FY 26 Results Note
29 June 2026

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12m Target Price	**1148cps**
Share Price	**770cps**
Implied Return	**49%**

Santova Ltd

Seabourne Acquisition Delivering

Share Code: SNV – Market Cap: R991m – PE: 7.3x – DY: 0.0%

Logistics | South Africa

Summary of Results: Delivering through a tough period

- During FY 26, Santova acquired Seabourne (consolidated for 9m in this period) for R400m, including a cumulative profit warranty over two years.
- Overall, the Group performed slightly better than our forecast with FY 26 revenue growing +88% y/y, and HEPS slightly down at 107cps (FY 25: 115cps); importantly, Seabourne *exceeded* our expectations.
- Group margins have declined, but this is due to Seabourne's consolidation.
- Group balance sheet remains comfortably net cash, even after we deduct interest-bearing borrowings and Seabourne's profit warranty debt.

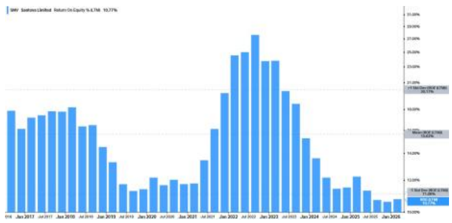
Thoughts: Geographic Diversification building resilience

- Given Seabourne's early signs of success, we believe that management's acquisitive track record remains intact. Likewise, given Seabourne's relative size to the Group (more than *two* times the cumulative business acquisitions of the prior ten years), the importance of this acquisitive success cannot be emphasised enough.
- Geographical profit mix remains ever volatile, but—whilst hard to model—we *do* consider this as one of the strengths of the business model: diversification. The "portfolio effect" of this diversification has seen overall (long-term) profits steadily growing which we expect to continue.

Updated Forecast and Valuation: Remains below fair value

- We expect revenue in FY 27E to be more than double FY 25 revenue (largely driven by Seabourne's full consolidation during the year), with profit growing to R169m from R148m in FY 25 (+23% y/y versus FY 26).
- FY 26's ROE has declined in line with Seabourne entering the balance sheet (but not being fully consolidated), & lower profit margins but (through the cycle) it is still beating Cost of Equity comfortably; FY 26 ROE was 11%, which we expect to steadily start rising from FY 27E.
- Our DCF arrives at an implied fair value of R10.32 per share (previously: R9.72), which compares attractively against the current share price of R7.70, and would place the share on a Price Earnings of 9.6x and Price-to-Book of fractionally over 1.0x. This implies a 12m TP of R11.48 (previously: R10.32).

Santova – Return on Equity (ROE%)



Source: Koyfin (24/06/2026)

Santova – EV/EBITDA (x)

Source: Koyfin (24/06/2026)

Santova- Price-to-Book (x)

Source: Koyfin (24/06/2026)

Key forecasts	2024 A	2025 A	YoY %	2026 A	YoY %	2027 F	YoY %	2028 F	YoY %	2029 F	YoY %
Revenue (Rm)	**638**	**630**	***-1%***	**1,187**	***88%***	**1,418**	***19%***	**1,460**	***3%***	**1,504**	***3%***
EBITDA (Rm)	228	224	*-1%*	279	*24%*	322	*16%*	332	*3%*	342	*3%*
Operating profit (Rm)	184	193	*5%*	200	*4%*	231	*16%*	238	*3%*	245	*3%*
Profit after tax (Rm)	147	148	*0%*	137	*-7%*	169	*23%*	176	*4%*	185	*5%*
HEPS (cps)	**124**	**115**	***-7%***	**107**	***-7%***	**131**	***23%***	**137**	***4%***	**144**	***5%***
EBITDA margin (%)	*36*	*36*		*24*		*23*		*23*		*23*	
Operating margin (%)	*29*	*31*		*17*		*16*		*16*		*16*	
Return on equity (%)	*14*	*12*		*11*		*11*		*11*		*10*	
Net cash / equity (%) (no gearing)	*23*	*28*		*17*		*23*		*31*		*39*	
Price to book (x)	*0.8*	*0.8*		*0.8*							
Price Earnings Ratio (x)	*5.9*	*6.7*		*7.2*							

Sources: Various Santova financial reports, market data, & Blue Gem Research workings and assumptions

Harry van der Merwe*

BLUE GEM RESEARCH

Table 1: Detailed Forecasts

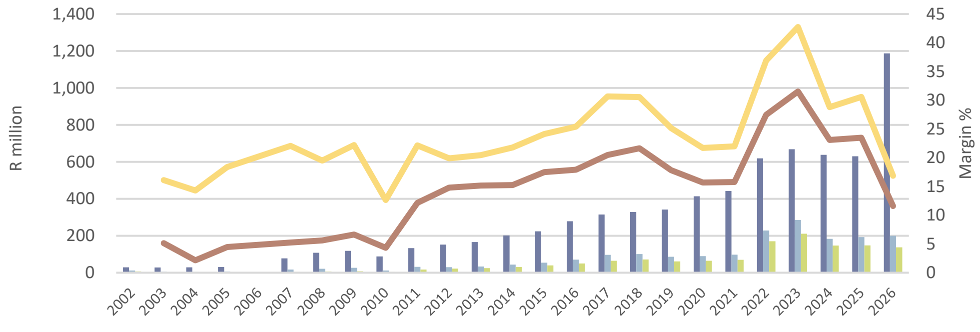
R million	2024 A	2025 A	YoY %	2026 A	YoY %	2027 F	YoY %	2028 F	YoY %	2029 F	YoY %
Santova Revenue	**638**	**630**	***-1%***	**619**	***-2%***	**638**	***3%***	**657**	***3%***	**676**	***3%***
Santova EBITDA	228	224	*-1%*	177	*-21%*	182	*3%*	188	*3%*	193	*3%*
Santova Operating profit	184	193	*5%*	146	*-24%*	150	*3%*	155	*3%*	160	*3%*
Seabourne Revenue				**568**		**780**	***37%***	**803**	***3%***	**828**	***3%***
Seabourne EBITDA				102		140	*37%*	144	*3%*	149	*3%*
Seabourne Operating profit				59		81	*37%*	83	*3%*	86	*3%*
Santova EBITDA margin	*36%*	*36%*		*29%*		*29%*		*29%*		*29%*	
Seabourne EBITDA margin				*18%*		*18%*		*18%*		*18%*	
Santova operating margin	*29%*	*31%*		*24%*		*24%*		*24%*		*24%*	
Seabourne operating margin				*10%*		*10%*		*10%*		*10%*	
Total revenue	**638**	**630**	*-1%*	**1,187**	*88%*	**1,418**	*19%*	**1,460**	*3%*	**1,504**	*3%*
Total EBITDA	**228**	**224**	*-1%*	**279**	*24%*	**322**	*16%*	**332**	*3%*	**342**	*3%*
Depreciation & amortisation	44	32		79		91		94		97	
PPE	4	4		9		9		9		9	
Intangibles	19	4		15		18		21		24	
ROU asset	20	24		54		64		64		64	
Total operating profit	**184**	**193**	*5%*	**200**	*4%*	**231**	*16%*	**238**	*3%*	**245**	*3%*
Net interest paid (received)	-21	-8		7		0		-3		-8	
Profit before tax	**205**	**201**	*-2%*	**193**	*-4%*	**231**	*20%*	**241**	*4%*	**254**	*5%*
Taxation	58	53		55		62		65		69	
Profit after tax	**147**	**148**	*0%*	**137**	*-7%*	**169**	*23%*	**176**	*4%*	**185**	*5%*
HEPS (cps)	**124**	**115**	***-7%***	**107**	***-7%***	**131**	***23%***	**137**	***4%***	**144**	***5%***
Total EBITDA margin	*36%*	*36%*		*24%*		*23%*		*23%*		*23%*	
Total operating profit margin	*29%*	*31%*		*17%*		*16%*		*16%*		*16%*	
Tax as % of Profit before tax	*28%*	*26%*		*29%*		*27%*		*27%*		*27%*	
Cash from operations	**110**	**128**		**302**		**309**		**319**		**328**	
Payment of lease liabilities	21	23		50		59		59		59	
Cash from operations after leases	89	105		252		250		260		269	
Cash from operations % of EBITDA	***48%***	***57%***		***108%***		***96%***		***96%***		***96%***	
Cash from operations after leases / revenue	*14%*	*17%*		*21%*		*18%*		*18%*		*18%*	
PPE	17	18		47		47		47		47	
Intangibles	370	353		660		642		621		597	
Other debit balances	29	29		6		6		6		6	
Net receivables, payables, inventory	486	508		436		449		463		477	
Net cash	261	348		227		331		515		710	
Net assets	**1,163**	**1,257**		**1,377**		**1,476**		**1,652**		**1,837**	
Return on Equity (%)	***14%***	***12%***		***11%***		***11%***		***11%***		***10%***	
Equity	1,161	1,256		1,300		1,469		1,645		1,830	
Purchase of business liability	0	0		70		0		0		0	
Net right of use liability	1	1		7		7		7		7	
Retirement obligation	1	0		0		0		0		0	
Equity & liabilities	**1,163**	**1,257**		**1,377**		**1,476**		**1,652**		**1,837**	

Sources: Various Santova financial reports, Sharedata, Koyfin, Iress, & Blue Gem Research workings and assumptions

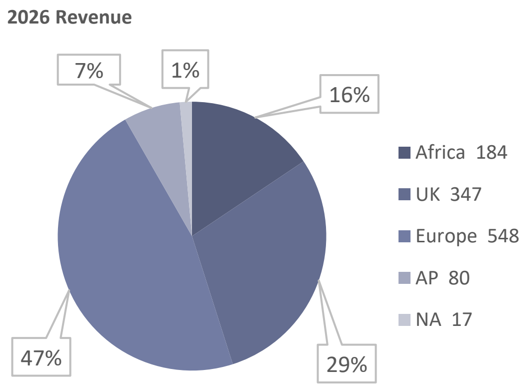
Introduction & Context for Santova FY 26

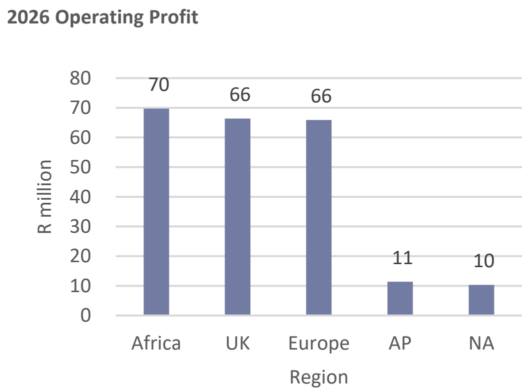
For Group and sector background, we refer you to our Initiation of Coverage note that covered Santova in detail. We have focussed *this* report on the Group's FY 26 results, a comparison of what we expected regarding Seabourne, geographical analyses and an updated valuation.

Figure 1: Santova's Listed Financial History – Strong Long-term Growth with Global Revenue and Profit Streams



	2002	2003	2004	2005	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Revenue	29	29	29	31	77	108	118	88	133	152	166	202	224	279	315	329	342	414	442	619	668	638	630	1,18
Operating Profit	12	5	4	6	17	21	26	12	32	30	34	44	54	71	97	101	86	90	97	228	286	184	193	200
Net Profit	7	1	1	1	4	6	8	4	17	22	25	31	39	50	65	71	61	65	70	170	211	147	148	138
Operating Margin		16	14	18	22	20	22	13	22	20	20	22	24	25	31	31	25	22	22	37	43	29	31	17
Net Margin		5	2	4	5	6	7	4	12	15	15	15	18	18	20	22	18	16	16	27	32	23	23	12





Sources: Santova financial reports and Blue Gem Research. AP = Asia Pacific; NA = North America

Some important context for understanding FY 26 is shown in **Figure 1**, as it demonstrates the revenue and profit growth of the Group. Following a brief COVID dip, the Group's revenues and profits shot up in the supply chain shocks into FY 23 before things normalized into FY 24/25.

Now, as revealed by the FY 26 results, the Group's revenue has almost doubled, but this is due to the inclusion of the Seabourne acquisition (for 9m of this period) while underlying trading volatility has whipsawed through the year from USA trade tariff impacts (occurring during H1:26) to the USA-Iran conflict (more likely affecting the FY 27E period).

The Group's margins have declined in FY 26, but this is *also* due to the lower margins achieved by Seabourne and not reflective of the rest of the Group. More pertinently, the Africa, Europe and UK geographies contributed the most to combined revenue and operating profit. They also contributed a similar amount to overall profit. We expect Africa, the UK and Europe to be the main profit contributors, though we keep an interested eye on the Group's USA segment ("NA") and keenly await a fully consolidated Seabourne.

Reminder of Santova's History, Evolution and Key Topline Drivers
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 the above).

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. **Gross 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).

Group Results Summary & Comments

Table 2: Santova FY 26 Income Statement

Santova - Sharedata numbers		
R million	**2025**	**2026**
Gross billings	5,975	6,037
Revenue	630	1,187
Operating Expenses minus other income	423	906
EBITDA	236	281
Depreciation	31	81
Operating Profit	193	200
Net Interest Paid/(Received)	-8	7
Profit Before Tax	201	193
Taxation	53	55
Profit after tax	148	137
Exchange differences from translation of foreign operations	-42	-88
Remeasurement of medical aid liability	0	0
Comprehensive income	106	49
Income Attributable To Minority Interests	-0	0
Income Attributable To Equity Holders	148	49

Source: Santova financial reports

At a high-level, Santova's FY26 financial performance came in ahead of Blue Gem's forecasts:

- Reported revenue and net interest income rose 88% to R1,187m, just above the R1,150m forecast,
- Operating profit grew 4% to R200m versus the R176m forecast, a c.14% beat,
- Operating margin held at 17% against the 15% expected, &
- HEPS fell 7% to 107cps but topped our previous 101cps forecast by c.6%.

A key corporate drier to these numbers was Seabourne, though reversing this effect is also important to understand that the Group has a strong H2 period:

- It contributed R44m to profit and was the main reason revenue nearly doubled.
- Group profit for the year fell 7% to R138m, dragged by acquisition costs, higher amortisation, finance costs and a higher tax rate.
- **Importantly, H2:26 HEPS of 71cps recovered sharply from H1's 37.1 cps, confirming the our view that H1:26 weakness was cyclical, *not* structural.**

- Tangible NAV per share fell 29% to R4.98, reflecting goodwill and customer-relationship intangibles raised on the deal.

Bottom line: Santova performed operationally in-line-to-slightly-better than we expected; the Seabourne integration is reported as complete, although the dilutive accounting impact on NAV was possibly the only main negative surprise to anyone who had not realized Seabourne's lower margin profile would dilute Group margins.

Geographic Regions

- **Africa**: Revenue R184m, profit R52m, net margin 28.5%. Hit by low freight rates, weak volumes and the 30% US tariff on SA exports. Still the largest profit contributor (35% of group).
- **Asia Pacific**: Revenue R80m, profit R9m, net margin 11%. Australia strong, but Hong Kong (procurement hub) and Singapore squeezed by low intra-regional freight rates and client downtrading. New Shenzhen office opened.
- **United Kingdom**: Revenue R347m, profit R49m, net margin 14%. Solid; new large clients won and Tradeway Shipping performed well on UK–Africa trade. Now includes Seabourne's UK business.
- **Europe**: Revenue R548m, profit R50m, net margin 9%. Largest region by revenue post-Seabourne. Lower margin reflects the new fulfilment/warehousing model. Eindhoven facility at full capacity; doubling planned.
- **North America**: Revenue R17m, loss R11m. Still loss-making, dragged by the A-Link warehouse lease (R5.5m) and US tariffs cutting import volumes. Lease has ~7 months left; small monthly profit reported in April 2026.

Note: The Group's segmental figures exclude Seabourne in the operational reviews, but UK/Europe revenue totals include it - refer to our Seabourne performance analyses below, whereby we show that the acquisition outperformed our expectations. Also, the foreign exchange difference from translation of foreign operations was material relative to Profit after tax in both years due to a stronger Rand – the Rand/USD was almost 15% stronger at the end of February 2026 than it was a year ago. Cumulative Profit After Tax from FY 15 to FY 26 was R1.238 billion, whilst Comprehensive Income totalled R1.249 billion over the same period, almost equal. The material exchange difference losses may therefore reasonably be expected to reverse over time.

Financial Statement Review & Commentary

Table 3: Santova's FY 26 Balance Sheet

R million	2025	2026
Property, plant & equipment	18	47
Intangible Assets	353	660
Net Deferred Tax Asset (Liability)	6	-8
Financial assets at fair value through P&L	10	11
Loans Receivable	3	3
Total Fixed Assets	**391**	**713**
Debtors	823	873
Inventories	0	1
Creditors and Provisions	-315	-437
Cash net of overdraft and other interest bearing debt	348	227
Net current assets	**856**	**664**
Assets Held For Sale	10	0
Total Net Operating Assets	**1,256**	**1,377**
Total Shareholders' Interest	**1,256**	**1,300**
Net Right of use Assets and Lease liabilities	1	7
Purchase of business liability	0	70
Other debt	**1**	**77**
Total Funds	**1,256**	**1,377**
Total net operating assets minus cash	908	1,149
Tangible net asset value	897	655

Source: Santova financial reports

The most material change to the Group's balance sheet is the acquisition of Seabourne, which increased intangibles (mostly goodwill) while utilizing cash and requiring a potential profit warranty liability being raised.

Note: *IFRS 16 requires capitalizing of leases. 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 lease payments from projected operating cash flow.*

Digging deeper in the **balance sheet** (**Table 3**):

- As noted, the purchase of business liability relates to the Seabourne acquisition.
- Management has indicated that Seabourne is on track to meet its profit warranty (structured as total profit over two years).
- The raising of this liability is evidence of their conviction hereof.
- We may therefore expect the liability to be paid, which means the net cash on hand will decline by this amount. Effectively, this means that net cash on hand is R157 million.

Working through the Group's **cash flow statement** (**Table 4)**:

- Cash from operations (**Table 4**) was R174 million higher than in FY 25 due inter alia to a decline in revenue in the African segment with a concomitant decrease in debtors (in South Africa Santova incurs taxes on behalf of customers).
- This means, were it not for this decrease in working capital investment, the net cash balance would be substantially lower.

Table 4: Santova FY 26 Cash Flow Statement

R million	2025	2026
Cash generated by operations	**128**	**302**
Interest and tax paid	-44	-73
Net Cash flow from operating activities	**85**	**229**
Dividends paid	-0	0
Net shares purchased	-12	-4
Cash flow from operations after dividends and share buybacks	**72**	**225**
Acquisition of P&E net of proceeds	-5	-5
Acquisition & development of Intangible Assets	-3	-2
Acquisition of Seabourne	0	-258
Net cash flow from investing activities	**-8**	**-265**
Interest bearing debt raised (repaid)	-6	51
Payment of lease liabilities	-23	-50
Net cash flow from financing activities	**-30**	**1**
Net increase (decrease) in cash & cash equivalents	**34**	**-39**
Translation effects on cash & cash equivalents	-25	-30

Source: Santova financial reports

- Santova's profitability and cash flows have many moving parts, which means it's incredibly difficult to forecast future years (unlike, for instance, selling Coca Cola or for a business with annuity income streams or a REIT). The point we are making is that the reported net cash balance may not be available for future business acquisitions, which may have to be funded from operating cash flow.
- Santova has historically converted c. 81% of EBITDA into operating cash flow and re-investment in fixed assets is immaterial (**Table 3**). We expect this to continue going forward.

- With minimal capex requirements, Free Cash Flow (FCF) generation versus EBITDA basically tracks operating cash flows and, thus, if another c. R229 million is generated in operating cash flow after tax in FY 27, then this could be available for business acquisitions.

Overall, Santova's balance sheet remains characteristically strong, even after incorporating the Seabourne acquisition. Driven by its cash generative (non-African operations), Santova is both liquidity (debtors covering creditors 2x) and solvency are comfortable (no net interest-bearing debt and cash on hand).

Note*: The translation effect of cash is material in the context of cash from operations and is due to a strengthening Rand (see our comment earlier). Santova experiences a tailwind in years when the Rand depreciates against other trading currencies, especially the US Dollar, and vice versa (this is because most international logistics and trade is quoted in USD irrespective of the region). While we are not forex experts, we may reasonably expect the Rand to weaken against the USD, over time due to inflation rate differentials. The last two years of a steadily stronger Rand is therefore not the norm, has been a headwind on Santova and could quite easily switch into being a tailwind (we, though, do not take any forex movements into account in our forecasts).*

Table 5: Share Data and Ratios

Share/unit data		2025	2026
Number of Shares in Issue (Actual)	million	128	128
Weighted Average Shares in Issue (Actual)	million	128	128
Fully Diluted Weighted Average Shares in Issue	million	131	130
Market Capitalisation	Rm	974	918
Share statistics		**2025**	**2026**
Earnings Per Share	cents	115	107
Diluted Earnings Per Share	cents	114	106
Headline Earnings Per Share	cents	115	108
Diluted Headline Earnings Per Share	cents	113	107
Dividend Per Share	cents	0	0
Net Asset Value Per Share	cents	981	1011
Cash Generated Per Share	cents	66	178
JSE Market Price at Period End	cents	761	714
Stats & Ratios		**2025**	**2026**
Stats			
Number of countries		*11*	*13*
Number of offices		*22*	*32*
% of turnover outside South Africa		*70*	*85*
Number of staff		*273*	*476*
Operating profit per employee (Rm)		*0.7*	*0.4*
Margins (%)			
Revenue/gross billings		*10.6*	*10.9*
Operating profit/gross billings		*3.2*	*3.3*
EBITDA/revenue		*37*	*24*
Operating Profit/revenue		*31*	*17*
Tax rate		*26*	*29*
Profit After Tax/revenue		*23*	*12*
Returns			
Operating Profit/Net Operating Assets - Cash		*21*	*17*
Return on Shareholders' Funds		*12*	*11*
Risk			
Interest Bearing Debt / Equity		*0*	*0*
Interest Cover		*n/a*	*27*
Creditors & Provisions / Debtors		*0.4*	*0.5*
Cash from operations / revenue		*0.2*	*0.3*
Cash from operations / EBITDA		*0.6*	*1.1*
Valuation			
3 Year Beta		*0.7*	*0.4*
Price/Earnings		*6.7*	*7.2*
Price/Net Asset Value		*0.8*	*0.8*

Source: Santova financial reports and Blue Gem Research calculations

Comparing the 9m of **Seabourne** versus our expectations (**Table 6**):

- Revenue came in higher than our forecast R540m at R568m, &
- Trickling into higher operating profit of R568m (we expected R540m).

Table 6: Seabourne Acquisition Result Versus Expectation

R million	2026 F	2026 A	Transaction Costs	Consolidated 2026 A
Santova Revenue	610	619		
Santova Operating profit	121	146		
Seabourne Revenue	540	568		
Seabourne Operating profit	55	59		
Santova operating margin	20%	24%		
Seabourne operating margin	10%	10%		
Total revenue	1 150	1 187		1 187
Total operating profit	176	205	-5	200
Net finance costs		1	-8	-7
Profit before tax		206	-13	193
Income tax		-57	2	-55
Profit for the year		149	-12	138
Operating margin	15%	17%		17%

Source: Santova FY 26 results presentation

Overall Impression of FY 26 Results

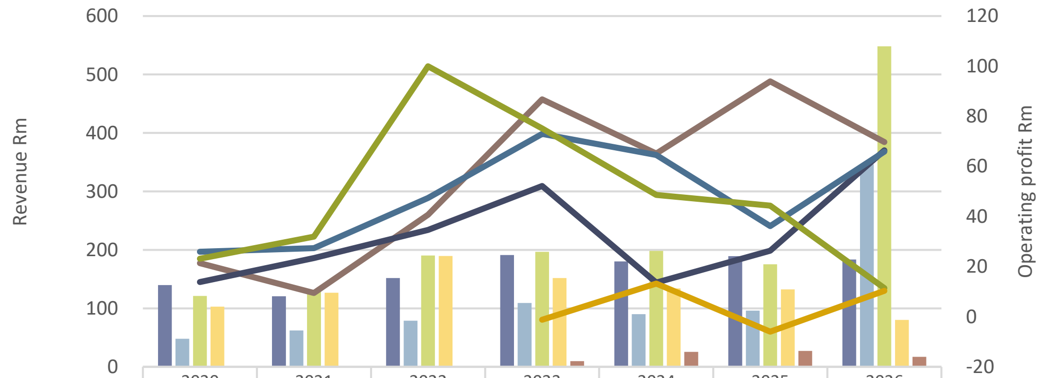
- At a Group-level, 85% of Santova's revenue is generated outside South Africa (FY 25: 70%); Seabourne has lifted this percentage in FY 26, and its full 12m consolidation in FY 27E will do so again.
- With the Seabourne acquisition, the Group's staff numbers climbed to 476 (74%) and Operating profit per employee declined to R0.4m from R0.7m. All profit margins have declined due to the inclusion of Seabourne (10% operating margins for Seabourne versus Santova's historical average range of c15~30%).
- The tax rate is a function of different tax rates in different geographies and as the contribution to profit of the geographies changes materially between reporting periods, so does the effective overall tax rate (**Figure 2**).
  As the Group grows increasingly in higher tax jurisdictions (e.g. EU), this effective tax rate may trend slightly upwards.
- The pre-tax return on Net Operating Assets is reasonably high at 17%, though it was higher in prior periods (FY 25: 21% and 10-year average of 19%). The return on shareholders' funds (ROE) of 11% still beat inflation of c. 4 to 5% by a healthy margin.

In our opinion—and pre-empting our valuation section—given that the Santova share price is trading at a Price Earnings (PE) ratio of c. 7x and a Price / Book of 0.8x, *and* considering that Goodwill is a substantial value on the asset side of the balance sheet, we believe that the Return on Equity (ROE) and the Price Earnings (PE) ratios are the most logical primary indicators of performance and value.

Santova Geographical Analysis

Santova's FY 26 results reports that the Group operates globally with an impressive footprint of offices in 13 countries. These include South Africa, Mauritius, Australia, Germany, China, Hong Kong, the Netherlands, France, Singapore, England, Scotland, the USA and Vietnam.

Figure 2: Santova's Revenue and Operating Profit Contributions by Geography



	2020	2021	2022	2023	2024	2025	2026
Africa Rev	140	121	152	191	180	189	184
UK Rev	48	62	79	109	90	96	347
Europe Rev	121	132	191	197	198	175	548
AP Rev	103	127	189	152	134	132	80
NA Rev				10	25	27	17
Africa OP	21	9	41	87	65	94	70
UK OP	14	23	35	52	14	26	66
Europe OP	26	27	47	73	65	36	66
AP OP	23	32	100	75	49	44	11
NA OP				-1	13	-6	10

Sources: Santova annual reports & Blue Gem Research graph

Figure 2 illustrates the Group's growth in total revenue and profits since listing in FY 02, including the Group's current high-level geographic segments:

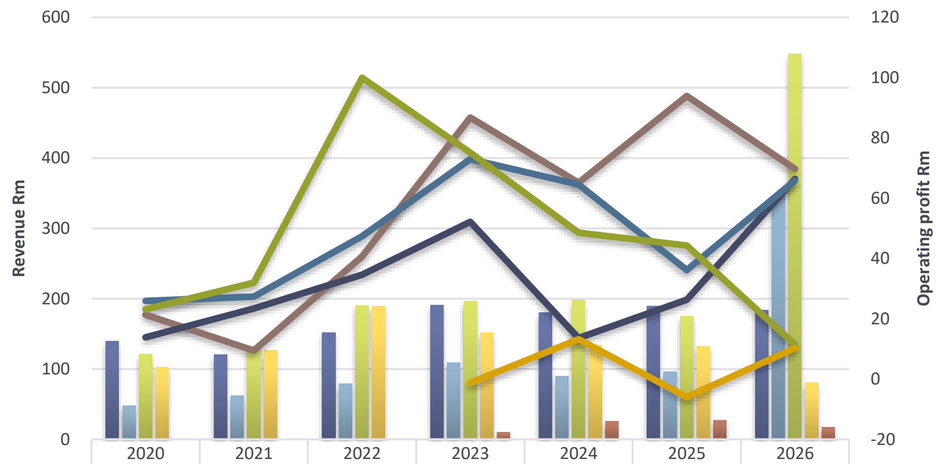
- The margins have increased over time and, as we highlight later in this report, scale benefits increase as 4PL groups scale up in size.
- Note that the FY 20 to FY 24 period was (for worse and then better) influenced, inter alia, by the COVID-19 slump and subsequent recovery.

The Group's revenue and operating profit in each region (**Figure 3**) have fluctuated significantly from year to year, but **Figure 1** illustrates that, despite this regional volatility, at a Group consolidated level, the Group's sales and profit trajectory have reflected reasonably steady growth.

Individual regional volatility that creates 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:

- Global and geopolitical events have had a major impact on revenues and profits by region, which is consistent between reporting periods.
- Unfortunately, we do not see this macro-volatility lessening – if anything, this may increase as the world's geopolitical complexity increases.
- Also, as part of the geographic expansion, the Group is funding losses in North America (though, most of this is due to a legacy property lease which should wind out in FY 27E as the lease has about 7 months remaining as of June 2026).
- As noted earlier in this report, 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 logistics or freight rates.

Figure 3: Santova's Revenue (Rev) and Operating Profit (OP) by region

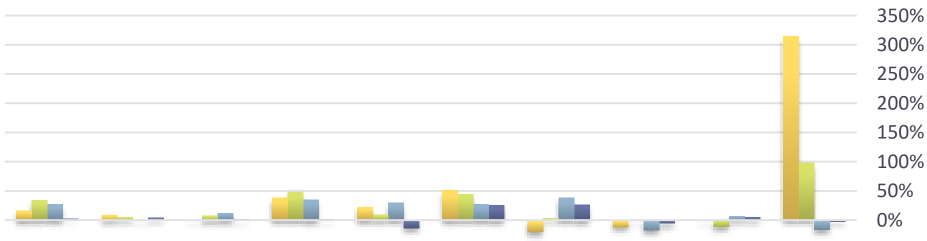


	2020	2021	2022	2023	2024	2025	2026
Africa Rev	140	121	152	191	180	189	184
UK Rev	48	62	79	109	90	96	347
Europe Rev	121	132	191	197	198	175	548
AP Rev	103	127	189	152	134	132	80
NA Rev				10	25	27	17
Africa OP	21	9	41	87	65	94	70
UK OP	14	23	35	52	14	26	66
Europe OP	26	27	47	73	65	36	66
AP OP	23	32	100	75	49	44	11
NA OP				-1	13	-6	10

Sources: Santova annual reports and Blue Gem Research

Figures 3 and **4** reveal 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 4: Santova's Revenue Growth per Region



	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Africa	2%	4%	2%	1%	-14%	26%	26%	-6%	5%	-3%
AP	27%	0%	12%	35%	30%	27%	38%	-17%	7%	-16%
UK	34%	5%	7%	48%	9%	44%	3%	1%	-12%	98%
Europe	16%	8%	1%	39%	22%	51%	-20%	-12%	-1%	314%

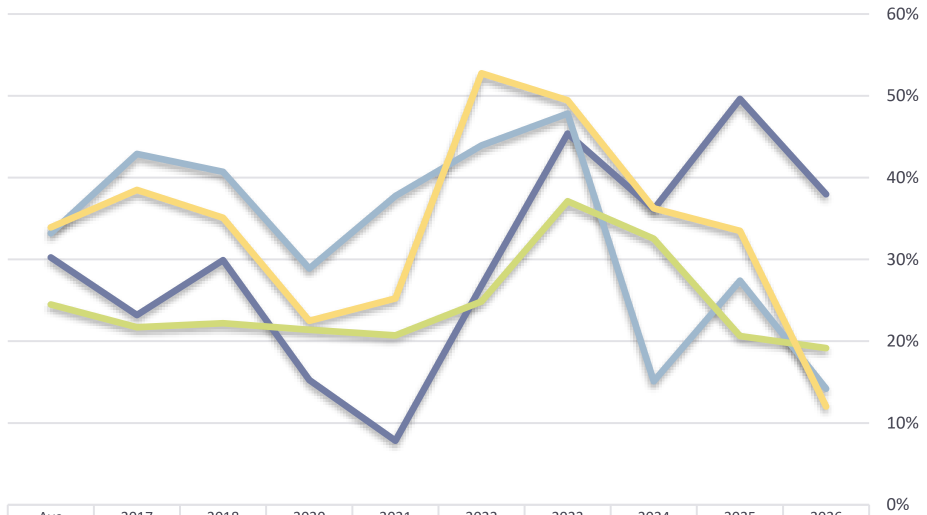
Sources: Santova annual reports and Blue Gem Research; AP = "Asia Pacific"

At risk of redundancy, we do need to point out that in any regional analysis of Santova's FY 26 results, the FY 26 UK and Europe growth is distorted due to the Seabourne acquisition.

Shifting to **Figure 5**, which 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 a high of 50% (FY 25),
- The average margin per geography is in a range of between 24% to 34%,
- However, the inclusion of Seabourne in FY 26 has resulted in lower margins in the UK and Europe, which are not comparable to prior periods (this will further complicate FY 27E in these regions).

Figure 5: Santova's Operating Margin per Region



	Ave	2017	2018	2020	2021	2022	2023	2024	2025	2026
Africa	30%	23%	30%	15%	8%	27%	45%	36%	50%	38%
AP	33%	43%	41%	29%	38%	44%	48%	15%	27%	14%
UK	24%	22%	22%	21%	21%	25%	37%	33%	21%	19%
Europe	34%	39%	35%	23%	25%	53%	49%	36%	33%	12%

Africa AP UK Europe

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

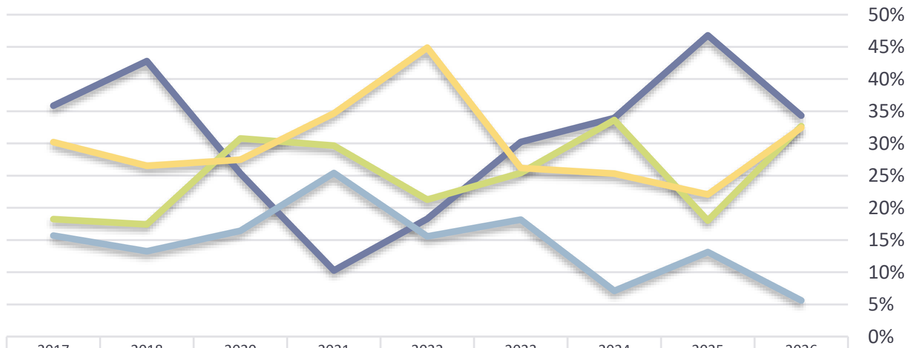
Figure 6 is a further visual of this underlying regional volatility, for example:

- The Africa contribution to total operating profit (North America is excluded 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).

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.

We suggest investors keep a similar perspective when considering the Group. While it is important in the long-term that all regions are growing and profitable, the short-term in each region should be expected to be somewhat less predictable. And, in that line, investors should likewise prioritise *long-term* performance of the Group, as this horizon best reflects underlying growth by normalising short-term volatility.

Figure 6: Regional Contributions to Santova's Operating Profit (excluding North America)



	2017	2018	2020	2021	2022	2023	2024	2025	2026
Africa	36%	43%	25%	10%	18%	30%	34%	47%	34%
AP	16%	13%	16%	25%	16%	18%	7%	13%	6%
UK	18%	17%	31%	30%	21%	25%	34%	18%	33%
Europe	30%	27%	27%	35%	45%	26%	25%	22%	32%

Africa AP UK Europe

Sources: Santova annual reports and Blue Gem Research

Forecasts: Commentary & Assumptions

While Santova's short(er)-term 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 the 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.

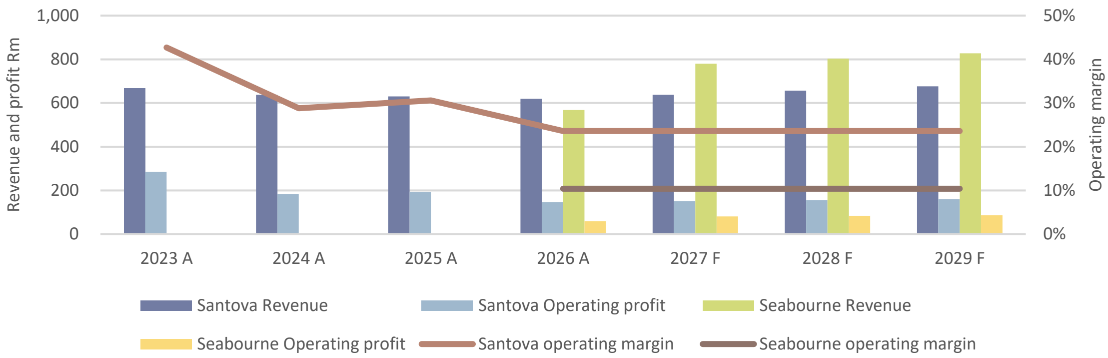
To do this, **we built a forecast for Santova's Group *pre*-Seabourne, then built a forecast for Seabourne on its own, and then consolidated the two forecasts to arrive at our Group-level forecasts** (which we will refine as time goes by and incoming results materialise).

Specifically, we have made the following assumptions, workings and/or forecasts:

- **Maintained the profit margin achieved in FY 26 for the three forecast periods (which we think is achievable) and included Seabourne at FY 26 numbers grossed up to a full year.**
- We have projected working capital levels at similar levels to FY 26.
- **We maintained a simple and somewhat conservative c.3% annual growth in revenues** for our forecast period (assuming flat freight and forex rates – which are near impossible to forecast).
- 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 27% (looking back, the Group's 10-year average effective tax rate was 26%).
- 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. We will incorporate these corporate actions when and if they occur in future results notes.

While our detailed forecasts are included in **Table 1**, **Figure 7** shows how the above assumptions combine *and* how material Seabourne is to the Group's *forward* financial results.

Figure 7: 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 **Table 7** unpacks our simplified Discounted Free Cash Flow (DCF) assumptions, namely:

- Our current discount rate (16%) is our calculated at our Cost of Equity,
- Free Cash Flow forecasts on a pre-IFRS 16 basis (see earlier comment on leases), &
- Our terminal year assumptions that include a flat exchange rate, flat freight rates and flat margins (all, admittedly, simplifying assumptions).

Table 7: Discounted cash flow valuation

R million		2027 F	2028 F	2029 F	nth
Growth rate					3%
Cash from operations after leases		250	260	269	277
Capex		-9	-9	-9	-9
Tax	26%	-63	-65	-68	-70
Free cash flow		179	186	193	199
Discount rate	16%	0.86	0.74	0.64	
					Values
Present values		154	138	123	415
Terminal value					978
Total value					1 394
Surplus cash after Seabourne liability					158
Equity value - control					1 551
DLOC	10%				-155
Marketable minority value					1 396
DLOM	5%				-70
JSE level valuation					**1 326**
Number of shares (million)					128.5
Valuation per share (Rand)					**10.32**
Cash per share (Rand)					1.23
Value of business per share (Rand)					**9.10**
Share price 22 June 2026 (rand)					7.70
JSE discount to valuation					25%
FY 27 Estimate Profit after tax (R million)					169
FY 27 Estimate Earnings per share (cents)					131
FY 26 Net asset value / share (rand)					10.11
Forward PE ratio (business excluding cash on hand)					6.9
Price / book (including surplus cash on hand)					1.0

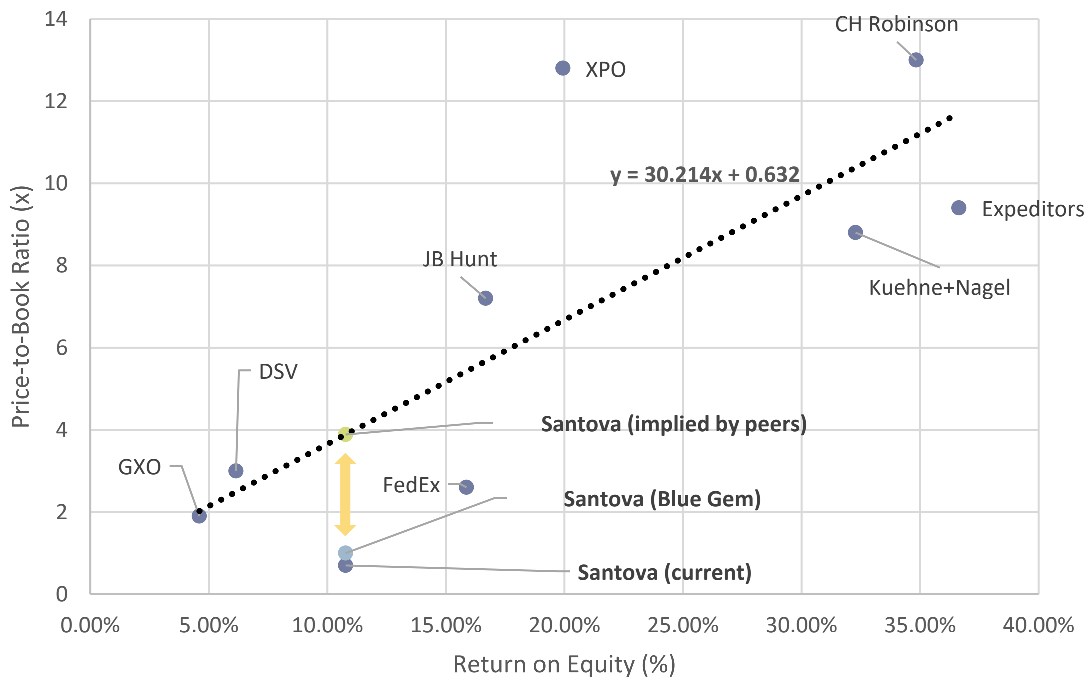
Source: Blue Gem Research. Note: DLOC = discount for lack of control; DLOM = discount for lack of marketability

Our DCF arrives at an implied R10.32 fair value per share (previously: R9.72), which compares attractively against the current share price of R7.70, and would place the share on a Price Earnings of 9.6x and Price-to-Book of fractionally over 1.0x.

Valuation & Quality Comparison to Global Peers

- Confirming our valuation based on Santova's quality (based on Return on Equity or ROE) versus its large, global listed peer set reveals that Santova stacks up very well against this list: **Figure 8**:
    - Santova's ROE (c.11%) and Price-to-Book ratio (0.7x) place it below the line of best fit (linear regression),
    - Our fair value's implied P/B ratio of 1.0x is further discounted below this line, arguably somewhat justified by a much smaller market cap and business size, &
    - Interestingly, assuming the above points are invalid regarding discounts to peers, this global comparison implies that Santova should be trading at a c.3.9x P/B ratio or multiples of what it is trading at today.
    - I.e. **All of this gives us comfort that our valuation of Santova is not aggressive and, if anything, it is somewhat conservative.**

Figure 8: Return on Equity (ROE) versus Price-to-Book (PB) Valuations of Global Integrated Logistics Players



Sources: Koyfin (24/06/2026), and Blue Gem Research workings and graphing of data

12m TP and Implied Return

Based on our view that Santova should at least trade at 1.0x NAV (see our Initiation of Coverage Report) and pulling from our DCF fair value of R10.32, we have estimated an NAV of R11.48 on 28 February 2027. In other words, **our 12m TP is R11.48 (previously: R10.32), which implies a c.49% return from the current share price**.

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 in FY 27E and returns to scale are progressively enjoyed thereafter.

Key Upside & Downside Risks to Our Forecast & Valuation

- We highlight potential slowdowns in macroeconomic data and activity across the UK and Europe as potential downside risks to our forecasts, though the longevity and depth remain uncertain (and we have been conservative with our baseline forecasts in the first place).
- Seabourne under- or outperforming its profit warranty, including integration costs, may have a significant impact. The profit warranty is cumulative over two years to May 2027, though note our above noted potential slowdowns in the UK and Europe that may negatively impact this business too (on the upside, a miss on a profit warrantee would partially be funded by the seller receive a lower acquisition price).
- 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.

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