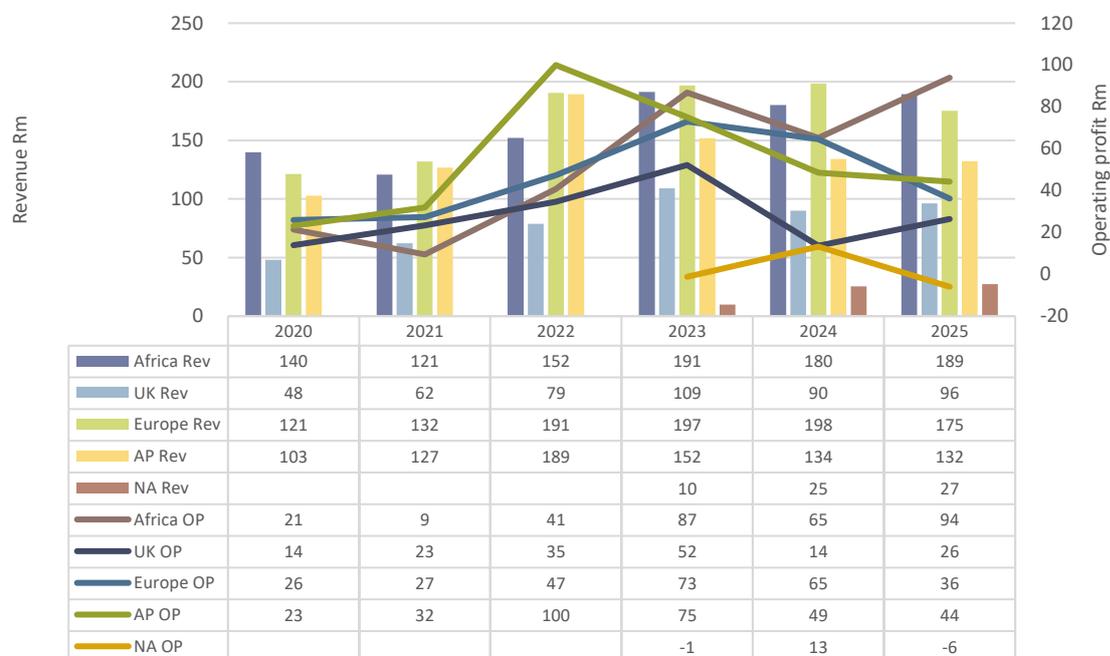
Santova is a globally diversified, asset-light 4PL, mitigating regional risks while prioritising operational efficiency and scalability through proprietary technology and intellectual capital. Overall, the Group is well-structured, employs a clear, technology-driven growth strategy that is well-augmented by a long-running and successful acquisitive strategy, and ensures management is appropriately incentivised to deliver long-term value per share.

(**Annexure B**: Management exhibits strong alignment with shareholder interests, evidenced by significant director shareholding (over 21% of the company) and a rigorous remuneration policy that ties a substantial portion of pay to the achievement of six weighted key performance indicators (KPIs), including Headline Earnings Per Share (HEPS) and Operating Margin.)

Santova Segmental Analysis

Santova Limited's operational strategy revolves around **relentless diversification** across geographies, currencies, and service offerings. This structure mitigates regional risks and capitalises on global growth opportunities, particularly through bi-directional trading on trade routes (i.e. having an office in the exporting and importing country) and group bulk buying (through Hong Kong) that pushes down rates.

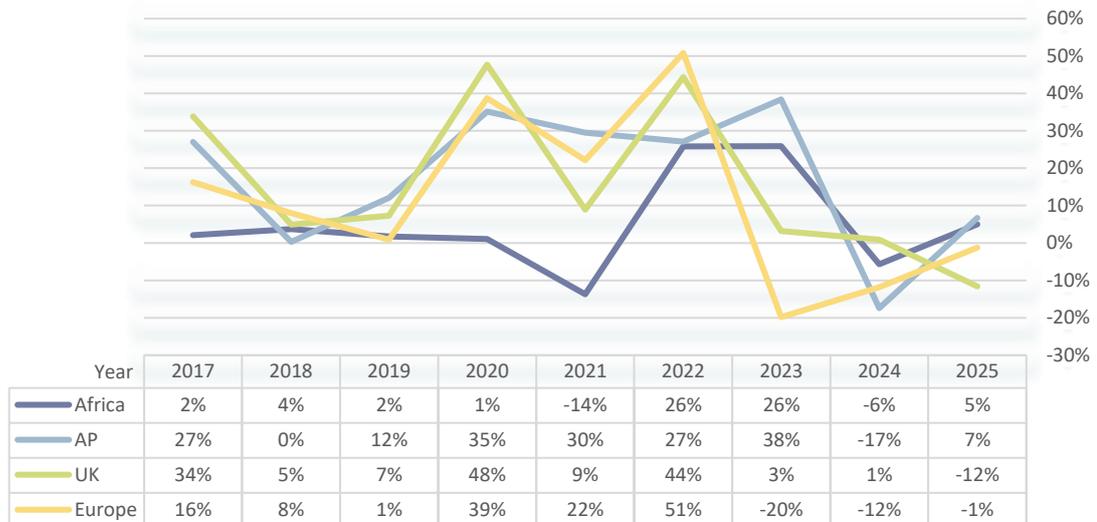
Figure 5: Santova’s Revenue (Rev) and Operating Profit (OP) by region



Sources: Santova annual reports and Blue Gem Research

Figures 5 and 6 demonstrate the volatility in revenue, revenue growth, and profits by geography. This underscores the benefit of trading in multiple regions for overall profit stability and growth (i.e. regional volatility bundled together looks like *Group* stability – see **Figure 2**).

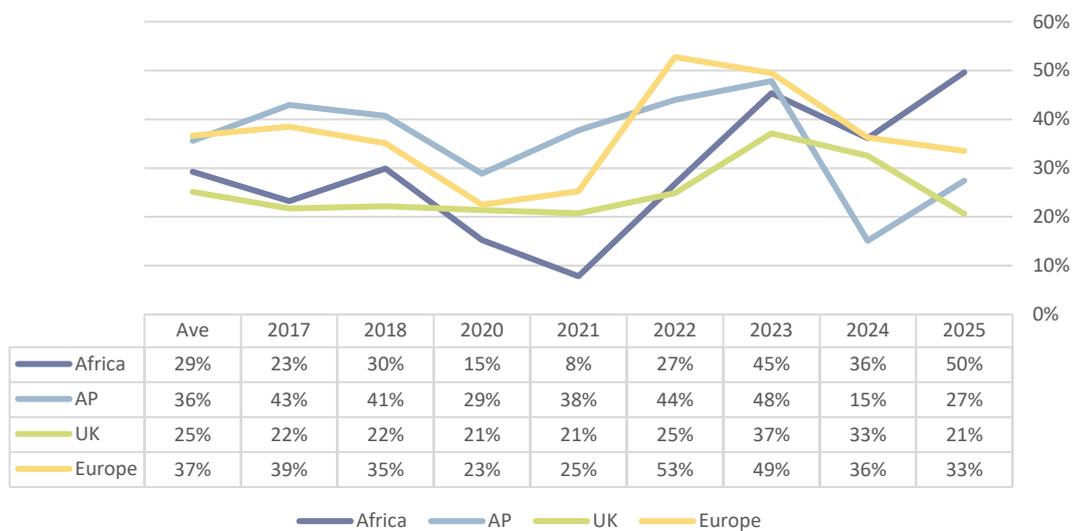
Figure 6: Santova’s Revenue Growth per Region



Sources: Santova annual reports and Blue Gem Research; AP = “Asia Pacific”

Figure 7 highlights the dramatic fluctuation in operating profit margins in each geography. The Africa region, for example, fluctuated with a low of 8% (FY 21) and high of 50% (FY 25). The average margin per geography is in a band of 25% to 37%, and a ten-year average of 29% for all geographies combined.

Figure 7: Santova’s Operating Margin per Region

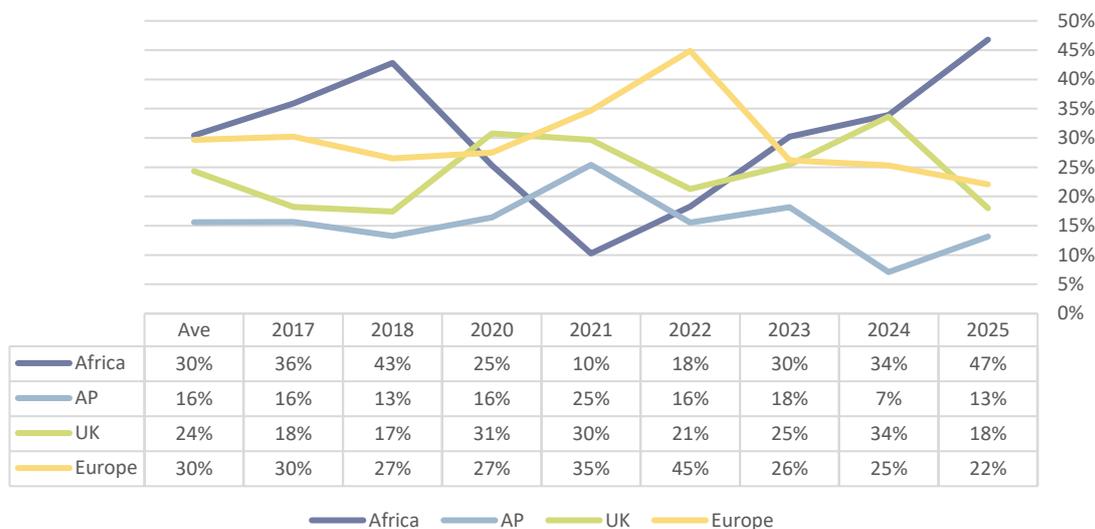


Sources: Santova annual reports and Blue Gem Research; “AP” = “Asia Pacific”

Figure 8 is a further visual of this underlying volatility regionally, for example: the Africa contribution to total operating profit (North America left out as it is incurring losses and was part of the Group for the last 3 periods

only) was as low as 10% (FY 21) and as high as 47% (FY 25). Europe had a similar profile, 22% (low) and 45% (high).

Figure 8: Regional Contributions to Santova’s Operating Profit (excluding North America)



Sources: Santova annual reports and Blue Gem Research

As stated previously, but hopefully fully unpacked in this section, Santova’s global diversification helps mitigate the regional volatility it is exposed to, providing a stable foundation for Group-wide growth. Thus, to minimise forecast risk, we have shifted our analysis from regional projections to a Group-level approach.

Likewise, we suggest investors keep a similar perspective when considering the Group. And, as we have also said earlier, one should also prioritise *long-term* performance of the Group, as this horizon best reflects underlying growth by normalising short-term volatility.

Sector View: Global Trade, Logistics, & the 4PL Industry

The Global Trade Sector: An Integrated Ecosystem

To analyse the 4PL niche and its prospects, it is first necessary to deconstruct the mechanics of global trade and establish the precise role of each actor within the ecosystem.

The Three Flows of Global Supply Chain Management (SCM)

A common misconception is that logistics is merely the movement of physical goods. Modern Supply Chain Management (SCM) is a far broader discipline that involves the centralised control and optimisation of three distinct, simultaneous flows:

1. **The Physical Flow (Product Flow):** This is the most visible "downstream" movement of goods, beginning with raw materials sourcing, moving to manufacturing, and culminating in the distribution of finished products to the end consumer. It encompasses all transportation, warehousing, and order fulfilment.
2. **The Information Flow (Data Flow):** This involves the "upstream" and "downstream" movement of data. This includes purchase orders, shipment tracking, inventory levels, customs documentation, and compliance (and, more recently, tariffs) data. Effective SCM centrally controls and links this information to enhance efficiency, reduce costs, and eliminate waste.
3. **The Financial Flow (Cash Flow):** This encompasses the movement of money, including payments to suppliers and logistics providers (and, more recently, tariffs), the management of customs duties, and the optimisation of working capital tied up in inventory across the supply chain.

Traditional logistics focused almost exclusively on the Physical Flow. The evolution to 3PL models began to integrate the Physical Flow with basic Information Flow (e.g., warehouse management). The 4PL model derives its value from its claim to master and integrate *all three flows* on behalf of a client.

This is exemplified by Santova's own business model, which explicitly offers "Global Logistics Services," "Business Intelligence" (Information Flow), and "Financial Services – Insurance" (Financial Flow) as a comprehensive solution.

Defining the Actors in the Value Chain

The global logistics sector comprises distinct actors with different business models, asset intensities, and value propositions. Understanding these differences is essential to evaluating a 4PL provider.

- **Carriers (The Asset Owners):** Carriers are the physical transporters of goods. They own and operate the capital-intensive assets of trade: ocean carriers own container ships, air carriers own aircraft, and road/rail carriers own trucks and locomotives. Their primary function is the physical movement of cargo from Point A to Point B, and they are liable for the goods while in their possession. Ocean transport, dominated by carriers, is the backbone of global trade, moving over 80% of world trade volume.
- **Freight Forwarders (The Arrangers):** A freight forwarder acts as a "travel agent" for freight. They are typically non-asset-based, meaning they do *not* own the primary transport assets. Their function is to act as the shipper's agent, handling the complex logistics of a shipment. This includes negotiating freight rates, booking space with carriers, and, most critically, managing the extensive documentation, customs brokerage, and regulatory compliance required for international trade.
- **Third-Party Logistics (3PL) (The Executors):** A 3PL provider is an outsourced partner that *executes* specific logistics *functions* on behalf of a client. Their role is operational and tactical, managing defined tasks such as warehousing, inventory management, order fulfilment, and transportation. A 3PL's business model is often transactional or contract-based, focused on efficiently performing these discrete functions.
- **Fourth-Party Logistics (4PL) / Lead Logistics Provider (LLP) (The Integrators):** A 4PL is a strategic partner that acts as the *single point of control* for the client's *entire* supply chain. The 4PL's role is strategic and integrational. It *designs, manages, and optimises* the full supply chain, often by *orchestrating* a network of 3PLs, carriers, and forwarders on the client's behalf. The 4PL provides a "control tower" view, integrating technology and data analytics to provide end-to-end visibility and continuous improvement. Santova explicitly identifies as a "technology-based trade solutions specialist" and "4PL provider," fitting this description.

Global Trade Environment and Sector Dynamics

Within the context of the above explanation of *how* the global trade sector fits together, it is clear that the profitability and strategic trajectory of Santova Limited (SNV) are inextricably linked to this complex and evolving global logistics landscape.

The industry is substantial and expected to grow at a compound annual growth rate (CAGR) of c.5~6% until 2027~2030 (depending on a range of independent research sources), the structure of that trade is undergoing a fundamental change.

I. The Global Trade Paradigm Shift: Fragmentation and Complexity

The logistics sector is witnessing a structural paradigm shift away from the post-1990s era of pure cost-minimising globalisation. This environment is characterised by:

Geopolitical Fragmentation and Protectionism: Global trade volumes are stagnating and even decoupling from global GDP growth, a sign of increasing protectionism. **New trade barriers and geopolitical tensions** (such as the US-China trade war and the impact of the war in Ukraine) are reshaping global economies.

Santova’s core strategy of **relentless diversification** across geographies, currencies, industries, products, and trade routes acts as a strategic **hedge against these unexpected ‘regional risks’**.

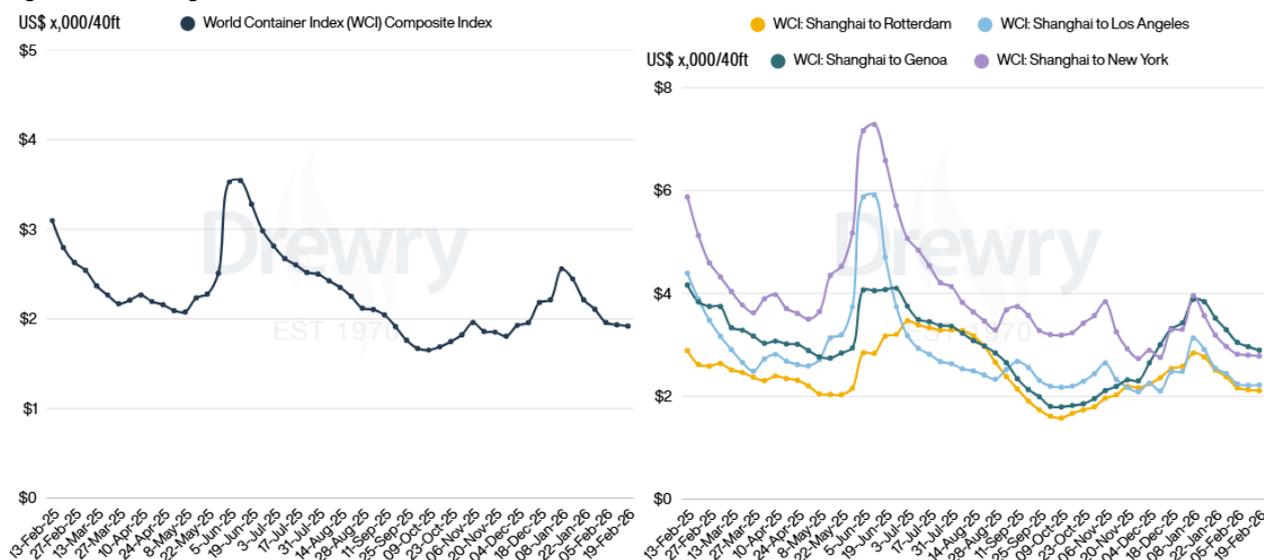
1. **The New Geometry of Trade (Near-shoring and Friend-shoring):** Companies are prioritising **supply chain security and resilience** over previously favoured cost advantages. This has driven two major trends:
 - a. **Nearshoring:** The movement of production closer to the final consumption market (e.g., Mexico surpassing China as the US’s top trading partner).
 - b. **Friend-shoring:** The shifting of sourcing away from geopolitically sensitive regions (like China/CN) towards allied nations, particularly those in **ASEAN countries and India**. Santova is actively positioned to benefit from this, viewing the development of **Vietnam** as a pivotal point for China and Southeast Asia, which is identified as a future growth zone.
2. **New Regulatory Compliance (Non-Tariff Barriers):** The regulatory environment is becoming more complex, requiring businesses to evolve from a compliance-driven approach to proactive risk management and accountability. A significant example is the European Union’s proposed **Carbon Border Adjustment Mechanism (CBAM)**, which imposes costs based on carbon emissions embedded in imported goods.

Implication for 4PLs: As a Fourth-Party Logistics (4PL) provider, Santova acts as the client’s "control tower" managing the Information Flow. This structural shift converts regulatory complexity into a potentially high margin, ‘sticky’ revenue stream for Santova, positioning it as a compliance & solutions partner rather than just a traditional logistics arranger.

II. Freight Rate Dynamics: The "Fat and Flat" Reality

Freight rates—a key input cost for Santova’s services to its clients—have been highly volatile, spiking during the pandemic (FY 22) before declining due to softening demand and carrier overcapacity (FY 24). The outlook is a "new normal" defined by a **"fat and flat"** environment—volatile, but range-bound at structurally higher levels than pre-2020.

Figure 9: Global Freight Rate Indices



Source: Drewry World Container Index

- **Deflationary Pressure:** Massive carrier overcapacity acts as a downward ceiling on prices.
- **Inflationary Pressure:** Geopolitical friction (such as the Red Sea crisis, which impacted operations in late FY 24) and permanent environmental regulatory costs (like CBAM) establish a higher structural floor for rates.

Santova's Strategic Advantage: As an asset-light entity, Santova is not exposed to the substantial costs and balance sheet impairment risks faced by asset-heavy carriers. Instead, the complexity and volatility in rates is beneficial for Santova, as it necessitates the involvement of sophisticated 4PL integrators to manage unpredictable surcharges and secure favourable rates and capacity. In other words, Santova's business model likes complexity as clients need the Group's services more.

III. Technological Imperatives and E-commerce Acceleration

The modern logistics industry requires technology as the core product for a 4PL, acting as its primary competitive differentiator:

Digital Fitness: The 4PL winners will be those who exploit advanced technologies, including **Artificial Intelligence (AI), data analytics, connectivity, and cloud-based platform solutions.**

- **E-commerce Growth:** The global e-commerce market is projected to reach US\$5.9 trillion by 2029. This rapid growth requires complex fulfilment and distribution networks. The **May 2025 acquisition of Seabourne Group** was strategic, providing fulfilment centres ('smart' warehousing) in key areas like the UK and the Netherlands ("the Gateway to Europe"). This evolution towards a **hybrid "asset-based 4PL" model** appears specifically designed to meet the growing demands of multinational clients for sophisticated, end-to-end solutions that support the e-commerce sector. Barrier to entry – warehouse space is limited, and new development is difficult and less likely.

IV. Domestic Market Benefits & Complexities ("Infrastructure Paradox")

While Santova operates globally, its South African (SA) domestic market presents a unique environment:

- **Infrastructure Failure:** South Africa's state-owned logistics infrastructure, notably the Port of Cape Town, Port of Durban, and Transnet rail freight, are all experiencing systemic failures, which is driving volumes through roads and increasing the complexity of trade flows locally. This increased complexity—so long as infrastructure pressure remains but does *not* collapse entirely, grinding trade to a complete halt—increases the demand for a specialist to handle it, thus boosting demand for Santova's 4PL offering.
- **Defensive Moat:** This severe domestic dysfunction creates a **defensive moat** for Santova's SA operations. Clients require the highly specialised and non-discretionary problem-solving services provided by a 4PL to navigate this operating environment. Over several years, the SA segment has demonstrated resilience and organic growth even amidst challenging local socio-economic-political conditions.
- **Cheap cost-base:** South Africa's weak currency and low cost-base offers the Group valuable geographic leverage to cross-sell skills and services into the rest of the Group's higher cost-base geographies (e.g. UK, EU and USA). This global synergy can offer both improved margins and cost-competitive offerings to regional clients.

Forecasts: Commentary & Assumptions

As stated earlier in this report, because Santova's revenues and margins fluctuate across regions, but the Group-level longer-term profit trajectory is upwards, we have focused our forecasts at a Group level. Add to this the fact that Seabourne should be a very large part of Group profits in coming years, and it becomes clear

that any forecast of Santova needs to consider both the high-level drivers and consolidate in Seabourne’s results in a measured, careful manner.

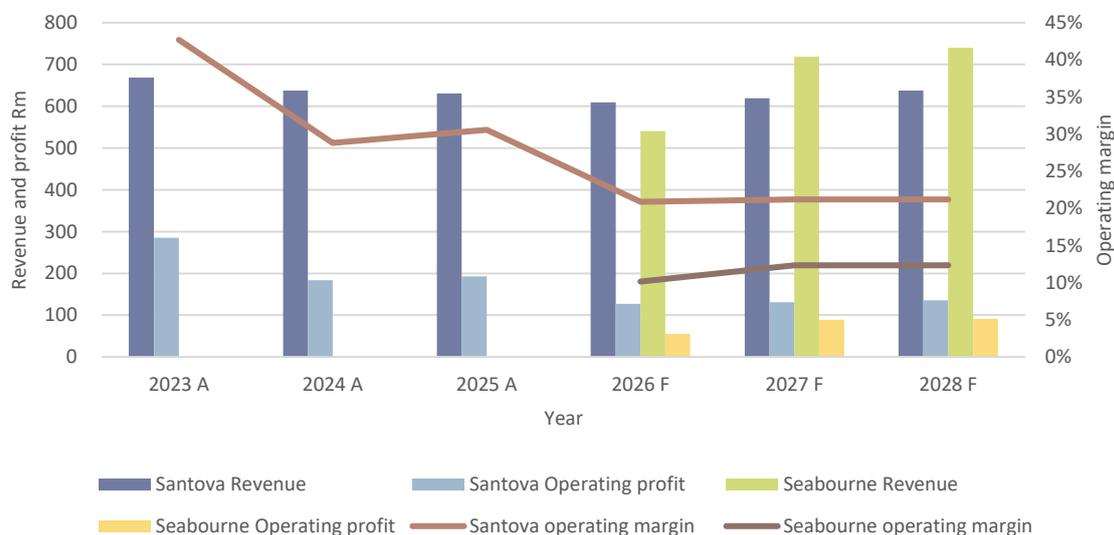
To do this, we built a forecast for Santova’s Group *pre*-Seabourne, then built a forecast for Seabourne, and then consolidated the two forecasts to arrive at our Group-level forecasts (which we will refine as time goes by and incoming results materialise).

Specifically, we have:

- Maintained the profit margin achieved in the H1 26 for the three forecast periods (which we think is achievable) and included Seabourne at the profit warranty numbers (which we believe they should achieve). We have then projected working capital levels for each of the two businesses based on the existing numbers reported by Santova (which are based on current freight rates, which we assume simply remain flat). From then, we get to a simple and somewhat conservative c.3% annual growth in revenues for our forecast period.
- While Seabourne has somewhat higher asset requirements, the reality is that capex is not material for Santova, and we have assumed it to be equal to depreciation (i.e. current assets are maintained).
- Interest earned on positive balance at 3%, and the interest portion of right-of-use asset leases was included based on historical numbers.
- Once again, while regions will differ, Group-level tax was modelled at 26% (looking back, the Group’s 10-year average effective tax rate was 25%).
- Though the Group has bought back shares each year since 2020, we did *not* model this. Management has also indicated that cash holdings will be used for future acquisitions, possibly at the exclusion of share buybacks.

While our detailed forecasts are included in **Table 1**, **Figure 10** shows how the above assumptions combine *and* how material Seabourne is to the Group’s *forward* financial results.

Figure 10: Santova Group and Seabourne Contribution to Revenue and Profits



Sources: Santova and Blue Gem Research

In summary, we believe that Santova’s inherent profitability will be maintained despite the risk of short-term volatility in any set of results. While at lower margins than the rest of the Group, the addition of Seabourne should have a materially positive impact on the Group’s revenues and profits in coming years.

Valuation of Santova: Disclosures, Assumptions & Models

Below **Tables 3** and **4** unpack our simplified Discounted Free Cash Flow (DCF) assumptions, namely:

- Our discount rate (15.5%),
- Free cash flow forecasts for the coming years as Seabourne is consolidated, &
- Our terminal year assumptions that include a flat exchange rate, flat freight rates and flat margins (all, admittedly, simplifying assumptions that will be inaccurate as the future inherently is not static).

Table 3: Discount rate calculation

Discount rate	
SA 10yr Government Bond Yield (%)	8.04%
Equity Risk Premium	6.00%
Beta	0.47
Small stock premium	3.60%
Specific risk premium (management key person)	1.00%
Cost of Equity	15.5%

Source: Blue Gem Research, PwC Valuation app, Sharedata

Table 4: Discounted cash flow valuation

DCF	2027 F	2028 F	2029 F	nth
Growth rate				3%
Cash from operations	244	249	256	264
Interest portion of ROU lease liabilities	-9	-10	-10	-10
Capex	-29	-29	-29	-29
Tax	26%	-53	-55	-57
Free cash flow		152	156	161
Discount rate	15%	0.9	0.8	0.6
				Values
Present values	132	117	105	353
Terminal value				868
Total value				1,221
Surplus cash after Seabourne liability				250
Equity value - control				1,471
DLOC	10%			-147
Marketable minority value				1,323
DLOM	5%			-66
JSE level valuation				1,257
Number of shares (million)				130
Valuation per share (Rand)				9.70
Cash per share (Rand)				1.93
Value of business per share (Rand)				7.77
Share price 3 February 2026				6.95
JSE discount to valuation				28%
PE ratio				9.6
Forward PE ratio				7.7
Price / book (based on FY26 E)				0.9

Source: Blue Gem Research. Note: DLOC = discount for lack of control; DLOM = discount for lack of marketability

Our DCF arrives at an implied R9.70 fair value for Santova shares, which compares attractively against the Group's current share price of R6.95.

Peer comparison

We will be the first to admit that many of **Table 5's** 4PL (or "4PL-adjacent") peers are substantially larger than Santova and, thus, not very indicative of clean valuation metrics. That said, two of these asset-lite companies (CHRW and EXPD) that are similar to Santova do generate very high ROE's (30% and 35%) despite not having much gearing (see details below).

We have included Santova’s average 10-year ROE (16%), which against its Cost of Equity (15.5%) shows that the Group generate *economic* value. That said, a long-term 16% ROE is mid-ranked against **Table 5’s** peer set, albeit from a *much* smaller size (returns to scale are material with this business model).

Table 5: Global large peer valuation multiple comparison

Ticker	Name	Market Cap (US\$bn)	EV/Sales (LTM)	P/E (LTM)	EV/EBITDA (LTM)	P/B (LTM)	ROE (%)
CHRW	C.H. Robinson Worldwide, Inc. (asset light)	23	1.5	40	25	12.4	30%
XPO	XPO, Inc.	18	2.7	54	14	9.7	19%
FDX	FedEx Corporation (asset heavy)	75	1.2	18	6	2.7	16%
GXO	GXO Logistics, Inc.	7	0.9	76	6	2.2	3%
DSV	DSV A/S	66	2.3	44	20	3.7	10%
EXPD	Expeditors Internat. Washington, Inc. (asset light)	22	1.9	26	15	9.5	35%
JBHT	J.B. Hunt Transport Services, Inc.	19	1.8	34	3	5.4	16%
KNI	Kuehne + Nagel International AG	27	1.0	21	11	10.5	43%
	Median		1.7	37	13	7.5	18%
	Asset light companies	22	1.7	33	20	11.0	33%
	Average of companies with lowest ROE (2 of 8)		1.6	60	13	3.0	7%
SNV	Santova Limited	55m	1.3	7	4.4	0.8	16%
	Peer averages						
	Average of > ROE 30%+ (3 of 8 companies)	24	1.5	29	17	10.8	36%
	Average of > ROE 15 to 29% (3 of 8 companies)	37	1.9	35	8	5.9	17%
	Average of > ROE 15 < 15% (2 of 8 companies)	36	1.6	60	13	3.0	7%

Sources: Koyfin, Blue Gem Research

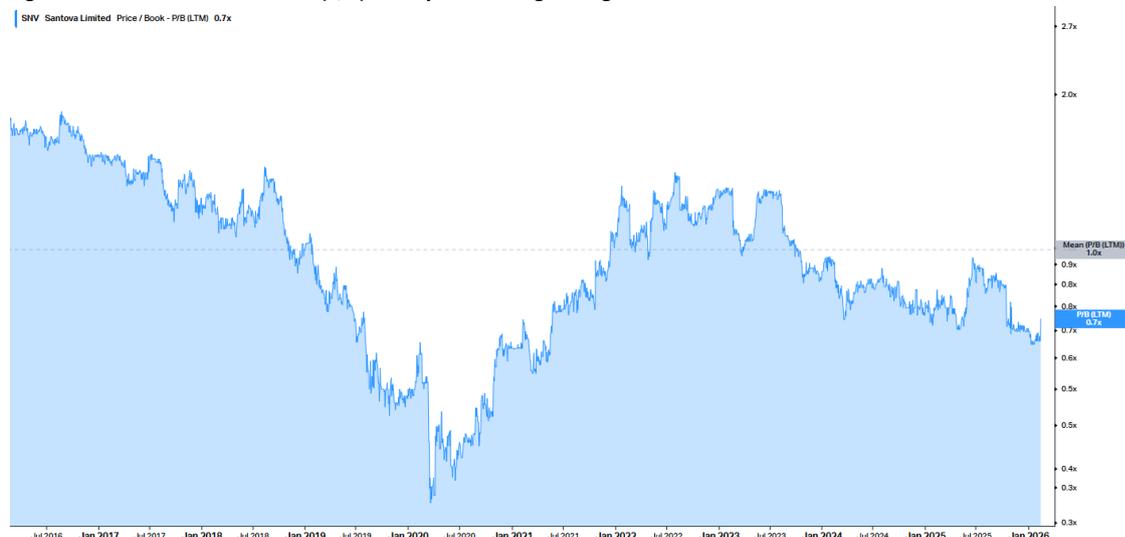
As **Table 5** clearly shows, this industry sector is high performing with strong capital efficiency. It is little surprise then that the global valuation multiples are also very high (median PE and P/B of 37x and 7.5x versus the S&P 500 Index’s PE and P/B of c.29x and 7.5x).

Given the volatility in short-term earnings, we consider the Price/book (P/B) multiple to be the most appropriate measure.

Many of **Table 5’s** companies operate in a low-interest-rate environment (long bond yields of c.3~4% in many of their regionalities). Thus, if a hypothetical company can generate a ROE of 33%, then a P/B ratio of 11 (~33/3) seems justified – for instance, CHRW, EXPD and KNI.

Based on this metric and considering long bond rates in SA are c. 7%, **Santova with a ROE of 16%, should arguably trade at a P/B of at least 2x.** Santova is, however, a smaller market cap company, which typically trades at substantial discounts to these much larger companies.

Figure 11: Santova’s Price-to-Book (P/B) History & 10-rolling Average



Source: Koyfin (13/02/2026)

If we look at Santova’s valuation history, the share has averaged a P/B ratio of c.1x over the past 10 years to February 2025 (interestingly, with a spike in this average to 1.7x from FY 15 to FY 17). We therefore believe that Santova should trade at *least* at a P/B ratio of 1x, but probably higher.

A 1x P/B implies a share price of R10.17 compared to a closing price of R6.95 on 3 February 2026, a 46% premium. A 1.5x P/B would imply a share price of R15.25, or more than double the current price.

The acquisition of Seabourne may lower the ROE going forward (offset by a larger group creating returns to scale), and if the substantial cash holding is not used to acquire other businesses, the low interest return on cash should detract from ROE. However, management has indicated in the 1H 26 reporting that the cash will be used for acquisitions.

Thus, considering management’s great track record of acquiring businesses, we believe Santova will return to the ROE levels experienced in prior years, justifying a higher valuation.

Table 6: Two Asset-light “4PL” Peers for Comparison to Santova

CHRW Balance sheet December YE US\$m	2023	2024	EXPD - Balance sheet December YE US\$m	2023	2024
Cash	146	146	Cash	1,513	1,148
Other current assets	2,735	2,824	Other current assets	1,922	2,511
Total current assets	2,881	2,970	Total current assets	3,435	3,660
Property and equipment net	145	127	Property and equipment net	479	449
Goodwill	1,474	1,429	Goodwill	8	8
Right-of-use lease assets	354	335	Operating lease right-of-use assets	516	552
Deferred tax & other	372	437	Other assets	85	86
Total assets	5,225	5,298	Total assets	4,524	4,754
Total current liabilities	2,052	2,325	Total current liabilities	1,704	2,066
Interest bearing debt & long term debt	1,383	887	Operating leases	528	569
Lease liabilities	372	364	Total liabilities	2,132	2,529
Total liabilities	3,807	3,576	Total equity	2,391	2,226
Shareholders' equity	1,419	1,722	Total liabilities and equity	4,524	4,754
Total liabilities and shareholders' equity	5,225	5,298			

CHRW Income statement Dec YE US\$m	2022	2023	2024	EXPD - Income statement Dec YE US\$m	2022	2023	2024
Total revenues	24,697	17,596	17,725	Total revenues	17,071	9,300	10,601
Total operating expenses	23,430	17,082	17,056	Depreciation and amortization	57	68	61
Operating profit	1,267	515	669	Other operating expenses	15,190	8,292	9,498
Interest and other expense net	-100	-105	-90	Total operating expenses	15,247	8,360	9,559
Income before income taxes	1,167	409	579	Operating profit	1,824	940	1,041
Income tax	226	84	114	Interest & other	12	75	53
Net profit	941	325	466	Earnings before income taxes	1,836	1,015	1,095
				Income tax	475	263	283
				Net profit	1,361	752	812
Ratios				Ratios			
Revenue growth		-29%	1%	Revenue growth		-46%	14%
Operating margin	5%	3%	4%	EBITDA margin	11%	11%	10%
Tax as % of PBT	19%	21%	20%	Operating margin	11%	10%	10%
Net profit margin	4%	2%	3%	Tax as % of PBT	26%	26%	26%
Return on equity		23%	30%	Net profit margin	8%	8%	8%
				Return on equity		31%	35%

Sources: Koyfin, Blue Gem Research

While much less well-known than the larger, global peers we noted in **Table 5**, **Table 7** reveals two other smaller “4PL-like” companies in similar activities to Santova (integrated freight & logistics). *Size-wise*, these two companies are more comparable to Santova. Thus, it is interesting to note how superior Santova’s ROE is to theirs, and yet Santova’s share trades on a P/B ratio of *half* of their average.

Table 7: Two companies comparable in size to Santova comparison

Ticker	Company	M Cap US\$m	EV/Sales	PE	EV/EBITDA	P/B	ROE (%)	Revenue US\$m	EBITDA US\$m	Net profit US\$m	EBITDA %	Net profit %	Net debt US\$m
	SJ Logistics	57	0.4	8	3.5	1.3	15%	143	18	13	13%	9%	5
AIRT	Air T, Inc.	62	0.3	12	5.7	1.5	8%	290	15	5	5%	2%	25
	Average	60	0.4	10	4.6	1.4	12%	217	17	9	9%	5%	15
SNV	Santova Limited	55	1.3	7	4.4	0.7	16%	84	16	11	19%	13%	-37

Sources: Blue Gem Research, with Grok inputs. Note: The Santova revenue and profit numbers are for FY 27 (at R16/US\$) to include Seabourne for a full year. The other Santova numbers are current. Santova's ROE is the 10-year average to FY 25 which is more indicative of performance as FY 25 and projected years are affected by the Seabourne acquisition and large cash on hand. Santova has held large cash balances for most of the past 10 years thus ROE would be higher if the cash was deployed to acquire businesses.

S J Logistics (India) Ltd (SJLOGISTIC.NS) is an **Indian** logistics firm with a market cap of about \$57 million. It provides integrated logistics and supply chain solutions, including ocean and air freight forwarding, customs clearance, inland transportation, warehousing, door delivery, and Non-Vessel Operating Common Carrier (NVOCC) services—matching Santova's focus on end-to-end supply chain and freight forwarding. The company's lower debt levels and exposure to India's booming e-commerce and export sectors contribute to its attractive valuation, though it faces competition from larger global players.

Air T, Inc. (AIRT) is a **U.S.-based** company with a market cap of around \$62 million. Its overnight air cargo segment offers air express delivery services (primarily under agreements with FedEx), which overlap with Santova's express courier and air freight components, though it's more diversified. It provides air cargo, ground equipment, and aviation services, with some overlap in express delivery and freight. It's more diversified but included for comparison. Air T's lower margins reflect its diversification into non-core areas, making it less directly comparable but highlighting potential synergies in air freight.

As said above, in conclusion, Santova achieves higher EBITDA and Net Profit margins, and ROE than both these companies. Using the P/B ratio, once again, Santova's valuation should at least be in line with these peers, at an average 1.4x, indicating a share price of R14.24, implying that the price should be about *double* what it is currently trading at.

Peer Merger & Acquisition (M&A) Transactions

The above valuation assessment is for minority investors as listed share prices reflect minority valuations. It is worth noting that a “control premium” would be demanded in the case of control being acquired.

While purely academic, we've compiled recent M&A transactions (2023~2025) involving peers in the integrated logistics and freight forwarding sector. This list focuses on small-to-mid cap companies (like Santova's ~\$55M market cap). The list provides a benchmark for transaction multiples, particularly EV/EBITDA and EV/Revenue, which are common in logistics deals. Multiples have risen in 2025 due to strategic consolidation and recovery from supply chain disruptions, with medians around 8-12x EV/EBITDA for strategic buyers.

Key transactions and multiples (using Artificial Intelligence to scan global deals from 2023 to present):

- **Nippon Concept (Japan)** acquired by undisclosed buyer (June 2025): EV \$209M; EV/EBITDA 9.0x; EV/Revenue ~1.1x. (Small-cap freight forwarder in Asia-Pacific.)
- **Nissin Corporation (Japan)** acquired by Bain Capital (May 2025): EV \$765M; EV/EBITDA 7.8x; EV/Revenue 0.9x. (Integrated logistics with warehousing focus.)
- **Santos Brasil (Brazil)** acquired by CMA Terminals (April 2025): EV \$1.6B; EV/EBITDA 9.8x; EV/Revenue 1.2x. (Marine and land-based logistics, mid-cap.)
- **Andlauer Healthcare Group (Canada)** acquired by UPS (April 2025): EV \$1.5B; EV/EBITDA 14.4x; EV/Revenue 2.0x. (Specialized logistics, premium due to healthcare vertical.)
- **Golden Ocean Group (Norway)** acquired by CMB.TECH (April 2025): EV \$2.0B; EV/EBITDA 8.9x; EV/Revenue 1.5x. (Marine freight with logistics overlap.)

- **van Eupen Logistik (Germany)** acquired by L.I.T. West Speditions (April 2025): EV undisclosed; implied EV/EBITDA ~7.5x based on sector medians. (European road and beverage logistics.)
- **Aramex (UAE)** acquired by Abu Dhabi Ports (January 2025): EV \$1.4B; EV/EBITDA 8.9x; EV/Revenue 1.0x. (Freight forwarding and e-commerce logistics.)
- **Global Sea Containers** acquired by Textainer Group (May 2025): EV \$1.55B; EV/EBITDA undisclosed, but sector average ~10x. (Container logistics, strategic add-on.)
- **Cryo Express (US)** acquired by DHL (March 2025): EV \$185M; EV/EBITDA ~8.0x; EV/Revenue 0.8x. (Specialized cold-chain logistics.)
- **United Wind Logistics (Germany)** acquired by UNITED HEAVY LIFT (March 2025): EV \$51M; EV/EBITDA ~6.5x. (Marine and wind energy logistics.)

Sector Averages (2023-2025):

- **Median EV/EBITDA:** 8.9x overall; 12.7x for strategic deals in 2025 (up from 4.7x in 2024); 5.4x for PE deals.
- **Median EV/Revenue: 1x overall.** For integrated logistics (e.g., 3PL/forwarding): **Median EV/EBITDA: 12.8x**, though note smaller deals (<\$100M EV) show variability, often 4.5-10.5x EV/EBITDA, with premiums for niche services like e-commerce (Santova moved into this area with the acquisition of Seabourne) or pharma.
- **Conclusion:** This M&A history and broad analysis suggests that Santova could command 8-10x EV/EBITDA, valuing it at \$108-135 million (more than *double* the current market cap), particularly driven by strategic interest in African/Indian Ocean expansion amid global trade shifts.

Thus, using a global peer set, relative valuation approaches and analysing M&A exit multiples, we conclude that Santova's shares trade at a significant discount even *after* we have controlled for its relatively small(er) size compared to many of the global major 4PL (and 4PL-adjacent) groups.

12m TP and Implied Return

Based on our view that Santova should at least trade at 1x NAV and pulling from our DCF fair value of R9.70, we have estimated an NAV of R11.22 at 28 February 2026 and R12.53 at 28 February 2027. In other words, our 12m TP is 1122cps, which implies a c. 61% return from the current share price.

Key Upside & Downside Risks to Our Forecast & Valuation

- Seabourne under- or outperforming its profit warranty, including integration costs, may have a significant impact.
- Exchange rates, freight rates, and operating metrics such as growth of the customer base (organic and new), mix of revenues and profits between territories and operating margin per territory.
- Regional changes in tariffs, taxes and/or any other major cost or disruption to global trade (e.g. embargoes or widespread war).
- Working capital levels in each territory affect cash flows.

On balance, we believe we have taken a conservative approach. However, many variables may make Santova's short-term performance differ from our expectations. That said, we do (and suggest investors do too) maintain a *long-term* view as to the Group's *real* post-volatility performance. And, with this perspective in mind, we believe that the Group's stellar track record should continue, if not accelerate from here as Seabourne consolidates and returns to scale are progressively enjoyed.

ANNEXURE A: SANTOVA HISTORICAL FINANCIAL PERFORMANCE & ACQUISITION HISTORY

Given our view as to the necessity of analysing and understanding Santova with a *long-term* perspective, this section is a decade-plus, backwards-looking analysis to better understand the actual track record of the Group and its current management.

Table 8: Santova Income Statement and Balance Sheet History

Income statement (Rm)	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	CAGR
Gross billings	3,463	3,798	4,074	4,124	4,221	4,342	4,463	6,419	6,423	5,544	5,975	6%
Revenue	224	279	315	329	342	414	442	619	668	638	630	11%
Operating Expenses minus other income	167	205	214	240	263	318	339	388	390	418	423	10%
EBITDA	57	74	101	104	91	114	125	258	309	239	236	15%
Depreciation	3	4	6	3	4	24	27	29	22	29	31	25%
Operating Profit	54	71	97	101	86	90	97	228	285	184	193	14%
Net Interest Paid/(Received)	3	4	9	6	6	7	5	4	5	-21	-8	
Profit Before Tax	51	67	88	95	81	82	92	224	281	205	201	15%
Taxation	12	17	23	24	20	17	22	54	70	58	53	16%
Profit after tax	39	50	65	71	61	65	70	170	211	147	148	14%
Income Attributable To Minority Interests	1	1	2	0	0	-0	0	0	0	-1	-0	
Income Attributable To Equity Holders	39	49	63	71	61	65	70	170	211	148	148	14%
Total Comprehensive Income/Loss for the period	35	93	-14	67	95	87	86	161	279	201	106	12%
Balance sheet (Rmillion)	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	CAGR
Property, plant & equipment	8	25	19	20	28	29	28	26	18	17	18	9%
Investments in Associates	0	0	0	0	0	0	1	2	2	0	0	
Intangible Assets	122	223	178	181	253	297	312	298	362	370	353	11%
Net Deferred Tax Asset	7	10	9	8	6	11	13	15	17	7	6	
Financial assets at fair value through P&L	3	0	0	0	0	9	8	7	8	9	10	
Loans Receivable	0	5	6	4	8	0	0	0	2	2	3	
Total Fixed Assets	141	262	212	214	294	346	362	347	408	406	391	11%
Debtors	548	590	539	579	608	637	725	982	856	856	823	4%
Creditors and Provisions	-195	-239	-223	-220	-188	-238	-391	-530	-453	-370	-315	5%
Cash	0	0	0	0	0	0	0	0	223	264	350	
Other Current Assets	0	47	51	62	44	0	0	2	0	0	0	
Net current assets	353	398	367	421	464	400	334	454	627	750	857	9%
Assets Held For Sale	0	0	0	0	0	0	0	0	9	10	10	
Total Net Operating Assets	494	660	580	635	758	746	696	801	1,044	1,166	1,258	10%
Ordinary Share Capital & Premium	145	214	215	220	221	221	221	164	117	74	62	
Treasury Shares	0	1	2	3	3	16	48	6	0	0	0	
Distributable Reserves	59	102	156	213	263	315	385	555	767	917	1,065	
Non-Distributable Reserves	0	0	0	0	0	0	0	0	0	0	0	
Translation Reserves	20	62	-16	-20	14	36	53	44	112	167	125	
Other Capital	2	3	5	6	7	8	9	9	6	4	4	
Ordinary Shareholders' Interest	226	380	358	416	502	564	619	766	1,003	1,161	1,256	19%
Minority Interest	4	6	7	0	0	0	0	0	0	0	-0	
Total Shareholders' Interest	230	386	366	416	502	565	619	766	1,003	1,161	1,256	18%
Interest Bearing Loans	37	57	37	21	30	17	13	22	9	3	2	
Net Right of use Assets and Lease liabilities	0	51	17	19	49	40	24	5	32	1	1	
Net Bank Overdraft	226	165	161	179	177	124	41	7	0	0	0	
Purchase of business liability	49	0	0	0	0	0	0	0	0	0	0	
Interest bearing debt	263	273	214	219	256	181	77	35	40	4	2	
Retirement Obligation	0	0	0	0	0	0	0	0	1	1	0	
Interest bearing debt + retirement obligation	263	273	214	219	256	181	77	35	41	5	3	
Total Funds	494	660	580	635	758	746	696	801	1,044	1,166	1,258	10%
Total net operating assets minus cash	494	660	580	635	758	746	696	801	821	902	908	
Enterprise Value (EV)	738	906	760	668	672	502	546	831	887	667	627	

Sources: Santova, Sharedata and Blue Gem Research

- We have depicted 11 years of financial history in **Table 8** and calculated 10-year compound annual growth rates (CAGR), as this should serve (not perfectly, but reasonably) to remove year-on-year volatility from the Group's operations.
- **Seven businesses were acquired from FY 16 to FY 25:**
 - **FY 16:** Tradeway Shipping (UK),
 - **FY 18:** remaining 25% of the Australia operation,
 - **FY 19:** ASM Logistics (Singapore, Hong Kong, Indonesia, Malaysia, Thailand & Vietnam),
 - **FY 20:** MLG Maritime Cargo Logistics (Germany),
 - **FY 23:** A-Link (North America),
 - **FY 25:** Seabourne (see our section later in this Annexure where we detail this acquisition) was acquired in May 2025 and thus not included in the above numbers.
- Revenue grew by a CAGR of 11% over the last decade and a year, with all profit numbers growing faster than topline. This demonstrates the economies of scale via internally buying-power, increasing automation, and developed software. This is also demonstrated by the fact that employee numbers have not increased in line with revenue. In fact, and incredibly, Santova had 273 employees in FY 25 versus 321 in FY 15, despite revenue about tripling over this period.

Table 9: Santova Cash Flow History

Cash flow items (Rmillion)	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	10 Y
Cash generated by operations	46	48	90	92	48	133	176	164	353	110	128	1,342
Interest and tax paid	-17	-18	-34	-24	-28	-24	-26	-49	-78	-58	-44	-382
Net Cash flow from operating activities	29	30	56	68	20	109	150	115	275	52	85	960
Dividends paid	-4	-6	-9	-6	-11	-12	0	0	0	0	-0	-44
Treasury shares acquired	0	-1	-1	-2	0	-13	-32	-15	-49	-49	-12	-174
Cash flow from operations after dividends and share buybacks	25	24	47	60	9	85	118	100	226	3	72	743
Acquisition of P&E net of proceeds	-2	-3	-2	-5	-4	-3	-2	-3	-4	-2	-5	-32
Acquisition & development of Intangible Assets	-1	-3	-3	-4	-2	-6	-5	-4	-3	-3	-3	-34
Acquisition of Subsidiary or Business/settlement of liability	-3	-59	-24	-11	-41	-20	-21	-18	-2	3	0	-195
Other	2	0	0	0	0	0	0	0	-2	0	-0	-1
Net cash flow from investing activities	-5	-65	-28	-19	-47	-29	-28	-24	-11	-3	-8	-261
Interest Bearing Debt raised (repaid)	-9	49	-19	-21	11	2	-20	22	-31	-15	-6	-27
Payment of lease liabilities	0	0	0	0	0	-21	-22	-14	-16	-21	-23	-117
Share Capital Issued	0	51	0	0	1	0	0	0	6	6	0	65
Dividends paid by subsidiary	0	0	0	0	0	0	0	0	0	-1	0	-1
Settlement of deferred consideration	0	0	0	0	0	0	0	0	0	-13	0	-13
Net cash flow from financing activities	-9	100	-19	-21	12	-19	-41	8	-41	-44	-30	-93
Net increase(decrease) in cash & cash equivalents	10	59	0	20	-26	37	49	84	174	-44	34	389
Translation effects on cash & cash equivalents	-2	20	-32	-4	7	8	7	-3	47	29	-25	53

Sources: Sharedata and Blue Gem Research

- Over long periods of time, we find that management's capital allocation blended with a business's requirements is revealed when looking at exactly where pools of generated cash have been applied.
- Over the last eleven years, Santova cumulatively generated R960m in cash from operating activities and applied this capital as follows (cumulatively):

Past 10 years to FY 25

Source		% total
Cash from operating activities	960	
Application		
Shareholders	153	16%
Fixed assets	66	7%
Businesses acquired	195	20%
Interest bearing debt & leases	144	15%
Increase in cash	389	40%
Other	14	1%
Total	960	100%

Sources: Sharedata and Blue Gem Research

- Santova is not a fixed asset-intensive business with 7% of cash applied to PP&E, 20% was spent on acquiring businesses, 15% was applied to repaying debt, 16% was returned to shareholders, whilst 40% was retained in the business as a buildup of cash on hand.
- We note that the c. R400m acquisition of Seabourne in May 2025 is more than *double* the amount spent on acquisitions in the prior ten years. **The success of the Seabourne acquisition will thus have a material bearing on results going forward.**
- Note that, despite this large acquisition, Santova *still* had substantial net cash at 31 August 2025.

Table 10: Santova Share Statistics

Share/unit data		2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	CAGR
Number of Shares in Issue (Actual)	mill	136	157	158	160	161	161	161	138	134	130	128	-1%
Weighted Average Shares in Issue (Actual)	mill	136	141	157	159	160	159	150	139	136	132	128	-1%
Fully Diluted Weighted Average Shares in Issue	mill	139	145	163	162	163	161	152	142	140	134	131	-1%
Market Capitalisation	Rm	475	632	546	449	416	321	468	796	1,068	927	974	7%
Share statistics		2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	CAGR
Earnings Per Share	cents	28	35	40	45	38	41	47	123	155	112	115	15%
Diluted Earnings Per Share	cents	28	34	39	44	37	40	46	120	151	110	114	15%
Headline Earnings Per Share	cents	31	35	40	45	38	41	47	127	155	124	115	14%
Diluted Headline Earnings Per Share	cents	31	34	39	44	37	40	46	124	151	122	113	14%
Dividend Per Share	cents	4	6	6	7	8	0	0	0	0	0	0	
Net Asset Value Per Share	cents	169	245	226	260	311	350	439	559	751	896	981	19%
Cash Generated Per Share	cents	21	19	36	42	13	68	93	83	206	40	66	12%
JSE Market Price at Period End	cents	348	402	345	280	258	199	290	575	800	715	761	8%

Sources: Sharedata and Blue Gem Research

- Santova's share price and market cap have *not* kept up with the growth in profits. Logically, we can expect the share price to eventually "catch up" with the growth in the Group's profits over time.

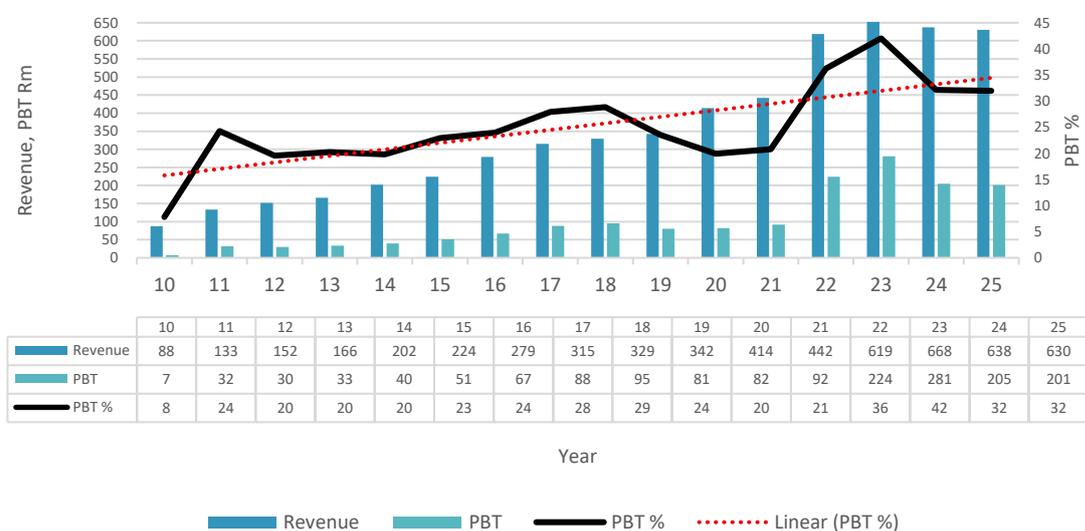
Table 11: Santova Statistics and Ratios

Stats & Ratios	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	CAGR	
Stats													CAGR
Number of countries			7	7	8	8	10	10	11	10	11		
Number of offices			19	19	20	20	21	20	22	21	22		
% of turnover outside South Africa						80	91	83	73	71	70		
Number of staff	321	323	323	328	329	319	259	245	262	262	273		
Operating profit per employee (Rm)	0.2	0.2	0.3	0.3	0.3	0.3	0.4	0.9	1.1	0.7	0.7		15%
Margins													10 Y
Revenue/gross billings	6.5	7.3	7.7	8.0	8.1	9.5	9.9	9.6	10.4	11.5	10.6		9.3
Operating profit/gross billings	1.6	1.9	2.4	2.4	2.0	2.1	2.2	3.6	4.4	3.3	3.2		2.8
EBITDA/revenue	25	27	32	32	26	28	28	42	46	38	37		34
Operating Profit/revenue	24	25	31	31	25	22	22	37	43	29	31		29
Profit After Tax/revenue	18	18	20	22	18	16	16	27	32	23	23		21
Returns													10 Y
Return on Capital Employed (pre tax)	7	8	12	14	13	15	19	33	33	24	30		20
Return on Shareholders' Funds	17	13	17	18	13	12	12	25	24	14	12		16
Risk													10 Y
Interest Bearing Debt / Equity	114	71	59	53	51	32	13	5	4	0	0		
Interest Cover	20	18	12	18	16	15	23	61	62	n/a	n/a		
Creditors & Provisions / Debtors	0.4	0.4	0.4	0.4	0.3	0.4	0.5	0.5	0.5	0.4	0.4		0.4
Current Ratio	1.3	1.6	1.5	1.6	1.8	1.8	1.7	1.8	2.4	3.0	3.7		2.1
Cash from operations / EBITDA	0.8	0.7	0.9	0.9	0.5	1.2	1.4	0.6	1.1	0.5	0.5		0.8
Valuation													10 Y
3 Year Beta	0.9	1.0	0.9	0.4	0.5	0.3	1.0	1.2	1.2	0.8	0.7		0.8
Price/Earnings	11.2	11.9	8.9	6.4	6.9	4.9	6.2	4.6	5.3	5.9	6.7		6.8
Price/Net Asset Value	2.1	1.6	1.5	1.1	0.8	0.6	0.8	1.0	1.1	0.8	0.8		1.0
EV/EBITDA	13.0	12.3	7.5	6.4	7.4	4.4	4.4	3.2	2.9	2.8	2.7		5.4

Sources: Sharedata and Blue Gem Research

- Santova is well diversified in terms of geographic regions, customers and products. The Group operates in several countries, with most of the revenue from outside SA (70~90% range over this period).
- As touched on earlier in this appendix, **operating profit per employee has increased by a CAGR of 15%, which we consider remarkable and highlights the scalability of the Group’s business model.**
- Likewise, **the proportion of gross billings earned by Santova grew from 6.5% to c. 10~11% which also reflects in all profit margins increasing and the returns to scale from increasing buying-power.**
- **The Group’s ten-year average ROE of 16% is robust, despite increasingly large cash holdings creating cash drag on this figure and, thus, depressing it.**
- Despite all the business acquisitions and returns of capital to shareholders, the gearing improved from 114% to net significant cash holdings and cash represented 28% of total net operating assets at FY 25.
- Likewise, the Group’s cumulative cash conversion ratio (versus EBITDA) is c.80%, revealing how tangible the Group’s earnings profile is over time (i.e. high-quality profits as they are backed by cash flows).
- Santova’s share price’s valuation multiple has declined despite it being a much larger business with much lower risk (*more diversified, better margins, no gearing to speak of, and large cash holdings*).

Figure 12: Santova’s 10-year Revenue, Profit Before Tax (PBT) and PBT Margin



Sources: Santova annual reports and Blue Gem Research

Historical Briefs from Santova’s Financial Years:

FY 16

- Acquisition of 100% of Tradeway (Shipping) in the UK for R121,5 million.
- Offshore operations contributing 55% to profit, exceeding 50% for the first time.
- Capital raising of R51.3 million via a general issue of new shares for cash.
- Conclusion of a new five-year medium-term loan facility of R60 million from the Group’s primary bankers, utilised to fund the acquisition of Tradeway (Shipping).
- Strong cash generation during the year.
- Substantially strengthened balance sheet, which resulted in gearing decreasing from 114% in 2015 to 56% (71% in our analysis above).
- Total assets exceeding R1 billion for the first time in the Group’s history (note we netted the right of use asset off against its lease liability, resulting in a lower number).

FY 17

- Significant strengthening of the South African Rand against major currencies, primarily the British Pound, which had a material impact on the Group’s foreign currency translation reserves.

- Inclusion of the results from Tradeway (Shipping) for a full 12-month period following its acquisition in December 2015 (FY 16).
- Strong operational performances in Australia, Hong Kong and the Netherlands, with a very solid operational performance in SA.
- Continuing strong cash generation.
- Continued accelerated debt repayment, which resulted in a further reduction of the Group's debt to equity ratio to 53%.
- Offshore contribution to earnings increases to 62%.

FY 18

- Purchase of the remaining 25% interest in Santova Logistics (Australia) at the start of the financial year for AUD1,1m (paid in cash).
- Completion in November 2017 of the 24-month warranty period relating to the acquisition of Tradeway (Shipping) and the achievement of the full warranted profit target, resulting in the payment of the final warranty amount in March 2018.
- Final repayment in January 2018 of the 5-year Medium Term Loan of R39 million taken out by the Group in 2013.
- Significant strengthening of the South African Rand during the course of the 2017 financial year against major currencies, which had a material impact comparatively on the translation of the Group's 2018 profits from its foreign operations.
- Strong operational performance in the UK from W.M. Shipping, which returned to profit. Likewise, a strong performance from Tradeway (Shipping), which benefited from greater export demand due to the weaker pound following Brexit
- Solid operational performance in the Group's SA Logistics operations.

FY 19

- Successful conclusion of two acquisitions:
 - ASM Logistics, a non-asset-based logistics company, incorporated in Singapore in 2009, with operational activities in Singapore, Hong Kong, Indonesia, Malaysia, Thailand and Vietnam.
 - Importantly, Singapore provides Santova with a platform to share in the growth of Southeast Asia and, indeed, steadily starts becoming an increasingly important region for the Group's global exposure.
 - ASM Logistics total purchase price was R13,6m, which was funded in cash from existing resources.
 - Secondly, the Group acquires SAI Logistics, which operates as an international freight forwarding agent and operator of a bonded warehouse based in Milton Keynes, UK, and specialises in sea and air imports from India to the UK.
 - ASM Logistics' total purchase price of R52,1 million was funded via the Group's new medium-term acquisition loan facility. The business was acquired with effect from 1 October 2018
- The Group secures an additional six-year medium-term loan facility of R75 million to be utilised for the funding of ongoing new acquisitions.
- Offshore earnings now account for 58% of earnings.

FY 20

- MLG Maritime Cargo Logistics acquisition completed ("Maritime") (Germany)
- Growth in offshore earnings has now increased 80% with the combination of the continued weakening of the Rand against major currencies in which the Group operates and its recent acquisitions.
- Interest-bearing borrowings increased by 4,7% to R51,3 million. This was due to an additional €740 000 one-year renewable term loan for the acquisition of Maritime, and a combined R14,6 million repayment of the term loans relating to the acquisition of SAI Logistics and Tradeway (Shipping).

- The debt-to-equity ratio decreased from 41% to 24% due primarily to the increase in total capital and reserves.
- Total short and long-term financial liabilities increased by 3% to R36 million, as a result of the two-year deferred purchase considerations relating to the acquisition of Maritime, which is subject to a minimum profit warranty.
- The net asset value per share increased by 17% from R3,13 to R3,66.
- Management initiated a share repurchase of 5,931,830 shares at an average price of R2,08 per share during this period.

FY 21

- This year (starting on 1 March 2020, or practically *when COVID-19 sweeps the globe*) sees some of the most unpredictable and volatile market conditions witnessed in recent times, with significant pressure being placed on global supply chains and the maritime sector in general.
- The Group has again displayed resilience, delivered by its globally diverse portfolio of companies, which have offered sector, currency, and geographical hedges against the general market disruption.
- The Group's offshore earnings further increase to 91%.
- Cash flows remained robust with cash generated from operations increasing by 32% to R176 million, with 93% of the Group's cash now held by offshore entities in foreign currencies.
- NAV per share increased by 25% to R4,39 due to the growth in earnings as the Group continues to acquire its own shares.
- Interest-bearing borrowings decreased by 36% to R33 million, with the Debt-to-Equity ratio decreasing to 14% by period end.

FY 22

- Interestingly, *having survived the pandemic volatility, the Group now benefits from the post COVID-19 economic rebound in key regions where the Group operates.*
- Net asset value per share increased by 27% to R5,59.
- Net profit after tax for the year increased by 144% to R170,1 million (2021: R69,7 million), with headline earnings per share ("HEPS") increasing by 169% to 126,81cps (2021: 47,08cps).
- This great performance is attributed to the strategic positioning of the Group, which was successful in securing competitive rates and scarce capacity in a highly disrupted market, resulting in continued organic growth from existing clients and a record number of new clients secured.
- The Group repurchases a further 4 million shares at an average price of R3.80.
 - The Group repurchased 4 million shares at an average price of R3.80.
- Other relevant movements included:
 - Average strengthening of the Rand against all foreign currencies to which the Group's offshore regions are exposed, namely the Great British Pound by 4,5%, the Euro by 9,1%, the Hong Kong Dollar by 10,3% and the Australian Dollar by 5,1%;
 - The reduction in offshore earnings to 82,6% (2021: 91,0%) due in part to the strengthening ZAR, and the strong recovery by the SA business unit;
 - An increase in employee costs due to the appointment of various senior strategic employees to enhance the Group's ability to deliver leading world-class supply chain solutions to our clients, including initiatives geared towards the retention of key individuals in various BUs; and
 - The 2022 effective tax rate of 24,2% remained materially in line with the prior year (2021: 24,1%), with the marginal increase attributed largely to the recovery of the SA region, which remains one of the highest effective tax rates across the Group.
- The Group's offshore earnings reduced to 83% due to the strengthening Rand and the strong recovery by the SA business.
- Foreign currencies accounted for 95% of total cash and cash equivalents on the Group's balance sheet.

- Importantly, the Group rebuilds Santova’s proprietary supply chain management software (TradeNav) in a cloud-native progressive web application (“PWA”) format. The discontinuation of the original legacy version of TradeNav resulted in an impairment of the remaining carrying value of the legacy system. As such, total intangible software impairments for the current year were R7,9 million (2021: R -). This improved, harmonious, cloud-based software platform forms the technological foundation for the Group going forward.

FY 23

- The Group continues to benefit from its strategic diversification in both geographical presence and service offerings and sees good growth across its operations.
- Net Asset Value per share increased by 34% to R7,51, and Tangible NAV per share increasing 41% from R3,41 in 2022 to R4,80.
- NPAT for the year increased 24% to R211 million (2022: R170 million), with headline earnings per share (“HEPS”) increasing 22% to 154,83cps (2022: 126,81cps).
- This performance is driven by:
 - The Group is being successful in securing competitive rates and scarce capacity in a highly disrupted market. This resulted in continued organic growth from existing clients and a record number of new clients having been secured (same as 2022);
 - The operating environment continues to benefit from the implementation of innovative technology, with operating margin improving to 43% (2022: 37%);
 - Management continued to buy back shares, having purchased 6,1 million shares at an average price of R7.73.
- The Group’s interest-bearing borrowings decreased by 54% to R25 million (2022: R54 million) due to the full settlement of the loan from F. Heuer as well as the servicing of the Group's medium-term loans.
- Foreign currencies accounted for 94% (2022: 95%) of total cash and cash equivalents, with offshore funds being preserved in their source currency, given the weakness of the Rand, which resulted in a R47 million upward revaluation.

FY 24

- The Group sees a 30% decrease in profit for the year from R211 million to R147 million due to the prior period's high shipping rates rapidly declining.
- Revenue reduces by 4,5% (R30 million), and significantly higher corporate tax for the Group resulting from Group earnings being more weighted in favour of South Africa (“SA”) with its higher tax rate as well as the upward adjustment by the United Kingdom (“UK”) of their corporate tax rates from 19% to 25% affecting the UK earnings.
- These results were further impacted by the upward adjustment to employee salaries to compensate for the post-pandemic inflationary environment, which, although an industry norm, resulted in employee benefit expenses increasing across the Group by 11% (R30 million).
- Excluding the decrease in revenue, both the increased corporate tax rates and inflationary adjustment to employee remuneration amounted to an additional cost of R38 million for the year under review. Whilst uncertainty remains, we are of the view that these adjustments are one-off.
- Pertinently, global freight rates crashed off the back of falling levels of consumer demand. It is now apparent that after the robust pandemic growth experienced in 2021 and 2022, global economies have lost momentum (aggravated by China’s Zero COVID policy and rapidly cooling property sector). Globally, the consequence is a stagnation in private consumption as ‘real’ wage growth continues to lag inflation.
- Likewise, and aiding this volatility, the Russian-Ukraine war and the conflict in the Middle East, together with the trade tensions between China (“CN”) and the United States (“US”), all combine to adversely impact global business confidence.
- Interestingly, following attacks on commercial vessels in the Red Sea, vessels began re-routing around Africa and away from the Suez Canal, which resulted in an increase in container rates as an approximate

25% to 30% of global container shipping volumes pass through the Suez Canal. Having to sail around Africa instead of through the Suez Canal means 7 to 10 additional sailing days at higher freight rates, which is favourable to forwarders who can now improve earnings through greater margins. Air cargo rates have also benefited from the demand for time-sensitive shipments.

- South Africa and Mauritius experience good growth from rapid client acquisition, while Europe and the UK enter a post-pandemic phase as supply chains rebalance.
- The Group moves acquisitively into the USA via the newly acquired third-party logistics business, A-Link Freight ("A-Link") in Los Angeles ("LA") and with a "grassroots" operation in Chicago. Consolidated from FY 23.
- The Group keeps benefitting from their implementation of technology and sees operating margins of 29% (2023: 43%) that remain well above the industry averages.
- Management continues to repurchase shares and buy 6,1 million shares at an average price of R8.12.
- The Rand continues to weaken against most major currencies, while a fair value measurement from A-Link has to be raised by the Group.

FY 25

- As in the prior year, shipping rates have steadily continued falling back towards pre-pandemic lows, and this trend is likely to be further exacerbated by the tariff wars, which could lead to lower volumes and freight rates for the foreseeable future.
- Net Profit is maintained at c.R148m with basic earnings per share increasing 3% to 115.34cps (driven by annualising share buy-backs in the prior year).
- Consolidated revenue decreased by 1%, primarily driven by the UK (-12%) and Europe (-1%), whilst Africa was up 5%, Asia Pacific up 7% and North America up 7%, with the operating margins of 31% (2024: 29%) holding steady at well-above-industry-norm.
- The Group continued to buy back its own shares, having purchased 1,6 million shares at an average price of R7.65.
- The Rand strengthened against all foreign currencies in the region in which the Group operates, thereby lowering comparable ZAR earnings YoY, with the average rate strengthening against the Great British Pound by 0.4%, the Euro by 3.0%, the Australian Dollar by 2.8%, the Singapore Dollar by 1.7% and the US Dollar by 2.1%.
- The Group's offshore revenue decreased marginally to 70%, with SA revenue growth outstripping the combined growth in revenue of the offshore regions.
- **Africa (AF) segment:**
 - NPAT, represented predominantly by SA, increased by 38% to R70 million (2024: R51 million), due to the following primary reasons: SA continued to show resilience in the face of weak economic growth, reporting revenue growth of 4.2% to R179.9 million (2024: R172.6 million), attributable to the acquisition of quality clients and higher average freight rates; and
 - Mauritius ("MU"), which remains a small component of the Africa segment, backed up its impressive growth over the last few years, with revenue increasing by a further 19.8% to R9.7 million.
- **Europe (EU) segment:**
 - The European region, comprising the Netherlands ("NL") and Germany ("DE"), decreased NPAT by 6.8% to R36.1 million (2024: R38.7 million). NL saw revenue decline by 4.6% in underlying currency due to continued subdued demand in the EU; and
 - DE, which is a smaller component of the EU segment, grew revenue by 29.4% in underlying currency due to increased trade with SA clients.
- **United Kingdom (UK) segment:**
 - The UK saw NPAT fall by 41.8% to R29.4 million (2024: R50.6 million);
 - Tradeway (Shipping) ("Tradeway"), which specialises in the export of recycled products, including second-hand textiles, to the Middle East and Africa, was disproportionately affected by the Red Sea

crisis due to the location of its clients. The increased sailing times and higher costs placed pressure on clients, resulting in lower margins.

- SAI Logistics, which is strategically positioned to accommodate e-commerce and other import businesses through its facility in Milton Keynes, was impacted by subdued demand during the period.
- Santova Logistics Limited, which saw leadership changes at the end of the prior period, also struggled with continued subdued demand from consumer and household goods clients, resulting in a decline in revenue of 20.5%.
- **Asia Pacific (AP) segment:**
 - The AP region, comprising Singapore (“SG”), Australia (“AU”), Hong Kong (“HK”) and Vietnam (“VN”) increased NPAT by 108.3% to R23.8 million (2024: R11.4 million) for several reasons: AU had a difficult first quarter, however, rebounded nicely to end the year positively with revenue only slightly lower YoY in AUD.
 - HK, which acts as a strategic hub for the Group, continues to play a key role in the Group’s ability to negotiate rates and secure capacity for global clients importing from China (“CN”) to our other regions;
 - SG showed resilience as it continued to navigate a leadership change from the prior year, as well as implement a change in strategy to build direct client business, managing to halt the decline in revenue and achieve comparable revenue YoY in SGD; and
 - VN, which officially began operating in August 2023, incurred a further operating loss of R1.2 million (2024: R1.8 million). The region continues to grow trade with fellow group companies as well as to provide shared services to the AP region.
- **North America (US) segment:**
 - The US market remains challenging to build a business of scale in, but, despite this, management managed to reduce the current year loss to R7.3 million (2024: R14.9 million).
 - Not helped by growing trade frictions and an outbreak of tariffs and trade wars, the existing Los Angeles (“LA”) based business struggled to grow revenue materially due to lower demand from customers in Southeast Asia, while the ability to attract and retain the requisite talent to service the Group’s existing clients trading with the US has proven to be a challenge.

1H 26 Results

Table 12: Comparison of Santova’s 1H 26 vs 1H 25

Metric	Unit	Aug 24	Aug 25	% Movement
Revenue and net interest income	Rm	311	486	56
Profit before tax	Rm	86	67	-22
Headline earnings	Rm	62	48	-24
Operating margin	%	26	14	-12
Percentage offshore revenue	%	69	82	13
Basic earnings per share	cents	48	37	-23
Headline earnings per share	cents	48	37	-23
Total assets	Rm	1,882	2,364	26
Capital and reserves	Rm	1,171	1,319	13
Cash generated from operations	Rm	6	140	2,181
Cash and cash equivalents	Rm	415	382	-8
Debt to equity ratio	%	0	5	4
Net asset value per share	cents	915	1,017	11
Tangible net asset value per share	cents	638	471	-26
Return on equity	%	11	8	-3

Source: Santova financial reporting

The first six months of the 2026 financial year remained a challenging global trading environment for Santova to operate in:

- USA (“US”) tariffs on imports created significant uncertainty in global markets, with the full impact on the logistics industry yet to be fully understood. However, the impact on trade, both direct and indirect, has already been felt.
- Key European (“EU”) economies such as the United Kingdom (“UK”) and Germany (“DE”) continue to face the threat of a looming recession as they continue to report either sluggish or no growth, while consumer spending remains under pressure globally as the growth in real disposable income (wages) has lagged inflation in recent years in many regions.
- Contrary to expectations, freight rates have continued to decline with continued downward pressure. This is further illustrated by the decline in the Drewry World Container Index (United States Dollar (“USD”) per 40-foot container), which opened the period at USD2,600 and had declined to USD1,600 by the end of September. Indeed, these shipping rates, which have declined to the cusp of pre-pandemic lows, are likely to remain suppressed for the foreseeable future (though note that any escalation in the Middle East and/or Iran-US relations could see ships re-routing back around South Africa, which may actually *benefit* players like Santova that are exposed to these freight lines).
- See details on the major Seabourne acquisition.
- Finally, and pertinent to the Group’s stated and well-executed acquisition strategy, whilst margins for many operators in the industry are currently under pressure, due to higher costs, minimal economic growth, and lower trade volumes, there is no better time to seek businesses to acquire. Even post-Seabourne, management believes that they still have the capacity for further acquisitions.

Seabourne Acquisition Detail

- Santova acquired 100% of Seabourne Group Limited (“Seabourne”) with effect from 30 May 2025.
- Seabourne was founded in 1962 and is a leading logistics provider across the United Kingdom and Europe with nine offices and warehouses located in strategic locations across the United Kingdom, the Netherlands, and France.
- Seabourne’s highly services include Customs Clearing & Freight Forwarding, fulfilment centres (“smart” warehousing), and mail solutions (boutique services in the publishing sector, predominantly in subscription magazines).
- **Note:** Seabourne’s South African subsidiary, Seabourne Inxpress (Pty) Ltd, has been *excluded* from the transaction and was unbundled pre-completion.
- **Rationale for the Transaction:** As Santova evolves and the take-on of larger, more complicated supply chains of multinational clients becomes more frequent, the ability to leverage strategically located fulfilment centres and technologies will be key if it is to remain competitive and meet growing customer expectations. Thus, Seabourne offers the Group access to a leading logistics provider across the United Kingdom and Europe. Importantly, it offers Santova the ability to offer clients strategically located e-commerce fulfilment centres in the Netherlands, the gateway to Europe, as well as in the United Kingdom.
- Unlike traditional warehouses, these fulfilment facilities are designed for the processing and shipping of customer orders (as opposed to bulk storage and long-term inventory holding). Specialist activities or services would include fast picking, packing and dispatching, and the integration directly with online order/sales platforms, fast-tracking Santova’s strategy, which is focused on the e-commerce market.
- The structural tailwind of growing e-commerce continues to drive demand for faster and more efficient logistics services, particularly in areas such as last-mile delivery. Part of this tailwind of growing e-commerce logistics demand is the growing demand for warehouse space, *particularly* for e-commerce fulfilment. Currently (and unlikely to change in the future), it is increasingly hard to find suitable land and secure planning permission for a new warehouse (particularly close to large e-commerce markets) in Europe, especially in the Netherlands (thus, making Seabourne’s smart warehousing facilities particularly valuable and justifying Santova’s uncharacteristic investment into a tangible asset).
- **Vendors** The vendor for the transaction is Seabourne Holdings Limited, an unrelated party to Santova. Seabourne Holdings Limited is owned by Daniel Flitterman and CJ Bourne (Asset Management) Limited. The beneficial owner of CJ Bourne (Asset Management) Limited is Lady Joy Hilary Bourne.

- **Consideration payable:** Santova will settle the purchase price of £17,034,500 (c. R380 million to R400 million) payable for Seabourne as follows:
 - £13,627,600 to be paid on the Completion Date;
 - plus, the amount of any excess to the Net Asset Value above the Target Net Asset Value, or less the amount of any shortfall in the Net Asset Value below the Target Net Asset Value on the Completion Date; and
 - Deferred payments of £1,703,450 payable in cash within 90 days of the completion of each of the first and second 12-month anniversaries of the completion date, subject to the fulfilment of the profit warranty.
- **The profit warranty** requires Seabourne to **achieve minimum earnings before interest and tax in each of the two warranty periods of not less than £3,691,237 (c.R83 million)**, failing which the deferred payments will be proportionately reduced. Any shortfall in earnings and related reduction in the deferred payment in the first 12-month period can be recovered in the second 12-month period (the final purchase price will be known in FY 28). In addition, the Vendors of Seabourne have a profit share incentive should the earnings before interest and tax in aggregate for the two warranty periods exceed £7,382,474. In the event this target is achieved they will receive an amount equal to 35% of the excess, payable at the same time as the second deferred payment. This amount is variable based on super-performance and is limited by a **total purchase price cap of £19 million (c. R420 million to R440 million)**.
- **Source of funding:** The portion of the purchase price payable in cash for the acquisition of Seabourne will be funded by Santova through a combination of internal cash reserves and a R60 million five-year amortising medium term loan facility from Nedbank. **We believe Santova has more than sufficient capacity for this capital outlay on its well-capitalised balance sheet.**
- **Value of the net assets and profits attributable to the net assets being acquired.** The value of the tangible net assets of Seabourne that are being acquired is £1,937,016 as per the sale agreement. The value of the profits attributable to the net assets of Seabourne that are being acquired is £3,691,237 pre-taxation (c. R83 million at a ZAR/£ of 22.4), as recorded in the sale agreement. This figure includes various material adjustments made to the overhead cost structure of Seabourne post-acquisition and as a result varies from the most recently published and audited annual financial statements of Seabourne dated 30 June 2024.
- **Thus, the PE ratio, based on the £19m maximum price, is 7.0x, which is reasonable based on the size of the business and how long it's been established.**
- **Conditions precedent:** None.

Santova's Acquisitive History & Track Record

Most of Santova's acquisitions have been outside South Africa, and the analysis below decisively demonstrates that the management has a *stellar* track record of successful acquisitive growth (buying well, not overpaying, & integrated successfully into the Group).

Acquisitions are listed chronologically (by calendar year). Data is sourced from official SENS announcements and respective integrated annual reports.

2002: CSS Logistics (Pty) Limited (South Africa)

- **Payment and Funding:** Not disclosed.
- **Valuation Metrics:** Not calculable.
- **Rationale:** Core to initial listing and supply chain management pivot. Small-scale, bolt-on to build a domestic base.
- **Success Assessment:** Integrated into operations as a customs and excise clearing agent for fresh produce exporters. Contributed to foundational growth in South Africa, supporting year-on-year organic expansion from 2002–2006. **No subsequent impairments were noted**, which aided the Group's transformation from a domestic to a global player.

2006: Impson Logistics (Pty) Limited (South Africa)

- **Payment and Funding:** Not disclosed (acquired 100% share capital and shareholder loans).
- **Valuation Metrics:** Not calculable.
- **Rationale:** Expand Santova’s domestic logistics network and enable a shift to integrated supply chain services.
- **Success Assessment:** Highly successful; founded by long-term board member Malcolm Impson, it provided multi-branch infrastructure (Durban, Cape Town, etc.). Contributed to strong organic growth (2006–2011) and JSE main board listing in 2011. [No subsequent impairments noted.](#)

2006: Leading Edge Insurance Brokers (Pty) Limited (South Africa)

- **Payment and Funding:** Not disclosed.
- **Valuation Metrics:** Not calculable.
- **Rationale:** Bolt-on to add insurance capabilities to Santova in Durban.
- **Success Assessment:** Moderate success; diversified into short-term insurance brokerage. Contributed to ancillary services but not a core focus in later reports. No specific revenue/earnings attribution, but supported overall group diversification pre-2010.

2007: Mogal International Limited Group (United Kingdom)

- **Payment and Funding:** Not disclosed.
- **Valuation Metrics:** Not calculable.
- **Rationale:** First major international acquisition to build global trade solutions beyond South Africa’s shores.
- **Success Assessment:** Successful for early internationalisation; established UK presence, contributing to offshore earnings growth (from negligible to 45% by 2015). [No subsequent impairments noted.](#)

2009: McGregor Sea and Air Services Pty Limited (Australia – Initial 75% stake with full ownership in 2017)

- **Payment and Funding:** Issued 61.2m ordinary shares; cash component not disclosed.
- **Valuation Metrics:** Not calculable (no profit data).
- **Rationale:** Continuing Santova’s international expansion that helps facilitate trade between South Africa, the Far East, the UK, Europe, and Australia. Niche in customs brokerage.
- **Success Assessment:** Strong success; steady profitability growth, leading to 2017 minority buyout. Contributed to Asia-Pacific earnings. Full control in 2017 reduced non-controlling interest, adding immediate earnings uplift. [No subsequent impairments noted.](#)

2010: Santova Logistics B.V. (January, Netherlands; formerly Maxxs B.V.)

- **Payment and Funding:** Cash and shares; amount not disclosed.
- **Valuation Metrics:** Not calculable.
- **Rationale:** Expanded Santova’s customs clearing in Rotterdam as a key European gateway, particularly with trade from the UK.
- **Success Assessment:** Successful; integrated into European operations, supporting 29% profit growth in Europe by 2020. Contributed to offshore diversification.

2010: Aviocean (Pty) Limited (March, South Africa; renamed Santova Logistics South Africa)

- **Financial Information:** Net assets acquired of R23.8m (assets R72.2m incl. intangibles R22.3m, receivables R36.1m; liabilities R48.4m incl. borrowings R22.2m). Negative goodwill R3.9m (bargain purchase).
- **Payment and Funding:** R15m cash + 187.5m shares (initial + contingent); funded by Nedbank facility.
- **Rationale:** Complementary freight forwarding in Johannesburg. Negative goodwill also implies an excellent price attained for the acquisition.

- **Valuation Metrics:** Effective PE ~2.0x (based on R10m annual profit warranty over 2 years, total price R19.95m).
- **Success Assessment:** Successful; negative goodwill indicates value, met profit warranties. Enhanced Gauteng presence, contributing to SA earnings stability. **No subsequent impairments noted.**

2012: W.M. Shipping Limited (United Kingdom)

- **Payment and Funding:** GBP4.5m cash (initial GBP3.7m + deferred GBP0.8m contingent + potential extra); internal cash.
- **Rationale:** Midlands hub for manufacturing exports.
- **Valuation Metrics:** PE ~6x (based on GBP0.75m warranty).
- **Success Assessment:** Mixed; pro forma earnings uplift, **but impaired by R3.9m in 2015** due to underperformance. It has contributed to the UK's long-term growth.

2014: Masterfreight Internationale Spedition GmbH (November, Germany)

- **Payment and Funding:** Cash up to R4.7m, contingent on profit warranties; from internal cash.
- **Rationale:** Air freight platform in Frankfurt; gateway to northern Europe.
- **Valuation Metrics:** Not calculable (<5% of market cap).
- **Success Assessment:** Moderate; expanded to Hamburg sea freight in 2015 but incurred start-up losses (R2.3m combined with other grassroots in 2016). Strategic for Europe, contributing to 29% regional profit growth by 2020. **Later impairment on related investment (R3.9m in 2016).**

2015: AEMC Trading Agency (May, South Africa)

- **Payment and Funding:** Up to R1.6m (cash + shares), contingent on profits.
- **Rationale:** Cross-border transport and warehousing in Africa.
- **Valuation Metrics:** Not calculable (<5% market cap).
- **Success Assessment:** Successful; synergistic with project capability, positive impact on results (full effects post-2016). Contributed to African expansion. **No subsequent impairments noted.**

2015: Jet-Freight Services Limited (August, Mauritius)

- **Payment and Funding:** Cash (undisclosed); from internal resources.
- **Rationale:** Entry into Mauritius as an African hub. Adds bulk to the air freight business.
- **Valuation Metrics:** Not calculable.
- **Success Assessment:** Strategic success despite initial losses (R2.3m combined grassroots in 2016); valued for customs license, enabling SADC access and tax benefits. Contributed to future revenue streams. **No subsequent impairments noted.**

2015 (FY 16): Tradeway (Shipping) Limited (November, United Kingdom)

- **Financial Information:** Net assets GBP2.4m; pre-tax profit GBP0.7m (year ended 31 March 2015).
- **Payment and Funding:** R121.5m total (as per FY16 AFS, largest acquisition to date); funded by cash reserves + R60m Nedbank loan. R51m raised in share capital (reported in FY16).
- **Rationale:** Adds and bulks African trade routes with synergies with Ghana; there is an opportunity to expand into East Africa.
- **Valuation Metrics:** PE ~8.2x; P/B ~2.4x.
- **Success Assessment:** Highly successful; contributed R2.9m pre-tax profit in first 3 months, boosted offshore earnings to 55% in 2016. Drove group profit +30% to R66.7m. **No subsequent impairments noted.**

2018 (FY 19): SAI Logistics Limited (October, United Kingdom)

- **Financial Information:** Net assets GBP 0.7m; pre-tax profit GBP 0.6m (warranted).

- **Payment and Funding:** GBP 3.2m cash (initial GBP 1.44m + deferred GBP 1.76m contingent), total purchase price of R52.1m; paid from new R75m loan facility for acquisitions.
- **Rationale:** India-UK route opened and gains access to UK-based bonded warehouse (similar constraints exist in the UK for warehouses that we have noted earlier in this text in Europe).
- **Valuation Metrics:** PE ~5.4x; P/B ~4.6x.
- **Success Assessment:** Successful. 116% UK profit increase in 2020. Contributed to offshore earnings (80%). **No subsequent impairments noted.**

2018 (FY 19): ASM Logistics (S) Pte. Ltd. (August, Singapore)

- **Payment and Funding:** Cash on hand.
- **Rationale:** Gains Santova an entry into Southeast Asia with operations in Singapore, Hong Kong, Indonesia, Malaysia, Thailand, and Vietnam.
- **Success Assessment:** Successful: 130% profit increase in 2020, exceeded expectations. Contributed R11.7m (22%) to Group profit growth. **No subsequent impairments noted.**

2019 (FY 20): MLG Maritime Cargo Logistics GmbH (April, Germany)

- **Financial Information:** Net assets Euro 0.5m; pre-tax profit Euro 0.35m (warranted).
- **Payment and Funding:** Euro 1.92m cash (initial Euro 1.26m + deferred Euro 0.66m contingent); R75m loan.
- **Rationale:** Gains a Hamburg warehouse for dangerous goods while bulking its European trade route footprint.
- **Valuation Metrics:** PE ~5.5x; P/B ~3.8x.
- **Success Assessment:** Successful; contributed to 29% Europe's profit growth in 2020. Added goodwill R24.4m. **No subsequent impairments noted.**

2023: A-Link Freight, Inc. (September, United States of America)

- **Financial Information:** NAV USD0.75m; EBITDA USD1.2m (warranted over 2 years).
- **Payment and Funding:** USD2.35m cash that is staggered and contingent); cash + R75m loan.
 - **Initial purchase price:** USD 2,35m (total maximum purchase price). This was structured in three instalments in USD (no Rand equivalent was specified in the announcement, though Santova funded it partly via cash reserves and a Rand-denominated acquisition facility):
 - **1st instalment:** USD 0.645m (paid on effective date).
 - **2nd instalment:** USD 0.7m (payable within 180 days).
 - **3rd instalment:** USD 1m (contingent, payable within 2 years, i.e., by around September 2024).
 - **What would have been paid if it performed (maximum if earn-out met):** USD 2,35m.
 - **What was paid in the end:** The guaranteed/fixed portions (1st + 2nd instalments) totalled USD 1,35m, which was paid. Due to underperformance, a **subsequent goodwill impairment of R14.6m** was recognised in FY 24.
- **Rationale:** USA air freight hub near LAX.
- **Valuation Metrics:** EV/EBITDA ~2.0x; P/B ~3.1x.
- **Success Assessment:** Mixed; contingent not paid (gain R18.3m), but **goodwill impairment R14.6m. While the acquisition did contribute to diversification (and the USA market may yet still become a major region for Santova), as of the date of this report, it has underperformed expectations.**

2025 (1H 26): Seabourne Group Limited (May, United Kingdom/Europe)

- See “Seabourne Acquisition Detail” section earlier in this annexure.

Overall Insights

- Historically, Santova’s acquisitions have focused on the European and UK regions (50%+), though progressively expanded both east and then west.

- Management have increasingly used contingent payments (70% of post-2015 deals) to align with performance and manage risk (we commend this approach).
- The Group has funded these acquisitions from a mix of cash (internal/loan) and shares (e.g., 20-30% in some deals, though contingent on a better-rated share price).
- Valuation multiples have averaged ~5-8x PE/EBITDA, reflecting both management's discipline in acquiring businesses and their general preference for bolt-on-sized deals.

We assess that management has a very high c.80%+ success rate in acquisitions, and most acquisitions take 2~3 years to be fully integrated into the Group. These two facts make us exceptionally excited about the major Seabourne acquisition.

ANNEXURE B: MANAGEMENT, GOVERNANCE, & MAJOR SHAREHOLDERS

Santova's executive leadership team is generally long tenured and experienced, though note the recent CFO change:

- **Glen Gerber (CEO):** Instrumental in shaping the modern Santova, Gerber has been CEO since 2003 and provided 22 years of hands-on leadership. His background includes a decade of senior leadership at Investec Private Bank.
- **James Robertson (GFD):** Appointed to Santova's Board as Group Financial Director in early 2023 and Group Financial Manager from 2021, Robertson qualified as a CA in Deloitte in 2017, then joined a commodities trading business before taking a position as Group Financial Manager of a multinational private equity-backed Group providing food logistics and facilities services to various industries across fifteen countries internationally.

The management team has exhibited an entrepreneurial culture and tenacity to drive the vision of becoming a leading brand in global trade solutions. Given Gerber's tenure at the Group's helm, we do note a degree of key person risk around him, but, likewise, consider his stewardship a key upside that remains unpriced by the market in Santova's share price.

Governance Structure

The Group is committed to good corporate governance, having adopted and applied the principles and practices of the King IV™ Report on Corporate Governance for South Africa.

- **Board Composition:** The Board is a Unitary Board of seven directors, comprising three Executive Directors and four Independent Non-Executive Directors (43% independence). The roles of the Chairman (currently ME Stewart) and the CEO are separated.
- **Risk Management:** Governance oversight for risk is assumed by the Board, implemented through a structured Risk Management Framework. The Risk Management Committee (RMC) provides daily oversight and reports directly to the Audit and Risk Committee.
- **Ethics and Compliance:** The Group's Vision, Purpose, Culture, and Values collectively serve as its Code of Ethics. A Whistle Blowing Policy is in place, overseen by the independent Chairman and Company Secretary.

Management Incentives and Alignment

The remuneration structure aims for a balance between guaranteed pay and variable short-term and long-term incentives (LTIs).

- **Performance Metrics:** Incentives are directly linked to performance targets measured using six weighted Key Performance Indicators (KPIs), which include financial targets (like Headline Earnings Per Share (HEPS), Return on Equity, and Operating Margin) as well as non-financial factors (Culture and Values, and Duties and responsibilities).
- **Shareholding Alignment:** Executive Directors and Prescribed Officers are incentivised through two Share Option Schemes. *It is extremely notable and commendable from a minority shareholder perspective that directors owned c.21% of the Group's shares in issue, thus strongly aligning their interests with shareholders.*
- **Management Incentives to Perform**
The remuneration structure for executive directors and senior management is designed to align performance with long-term shareholder value creation by achieving a balance between guaranteed pay and variable short-term and long-term incentives.

- **Key Performance Indicators (KPIs):** Executive remuneration is directly linked to the achievement of performance targets measured using six weighted KPIs, encompassing both financial and non-financial metrics.

Key Financial KPIs (Weighted Examples)	Percentage Weighting
Headline Earnings Per Share (HEPS)	30%
Return on Average Shareholders' Funds	15%
Operating Margin	10%
Earnings After Tax	18%

Source: Santova AFS

Major Shareholders

As of the FY 25 reporting date, Santova's major shareholders are detailed below:

- **Largest Strategic Shareholder:** Barca Capital / Barca Global Master Fund holds c. 20% of the issued shares.
- **Directors/Management:** c.21% of the issued shares.

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Where not stated, prices and share prices in this document relate to 3 February 2026.

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