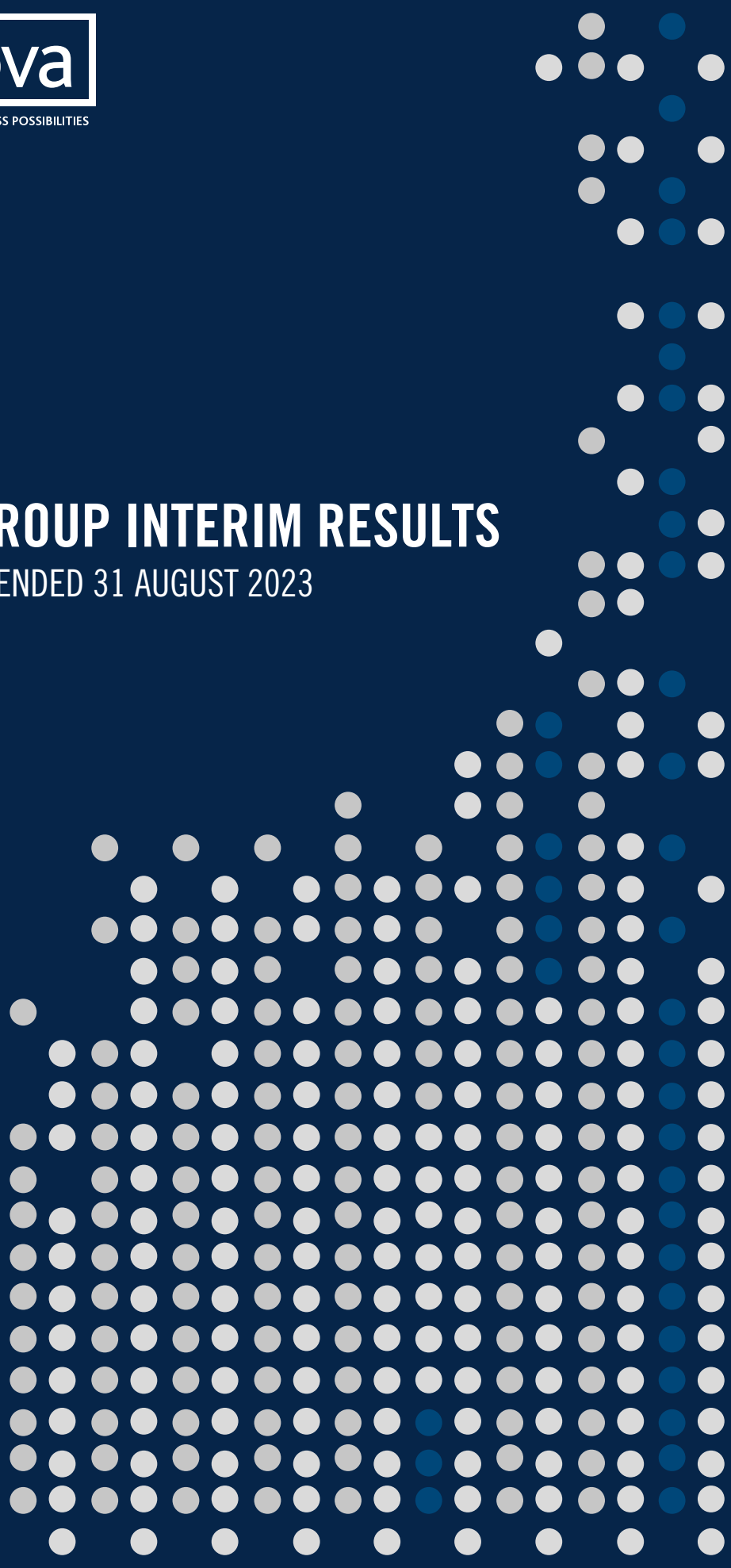




INNOVATIVE SOLUTIONS • ENDLESS POSSIBILITIES

# UNAUDITED GROUP INTERIM RESULTS

FOR THE SIX MONTHS ENDED 31 AUGUST 2023

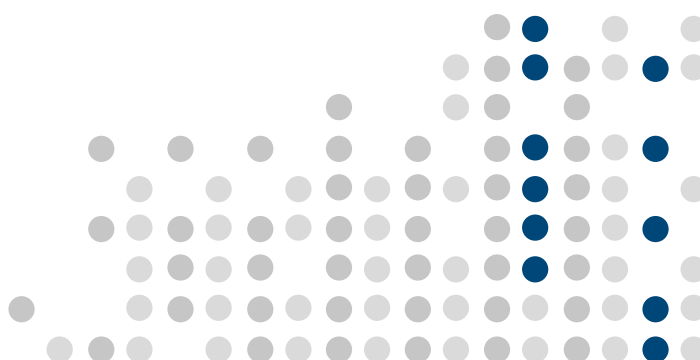




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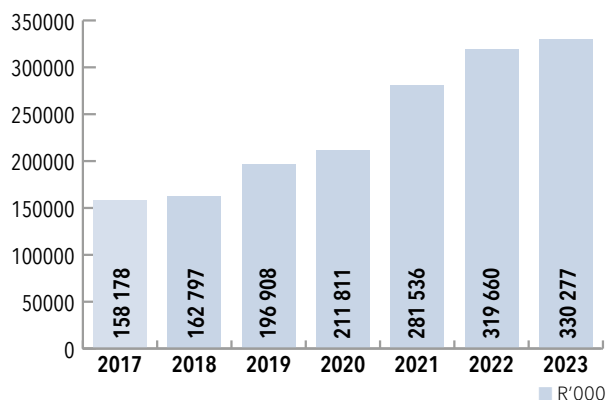
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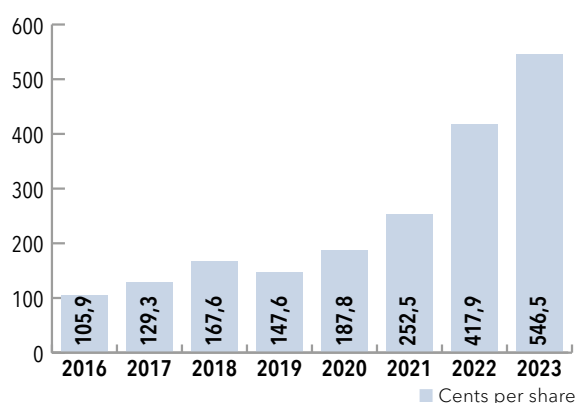
# SANTOVA GROUP INTERIM HIGHLIGHTS



## REVENUE AND NET INTEREST INCOME



## TANGIBLE NET ASSET VALUE PER SHARE



## KEY HIGHLIGHTS

REVENUE AND NET INTEREST INCOME INCREASED BY

**3,3%**

TANGIBLE NET ASSET VALUE PER SHARE INCREASED BY

**30,8%**

BILLINGS MARGIN INCREASED TO

**11,6%**

OFFSHORE EARNINGS INCREASED TO

**75,6%**

HEADLINE EARNINGS PER SHARE DECREASED BY

**22,9%**

		2023 August	2022 August	% Movement
Gross billings	(R'000)	2 838 784	3 390 737	(16,3)
Revenue and net interest income	(R'000)	330 277	319 660	3,3
Profit before tax	(R'000)	108 076	143 362	(24,6)
Billings margin	(%)	11,6	9,4	2,2
Headline earnings	(R'000)	80 372	107 064	(24,9)
Operating margin	(%)	33,0	45,7	(12,7)
Percentage offshore earnings	(%)	75,6	70,3	5,3
Basic earnings per share	(cents)	59,6	78,1	(23,7)
Headline earnings per share	(cents)	60,2	78,1	(22,9)
Total assets	(R'000)	1 717 783	1 675 868	2,5
Capital and reserves	(R'000)	1 106 274	861 548	28,4
Cash generated from operations	(R'000)	25 336	119 466	(78,8)
Cash and cash equivalents	(R'000)	467 664	339 517	37,7
Debt to equity ratio*	(%)	1,5	5,3	(3,8)
Net asset value per share	(cents)	830,8	632,2	31,4
Tangible net asset value per share	(cents)	546,5	417,9	30,8
Return on equity	(%)	16,2	28,2	(12,0)

\*Debt comprises interest-bearing borrowings (refer note 7).

# INTERIM RESULTS COMMENTARY

for the six months ended 31 August 2023



## INTRODUCTION

The Santova Group is an international, technology-based trade solutions specialist, delivering innovative end-to-end supply chain solutions. The Group is represented in 11 countries through its own offices in South Africa, the Netherlands, the United Kingdom, Germany, Australia, Hong Kong, Singapore, Mauritius, Thailand, the United States of America and Vietnam.

## INDUSTRY OVERVIEW

The first six months of the financial year marked a challenging period both locally and internationally. The consequences of the global economic crisis have impacted not only the logistics industry but all consumers. High inflation followed by higher interest rates have resulted in rising costs of living, which have dampened consumer demand, resulting in pressure on trade volumes.

This pressure has been further compounded by the sharp fall in freight rates throughout the past six months, as congestion has eased and global economic growth has slowed. The Drewry World Container Index (USD per 40-foot container), being a common indicator for shipping rates, reported a drop from a high of approximately USD9,700 in January 2022, to a low of USD1,400 in September 2023, rendering current rates now even lower than the 2019 pre-pandemic rates.

South Africa's economy remains relatively stagnant in the context of challenged state-owned enterprises and a general lack of structural reform needed to create jobs and revitalise the ailing economy.

## OUTLOOK

The outlook for the next six months to 29 February 2024 remains unpredictable with prevailing market uncertainty expected to persist.

Inflation remains sticky, which has resulted in the expectation that interest rates will remain higher for longer, placing further pressure on consumers and dampening retail trade.

Shipping rates have continued their precipitous decline in 2023 and are expected to remain relatively low as demand has continued to cool, while an imbalance in the supply side of the market has been created by additional vessels being introduced to the global fleet.

Over the past few years, the market experienced a subdued "peak season", which typically runs from late August to early November, with customers sitting on elevated stock levels. This trend is expected to continue until stock levels normalise and demand returns.

Despite these unpredictable challenges, opportunities for growth do prevail. The need for greater strategic control and efficiency through the application of latest technologies is a priority for businesses. Furthermore, Santova's appetite for acquisitions has returned and will continue to grow as industry earnings return to pre-pandemic levels ('normalised') and as the Group seeks to increase new revenues through innovative service offerings and entering new sectors.

## FINANCIAL REVIEW

The results for the six months ending 31 August 2023 saw revenue and net interest income grow to R330,3 million (August 2022: R319,7 million) while net profit after tax ("NPAT") decreased by 25,8% to R79,5 million (August 2022: R107,1 million).

Gross billings declined to R2,8 billion (August 2022: R3,4 billion) due to the marked decline in freight rates while on the contrary, billings margin improved to 11,6% (August 2022: 9,4%) resulting in revenue growth of 3,3%.

Headline earnings per share ("HEPS") is down 22,9% to 60,2 cents per share ("CPS") (August 2022: 78,1 CPS), with the decline in earnings during the period partially offset by the lower number of outstanding shares due to the continued share buy-backs. Santova repurchased and cancelled 1,8 million shares from the open market at an average price of 944,66 CPS. This figure represents 1,3% of the issued share capital of the company being returned to shareholders.

The operating environment experienced a two-fold challenge of flat revenues and an increase in overheads due to the impact of high inflation. Bad debts increased to R5,6 million during the period but it must be noted that these were fully provided at 28 February 2023. Despite the difficult environment, operating margin remained well above the industry norm at 33,0% (August 2022: 45,7%).

Cash generated from operations for the period decreased to R25,3 million (August 2022: R119,5 million), due in part to the lower earnings but also a lower draw-down on the ID facility in South Africa and shortened creditor days across the Group.

# INTERIM RESULTS COMMENTARY

for the six months ended 31 August 2023 (continued)



## REGIONAL PERFORMANCE

### AFRICA

**Africa, predominantly represented by South Africa ("SA"), decreased revenue by 4,7% to R92,4 million (August 2022: R96,9 million), due to the following reasons:**

- SA continued its strong performance in the face of weak economic growth, with only a minor decline in revenue of 5,4% to R90,8 million (August 2022: R96,0 million), attributable to less project work and lower revenue per shipment due to the decline in freight rates in the current period; and
- Mauritius ("MU"), which remains a small component of the Africa segment, performed well despite the challenging economic environment, with revenue increasing by 77,8% to R1,6 million (August 2022: R0,9 million).

### ASIA PACIFIC (AP)

**The AP region, comprising Singapore ("SG"), Australia ("AU"), Hong Kong ("HK"), Thailand ("TH") and Vietnam ("VN"), reported a decline in NPAT of 52,3% to R9,9 million (August 2022: R20,6 million), noting the following points below:**

- SG experienced difficult trading conditions in the current year with less project work and lower freight rates. This coupled with rising overhead costs due to high inflation meant NPAT decreased 91%;
- AU had a difficult operating period with the loss of a key client resulting in revenue declining 11,1% to R18,5 million (August 2022: R20,8 million), while NPAT decreased 32,5%. Positively though, the region continues to add new clients and further diversify its client revenue streams in a bid to generate more sustainable revenue growth in future;
- 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"). The region produced YOY growth in revenue of 5,4% in the current period; and
- VN, which officially began operating in August 2023, incurred initial startup costs of R0,4 million.

### EUROPE (EU)

**The EU region, comprising the Netherlands ("NL") and Germany ("DE"), experienced a decrease in NPAT by 56,4% to R15,2 million (August 2022: R34,8 million) amidst the context outlined below:**

- After strongly capitalising on the high freight rates and a surge in trade volumes flowing through the region in the past two years, the NL saw revenue decline by 20,1% to R51,9 million (August 2022: R64,9 million) due to a rapid decline in freight rates and subdued demand; and
- DE revenue increased by 15,6% despite the economic challenges in the region, but this increase was off a low base in the prior period.

### UNITED KINGDOM (UK)

**The UK continued to benefit from its diversified service offerings, increasing NPAT by 76,8% to R35,1 million (August 2022: R19,9 million) due to various factors which are noted below:**

- Tradeway (Shipping) ("Tradeway"), which specialises in the export of scrap products and second-hand garments to the Middle East and Africa, continued to perform exceptionally well;
- SAI Logistics maintained its steady performance - benefitting from its strategic geographical positioning to accommodate e-commerce and other import businesses through its facility in Milton Keynes; and
- Santova Logistics produced stable revenue YOY while benefitting from the reversal of provisions for claims in the current period.

The UK's performance is even more commendable considering that the high inflationary environment has driven up overhead costs whilst the corporate tax rate has also been increased from 19% to 25%, further eroding profits.

### NORTH AMERICA (US)

**The US was negatively impacted by lower freight rates and a slowdown in trade with the AP region. This, together with the start-up costs associated with the new Chicago operations, resulted in the region reporting a loss of R2,6 million.**

The Group remains optimistic about the broader opportunities for growth in this region, which has further expanded the Group's global portfolio of strategic offerings.



# CONDENSED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

for the six months ended 31 August 2023

	Notes	Unaudited		Audited
		6 months to 31 August 2023 R'000	6 months to 31 August 2022 R'000	12 months to 28 February 2023 R'000
<b>GROSS BILLINGS</b>		<b>2 838 784</b>	3 390 737	6 424 353
Revenue		321 139	313 731	654 379
<b>Net interest income</b>		<b>9 138</b>	5 929	13 642
Interest and financing fee income		18 312	15 864	35 461
Interest and financing fee expense		(9 174)	(9 935)	(21 819)
<b>Revenue and net interest income</b>	2	<b>330 277</b>	319 660	668 021
Other income		7 047	13 499	26 429
Depreciation, amortisation and impairment loss on non-financial assets		(14 061)	(10 082)	(21 700)
Administrative expenses		(214 108)	(177 086)	(386 078)
Share of (loss)/profit of associate, net of tax		(25)	158	355
<b>Operating profit</b>		<b>109 130</b>	146 149	287 027
Finance income		1 651	49	370
Finance costs		(2 705)	(2 836)	(6 755)
<b>Profit before tax</b>		<b>108 076</b>	143 362	280 642
Income tax expense		(28 541)	(36 230)	(69 980)
<b>Profit for the period</b>		<b>79 535</b>	107 132	210 662
<b>Other comprehensive income for the period, net of tax</b>				
Items that may be reclassified subsequently to profit or loss				
<i>Exchange differences arising from translation of foreign operations</i>		37 643	(2 361)	68 708
<b>Other comprehensive income/(loss) for the period</b>		<b>37 643</b>	(2 361)	68 708
<b>Total comprehensive income for the period</b>		<b>117 178</b>	104 771	279 370
Profit for the year attributable to:				
Owners of the Company		79 565	107 109	210 647
Non-controlling interests		(30)	23	15
		<b>79 535</b>	107 132	210 662
Total comprehensive income for the year attributable to:				
Owners of the Company		117 205	104 734	279 327
Non-controlling interests		(27)	37	43
		<b>117 178</b>	104 771	279 370
Basic earnings per share (cents)	3	<b>59,61</b>	78,14	154,74
Diluted earnings per share (cents)	3	<b>58,44</b>	75,51	151,00

# CONDENSED STATEMENT OF FINANCIAL POSITION

as at 31 August 2023



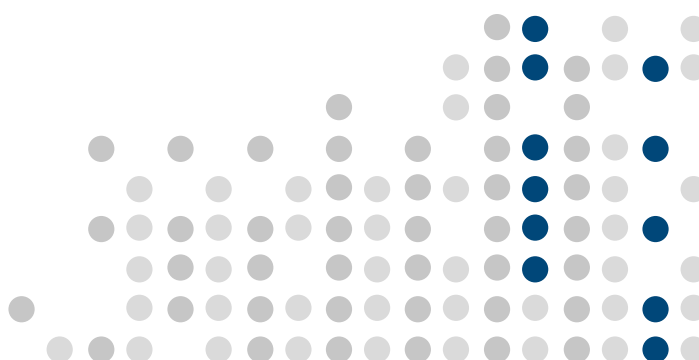
	Notes	Unaudited		Audited
		31 August 2023 R'000	31 August 2022 R'000	28 February 2023 R'000
<b>ASSETS</b>				
<b>Non-current assets</b>		<b>448 479</b>	371 726	439 366
Property, plant and equipment		18 376	25 182	18 014
Right-of-use assets		24 964	31 844	28 337
Intangible assets	4	378 499	292 036	361 841
Investment in associate		1 922	1 750	1 947
Financial assets at fair value through profit or loss	5	8 280	7 103	7 657
Deferred tax assets		16 438	13 811	21 570
<b>Current assets</b>		<b>1 269 304</b>	1 304 142	1 360 603
Trade and other receivables		788 040	958 362	856 152
Current tax assets		1 536	1 333	1 107
Non-current asset held for sale		9 805	-	9 130
Loans receivable		2 175	-	2 175
Amount owing by related party		73	-	71
Financial assets at fair value through profit or loss	5	11	4 930	-
Cash and cash equivalents		467 664	339 517	491 968
<b>Total assets</b>		<b>1 717 783</b>	1 675 868	1 799 969
<b>EQUITY AND LIABILITIES</b>				
<b>Capital and reserves</b>	6	<b>1 106 274</b>	861 548	1 002 876
<b>Non-current liabilities</b>		<b>32 827</b>	34 012	45 258
Interest-bearing borrowings	7	5 314	14 126	8 734
Employee benefit obligations		666	758	666
Financial liabilities at fair value through profit or loss	5	17 152	-	16 088
Lease liabilities		9 681	19 116	14 922
Deferred tax liabilities		14	12	4 848
<b>Current liabilities</b>		<b>578 682</b>	780 308	751 835
Trade and other payables		363 311	463 582	440 437
Current tax liabilities		30 667	32 489	21 012
Interest-bearing borrowings	7	11 185	31 738	16 287
Amounts owing to related parties		-	317	-
Financial liabilities	5	-	4 655	13 189
Lease liabilities		16 529	14 848	15 850
Provisions	9	-	15 853	12 207
Overdrafts and bank facilities		156 990	216 826	232 853
<b>Total equity and liabilities</b>		<b>1 717 783</b>	1 675 868	1 799 969

# CONDENSED STATEMENT OF CHANGES IN EQUITY

for the six months ended 31 August 2023



	Unaudited		Audited
	31 August 2023 R'000	31 August 2022 R'000	28 February 2023 R'000
<b>CAPITAL AND RESERVES</b>			
Balance at beginning of period	1 002 876	765 847	765 847
Profit for the period	79 535	107 132	210 662
Other comprehensive income	37 643	(2 361)	68 708
Treasury shares acquired	(16 775)	(10 795)	(47 170)
Equity-settled share-based payment expense	149	170	326
Shares issued under share option scheme	2 875	1 571	4 536
Share issue costs	(29)	(16)	(42)
Acquisition of non-controlling interest without a change in control	-	-	9
<b>Balance at end of period</b>	<b>1 106 274</b>	<b>861 548</b>	<b>1 002 876</b>
<b>COMPRISING:</b>			
Stated capital	103 729	149 384	116 866
Equity-settled share-based payment reserve	4 565	8 609	6 069
Revaluation reserve	36	36	36
Treasury shares	-	-	-
Foreign currency translation reserve	150 124	41 429	112 484
Retained earnings	847 655	661 913	767 229
<b>Attributable to equity holders of the Company</b>	<b>1 106 109</b>	<b>861 371</b>	<b>1 002 684</b>
Non-controlling interest	165	177	192
<b>Capital and reserves</b>	<b>1 106 274</b>	<b>861 548</b>	<b>1 002 876</b>





# CONDENSED STATEMENT OF CASH FLOWS



for the six months ended 31 August 2023

	Notes	Unaudited		Audited
		6 months to 31 August 2023 R'000	6 months to 31 August 2022 R'000	12 months to 28 February 2023 R'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash generated from operations	8	25 336	119 466	352 671
Finance income		1 651	49	370
Finance costs		(1 927)	(3 078)	(6 023)
Tax paid		(19 018)	(24 177)	(71 889)
<b>Net cash from operating activities</b>		<b>6 042</b>	<b>92 260</b>	<b>275 129</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Acquisition of plant and equipment		(1 634)	(2 010)	(3 958)
Acquisition and development of intangible assets		(1 157)	(1 055)	(3 242)
Proceeds on disposals of plant and equipment		650	99	153
Advances to related parties		(2)	-	(71)
Advance of loans receivable		-	-	(2 175)
Acquisition of a business		-	-	(1 927)
<b>Net cash used in investing activities</b>		<b>(2 143)</b>	<b>(2 966)</b>	<b>(11 220)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Repayment of interest-bearing borrowings		(8 522)	(7 964)	(30 587)
Payment of lease liabilities		(9 452)	(7 239)	(16 096)
Proceeds from issue of share capital		2 846	1 554	4 494
Treasury shares acquired		(16 775)	(10 795)	(47 170)
Proceeds from related party loans		-	29	-
Repayment of related party loans		-	-	(288)
Settlement of contingent consideration		-	(212)	(212)
Settlement of deferred consideration		(12 539)	-	-
<b>Net cash used in financing activities</b>		<b>(44 442)</b>	<b>(24 627)</b>	<b>(89 859)</b>
Net (decrease)/increase in cash and cash equivalents		(40 543)	64 667	174 050
Effect of movements in exchange rates on cash held		16 239	4 045	47 113
Cash and cash equivalents at beginning of period		491 968	270 805	270 805
<b>Cash and cash equivalents at end of period</b>		<b>467 664</b>	<b>339 517</b>	<b>491 968</b>
<i>Cash and cash equivalents comprise:</i>				
Cash and cash equivalents		467 664	339 517	491 968
Less: Bank overdrafts		-	-	-
<b>Cash and cash equivalents at end of period</b>		<b>467 664</b>	<b>339 517</b>	<b>491 968</b>

# CONDENSED SEGMENT ANALYSIS

for the six months ended 31 August 2023



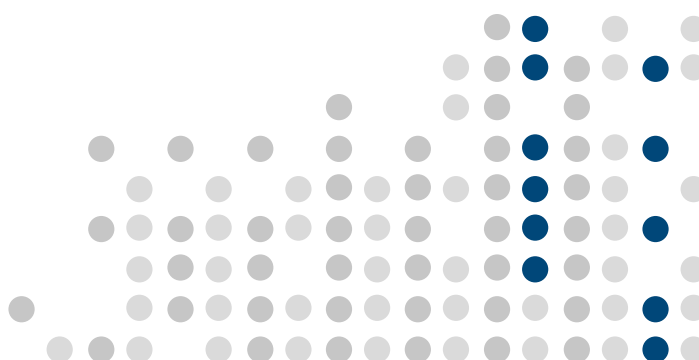
	Logistics Services R'000	Financial Services R'000	Head Office R'000	Group R'000
<b>BUSINESS SEGMENTS</b>				
<b>31 August 2023</b>				
Gross billings	3 021 129	5 109	28 755	3 054 993
External	2 833 990	4 794	-	2 838 784
Internal	187 139	315	28 755	216 209
Revenue and net interest income	325 483	4 794	-	330 277
Operating profit/(loss)	113 759	2 503	(7 132)	109 130
Profit/(loss) for the period	87 776	2 028	(10 269)	79 535
Segment assets	1 378 280	2 376	337 127	1 717 783
Segment assets excluding investment in associate	1 376 358	2 376	337 127	1 715 861
Investment in associate	1 922	-	-	1 922
Segment liabilities	588 766	852	21 891	611 509
Depreciation, amortisation and impairment loss	13 964	32	65	14 061
Capital expenditure	2 709	21	54	2 784
<b>31 August 2022</b>				
Gross billings	3 768 812	4 573	21 825	3 795 210
External	3 386 164	4 573	-	3 390 737
Internal	382 648	-	21 825	404 473
Revenue and net interest income	315 087	4 573	-	319 660
Operating profit/(loss)	146 148	1 552	(1 551)	146 149
Profit/(loss) for the period	109 863	1 286	(4 017)	107 132
Segment assets	1 400 684	1 814	273 370	1 675 868
Segment assets excluding investment in associate	1 398 934	1 814	273 370	1 674 118
Investment in associate	1 750	-	-	1 750
Segment liabilities	769 286	1 008	44 026	814 320
Depreciation and amortisation	9 986	20	76	10 082
Capital expenditure	2 920	100	19	3 039

# CONDENSED SEGMENT ANALYSIS

for the six months ended 31 August 2023 (continued)



	LOGISTICS SERVICES					
	Africa R'000	Asia Pacific R'000	United Kingdom R'000	Europe R'000	North America R'000	TOTAL R'000
<b>GEOGRAPHICAL SEGMENTS</b>						
<b>31 August 2023</b>						
Gross billings	1 584 205	325 336	607 535	418 393	85 660	3 021 129
Revenue and net interest income	92 362	48 421	105 016	66 652	13 032	325 483
Operating profit	38 592	11 692	45 384	20 611	(2 520)	113 759
Profit for the period	30 203	9 847	35 120	15 157	(2 551)	87 776
Segment assets	572 038	174 266	326 695	235 689	69 592	1 378 280
Segment liabilities	291 439	51 572	112 858	95 397	37 500	588 766
<b>31 August 2022</b>						
Gross billings	1 682 165	571 952	879 267	635 428	-	3 768 812
Revenue and net interest income	96 911	49 669	90 826	77 681	-	315 087
Operating profit	48 132	25 092	26 066	46 858	-	146 148
Profit for the period	34 572	20 631	19 868	34 792	-	109 863
Segment assets	624 286	172 676	338 109	265 613	-	1 400 684
Segment liabilities	341 439	114 540	170 376	142 931	-	769 286



# SUPPLEMENTARY FINANCIAL INFORMATION

for the six months ended 31 August 2023



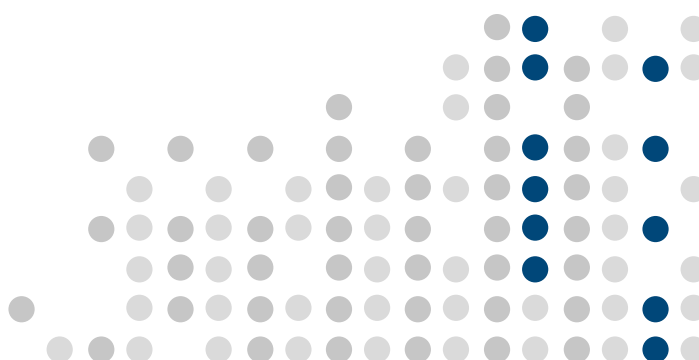
## 1. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial statements for the six months ended 31 August 2023 have been prepared and presented in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards ("IFRS"), the South African Institute of Chartered Accountants ("SAICA"), Financial Reporting Guides as issued by the Accounting Practices Committee, and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the JSE Listing Requirements, the information as required by IAS 34: Interim Financial Reporting, and the Companies Act of South Africa (Act 71 of 2008) ("the Companies Act").

The accounting policies applied in preparation of these interim financial statements are consistent with those applied in the annual financial statements for the year ended 28 February 2023.

This report was prepared under the supervision of the Group Financial Director, JS Robertson, CA(SA) and has not been reviewed or audited by the Group's external auditors.

	Unaudited		Audited
	31 August 2023 R'000	31 August 2022 R'000	28 February 2023 R'000
<b>2. REVENUE</b>			
<b>Gross Billings</b>	<b>2 838 784</b>	3 390 737	6 424 353
Less: recoverable disbursements	(2 508 507)	(3 071 077)	(5 756 332)
<b>Revenue and net interest income</b>	<b>330 277</b>	319 660	668 021
<b>Revenue from the provision of services comprises:</b>	<b>321 139</b>	313 731	654 379
Logistic services	316 345	309 158	645 008
Insurance commission and management fees	4 794	4 573	9 371
<b>Net interest income from the provision of credit facilities comprises:</b>	<b>9 138</b>	5 929	13 642
Interest and financing fee income	18 312	15 864	35 461
Interest and financing fee expenses	(9 174)	(9 935)	(21 819)
<b>Revenue and net interest income</b>	<b>330 277</b>	319 660	668 021



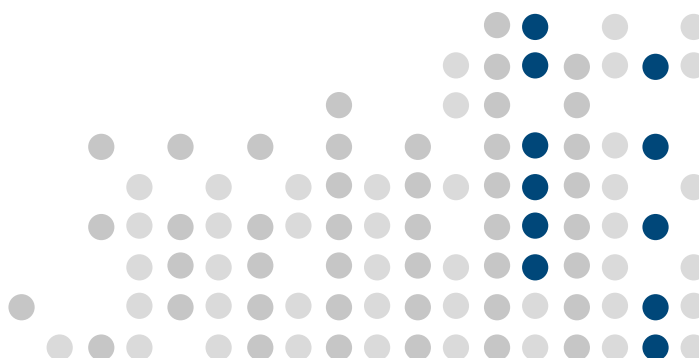
# SUPPLEMENTARY FINANCIAL INFORMATION

for the six months ended 31 August 2023 (continued)



		Unaudited		Audited
		31 August 2023 R'000	31 August 2022 R'000	28 February 2023 R'000
<b>3. EARNINGS PER SHARE</b>				
Basic earnings per share	(cents)	59,61	78,14	154,74
Headline earnings per share ("HEPS")	(cents)	60,21	78,11	154,83
Diluted earnings per share	(cents)	58,44	75,51	151,00
Diluted HEPS	(cents)	59,04	75,48	151,09
<b>Reconciliation between basic and headline earnings:</b>				
Profit for the period/Basic earnings		79 565	107 109	210 647
<i>Adjusted for:</i>				
(Profit)/loss on disposal of property, plant and equipment		(8)	(63)	177
Impairment loss on intangible assets		813	-	-
Tax effects		2	18	(50)
<b>Headline earnings</b>		<b>80 372</b>	<b>107 064</b>	<b>210 774</b>

		Shares 31 August 2023	Shares 31 August 2022	Shares 28 February 2023
<b>Numbers of shares used in the calculations:</b>				
Shares in issue at period end	(000s)	133 166	136 285	133 556
Weighted average number of shares ("WANOS")	(000s)	133 479	137 074	136 130
Diluted WANOS	(000s)	136 139	141 847	139 503
<b>Reconciliation of WANOS to diluted WANOS:</b>				
WANOS	(000s)	133 479	137 074	136 130
Effect of unexercised share options	(000s)	2 660	4 773	3 373
Diluted WANOS	(000s)	136 139	141 847	139 503



# SUPPLEMENTARY FINANCIAL INFORMATION

for the six months ended 31 August 2023 (continued)



	Unaudited		Audited
	31 August 2023 R'000	31 August 2022 R'000	28 February 2023 R'000
<b>4. INTANGIBLE ASSETS</b>			
<b>Goodwill Movement:</b>			
Carrying amount at beginning of period	351 081	289 078	289 078
Acquisition through business combination	-	-	38 272
Effects of exchange differences	17 341	(5 887)	23 731
Carrying amount at end of period	368 422	283 191	351 081
Carrying amount of computer software and indefinite useful life intangible assets	10 077	8 845	10 760
<b>Total intangible assets</b>	<b>378 499</b>	<b>292 036</b>	<b>361 841</b>

	Level	Unaudited		Audited
		31 August 2023 R'000	31 August 2022 R'000	28 February 2023 R'000
<b>5. FAIR VALUE DISCLOSURE FOR FINANCIAL INSTRUMENTS</b>				
<b>Financial assets at fair value through profit or loss</b>				
Future profit share on rental agreement <sup>1</sup>	2	3 502	3 502	3 502
Guardrisk cell captive <sup>2</sup>	2	4 778	3 601	4 155
Forward exchange contracts	2	11	4 930	-
		8 291	12 033	7 657
<b>Financial liabilities at fair value through profit or loss</b>				
Contingent consideration <sup>3</sup>	3	(17 152)	-	(16 088)
Forward exchange contracts	2	-	(4 655)	(291)
		(17 152)	(4 655)	(16 379)

# SUPPLEMENTARY FINANCIAL INFORMATION

for the six months ended 31 August 2023 (continued)



## Hierarchy for fair value measurement

### Fair value determination:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 - Inputs for the asset or liability that are not based on observable market data.

There were no transfers between the fair value hierarchy levels during the year.

<sup>1</sup> Santova Logistics (Pty) Ltd (SA) ("Santova Logistics") entered into a profit-sharing agreement with the landlord of their Durban premises at inception of the lease in the 2007 reporting period. This agreement gives Santova Logistics a specified portion of the actual or deemed profit made should the building be sold or vacated. The inputs used to determine the fair value of the profit-share are as follows:

Current net market rental (including parking bays) R144 per m<sup>2</sup>

Capitalisation rate (on a vacant basis) 10,75%

<sup>2</sup> This represents the fair value of the investment by Santova Logistics in a cell captive administered by Guardrisk, and is recognised as a financial asset with changes in fair value being recognised in profit or loss for the reporting period. The fair value of the cell captive is determined as the net asset value that represents fair value.

<sup>3</sup> This represents the fair value of the remaining contingent purchase obligations arising from acquisitions during the current and prior reporting periods. The fair value of the liabilities has been calculated as the net present value of the warranty payments, which management reasonably expects to be achieved, as set out in the agreements of sale, discounted at the weighted average cost of capital for the acquired entities.

### The financial liability is reconciled as follows:

	Unaudited		Audited
	31 August 2023 R'000	31 August 2022 R'000	28 February 2023 R'000
<b>Carrying amount at beginning of period</b>	<b>16 088</b>	558	558
Contingent consideration recognised on acquisition of business	-	-	14 908
Fair value loss	<b>777</b>	-	537
Fair value gain	-	(345)	(345)
Foreign exchange gain on translation	-	(1)	(1)
Foreign exchange loss on translation recognised in foreign currency translation reserve	<b>287</b>	-	643
Settled during the period	-	(212)	(212)
<b>Carrying amount at end of period</b>	<b>17 152</b>	-	16 088

# SUPPLEMENTARY FINANCIAL INFORMATION

for the six months ended 31 August 2023 (continued)



The carrying amount of contingent consideration relates to the following acquisition that was successfully completed during the prior reporting period:

		Unaudited		Audited
		31 August 2023 R'000	31 August 2022 R'000	28 February 2023 R'000
Acquiring company	Target company			
Santova USA Holdings Inc.	A-Link Freight Inc.	17 152	-	16 088

The fair value of the remaining contingent consideration is determined considering the expected payment, discounted to present value using a risk adjusted discount rate. The expected payment is determined by taking into consideration the expected level of profitability of each acquisition over the warranty period. A discount rate of 8,6% has been applied to the contingent consideration recognised in relation to A-Link Freight Inc.

	Unaudited		Audited
	31 August 2023 R'000	31 August 2022 R'000	28 February 2023 R'000
<b>6. STATED CAPITAL</b>			
<b>Reconciliation of the carrying amount of ordinary shares in issue</b>			
Carrying amount at beginning of period	116 866	163 998	163 998
Exercise of share options	3 667	1 896	5 779
Share issue costs	(29)	(16)	(42)
Treasury shares cancelled	-	(5 699)	(5 699)
Shares bought back and cancelled	(16 775)	(10 795)	(47 170)
<b>Carrying amount at end of period</b>	<b>103 729</b>	<b>149 384</b>	<b>116 866</b>
<b>Reconciliation of the number of ordinary shares in issue</b>			
	<b>000s</b>	<b>000s</b>	<b>000s</b>
Carrying amount at beginning of period	133 556	137 089	137 089
Exercise of share options	1 365	650	2 571
Shares bought back and cancelled	(1 755)	(1 454)	(6 104)
<b>Carrying amount at end of period</b>	<b>133 166</b>	<b>136 285</b>	<b>133 556</b>



# SUPPLEMENTARY FINANCIAL INFORMATION

for the six months ended 31 August 2023 (continued)



	Unaudited		Audited
	31 August 2023 R'000	31 August 2022 R'000	28 February 2023 R'000
<b>7. INTEREST-BEARING BORROWINGS</b>			
Medium-term loan <sup>1</sup>	6 988	8 719	7 859
Medium-term loan <sup>2</sup>	2 681	12 833	7 867
Medium-term loan <sup>3</sup>	6 830	11 667	9 295
Loan - Overseas Freight Ways OÜ <sup>4</sup>	-	12 645	-
	<b>16 499</b>	<b>45 864</b>	<b>25 021</b>

<sup>1</sup> This loan was taken by Santova International Holdings (Pty) Ltd during the 2022 reporting period. The loan bears interest at a variable rate linked to the SA prime rate less 0,5%. The loan is repayable over five years at monthly instalments of R215 167 (August 2022: R197 976). This loan is secured by cross-company sureties supplied by subsidiaries.

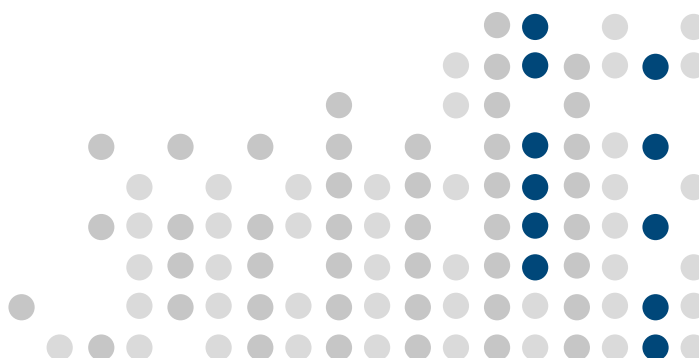
<sup>2</sup> This loan was taken by Santova International Holdings (Pty) Ltd during the 2022 reporting period. The loan bears interest at a variable rate linked to the SA prime rate less 0,5%. The loan is repayable over two years at monthly instalments of R917 527 (August 2022: R895 122). This loan is secured by cross-company sureties supplied by subsidiaries.

<sup>3</sup> This loan was taken by Santova International Holdings (Pty) Ltd during the 2019 reporting period. The loan bears interest at a variable rate linked to the SA prime rate less 0,5%. The loan is repayable over six years. The payments for the first year were on an interest-only basis. The loan is then repayable over five years at quarterly instalments of R1 488 093 (August 2022: R1 450 705). This loan is secured by cross-company sureties supplied by subsidiaries.

<sup>4</sup> This loan was taken out as part of the purchase agreement of MLG Maritime Cargo Logistics GmbH (Germany) whereby the seller advanced funds of €740 000 to Santova Logistics B.V. The initial agreement was for a period of one year and was subsequently renewed with the agreement of both parties. The loan bore interest at a flat rate of 4% and was fully repaid during the prior reporting period.

The first three loans have both been granted by Nedbank Limited, the Group's primary bankers. As a condition of granting the loans, the Group banking facilities contain certain covenants with respect to minimum levels of actual shareholders' funds, a maximum ratio of debt to EBITDA\* and a minimum ratio of EBITDA\* to interest cover. These covenants are monitored on an ongoing basis by management and reviewed and confirmed annually with the Group's bankers. At the reporting date, none of the covenants had been breached nor was the Group in proximity of breach.

\*EBITDA - Earnings before interest, tax, depreciation and amortisation.

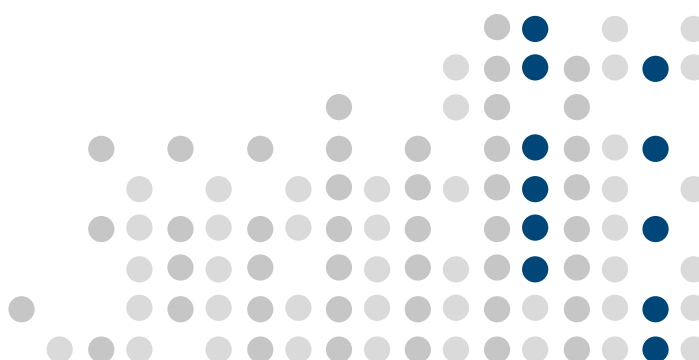


# SUPPLEMENTARY FINANCIAL INFORMATION

for the six months ended 31 August 2023 (continued)



	Unaudited		Audited
	31 August 2023 R'000	31 August 2022 R'000	28 February 2023 R'000
<b>8. NOTES TO THE STATEMENT OF CASH FLOWS</b>			
<b>Cash generated from operations</b>			
Profit before tax	108 076	143 362	280 642
<i>Adjustments for:</i>			
Depreciation and amortisation	13 248	10 082	21 700
(Profit)/loss on disposal of plant and equipment	(8)	(63)	177
Impairment loss on intangible asset	813	-	-
Finance income	(1 651)	(49)	(370)
Finance costs	2 705	2 836	6 755
Foreign exchange gain on financial liabilities and dividends	-	-	(1)
Fair value gain on financial assets and liabilities	(936)	(870)	(883)
Movement in employee benefit liability	-	-	(92)
Equity-settled share-based payment expense	149	170	326
Share of loss/(profit) of associate, net of tax	25	(158)	(355)
<i>Working capital changes:</i>			
(Decrease)/increase in discounting of trade receivables	(75 864)	(9 078)	6 950
Decrease in trade and other receivables	68 112	23 626	138 534
(Decrease) in trade and other payables and provisions	(89 333)	(50 392)	(100 712)
	<b>25 336</b>	<b>119 466</b>	<b>352 671</b>



# SUPPLEMENTARY FINANCIAL INFORMATION

for the six months ended 31 August 2023 (continued)



	Unaudited		Audited
	31 August 2023 R'000	31 August 2022 R'000	28 February 2023 R'000
<b>9. PROVISIONS</b>			
Provision for legal claims	-	15 853	12 207
	-	15 853	12 207

During the period the Group entered into a settlement agreement and made payment for full and final settlement in respect of the legal claim. Management consider the matter to now be closed and as such have reduced the remaining provision back to zero.

#### Reconciliation of movements for the period:

Carrying amount at beginning of year	12 207	11 334	11 334
Provision raised	-	4 954	4 954
Provision released	(9 685)	-	(5 549)
Payment made during the period	(2 846)	-	-
Foreign exchange loss/(gain)	324	(435)	1 468
<b>Carrying amount at end of year</b>	<b>-</b>	<b>15 853</b>	<b>12 207</b>

## 10. FOREIGN CURRENCY DENOMINATED ITEMS

The statement of financial position is translated at the closing exchange rate and the income statement is translated at the average exchange rate.

	31 August 2023		31 August 2022		28 February 2023		
	Average rate	Closing rate	Average rate	Closing rate	Average rate	Closing rate	
<b>Exchange rates to South African Rand (ZAR)</b>							
Euro	EUR	20,1669	20,4300	16,7021	17,0747	17,4102	19,4947
Pound Sterling	GBP	23,2361	23,8343	19,7489	19,8160	20,2259	22,1942
US Dollar	USD	18,5243	18,7847	15,8605	17,0251	16,7001	18,3906
Australian Dollar	AUD	12,3243	12,1705	11,2526	11,6793	11,5068	12,3827
Hong Kong Dollar	HKD	2,3642	2,3947	2,0219	2,1692	2,1309	2,3431
Mauritian Rupee	MUR	0,3965	0,4046	0,3486	0,3710	0,3660	0,3871
Vietnamese Dong	VND	0,0008	0,0008	0,0007	0,0007	0,0007	0,0008
Singapore Dollar	SGD	13,8107	13,9037	11,4998	12,1864	12,1410	13,6412

## 11. EVENTS AFTER THE REPORTING PERIOD

There are no events that have taken place after the reporting period for which non-disclosure would affect the ability of the users to make proper evaluations and decisions.

# CORPORATE INFORMATION



## SANTOVA LIMITED

### Country of Incorporation

Republic of South Africa

### Registration Number

1998/018118/06

### Share Code

SNV

### ISIN

ZAE000159711

## NATURE OF BUSINESS

International technology-based trade solutions specialist

## DIRECTORS

### Independent Non-Executive Directors

ME Stewart (Chairman)

ESC Garner

EM Ngubo

TL Woodroffe

### Executive Directors

GH Gerber (Chief Executive Officer)

JS Robertson (Group Financial Director)

AL van Zyl

## COMPANY SECRETARY

JA Lupton, FCG

Highway Corporate Services (Pty) Ltd

PO Box 1319, Hillcrest, 3650, South Africa

## JSE SPONSOR

### River Group

Unit 2, 211 Kloof Street, Waterkloof,  
Pretoria, 0145, South Africa

## GROUP AUDITOR

### Moore Johannesburg Inc.

50 Oxford Road, Parktown,  
Johannesburg, 2193, South Africa

## SHARE REGISTRAR

### Computershare Investor Services (Pty) Ltd

Private Bag X9000, Saxonwold, 2132, South Africa

## INVESTOR RELATIONS

### Contact Persons

GH Gerber (Chief Executive Officer)

JS Robertson (Group Financial Director)

### Email Address

investor@santova.com

### Contact Number

+27 31 521 0160

## SANTOVA HEAD OFFICE AND REGISTERED OFFICE

### Physical Address

Level 3 West, 1 Ncondo Place,  
Umhlanga Ridge, 4319, South Africa

### Postal Address

PO Box 6148, Durban, 4000, South Africa

### Registered Office

Santova House, 88 Mahatma Gandhi Road,  
Durban, 4001, South Africa

### Contact Number

+27 31 521 0160

## CORPORATE BANKERS

Nedbank Limited

PO Box 1144, Sandown, 2196, South Africa



## A Specialist Provider of Innovative Global Trade Solutions.

- Santova's diversification in terms of geographies, currencies, industries, products and services enables it to manage a global network of inter-connected activities for multinational organisations from origin to point-of-consumption.
- This diversification also enables it to hedge against unexpected 'regional risks' whilst at the same time allowing it to capitalise on opportunities that may present themselves globally.

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