

2024

UNAUDITED GROUP INTERIM RESULTS

FOR THE SIX MONTHS
ENDED 31 AUGUST 2024

(Main Board - General Segment)



INNOVATIVE SOLUTIONS • ENDLESS POSSIBILITIES

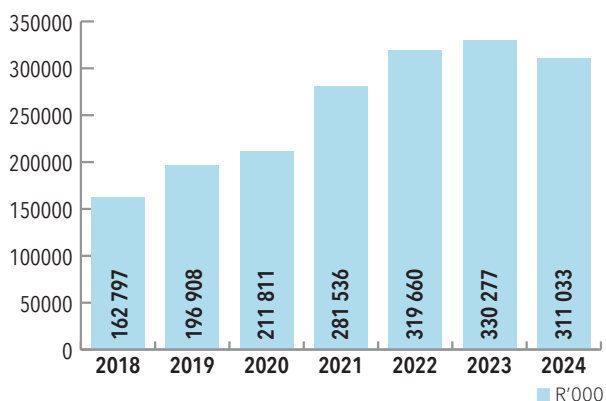


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SANTOVA GROUP INTERIM HIGHLIGHTS

REVENUE AND NET INTEREST INCOME



KEY HIGHLIGHTS

REVENUE AND NET INTEREST INCOME DECREASED BY

5,8%

TANGIBLE NET ASSET VALUE PER SHARE INCREASED BY

16,8%

GROSS BILLINGS INCREASED BY

4,8%

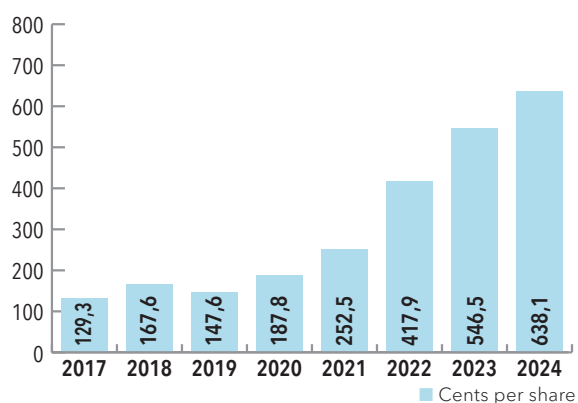
BILLINGS MARGIN DECREASED TO

10,5%

HEADLINE EARNINGS PER SHARE DECREASED BY

19,9%

TANGIBLE NET ASSET VALUE PER SHARE



		2024 August	2023 August	% Movement
Gross billings	(R'000)	2 973 903	2 838 784	4,8
Revenue and net interest income	(R'000)	311 033	330 277	(5,8)
Profit before tax	(R'000)	86 427	108 076	(20,0)
Billings margin	(%)	10,5	11,6	(1,1)
Headline earnings	(R'000)	62 336	80 372	(22,4)
Operating margin	(%)	26,3	32,8	(6,5)
Percentage offshore revenue	(%)	68,6	70,6	(2,0)
Basic earnings per share	(cents)	48,3	59,6	(19,0)
Headline earnings per share	(cents)	48,2	60,2	(19,9)
Total assets	(R'000)	1 882 095	1 717 783	9,6
Capital and reserves	(R'000)	1 171 460	1 106 274	5,9
Cash generated from operations	(R'000)	6 153	25 336	(75,7)
Cash and cash equivalents	(R'000)	415 214	467 664	(11,2)
Debt to equity ratio	(%)	0,4	1,5	(1,1)
Net asset value per share	(cents)	915,2	830,8	10,2
Tangible net asset value per share	(cents)	638,1	546,5	16,8
Return on equity	(%)	11,0	16,2	(5,2)

INTERIM RESULTS COMMENTARY

For the six months ended 31 August 2024

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 10 countries through its own offices in South Africa, the Netherlands, the United Kingdom, Germany, Australia, Hong Kong, Singapore, Mauritius, the United States of America and Vietnam.

INDUSTRY OVERVIEW

Much like the previous financial year, the first six months of the 2025 financial year remained challenging globally. While inflation has started to recede, interest rates remain high by historic standards and continue to weigh on consumer demand, resulting in pressure on trade volumes - particularly during the first quarter of the year. In addition to this, 2024 represents an election year for nearly half the world's population with many investors adopting a 'wait and see' approach to capital expenditure.

Freight rates, which opened the year at pre-pandemic lows, briefly surged to highs in July. This was due to a combination of factors including the Red Sea crisis, which has extended sailing times and created a shortage of capacity in the market, bottlenecks at ports in Asia, and a potentially earlier peak season as shippers look to anticipate and avoid delays.

The South African economy has benefitted from a stable electricity supply in the past six months as well as a positive investment sentiment surrounding the formation of a Government of National Unity. However, while some structural reform has begun, much more is needed in order to produce meaningful economic growth.

OUTLOOK

The outlook for the next 6 months to 28 February 2025 remains uncertain as unfavourable geopolitical conditions persist. However, there are reasons for increased positivity.

The period of high inflation that occurred over the previous two years appears to be largely behind us with central banks around the world moving into a rate cutting cycle, which should increase disposable income and stimulate trade. In addition, the announcement of China's stimulus package to boost its ailing economy should result in increased global trade.

Shipping rates, which briefly surged to unexpected highs in July 2024 have started to cool again, however, with the Red Sea crisis persisting and potentially escalating, further disruption cannot be ruled out.

Amidst the unpredictability, Santova remains committed to investment in innovation and advancing our technological capabilities - while operational excellence and customer-centric engagement remain core to our strategy. Furthermore, Santova's appetite for acquisitions has returned as industry earnings have normalised. This offers the Group an opportunity to make acquisitions to boost volumes by accessing new customers, new geographies, new service offerings and new sectors.

FINANCIAL REVIEW

The results for the 6 months ending 31 August 2024 saw revenue and net interest decrease by 5,8% to R311,0 million (August 2023: R330,3 million) while net profit after tax ("NPAT") decreased by 21,6% to R62,4 million (August 2023: R79,5 million).

Gross billings increased to R3,0 billion (August 2023: R2,8 billion) due largely to higher freight costs arising from the Red Sea crisis, which in turn translated into a decline in billings margin to 10,5% (August 2023: 11,6%) with these additional costs passed on to clients with little or no margin.

Headline earnings per share ("HEPS") is down 19,9% to 48,2 cents per share ("CPS") (August 2023: 60,2 CPS) with the decline in earnings during the period partially offset by the lower number of outstanding shares due to our continued share buy-backs.

Santova repurchased and cancelled 1,6 million shares from the open market during this six month period, at an average price of 757,68 CPS. This figure represents 1,3% of the issued share capital of the company being returned to shareholders.

Operating margin declined to 26,3% (August 2023: 33,0%) largely as a result of the decline in revenue and net interest income, while overheads only increased by 2,6% due to lower inflation and a more stable currency.

Cash generated from operations for the period decreased to R6,2 million (August 2023: R 25,3 million) due in part to the lower earnings, but also an increased working capital requirement due to the additional costs introduced by the Red Sea crisis.

INTERIM RESULTS COMMENTARY

for the six months ended 31 August 2024 (continued)

REGIONAL PERFORMANCE

AFRICA

Africa, predominantly represented by South Africa ("SA"), increased revenue by 0,5% to R92,8 million (August 2023: R92,4 million), due to the following reasons:

- After a slow start to the year, SA managed to recover and make up some ground with a decline in revenue of 4,2% to R87,0 million (August 2023: R90,8 million) attributable to lower first quarter freight rates and lower airfreight volumes; and
- Mauritius ("MU"), which remains a small component of the Africa segment, continued to show strong growth, with revenue increasing by 262,5% to R5,8 million (August 2023: R1,6 million).

ASIA PACIFIC (AP)

The AP region, comprising Singapore ("SG"), Australia ("AU"), Hong Kong ("HK") and Vietnam ("VN"), reported a decline in NPAT of 2,3% to R9,6 million (August 2023: R9,8 million), amidst the context outlined below:

- SG, which experienced difficult trading conditions in the prior year with a structural leadership change, has made positive steps in executing a revised strategy to build direct client business;
- AU had a difficult operating period with a slow first quarter resulting in revenue declining 21,6% to R14,5 million (August 2023: R18,5 million);
- 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"); and
- VN, which officially began operating in August 2023, generated revenue of R0,7 million as the region looks to secure its own clients and leverage off the Group's network.

UNITED KINGDOM (UK)

The UK decreased NPAT by 55,4% to R15,7 million (August 2023: R35,1 million) due to the following reasons:

- Tradeway (Shipping) ("Tradeway"), which specialises in the export of scrap products and second-hand garments to the Middle East and Africa, performed commendably despite a difficult trading environment arising from the Red Sea crisis, which has placed significant strain on both the company and its clients working capital requirements;
- SAI Logistics faced similar challenges to Tradeway and managed to hold its own in difficult conditions with revenue flatlining at R21,0 million; and
- Santova Logistics Limited, which benefitted from the reversal of provisions that were successfully managed in the prior period (R9,7 million), had a subdued start to the year with existing household and consumer product clients trading down.

EUROPE (EU)

The EU region, comprising the Netherlands ("NL") and Germany ("DE"), reported a decrease in NPAT by 20,7% to R12,0 million (August 2023: R15,2 million) noting the following points below:

- The NL saw revenue decline by 6,9% to R48,3 million (August 2023: R51,9 million) due to lower freight rates and ongoing subdued demand across the Eurozone; and
- DE revenue declined by 17,6% to R12,2 million (August 2023: R14,8 million), due to lower freight rates, subdued demand from existing clients and slower than expected new business acquisition.

NORTH AMERICA (US)

The US faced a number of operational challenges during the period, and while it still requires significant input, it has managed to leverage off the Group's network to grow revenue by 15,4% to R15,0 million (August 2023: R13,0 million).

The Group is optimistic that the streamlining of operations should assist in reducing the overhead burden in the second half of the year.

CONDENSED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 31 August 2024

	Notes	Unaudited		Audited
		6 months to 31 August 2024 R'000	6 months to 31 August 2023* R'000	12 months to 29 February 2024 R'000
GROSS BILLINGS		2 973 903	2 838 784	5 543 544
Revenue		300 902	321 139	617 728
Net interest income		10 131	9 138	20 056
Interest and financing fee income	3	20 532	18 312	39 747
Interest and financing fee expense	4	(10 401)	(9 174)	(19 691)
Revenue and net interest income	2	311 033	330 277	637 784
Other income		4 860	6 374	11 367
Depreciation, amortisation and impairment loss on non-financial assets		(14 286)	(14 061)	(29 012)
Impairment (loss)/reversal on trade receivables		(558)	1 648	(4 332)
Administrative expenses		(219 200)	(215 756)	(417 509)
Impairment loss on goodwill		-	-	(14 567)
Share of profit of associate, net of tax		-	(25)	-
Operating profit		81 849	108 457	183 731
Finance income	3	6 096	2 324	26 178
Finance costs	4	(1 518)	(2 705)	(4 953)
Profit before tax		86 427	108 076	204 956
Income tax expense		(24 056)	(28 541)	(57 610)
Profit for the period		62 371	79 535	147 346
Other comprehensive income for the period, net of tax				
Items that may be reclassified subsequently to profit or loss				
<i>Exchange differences arising from translation of foreign operations</i>		(40 008)	37 643	54 106
Other comprehensive (loss)/income for the period		(40 008)	37 643	54 106
Total comprehensive income for the period		22 363	117 178	201 452
Profit for the year attributable to:				
Owners of the Company		62 426	79 565	147 872
Non-controlling interests		(55)	(30)	(526)
		62 371	79 535	147 346
Total comprehensive income for the year attributable to:				
Owners of the Company		22 426	117 205	201 971
Non-controlling interests		(63)	(27)	(519)
		22 363	117 178	201 452
Basic earnings per share (cents)	5	48,31	59,61	111,81
Diluted earnings per share (cents)	5	47,51	58,44	110,00

Fair value gains of R673 089 that were previously presented in other income have been re-presented in finance income in accordance with the Group's accounting policy. Administrative expenses have also been disaggregated to separately present the reversal of impairment loss on trade receivables of R1 648 157 in accordance with IAS 1.82(ba).

CONDENSED STATEMENT OF FINANCIAL POSITION

as at 31 August 2024

	Notes	Unaudited		Audited
		31 August 2024 R'000	31 August 2023* R'000	29 February 2024 R'000
ASSETS				
Non-current assets		424 456	450 654	441 579
Property, plant and equipment		17 530	18 376	17 343
Right-of-use assets		33 891	24 964	34 564
Intangible assets	6	354 773	378 499	369 583
Investment in associate		-	1 922	-
Financial assets at fair value through profit or loss	7	9 673	8 280	9 044
Deferred tax assets		6 344	16 438	8 800
Loans receivable		2 245	2 175	2 245
Current assets		1 457 639	1 267 129	1 345 631
Trade and other receivables		1 032 011	788 040	856 091
Current tax assets		809	1 536	2 219
Non-current asset held for sale		9 605	9 805	9 998
Amount owing by related party		-	73	75
Financial assets at fair value through profit or loss	7	-	11	42
Cash and cash equivalents		415 214	467 664	477 206
Total assets		1 882 095	1 717 783	1 787 210
EQUITY AND LIABILITIES				
Capital and reserves		1 171 460	1 106 274	1 161 420
Non-current liabilities		21 371	32 827	23 035
Interest-bearing borrowings		2 523	5 314	3 491
Employee benefit obligations		583	666	583
Financial liabilities at fair value through profit or loss	7	-	17 152	-
Lease liabilities		18 263	9 681	17 659
Deferred tax liabilities		2	14	1 302
Current liabilities		689 264	578 682	602 755
Trade and other payables		443 198	363 311	369 752
Current tax liabilities		16 080	30 667	10 540
Interest-bearing borrowings		2 575	11 185	6 786
Financial liabilities at fair value through profit or loss	7	281	-	-
Lease liabilities		16 165	16 529	17 517
Provisions	9	-	-	-
Overdrafts and bank facilities		210 965	156 990	198 160
Total equity and liabilities		1 882 095	1 717 783	1 787 210

*Loans receivable of R2 175 000 that were previously presented under current assets have been reclassified and presented under non-current assets based on management's intention to not recall the loans in the foreseeable future given the ongoing purpose they serve.

CONDENSED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 August 2024

	Unaudited		Audited
	31 August 2024 R'000	31 August 2023 R'000	29 February 2024 R'000
CAPITAL AND RESERVES			
Balance at beginning of period	1 161 420	1 002 876	1 002 876
Profit for the period	62 371	79 535	147 346
Other comprehensive (loss)/income	(40 008)	37 643	54 106
Shares bought back and cancelled	(12 353)	(16 775)	(49 377)
Equity-settled share-based payment expense	114	149	260
Shares issued under share option scheme	-	2 875	5 800
Share issue costs	-	(29)	(41)
Acquisition of subsidiary with non-controlling interest	-	-	1 679
Dividend paid to non-controlling interest	(84)	-	(1 229)
Balance at end of period	1 171 460	1 106 274	1 161 420
COMPRISING:			
Stated capital	61 741	103 729	74 094
Equity-settled share-based payment reserve	3 769	4 565	3 655
Revaluation reserve	36	36	36
Foreign currency translation reserve	126 583	150 124	166 583
Retained earnings	979 355	847 655	916 929
Total equity attributable to owners of the Company	1 171 484	1 106 109	1 161 297
Non-controlling interest	(24)	165	123
Total equity	1 171 460	1 106 274	1 161 420

CONDENSED STATEMENT OF CASH FLOWS

For the six months ended 31 August 2024

	Notes	Unaudited		Audited
		6 months to 31 August 2024 R'000	6 months to 31 August 2023 R'000	12 months to 29 February 2024 R'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash generated from operations	10	6 153	25 336	110 114
Finance income		5 467	1 651	6 481
Finance costs		(1 518)	(1 927)	(3 426)
Tax paid		(15 951)	(19 018)	(61 123)
Net cash (used in)/from operating activities		(5 849)	6 042	52 046
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisition of plant and equipment		(2 762)	(1 634)	(2 620)
Acquisition and development of intangible assets		(1 513)	(1 157)	(2 748)
Proceeds on disposals of plant and equipment		471	650	127
Advances to related parties		-	(2)	(4)
Funds repaid by related party		75	-	-
Advance of loans receivable		-	-	(70)
Acquisition of a subsidiary/business, net of cash acquired		-	-	2 549
Net cash used in investing activities		(3 729)	(2 143)	(2 766)
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of interest-bearing borrowings		(5 179)	(8 522)	(14 746)
Payment of lease liabilities		(10 196)	(9 452)	(20 885)
Proceeds from issue of share capital		-	2 846	5 759
Treasury shares acquired		(12 353)	(16 775)	(49 377)
Dividend paid to non-controlling interest		(84)	-	(1 229)
Settlement of deferred consideration		-	(12 539)	(12 539)
Net cash used in financing activities		(27 812)	(44 442)	(93 017)
Net decrease in cash and cash equivalents		(37 390)	(40 543)	(43 737)
Effect of movement in exchange rates on cash on hand		(24 602)	16 239	28 975
Cash and cash equivalents at beginning of period		477 206	491 968	491 968
Cash and cash equivalents at end of period		415 214	467 664	477 206
<i>Cash and cash equivalents comprise:</i>				
Cash and cash equivalents		415 214	467 664	477 206
Less: Bank overdrafts		-	-	-
Cash and cash equivalents at end of period		415 214	467 664	477 206

CONDENSED SEGMENT ANALYSIS

For the six months ended 31 August 2024

	Logistics Services R'000	Financial Services R'000	Head Office R'000	Group R'000
BUSINESS SEGMENTS				
31 August 2024				
Gross billings	3 340 036	5 200	25 155	3 370 391
External	2 969 016	4 887	-	2 973 903
Internal	371 020	313	25 155	396 488
Revenue and net interest income	306 146	4 887	-	311 033
Operating profit/(loss)	83 689	2 300	(4 140)	81 849
Profit/(loss) for the period	65 827	1 904	(5 360)	62 371
Segment assets	1 572 774	837	308 484	1 882 095
Segment liabilities	699 312	959	10 364	710 635
Depreciation, amortisation and impairment loss	14 220	22	44	14 286
Capital expenditure	4 017	-	124	4 141
31 August 2023				
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)	113 086	2 503	(7 132)	108 457
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 and amortisation	13 964	32	65	14 061
Capital expenditure	2 709	21	54	2 784

CONDENSED SEGMENT ANALYSIS

For the six months ended 31 August 2024 (continued)

	LOGISTICS SERVICES					
	Africa R'000	Asia Pacific R'000	United Kingdom R'000	Europe R'000	North America R'000	TOTAL R'000
GEOGRAPHICAL SEGMENTS						
31 August 2024						
Gross billings	1 695 297	483 337	650 546	431 208	79 648	3 340 036
Revenue and net interest income	92 821	48 742	89 029	60 566	14 988	306 146
Operating profit/(loss)	42 780	10 929	18 747	14 289	(3 056)	83 689
Profit/(loss) for the period	32 240	9 625	15 652	12 025	(3 715)	65 827
Segment assets	690 906	147 129	374 484	303 688	56 567	1 572 774
Segment liabilities	349 116	91 526	106 164	127 557	24 949	699 312
31 August 2023						
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	37 919	11 692	45 384	20 611	(2 520)	113 086
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

SUPPLEMENTARY FINANCIAL INFORMATION

For the six months ended 31 August 2024

1. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial statements for the six months ended 31 August 2024 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 accounting policies applied in preparation of these interim financial statements are consistent with those applied in the annual financial statements for the year ended 29 February 2024.

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 2024 R'000	31 August 2023 R'000	29 February 2024 R'000
2. REVENUE			
Gross Billings	2 973 903	2 838 784	5 543 544
Less: recoverable disbursements	(2 662 870)	(2 508 507)	(4 905 760)
Revenue and net interest income	311 033	330 277	637 784
Revenue from the provision of services comprises:	300 902	321 139	617 728
Logistic services	296 015	316 345	607 708
Insurance commission and management fees	4 887	4 794	10 020
Net interest income from the provision of credit facilities comprises:	10 131	9 138	20 056
Interest and financing fee income	20 532	18 312	39 747
Interest and financing fee expenses	(10 401)	(9 174)	(19 691)
Revenue and net interest income	311 033	330 277	637 784

SUPPLEMENTARY FINANCIAL INFORMATION

For the six months ended 31 August 2024

	Unaudited		Audited
	31 August 2024 R'000	31 August 2023 R'000	29 February 2024 R'000
3. FINANCE INCOME			
Cash and cash equivalents	5 467	1 651	6 481
Fair value gain on contingent consideration	-	-	18 310
Fair value gain on financial instruments	629	673	1 387
Included in profit or loss	6 096	2 324	26 178
Interest and financing fee income included in revenue (refer to note 2)	20 532	18 312	39 747
Total finance income	26 628	20 636	65 925

	Unaudited		Audited
	31 August 2024 R'000	31 August 2023 R'000	29 February 2024 R'000
4. FINANCE COSTS			
Deferred consideration	-	-	62
Contingent consideration	-	854	1 465
Lease liabilities	938	549	1 289
Interest-bearing borrowings and overdrafts	580	1 264	2 061
Other interest	-	38	76
Included in profit or loss	1 518	2 705	4 953
Interest and financing fee expenses included in revenue (refer to note 2)	10 401	9 174	19 691
Total finance costs	11 919	11 879	24 644

SUPPLEMENTARY FINANCIAL INFORMATION

For the six months ended 31 August 2024 (continued)

		Unaudited		Audited
		31 August 2024 R'000	31 August 2023 R'000	29 February 2024 R'000
5. EARNINGS PER SHARE				
Basic earnings per share	(cents)	48,31	59,61	111,81
Headline earnings per share ("HEPS")	(cents)	48,24	60,21	123,77
Diluted earnings per share	(cents)	47,51	58,44	110,00
Diluted HEPS	(cents)	47,44	59,04	121,77
Reconciliation between basic and headline earnings:				
Profit for the period/Basic earnings		62 426	79 565	147 872
<i>Adjusted for:</i>				
(Profit)/loss on disposal of property, plant and equipment		(123)	(8)	31
Impairment losses on computer software		-	190	210
Impairment losses on trademarks and licences		-	623	686
Impairment loss on goodwill		-	-	14 567
Impairment on investment in associate		-	-	333
Tax effects		33	2	(8)
Headline earnings		62 336	80 372	163 691
Numbers of shares used in the calculations:				
		Shares 31 August 2024	Shares 31 August 2023	Shares 29 February 2024
Shares in issue at period end	(000s)	127 996	133 166	129 610
Weighted average number of shares ("WANOS")	(000s)	129 230	133 479	132 255
Diluted WANOS	(000s)	131 405	136 139	134 429
Reconciliation of WANOS to diluted WANOS:				
WANOS	(000s)	129 230	133 479	132 255
Effect of unexercised share options	(000s)	2 175	2 660	2 174
Diluted WANOS	(000s)	131 405	136 139	134 429

SUPPLEMENTARY FINANCIAL INFORMATION

For the six months ended 31 August 2024 (continued)

	Unaudited		Audited
	31 August 2024 R'000	31 August 2023 R'000	29 February 2024 R'000
6. INTANGIBLE ASSETS			
Goodwill Movement:			
Carrying amount at beginning of period	360 428	351 081	351 081
Impairment losses ¹	-	-	(14 567)
Effects of exchange differences	(13 885)	17 341	23 914
Carrying amount at end of period	346 543	368 422	360 428
Carrying amount of computer software and indefinite useful life intangible assets	8 230	10 077	9 155
Total intangible assets	354 773	378 499	369 583

¹At 29 February 2024, goodwill allocated to Santova Logistics Inc was impaired by R14,6 million. The goodwill balance of R41,6 million which was attributable to Santova Logistics Inc prior to the impairment loss being recognised was considered significant. The key assumptions used in determining the recoverable amount based on the value-in-use calculation for Santova Logistics Inc CGU at 29 February 2024 was as follows:

- Pre-tax discount rate 12%
- Terminal value growth rate 2%
- Average revenue growth rate over forecast period 3%
- Average expense growth rate over forecast period 2%

Management used an initial forecast period of five years before the calculation of the terminal value. No further impairment losses have been recognised during the current period.

	Level	Unaudited		Audited
		31 August 2024 R'000	31 August 2023 R'000	29 February 2024 R'000
7. FAIR VALUE DISCLOSURE FOR FINANCIAL INSTRUMENTS				
Financial assets at fair value through profit or loss				
Future profit share on rental agreement ¹	2	3 502	3 502	3 502
Guardrisk cell captive ²	2	6 171	4 778	5 542
Forward exchange contracts	2	-	11	42
		9 673	8 291	9 086
Financial liabilities at fair value through profit or loss				
Contingent consideration ³	3	-	(17 152)	-
Forward exchange contracts	2	(281)	-	-
		(281)	(17 152)	-

SUPPLEMENTARY FINANCIAL INFORMATION

For the six months ended 31 August 2024 (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.

¹ 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 m²

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

² 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.

³ 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 2024 R'000	31 August 2023 R'000	29 February 2024 R'000
Carrying amount at beginning of period	-	16 088	16 088
Imputed interest	-	777	1 465
Fair value gain	-	-	(18 310)
Foreign exchange loss on translation recognised in foreign currency translation reserve	-	287	757
Carrying amount at end of period	-	17 152	-

SUPPLEMENTARY FINANCIAL INFORMATION

For the six months ended 31 August 2024 (continued)

The carrying amount of contingent consideration relates to the following acquisition that was successfully completed during the 2023 reporting period:

		Unaudited		Audited
		31 August 2024 R'000	31 August 2023 R'000	29 February 2024 R'000
Acquiring company	Target company			
Santova USA Holdings Inc.	A-Link Freight Inc.	-	17 152	-

The fair value of the remaining contingent consideration was determined considering the expected payment, discounted to present value using a risk adjusted discount rate. The expected payment was determined by taking into consideration the expected level of profitability of the acquisition over the warranty period and as the target company had incurred losses and wasn't expected to achieve the warranted profit, or a portion thereof, the fair value was determined to be Rnil in the prior period. No further adjustments were required in the current reporting period. A discount rate of 8,6% was applied to the contingent consideration recognised in relation to A-Link Freight Inc.

	Unaudited		Audited
	31 August 2024 R'000	31 August 2023 R'000	28 February 2024 R'000
8. STATED CAPITAL			
Reconciliation of the carrying amount of ordinary shares in issue			
Carrying amount at beginning of period	74 094	116 866	116 866
Exercise of share options	-	3 667	6 646
Share issue costs	-	(29)	(41)
Shares bought back and cancelled	(12 353)	(16 775)	(49 377)
Carrying amount at end of period	61 741	103 729	74 094
Reconciliation of the number of ordinary shares in issue			
	000s	000s	000s
Carrying amount at beginning of period	129 610	133 556	133 556
Exercise of share options	-	1 365	2 138
Shares bought back and cancelled	(1 614)	(1 755)	(6 084)
Carrying amount at end of period	127 996	133 166	129 610

SUPPLEMENTARY FINANCIAL INFORMATION

For the six months ended 31 August 2024 (continued)

	Unaudited		Audited
	31 August 2024 R'000	31 August 2023 R'000	29 February 2024 R'000
9. PROVISIONS			
Provision for legal claims	-	-	-
	-	-	-

During the prior reporting 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 be finalised and have derecognised the provision.

Reconciliation of movements for the period:

Carrying amount at beginning of year	-	12 207	12 207
Provision reversed to profit or loss	-	(9 685)	(9 685)
Settled during the period	-	(2 846)	(2 846)
Foreign exchange loss	-	324	324
Carrying amount at end of year	-	-	-

SUPPLEMENTARY FINANCIAL INFORMATION

For the six months ended 31 August 2024 (continued)

		Unaudited		Audited
		31 August 2024 R'000	31 August 2023 R'000	29 February 2024 R'000
10.	NOTES TO THE STATEMENT OF CASH FLOWS			
	Cash generated from operations			
	Profit before tax	86 427	108 076	204 956
	<i>Adjustments for:</i>			
	Depreciation and amortisation	14 286	13 248	28 116
	(Profit)/loss on disposal of plant and equipment	(123)	(8)	31
	Impairment losses on computer software	-	813	210
	Impairments losses on trademarks and licences	-	-	686
	Impairment loss on goodwill	-	-	14 567
	Impairment loss on investment in associate	-	-	333
	Finance income	(6 096)	(2 324)	(26 178)
	Finance costs	1 518	2 705	4 953
	Foreign exchange gains	(304)	(263)	(333)
	Movement in employee benefit liability	-	-	(83)
	Equity-settled share-based payment expense	114	149	260
	Share of profit of associate, net of tax	-	25	-
	Gain on lease modification	-	-	(598)
	<i>Working capital changes:</i>			
	Increase/(decrease) in discounting of trade receivables	12 805	(75 864)	(34 692)
	(Increase)/decrease in trade and other receivables	(175 920)	68 112	1 127
	Increase/(decrease) in trade and other payables and provisions	73 446	(89 333)	(83 241)
		6 153	25 336	110 114

SUPPLEMENTARY FINANCIAL INFORMATION

For the six months ended 31 August 2024 (continued)

11. 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 2024		31 August 2023		29 February 2024	
		Average rate	Closing rate	Average rate	Closing rate	Average rate	Closing rate
Exchange rates to South African Rand (ZAR)							
Euro	EUR	20,0046	19,6523	20,1669	20,4300	20,2198	20,8015
Pound Sterling	GBP	23,4919	23,3488	23,2361	23,8343	23,3698	24,3019
US Dollar	USD	18,4608	17,7900	18,5243	18,7847	18,6669	19,2139
Australian Dollar	AUD	12,1976	12,0340	12,3243	12,1705	12,2970	12,4966
Hong Kong Dollar	HKD	2,3625	2,2814	2,3642	2,3947	2,3850	2,4545
Mauritian Rupee	MUR	0,3892	0,3749	0,3965	0,4046	0,4035	0,4122
Vietnamese Dong	VND	0,0007	0,0007	0,0008	0,0008	0,0008	0,0008
Singapore Dollar	SGD	13,7359	13,6140	13,8107	13,9037	13,8773	14,2834

12. 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

Listing Classification

Main Board - General Segment

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 Avenue, 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

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JS Robertson (Group Financial Director)

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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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