

REPORT OF THE CHIEF EXECUTIVE OFFICER



Xolani Mbambo Chief Executive Officer

I would like to take the opportunity to thank our people for their contribution to Grindrod's strategy execution, particularly in driving operational excellence, ensuring that Grindrod takes advantage of strong commodity markets. I am humbled and inspired by the way our people have risen to the challenges faced.

BUSINESS REVIEW

Grindrod delivered good results, generating cash of R1.7 billion from its operations, a growth of 62% from R1.0 billion in 2021. Volume growth and our strategic focus on customer solutions drove strong performance in the Port and Terminals, and Logistics business segments.

Port and terminals

Record volumes of 9.8 million tonnes were handled by the port of Maputo in 2022, up 29% against the prior year. This growth reflects the efficient usage of the rehabilitated berths, commissioned in May 2022, and the implementation of 24-hour operations at the Lebombo/Ressano Garcia border in April 2022. In addition, the port benefitted from automated solutions implemented during the year.

Grindrod's terminals handled a record 16 million tonnes, up 23% on the prior year despite experiencing various disruptive challenges.

The Matola drybulk terminal handled 8.1 million tonnes, a resilient performance despite the loss of 20 vessel-loading days due to the berth infrastructure incident in April 2022 as well as the train collision in November 2022 impacting the flow of cargo between Komatipoort and the Ressano Garcia border. The Maputo terminal grew its volume throughput capacity in response to global demand, handling 3.2 million tonnes for the year. Results were further improved by profit participation on 0.5 million tonnes of coal cargo handled, driven by strong customer demand.

Logistics

Coastal shipping and container depot businesses recovered exceptionally well following the devastating floods in KwaZulu-Natal.

Earnings growth of 134% was underpinned by strong container handling performance and seafreight earnings and higher shipping rates on the sub-leasing of the chartered vessels, capitalising on favourable market conditions.

The northern Mozambique graphite solution continues to deliver for our customer with the alternative route to market via Pemba now in place. The Group also commenced its East Africa crude oil pipeline logistics solution for a key customer in the region.

The locomotive deployment and refurbishment programme is progressing well and whilst the business has experienced some success in short-term deployment, management continues to seek opportunities for long-term deployment.

The clearing and forwarding business delivered solid results for the year, supported by favourable freight rates and strong demand.

Bank

Grindrod successfully concluded the sale of Grindrod Bank to African Bank on 1 November 2022 for gross proceeds of R1.6 billion. This was in line with the continued execution of the non-core exit strategy.

Cash flow

Grindrod generated cash of R1.7 billion (2021: R1.0 billion) from its operations, growth of 62%, up from R1.0 billion in 2021.

Non-core operations

Private equity portfolio

The private equity portfolio exit is largely complete. The portfolio has one significant asset remaining.

KwaZulu-Natal North Coast property loans

Management is exploring options to recover the loans advanced to the KwaZulu-Natal north coast property owners.

Marine Fuels

Marine Fuels recorded 119% growth in its earnings due to the strong oil market which boosted margins.



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OUR PURPOSE-LED STRATEGY

Grindrod's purpose is central to our strategy, which comprises six pillars with our core values guiding how we conduct ourselves. We recognise, however, that within our current context, more is required of us.

The pandemic demonstrated that companies that recognise the criticality of adapting to changing socioeconomic and environmental conditions are better able to identify strategic opportunities and meet competitive challenges.

During the year, we undertook an exercise to develop our purpose-aligned ESG strategy, which underpins our strategic efforts. We believe this will support our resilience within a constantly shifting operating context and create financial value in the long term through cost reduction opportunities, productivity gains, alternative revenue sources and increased access to finance.

OUR DRIVING FORCE

Fulfilling our purpose and strategy requires that we earn our customers' trust by keeping to promises and exceeding customer expectations. While an embedded purpose and an integrated strategic approach are invaluable in achieving this, we recognise that our people are the heart of our business. We credit our successes during the period to their dedication, tenacity and can-do attitude.

THE YEAR AHEAD

Global growth is expected to continue to face near-term headwinds, with the severity of the downturn hinging on the course of the war in Ukraine, the extent of interest rate hikes required to tame four-decade-high inflation, Europe's energy crisis, and China's continued struggles with COVID-19.

As bottlenecks ease and energy markets re-organise, growth should resume. Higher interest rates globally are also expected to curb consumption and investment growth.

Amid these challenges, Grindrod will continue to drive the strategy of delivering efficient and cost-effective logistics solutions to its existing and new customers, and invest in the required infrastructure, where necessary.

EXTENDING SINCERE THANKS

Andrew Waller, the former Chief Executive Officer, retired at the end of 2022. I take this opportunity to thank him for his leadership over the years.

Thank you to our Board for their ongoing support and invaluable leadership and insight. I also extend my heartfelt gratitude to my executive team, managers and all Grindrod employees for their unwavering support.

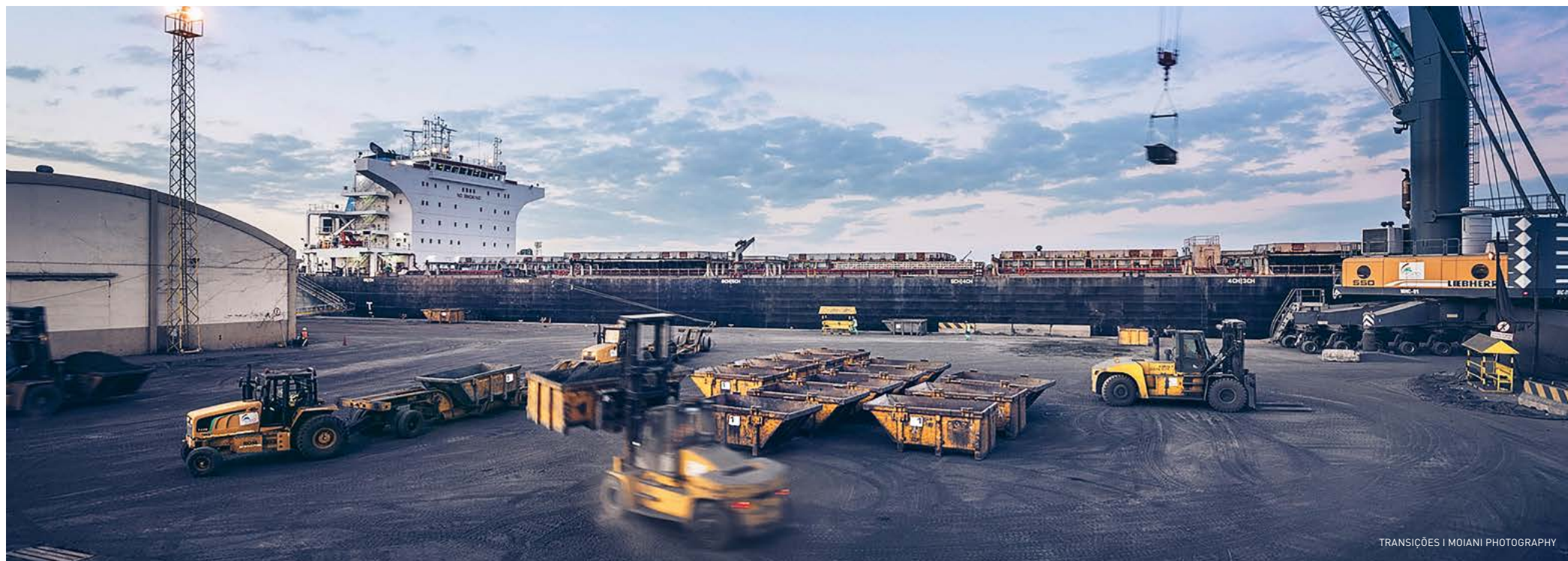
Our customers and key stakeholders are the core focus of our business and we thank them for their continued support.

Our customers and business partners are our core focus and we thank them for their continued support. Grindrod is committed to unlocking value through innovative, efficient and cost-effective logistics solutions in partnership with our customers.

Xolani Mbambo

Chief Executive Officer

5 April 2023



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