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2022

GRINDROD LIMITED

# AUDITED ANNUAL FINANCIAL STATEMENTS

for the year ended 31 December 2022

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GRINDROD

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# APPROVAL OF THE ANNUAL FINANCIAL STATEMENTS

## for the year ended 31 December 2022

The preparation of the consolidated and separate Annual Financial Statements that fairly represent the results of the Group in accordance with the Companies Act, No 71 of 2008 (Companies Act), International Financial Reporting Standards (IFRS), SAICA Financial Reporting Guides (as issued by the Accounting Practices Committee), the Financial Reporting Pronouncement (as issued by the Financial Reporting Standards Council) and JSE Listings requirements is ultimately the responsibility of the directors.

The Board also ensures an independent audit of the Annual Financial Statements by the external auditors. The Board confirms that the internal accounting control systems have adequate verification and maintenance of accountability for Grindrod Limited's (Grindrod or the Company) assets, and assure the integrity of the Annual Financial Statements. There was no major breakdown in controls experienced during 2022 that could undermine the reliability of the Annual Financial Statements. Based on the financial performance of the Grindrod Group, its cash flow projection to the end of March 2024, secured funding lines, and positive solvency and liquidity tests, the directors confirm their view that the Grindrod Group will remain operational for the foreseeable future. The Annual Financial Statements were consequently prepared on a going concern basis.

At the Board meeting held on 05 April 2023, the Board of directors approved the Annual Financial Statements and further authorised Cheryl Carolus and Xolani Mbambo in their respective capacities as Chair and Chief Executive Officer to sign off the Annual Financial Statements. The Annual Financial Statements which appear on pages 8 to 83, are therefore signed on its behalf by:

**Cheryl Carolus**
*Chair*

Durban
05 April 2023

**Xolani Mbambo CA (SA)**
*Chief Executive Officer (CEO)*

Durban
05 April 2023

# CEO AND CFO RESPONSIBILITY STATEMENT

for the year ended 31 December 2022

Each of the directors, whose names are stated below, hereby confirm that:

a) The Annual Financial Statements set out on pages 8 to 83, fairly present in all material respects the financial position, financial performance and cash flows of the issuer in terms of IFRS;

b) To the best of our knowledge and belief, no facts have been omitted or untrue statements made that would make the Annual Financial Statements false or misleading;

c) Internal financial controls have been put in place to ensure that material information relating to the issuer and its consolidated subsidiaries have been provided to effectively prepare the financial statements of the issuer;

d) The internal financial controls are adequate and effective and can be relied upon in compiling the Annual Financial Statements, having fulfilled our role and function as executive directors with primary responsibility for implementation and execution of controls;

e) Where we are not satisfied, we have disclosed to the Audit committee and the auditors the deficiencies in design and operational effectiveness of the internal financial controls and have taken steps to remedy the deficiencies; and

f) We are not aware of any fraud involving directors.

**Fathima Ally CA (SA)**
*Chief Financial Officer*

Durban
05 April 2023

**Xolani Mbambo CA (SA)**
*Chief Executive Officer*

Durban
05 April 2023

# COMPLIANCE STATEMENT BY THE GROUP COMPANY SECRETARY

for the year ended 31 December 2022

The Group Company Secretary of Grindrod certifies that, in terms of section 88(2) of the Companies Act, the Company has lodged with the Companies and Intellectual Property Commission of South Africa all such returns and notices as are required of a public company in terms of this Act and that all such returns are true, correct and up to date in respect of the financial year ended 31 December 2022.

**Vicky Commaille**
*Group Company Secretary*

Durban
05 April 2023

# PREPARATION OF THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 December 2022

The consolidated and separate Annual Financial Statements, which appear on pages 8 to 83 have been prepared under the supervision of Fathima Ally, CA (SA) and were approved by the Board of directors on 05 April 2023.

**Fathima Ally CA (SA)**
*Chief Financial Officer*

Durban
05 April 2023

# REPORT OF THE AUDIT COMMITTEE

## AUDIT COMMITTEE

The Audit committee is a statutory Board sub-committee, appointed by the shareholders to assist the Board in its corporate governance supervision responsibilities. The committee operates independently of management, is free of any organisational restraint or pressure and acts in accordance with its statutory duties and the delegated authority of the Board, within formally approved Terms of Reference, reviewed and approved annually.

## ROLE OF THE COMMITTEE

The committee:

- Ensures the integrity of integrated and financial reporting, and that adequate systems, controls and financial risk management policies, procedures and standards are in place;
- Has access to all financial information of Grindrod, allowing for effective preparation and reporting of the financial statements;
- Oversees the qualifications, independence and effectiveness of the internal and external audit functions;
- Investigates any activity within the scope of its terms of reference; and
- Obtains independent professional advice to ensure effective governance.

The committee is responsible to ensure appropriate corporate governance and compliance within the scope of its mandate, with a specific focus on the potential risks to Grindrod, and for IT governance and the strategic alignment of IT with the performance and sustainability objectives of Grindrod. The committee is also, subject to Board approval, authorised to investigate any activity within the scope of its Terms of Reference and to interact with directors, management, employees and assurance providers and to obtain independent professional advice to ensure effective governance. The committee has decision-making authority regarding its statutory duties and is accountable to the Board and Grindrod's shareholders.

## COMPOSITION AND COMMITTEE MEETINGS

The committee composition adheres to the requirements of the Companies Act, the JSE Listings Requirements and King IV. The chair of the Board may not serve as chair or as a member of the committee. The committee comprises three independent non-executive directors, all of whom are financially literate. During the year under review, directors serving on the committee included Grant Gelink (re-appointed 3 June 2021 and appointed as chair 26 November 2014), Zimkhitha Zatu Moloi (appointed 30 January 2020) and Deepak Malik (appointed 1 December 2021).

The independence of the Audit committee and performance of its members was evaluated by the Nomination committee during February 2023. Grant Gelink will be retiring as independent non-executive director and Chair of the Audit committee at the upcoming Annual General Meeting whereafter Zimkhitha Zatu Moloi will be recommended to the shareholders as incoming chair. The Board proposes the election of Zimkhitha Zatu Moloi, Deepak Malik and Ben Magara as members of the Audit committee at the forthcoming Annual General Meeting. More details of these directors are provided on page 7 of the integrated annual report.

The committee invites the Chair, the CEO, the CFO, together with the internal audit manager and representatives of the external auditors to attend its meetings.

Committee members meet at scheduled meetings twice a year and at unscheduled meetings when required to address urgent matters in its scope of responsibility. Two special Audit committee meetings were held in 2022 to approve, inter alia, the 2021 Annual Financial Statements and integrated annual report, and proactive monitoring of key audit matters. Attendance of committee members at the meetings of the committee during the year is listed on page 8 of the integrated annual report.

Fees paid to the committee members are reflected on page 68 in the remuneration report, and the proposed fees for 2023 are detailed on page 79, of the integrated annual report.

The Group Company Secretary serves as secretary to the committee. The internal and external auditors have unrestricted access to the Chair and members of the committee. In 2022, the Chair of the committee had four meetings with the internal auditors and four with the external auditors without management being present. During these meetings no material issues were raised.

## KEY ACTIVITIES

In terms of its mandate, matters considered by the Audit committee based on its annual work plan for 2022 included:

- Ensuring that appropriate financial reporting procedures exist and are working, including the consideration of all entities forming part of the consolidated Group financial statements;
- Ensuring access to all financial information required to effectively report on the financial statements of the Group;
- Reviewing and confirming the going concern status;
- Reviewing the Annual Financial Statements and results and dividend announcement for the year ended 31 December 2022 and the 2022 integrated annual report in line with applicable legislative and regulatory compliance and recommendation thereof for approval by the Board of directors, and ensuring the integrity and effectiveness of reporting in the integrated annual report, and assess the internal financial controls attestation;
- Requesting and receiving all decision letters, findings and reports from the external auditors per S22.15(h) of the JSE Listings Requirements;
- Assessing the suitability, expertise and experience of the Financial Director and the expertise, experience and resources of Grindrod's finance function; and following assessment, resolved that the Group Financial Director had the necessary expertise and experience to carry out her duties, and that the Finance function was adequately experienced and resourced;
- Assessing the performance of the internal audit manager, and evaluating the independence, effectiveness and performance of the internal audit function; and following assessment resolved that the performance of the internal audit manager and of the internal audit function to be satisfactory;
- Evaluating the performance of the Audit committee;
- Reviewing and approving the internal audit charter, annual work plan and internal audit fees;
- Reviewing the combined assurance model and the effectiveness of the process for identifying, assessing and reporting on significant internal financial-control and fraud risks as related to financial reporting;
- Reviewing the internal auditors' limited assurance report;
- Reviewing the Group IT governance report and IT risks, and evaluation of audit assessments of IT-related controls performed by the internal and external auditors together with the appropriateness of actions taken by management to address key issues identified;
- Reviewing the external auditors' work plan, staffing, independence, effectiveness, audit findings, key audit risks and external audit report;
- Nominating the independent external auditor and rotation of the designated audit partner and the approval of their terms of engagement and fees for audit services, for approval by shareholders at the Annual General Meeting;
- Reviewing the extent of non-audit services provided by the independent external auditor and approval of the related fees; approving the new non-audit services policy;
- Oversight of the mandatory audit firm rotation (MAFR) per Independent Regulatory Board of Auditors (IRBA) rules which become effective 1 April 2023; and
- Noting a briefing document on audit matters prepared by the external auditors.

Deloitte & Touche served as Grindrod's registered external auditors for the 2022 financial year. The committee meets with the external auditors at least twice a year. In assessing the auditor's independence, the committee considered guidance contained in King IV as well as IRBA publications and the related commentary thereon.

Deloitte & Touche have been auditors of the Grindrod Group for 19 years, and audit partner Mark Holme for three years, and have demonstrated an institutional knowledge, deep expertise and experience of the Group in all the related countries in which the Group operates. The committee is satisfied that in discharging its duties in terms of its mandate, together with the robust internal Deloitte & Touche independence processes that Deloitte & Touche's independence is maintained and has not been impacted by tenure.

Following its assessment and review the committee accepted the Audit committee pack submitted by the external auditor as required in terms of the JSE Listings Requirements, paragraph 22.15(h) and confirmed that the external auditor and designated audit partner met the required standards prescribed by the JSE Listings Requirements.

The committee is satisfied that the auditors do not, except as external auditor or in rendering permitted non-audit services, receive any remuneration or other benefits from Grindrod. External audit fees approved for the 2022 financial year to Deloitte & Touche amounted to R26.9 million (2021: R27.1 million).

The total non-audit services for the 2022 financial year performed by Deloitte & Touche amounted to R4.5 million (2021: R4.6 million), of which 71.1% relates to permitted consulting advisory services (2021: 44.1% relates to permitted consulting advisory services).

Following review, the committee satisfied itself that the auditors' independence was not prejudiced by any consultancy, advisory or other work undertaken or as a result of any previous appointment as auditor.

## SIGNIFICANT AREAS OF JUDGEMENT

Many areas within the financial statements require judgement, which are set out in note 1 of the Annual Financial Statements.

## KEY AUDIT MATTERS

The Committee applied its mind to the key audit matter identified by the external auditors and is comfortable that this has been adequately addressed and disclosed.

The item, which required significant judgment is detailed below:

### Material property backed loan and warranty provision

Included in the Group's "Loans and Advances", is a material loan carried at fair value of R0.9 billion (2021: loans of R1.5 billion) secured by the borrower's property holdings. In addition, on disposal of Grindrod Bank Limited (Grindrod Bank), a warranty was granted to African Bank Limited (African Bank) on specific loans. Based on the fair valuation of the underlying security that Grindrod Bank has, a warranty provision of R70 million was raised.

The valuation of the properties securing the loans, the related profit shares and the warranty is a Key Audit Matter due to the material amounts, the significant judgements associated with determining the fair value of the security and the considerable length of time since the loans were originally granted.

More detail on these matters is set out in the independent auditor's report on page 6.

## INTERNAL FINANCIAL CONTROLS ATTESTATION

In terms of paragraph 3.84(k) of the JSE Listings Requirements, the CEO and CFO are to make positive statements around their responsibilities to ensure the establishment and maintenance of internal financial controls over the Annual Financial Statement preparation.

The committee has overseen a process guided by principle 15 of the King Code, by which Grindrod's management and internal audit performed an assessment of the effectiveness of the Company and its consolidated subsidiaries internal financial controls, and that these functions support the integrity of information for Grindrod's Annual Financial Statements preparation.

The following was assessed to substantiate the CEO and CFO's attestation of financial controls:

- The determination of materiality, the identification of risks associated with significant subsidiaries;
- Testing the design and implementation of financial controls and utilising internal audit as well as management self-assessments to test the operating effectiveness of financial controls; and
- Obtaining assurance letters including control attestations from divisional heads.

The CEO, CFO and the internal auditor reviewed the internal financial controls and reported their findings to the Audit committee. The Audit committee considered the identified deficiencies as well as management's responses (and mitigations) and agreed action plans to remediate in the short term, where not already reported as remediated by management and/or internal audit.

The Audit committee was satisfied that none of the deficiencies identified were pervasive to all subsidiaries nor resulted in any loss to the Group. They also did not arise because of fraud by senior management.

As a result, the Audit committee was satisfied with the CEO and CFO internal financial control attestation for the year ended 31 December 2022.

## ANNUAL FINANCIAL STATEMENTS

Following the committee's review of the Annual Financial Statements for the year ended 31 December 2022, it is of the opinion that, in all material respects, they comply with the relevant provisions of the Companies Act and IFRS as issued by the IASB, and the JSE Listings Requirements and fairly present the results of operations, cash flows and the financial position of Grindrod. On this basis, the committee recommended that the Board of Directors approve the Annual Financial Statements of Grindrod for the year ended 31 December 2022.

## INTEGRATED ANNUAL REPORT

The committee reviewed this report, taking cognisance of material factors and risks that may impact the integrity thereof and recommended that the Board of directors approve the integrated annual report of Grindrod for the year ended 31 December 2022.

## MANDATORY EXTERNAL AUDITOR ROTATION

The rotation of the external auditors, Deloitte & Touche, as mandated by the amended Independent Regulator Board for Auditors Code of Professional Conduct for Registered Auditors, will be required for Grindrod's 2024 financial year. A tender process commenced in 2022 and was finalised in 2023.

Following a robust and comprehensive screening and bid evaluation process, the Audit committee and Board of Directors have proposed PricewaterhouseCoopers Incorporated ("PwC") to be appointed as the Group's external auditors for the financial year ending 31 December 2024, with Nqaba Ndiweni acting as the designated audit partner. The change in audit firm is subject to the approval of shareholders, under a non-binding vote, at the Company's Annual General Meeting, which is scheduled to be held on 25 May 2023.

**Grant Gelink**
*Chair*

05 April 2023

# DIRECTORS' REPORT

for the year ended 31 December 2022

The directors have pleasure in presenting the consolidated and separate Annual Financial Statements of Grindrod for the year ended 31 December 2022.

## NATURE OF BUSINESS

Grindrod is a logistics company with significant investments in the marine fuel trading sector. Its key operations consist of Port and Terminals which provide dry-bulk commodities handling services along key trade corridors in South Africa, Mozambique and Namibia. The Logistics segment operates a container cargo feeder services integrated with landside operations for container handling, ships agency, clearing and forwarding, and rail services.

## REVIEW OF OPERATIONS

The financial results for the year ended 31 December 2022 and the results of operations are covered in the consolidated and separate statements of financial position, income statements, statements of comprehensive income and segmental analysis on pages 8 to 14, 77 and 78.

## ACQUISITION

In the current year there were no significant acquisitions.

## DISPOSALS

### Grindrod Bank

Following a general meeting of shareholders held on 23 August 2022, whereby the disposal by Grindrod of 100% of its interest in the share capital of Grindrod Financial Holdings Limited and Grindrod Bank to African Bank was approved, Grindrod successfully concluded the sale effective 1 November 2022, for gross proceeds of R1.6 billion resulting in a loss of R291.7 million (post tax).

## SHARE CAPITAL

Details of the authorised and issued shares are shown in note 14 on page 36 and the share analysis on pages 84 and 85. The directors propose that the general authority be granted to them to repurchase ordinary shares as opportunities present themselves be renewed at the forthcoming Annual General Meeting. The directors propose that a general authority be granted to them to allot and issue ordinary shares up to 5% of the number of ordinary shares in issue and that a general authority be granted to issue shares for cash.

## ORDINARY AND PREFERENCE DIVIDENDS

Notice is hereby given that a final gross ordinary dividend of 22.20 cents (2021: 20.10 cents) per share has been declared out of income reserves for the year ended 31 December 2022. The final net dividend is 17.76 cents (2021: 16.08 cents) per share for ordinary shareholders who are not exempt from dividends tax. As at the date of this announcement, there were 698 031 586 ordinary shares in issue.

A special ordinary dividend of 55.90 cents per share was declared as a cash return to shareholders of 25% of the consideration received from the sale of Grindrod Bank which was successfully concluded on 1 November 2022.

The directors declared a dividend of 421.0 cents (2021: 313.0 cents) per preference share.

## SPECIAL RESOLUTIONS

Apart from special resolutions approved at the Company's Annual General Meeting, no other special resolutions were approved.

Special resolutions were passed by certain subsidiaries within the Group to amend their memorandum of incorporation and to authorise, as a general approval, the directors of certain companies to provide financial assistance in terms of section 45 of the Companies Act, as amended.

## SUBSIDIARY COMPANIES, JOINT VENTURES AND ASSOCIATES

Information on joint ventures and associated companies is contained in notes 4 and 5 of the consolidated Annual Financial Statements. Information on subsidiaries is contained on page 83, and in note 5 of the Company Annual Financial Statements. The business review of the main operating segments is covered on pages 3 to 4 of the provisional results for the year ended 31 December 2022 published on 2 March 2023.

## DIRECTORATE

Brief curricula vitae of the current directors are disclosed on page 7 of the integrated annual report. Details of directors' remuneration and the incentive schemes appear in note 37 of the consolidated Annual Financial Statements.

Andrew Waller retired as CEO and executive director with effect from 31 December 2022. Grindrod wishes Andrew well in his retirement. Xolani Mbambo was appointed as CEO with effect from 1 January 2023.

David Polkinghorne resigned from the Grindrod Board of directors with effect from 1 November 2022, following the disposal of Grindrod Bank. Grindrod thanks David for his contribution over the years.

Following Remgro's unbundling of its Grindrod interest to its shareholders, Pieter Uys, a non-executive director, and Willem van Wyk, alternate non-executive director, resigned from the Board of directors of Grindrod with effect from 17 October 2022. Grindrod thanks Pieter and Willem for their support over the years.

The registered office of the Company is as follows:

Business address: Grindrod Mews, 106 Margaret Mncadi Avenue, Durban, 4001, South Africa

Postal address: PO Box 1, Durban, 4000, South Africa

## AUDIT COMMITTEE

At the forthcoming Annual General Meeting, pursuant to the requirements of section 94(2) of the Companies Act, shareholders will be requested to pass an ordinary resolution appointing the chair and members of the Audit Committee.

## MAJOR SHAREHOLDERS

Shareholders holding beneficially, directly or indirectly, in excess of 5% of the issued share capital of the Company are on the share analysis from page 84 and 85.

## AUDITORS

At the forthcoming Annual General Meeting, pursuant to the requirements of section 90(1), read with section 61(8)(c) of the Companies Act, shareholders will be requested to pass an ordinary resolution re-appointing Deloitte & Touche as the Company's independent registered auditors and to confirm the appointment of Mark Holme as the designated audit partner.

## MANDATORY EXTERNAL AUDITOR ROTATION

Following a robust and comprehensive screening and bid evaluation process, the Audit committee and Board of Directors have proposed PwC to be appointed as the Group's external auditors for the financial year ending 31 December 2024, with Nqaba Ndiweni acting as the designated audit partner. The change in audit firm is subject to the approval of shareholders, under a non-binding vote, at the Company's Annual General Meeting, which is scheduled to be held on 25 May 2023.

## SUBSEQUENT EVENTS

The joint venture transaction between Maersk Logistics and Services operations was concluded with all conditions precedent fulfilled on 1 January 2023. Grindrod has a 49% shareholding in the newly formed entity. In addition, cumulative cash proceeds of R272 million were received post year-end.

In January 2023, the Group acquired the remaining shareholding in its joint venture RBT Grindrod Terminal Proprietary Limited for R60 million.

There are no other material post balance sheet events to report.

## GOING CONCERN

The directors consider that the Group and Company have adequate resources to continue operating for the foreseeable future and that it is therefore appropriate to adopt the going concern basis of accounting in preparing the Group and Company's Annual Financial Statements. Based on the financial performance of the Group, its cash flow projection to the end of March 2024, secure funding lines, and positive solvency and liquidity tests, the Group will remain operational for the foreseeable future.

# INDEPENDENT AUDITOR'S REPORT

to the shareholders of Grindrod Limited

## Report on the audit of the consolidated and separate financial statements

## OPINION

We have audited the consolidated and separate financial statements of Grindrod Limited (the Group and Company) set out on pages 8 to 83, which comprise the consolidated and separate statements of financial position as at 31 December 2022, and the consolidated and separate income statements, the consolidated statement of other comprehensive income, the consolidated and separate statements of changes in equity and the consolidated and separate statements of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Grindrod Limited and its subsidiaries as at 31 December 2022, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

## BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements section of our report. We are independent of the Group and Company in accordance with the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' (IESBA) International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The key audit matter applies to the consolidated financial statements and there is no key audit matter for the separate financial statements.

| KEY AUDIT MATTER | HOW THE MATTER WAS ADDRESSED IN THE AUDIT |
|---|---|
| **Material property backed loan and warranty provision** | |
| Included in the Group's "Loans and advances", is a material loan carried at fair value, secured by the borrower's property holdings.<br><br>The loan, with a fair value of R935.5 million, detailed in note 35.1, includes profit share arrangements, directly linked to the profit on the disposal or development of the underlying secured properties.<br><br>Grindrod Bank had advanced loans to other borrowers also secured by properties. On disposal of Grindrod Bank, Grindrod Limited gave warranties to African Bank on specific loans up to a maximum of R300 million. Based on the fair valuation of the underlying security that Grindrod Bank has, Grindrod Limited has raised a warranty provision included in note 19, of R70 million.<br><br>The properties securing the loan by Grindrod and Grindrod Bank are adjacent to each other on the North Coast of KwaZulu-Natal.<br><br>The fair value of the loan has been determined by the directors, in the absence of an observable market price. The valuation process is described in note 35.1 to the consolidated annual financial statements. This valuation is a level 3 valuation in accordance with IFRS 13: Fair Value Measurement, where the fair value is not based on observable market data.<br><br>The directors believe the recorded fair value of the loan to be appropriate within a reasonable range of possible outcomes. Similarly, the directors believe that the warranty provision is fairly calculated within a reasonable range of possible outcomes in accordance with IAS 37: Provisions, Contingent Liability and Contingent Assets.<br><br>In determining the ranges, the directors obtained independent external valuations of the properties securing the loans. These underlying property valuations are a key input in determining the fair value of the loans and in calculating the warranty provision.<br><br>The property valuations are subject to judgement and estimation uncertainty.<br><br>We identified the valuation of the properties securing the loans and related profit share elements, as a Key Audit Matter due to the material amounts outstanding and the significant judgements and estimates associated with determining the fair value of the properties. | In evaluating the fair value of the material property backed loan and warranty provision, we performed the following procedures:<br><br>Regarding the Loan and Warranty Agreements:<br><br>• Inspected the latest loan agreements and considered the terms of the loan including the related profit share elements and the nature of the security held by the Group;<br>• Inspected the terms of the Grindrod Bank sale agreement to gain an understanding of the warranties provided to African Bank.<br>• Utilised internal accounting specialists and evaluated the directors' conclusion that the loan, together with the profit share elements, is a financial instrument measured at fair value as it is not subject to the repayment solely or primarily of principal and interest;<br>• Utilised internal valuation specialists who concurred that the valuation of the loan is closely but not exclusively linked to the valuation of the underlying security;<br><br>Regarding the Property Valuations:<br><br>• Benchmarked the key inputs, specifically the estimated selling prices per hectare and the highest and best use estimates, used in the directors' valuations, to external evidence. This evidence included recent professional valuations of the underlying properties and our audit procedures included assessing key inputs for reasonability in relation to relevant market indicators and recent social and economic developments in the region;<br>• Considered how the directors' valuation factored in the lack of liquidity of the undeveloped coastal properties and the uncertainty surrounding both the time to disposal or development by the owners. We considered that the land is currently zoned as "Agricultural" and that no development activities had yet commenced;<br>• Considered the value of securities held by other parties over the same properties and the respective rankings.<br><br>We found that the directors' calculated fair value of the underlying properties, which is critical in determining the fair value of the loan and the warranty provision, were appropriate. The fair value of the loan and the relevant disclosures, including the "level 3" type valuation, included in note 35.1, are appropriate in all material respects. |

# INDEPENDENT AUDITOR'S REPORT continued

## OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the information included in the document titled *"Grindrod Limited Audited Annual Financial Statements for the year ended 31 December 2022"*, which includes the Directors' Report, the Report of the Audit Committee, the Compliance Statement by the Group Company Secretary, as required by the Companies Act of South Africa, and the CEO and CFO Responsibility Statement which we obtained prior to the date of this report. The other information does not include the consolidated and separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group and/or the Company or to cease operations, or have no realistic alternative but to do so.

## AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and/or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

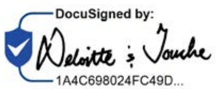
We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Report on other legal and regulatory requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that Deloitte & Touche has been the auditor of Grindrod Limited for 19 years.




Deloitte & Touche
*Registered Auditor*

Per: MH Holme CA(SA), RA
*Partner*

5 April 2023

The Skye, 2 Vuna Close
Umhlanga Ridge
4319

# STATEMENT OF FINANCIAL POSITION

as at 31 December 2022

| | Notes | Consolidated 2022 R000 | 2021 R000 |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Property, terminals, machinery, vehicles and equipment | 2 | **1 681 084** | 1 738 159 |
| Right-of-use assets | 2 | **636 853** | 1 054 609 |
| Goodwill and Intangible assets | 3 | **356 678** | 507 793 |
| Investments in joint ventures | 4 | **3 440 943** | 3 058 527 |
| Investments in associates | 5 | **187 590** | 145 941 |
| Investment property | | **113 252** | 86 168 |
| Other investments | 6 | **567 770** | 1 097 668 |
| Long-term receivable | 7 | **204 950** | 202 099 |
| Deferred taxation asset | 8 | **124 722** | 186 978 |
| Loans and advances | 9 | **1 072 958** | 7 029 849 |
| Long-term negotiable securities | 10 | **–** | 312 958 |
| Finance lease receivables | 11 | **111 023** | – |
| **Total non-current assets** | | **8 497 823** | 15 420 749 |
| **Current assets** | | | |
| Liquid assets and short-term negotiable securities | 10 | **–** | 3 623 026 |
| Current portion of loans and advances | 9 | **–** | 2 507 462 |
| Current portion of long-term receivable | 7 | **–** | 43 115 |
| Inventories | | **38 827** | 66 639 |
| Trade and other receivables | 12 | **1 670 186** | 1 347 191 |
| Taxation receivable | | **20 005** | 20 696 |
| Cash and cash equivalents | | **2 605 514** | 2 057 642 |
| Current portion of finance lease receivables | 11 | **22 338** | – |
| | | **4 356 870** | 9 665 771 |
| Non-current assets classified as held for sale | 13 | **974 805** | 65 000 |
| **Total current assets** | | **5 331 675** | 9 730 771 |
| **Total assets** | | **13 829 498** | 25 151 520 |

| | Notes | Consolidated 2022 R000 | 2021 R000 |
|---|---|---|---|
| **EQUITY AND LIABILITIES** | | | |
| **Capital and reserves** | | | |
| Share capital and premium | 14 | **3 934 557** | 3 928 711 |
| Non-distributable reserves | | **2 163 645** | 1 885 547 |
| Accumulated profit | | **2 785 174** | 2 808 394 |
| Equity attributable to owners of the Company | | **8 883 376** | 8 622 652 |
| Non-controlling interests | | **(61 914)** | (44 704) |
| **Total equity** | | **8 821 462** | 8 577 948 |
| **Non-current liabilities** | | | |
| Long-term borrowings | 15 | **1 087 767** | 610 853 |
| Lease liabilities | 15 | **446 344** | 797 026 |
| Long-term Bank and private equity funding | 16 | **108 924** | 543 361 |
| Derivative financial liabilities | | **–** | 24 277 |
| Deferred taxation liabilities | 8 | **14 132** | 57 450 |
| Provision for post-retirement medical aid | | **20 202** | 21 816 |
| Deposits from Bank customers | 18 | **–** | 239 720 |
| Provisions and other liabilities | 19 | **140 325** | 11 670 |
| **Total non-current liabilities** | | **1 817 694** | 2 306 173 |
| **Current liabilities** | | | |
| Trade and other payables | 20 | **1 662 610** | 1 310 696 |
| Current portion of long-term borrowings | 15 | **235 820** | 146 366 |
| Current portion of lease liabilities | 15 | **161 829** | 249 284 |
| Current portion of Bank and private equity funding | 16 | **63 444** | 908 778 |
| Deposits from Bank customers | 18 | **–** | 10 981 413 |
| Short-term borrowings and bank overdraft | 15 | **410 967** | 603 491 |
| Taxation payable | | **251 518** | 67 371 |
| Current portion of provisions and other liabilities | 19 | **40 350** | – |
| | | **2 826 538** | 14 267 399 |
| Non-current liabilities associated with assets classified as held for sale | 13 | **363 804** | – |
| **Total current liabilities** | | **3 190 342** | 14 267 399 |
| **Total equity and liabilities** | | **13 829 498** | 25 151 520 |

# INCOME STATEMENT

for the year ended 31 December 2022

| | Notes | Consolidated 2022 R000 | 2021* R000 |
|---|---|---|---|
| **CONTINUING OPERATIONS** | | | |
| Revenue | 21 | **5 883 735** | 3 417 350 |
| **Trading profit before expected credit losses and depreciation and amortisation** | 22.1 | **1 372 265** | 890 906 |
| Depreciation and amortisation | | **(486 338)** | (475 177) |
| Expected credit losses | | **(267 114)** | 30 550 |
| **Profit before interest, taxation and non-trading items** | 22.2 | **618 813** | 446 279 |
| Non-trading items | 23 | **61 002** | (401 156) |
| Interest income | 24 | **141 487** | 99 933 |
| Interest expense | 24 | **(218 024)** | (235 085) |
| **Profit before share of associate and joint venture companies' profit** | | **603 278** | (90 029) |
| Share of joint venture companies' profit after taxation | 4 | **543 041** | 287 719 |
| Share of associate companies' profit after taxation | 5 | **31 563** | 19 169 |
| **Profit before taxation** | | **1 177 882** | 216 859 |
| Taxation | 25 | **(347 864)** | (82 134) |
| **Profit for the year** | | **830 018** | 134 725 |
| **DISCONTINUED OPERATION** | | | |
| (Loss)/profit after taxation from discontinued operation | 26 | **(175 153)** | 116 428 |
| **Profit for the year** | | **654 865** | 251 153 |
| **Attributable to:** | | | |
| Ordinary shareholders | | **601 081** | 175 578 |
| From continuing operations | | **776 234** | 61 259 |
| From discontinued operation | | **(175 153)** | 114 319 |
| Preference shareholders | | **56 396** | 45 780 |
| Owners of the parent | | **657 477** | 221 358 |
| Non-controlling interests | | **(2 612)** | 29 795 |
| From continuing operations | | **(2 612)** | 27 686 |
| From discontinued operation | | **–** | 2 109 |
| | | **654 865** | 251 153 |
| **Basic earnings/(loss) per share** (cents) | 27 | **90.1** | 26.2 |
| From continuing operations | | **116.4** | 9.1 |
| From discontinued operations | | **(26.3)** | 17.1 |
| **Diluted Basic earnings/(loss) per share** (cents) | 27 | **90.0** | 26.2 |
| From continuing operations | | **116.3** | 9.1 |
| From discontinued operation | | **(26.3)** | 17.1 |

* Re-presented for the impact of IFRS 5: Non-Current Assets Held for Sale and Discontinued Operations.

# STATEMENT OF OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2022

| | Consolidated 2022 R000 | 2021 R000 |
|---|---|---|
| **Profit for the year** | **654 865** | 251 153 |
| **Other comprehensive income** | | |
| **Items that may be reclassified subsequently to profit or loss** | | |
| Exchange differences on translating foreign operations | **266 083** | 377 761 |
| **Items that will not be reclassified subsequently to profit or loss** | | |
| Actuarial (losses)/gain* | **(1 382)** | 6 831 |
| Fair value gain arising on financial instruments* | **403** | 3 001 |
| **Total comprehensive income for the year** | **919 969** | 638 746 |
| Total comprehensive income attributable to: | | |
| Owners of the parent/Company | **922 551** | 607 227 |
| Non-controlling interests | **(2 582)** | 31 519 |
| | **919 969** | 638 746 |

* Net of taxation. Refer to note 8 for taxation effects.

# STATEMENT OF CASH FLOWS

for the year ended 31 December 2022

| | Notes | Consolidated 2022 R000 | Consolidated 2021 R000 |
|---|---|---|---|
| **OPERATING ACTIVITIES** | | | |
| Cash generated from operations | 32.1 | **1 687 748** | 1 039 279 |
| Interest received | | **87 187** | 54 666 |
| Interest paid | | **(210 074)** | (226 432) |
| Dividends received | | **373 232** | 244 365 |
| Dividends paid | | **(673 454)** | (46 583) |
| Taxation paid | 32.2 | **(253 610)** | (175 915) |
| | | **1 011 029** | 889 380 |
| **Other operating cash flows from Bank** | | | |
| Net advances from/(to) customers | | **240 370** | (214 031) |
| Net liquid assets and negotiable securities | | **(1 313 798)** | (1 466 735) |
| Net deposits received from customers | | **586 192** | 1 787 452 |
| **Net cash flows from operating activities** | | **523 793** | 996 066 |
| **INVESTING ACTIVITIES** | | | |
| Property, terminals, machinery, vehicles and equipment acquired | 32.3 | **(564 290)** | (412 808) |
| Acquisition of other investments | | **(12 443)** | (44 990) |
| Disposal of other investments | | **175 766** | 569 303 |
| Acquisition of subsidiaries and joint ventures | 32.4 | **(32 800)** | – |
| Deconsolidation and disposal of subsidiaries | 32.5 | **294 554** | 70 539 |
| Disposal of joint ventures | | **24 978** | – |
| Proceeds on disposal of property, terminals, machinery, vehicles and equipment | | **123 182** | 20 582 |
| Net cash flows on disposal of non-current assets and liabilities held for sale | 13 | **65 000** | 44 034 |
| Intangible assets acquired | | **(13 687)** | (1 145) |
| Proceeds on disposal of intangible assets | | **550** | 373 |
| Funds repaid by joint ventures and associate companies | | **21 607** | 16 150 |
| **Net cash flows from investing activities** | | **82 417** | 262 038 |

| | Notes | Consolidated 2022 R000 | Consolidated 2021 R000 |
|---|---|---|---|
| **FINANCING ACTIVITIES** | | | |
| Acquisition of treasury shares | | **(715)** | (29 922) |
| Acquisition of non-controlling interest | | **–** | (25 224) |
| Long-term interest-bearing debt raised | 32.6 | **1 190 372** | 518 819 |
| Current portion of long-term interest-bearing debt repaid | 32.6 | **(1 088 053)** | (1 119 674) |
| Short-term interest-bearing debt repaid | 32.6 | **(241 146)** | (348 880) |
| Short-term interest-bearing debt raised | 32.6 | **175 480** | 302 511 |
| **Net cash flows from financing activities** | | **35 938** | (702 370) |
| Net increase in cash and cash equivalents | | **642 148** | 555 734 |
| Cash and cash equivalents at beginning of the year | | **1 518 020** | 943 955 |
| Difference arising on foreign currency translation | | **34 385** | 18 331 |
| **Cash and cash equivalents at end of the year** | 32.7 | **2 194 553** | 1 518 020 |

# STATEMENTS OF CHANGES IN EQUITY

## for the year ended 31 December 2022

| | | Consolidated | |
|---|---|---|---|
| | | 2022<br>R000 | 2021<br>R000 |
| **Ordinary and preference share capital and share premium** | | **3 934 557** | 3 928 711 |
| Balance at beginning of the year | | **3 928 711** | 3 950 427 |
| Share options vested | | **6 561** | 8 206 |
| Treasury shares acquired | | **(715)** | (29 922) |
| **Equity compensation reserve** | | **39 075** | 43 597 |
| Balance at beginning of the year | | **43 597** | 47 857 |
| Share-based payments | | **2 039** | 3 946 |
| Share options vested | | **(6 561)** | (8 206) |
| **Foreign currency translation reserve** | | **2 196 770** | 1 927 156 |
| Balance at beginning of the year | | **1 927 156** | 1 598 738 |
| Foreign currency translation realised | | **–** | (50 536) |
| Foreign currency translation adjustments | | **269 614** | 378 954 |
| **Other non-distributable reserves** | | **(72 200)** | (85 206) |
| Balance at beginning of the year | | **(85 206)** | (110 863) |
| Foreign currency translation adjustments | | **(3 561)** | (2 917) |
| Acquisition of non-controlling interest | | **(27 140)** | 28 574 |
| Disposal of business | | **43 707** | – |
| **Accumulated profit** | | **2 785 174** | 2 808 394 |
| Balance at beginning of the year | | **2 808 394** | 2 622 984 |
| Other comprehensive income from financial instruments | | **403** | 3 001 |
| Actuarial (losses)/gains recognised | | **(1 382)** | 6 831 |
| Profit for the year | | **657 477** | 221 358 |
| Ordinary dividends declared | | **(623 322)** | – |
| Preference dividends declared* | | **(56 396)** | (45 780) |
| **Total interest of shareholders of the Company** | | **8 883 376** | 8 622 652 |
| **Equity attributable to non-controlling interests of the Company** | | **(61 914)** | (44 704) |
| Balance at beginning of the year | | **(44 704)** | (150 134) |
| Foreign currency translation adjustments | | **30** | 1 724 |
| Non-controlling interest acquired | | **27 140** | (53 801) |
| Non-controlling interest disposed | | **(40 844)** | 128 636 |
| (Loss)/profit for the year | | **(2 612)** | 29 795 |
| Ordinary dividends declared | | **(924)** | (924) |
| **Total equity attributable to all shareholders of the Company** | | **8 821 462** | 8 577 948 |
| **Dividends per share – Ordinary** | (cents) | **39.4** | 20.1 |
| Interim | (cents) | **17.2** | – |
| Final | (cents) | **22.2** | 20.1 |
| **Dividends per share – Special** | (cents) | **55.9** | – |

* Preference dividends paid relate to cumulative, non-redeemable, non-participating and non-convertible preference shares declared and are based on 88% of the prime interest rate.

# SEGMENTAL ANALYSIS

## for the year ended 31 December 2022

The Ports and Terminals segment provides bulk handling of commodities to major role-players in the industry together with managing and handling port activities in South Africa and Mozambique.

The Logistics segment is involved in providing holistic and complete freight services, from the handling and storage of containers, clearing and forwarding to road, rail and seaborne freight.

The Bank segment provided loan finance and retail services through Grindrod Bank.

The Group segment consist of the head office companies including property companies with external revenue comprising dividend and rental income.

The private equity and property segment consists of investments in private and property equity portfolios and loans provided to KwaZulu-Natal north coast property companies.

The Marine Fuels and Agricultural Logistics segment is primarily a supplier of marine fuels, bunkers and agricultural commodities worldwide. The Financial services business (Bank segment) was disposed of in the current year.

# SEGMENTAL ANALYSIS continued

for the year ended 31 December 2022

| Business segments | Port and Terminals 2022 R000 | Port and Terminals 2021 R000 | Logistics 2022 R000 | Logistics 2021 R000 | Group 2022 R000 | Group 2021* R000 | Total Core Operations 2022 R000 | Total Core Operations 2021* R000 |
|---|---|---|---|---|---|---|---|---|
| Revenue – External | **3 712 833** | 1 413 393 | **3 635 366** | 3 242 393 | **56 621** | 26 872 | **7 404 820** | 4 682 658 |
| Revenue – Internal | **1 696** | 1 564 | **281 768** | 33 432 | **332 975** | 320 460 | **616 439** | 355 456 |
| Trading profit/(loss) after expected credit losses and before depreciation and amortisation | **1 150 905** | 580 499 | **1 314 745** | 894 893 | **(291 881)** | 170 354 | **2 173 769** | 1 645 746 |
| Depreciation and amortisation | **(169 733)** | (128 157) | **(431 002)** | (486 466) | **(43 237)** | (34 992) | **(643 972)** | (649 615) |
| Profit/(loss) before non-trading items and equity accounted earnings | **981 172** | 452 342 | **883 743** | 408 427 | **(335 118)** | 135 362 | **1 529 797** | 996 131 |
| Non-trading items | **(4 956)** | (4 099) | **14 993** | (332 251) | **44 383** | (16 428) | **54 420** | (352 778) |
| Share of associate companies' profit/(loss) after taxation | **161 510** | 115 140 | **1 017** | 285 | **–** | – | **162 527** | 115 425 |
| Segment result excluding net interest and taxation | **1 137 726** | 563 383 | **899 753** | 76 461 | **(290 735)** | 118 934 | **1 746 744** | 758 778 |
| Interest income | **4 310** | 128 | **47 932** | 28 331 | **89 487** | 68 144 | **141 729** | 96 603 |
| Interest expense | **(46 587)** | (41 293) | **(89 574)** | (93 537) | **(123 976)** | (84 191) | **(260 137)** | (219 021) |
| Taxation | **(276 638)** | (138 612) | **(219 710)** | (100 397) | **(23 079)** | 38 169 | **(519 427)** | (200 840) |
| Profit/(loss) for the year | **818 811** | 383 606 | **638 401** | (89 142) | **(348 303)** | 141 056 | **1 108 909** | 435 520 |
| Non-controlling interest | **–** | – | **2 180** | 7 634 | **–** | – | **2 180** | 7 634 |
| Profit/(loss) attributable to shareholders | **818 811** | 383 606 | **640 581** | (81 508) | **(348 303)** | 141 056 | **1 111 089** | 443 154 |
| Preference dividends | **–** | – | **–** | – | **(21 177)** | (17 013) | **(21 177)** | (17 013) |
| Profit/(loss) attributable to ordinary shareholders | **818 811** | 383 606 | **640 581** | (81 508) | **(369 480)** | 124 043 | **1 089 912** | 426 141 |
| Capital expenditure | **266 401** | 65 452 | **485 792** | 498 714 | **12 562** | – | **764 755** | 564 166 |
| Total segment assets | **4 562 256** | 3 768 420 | **5 020 471** | 4 526 423 | **4 015 763** | 2 312 206 | **13 598 490** | 10 607 049 |
| Segment assets excluding investments in associates | **3 654 368** | 3 002 011 | **5 015 625** | 4 522 594 | **4 015 763** | 2 312 206 | **12 685 756** | 9 836 811 |
| Investments in associates | **907 888** | 766 409 | **4 846** | 3 829 | **–** | – | **912 734** | 770 238 |
| Segment liabilities | **(1 789 558)** | (1 334 474) | **(2 824 396)** | (2 787 762) | **(2 058 015)** | (1 272 365) | **(6 671 969)** | (5 394 601) |

* Re-presented for the impact of IFRS 5: Non-Current Assets Held for Sale and Discontinued Operations.

All segment revenue, expenses, assets and liabilities are all directly attributable to the segments. Internal segment revenue between Grindrod segments are at arm's length. All intersegment transactions are eliminated on consolidation.

Included in trading profit/(loss) after expected credit losses is expected credit losses of R222.5 million in the Group segment and R24.5 million in the Private Equity and Property segment.

# SEGMENTAL ANALYSIS continued

for the year ended 31 December 2022

| Business segments | Private Equity and Property | | Marine Fuels and Agricultural Logistics | | Total Segment | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2022 R000 | 2021 R000 | 2022 R000 | 2021 R000 | Discontinued operation 2022 R000 | Adjustments 2022 R000 | Total 2022 R000 | Discontinued operation 2021* R000 | Adjustments 2021* R000 | Total 2021* R000 |
| Revenue – External | **399** | 52 223 | **16 954 683** | 12 814 442 | **–** | **(18 476 167)** | **5 883 735** | – | (14 131 974) | 3 417 350 |
| Revenue – Internal | **–** | 5 584 | **25 397** | 42 280 | **–** | **(641 836)** | **–** | – | (403 321) | 0 |
| Trading profit/(loss) after expected credit losses and before depreciation and amortisation | **(359 232)** | (164 759) | **102 148** | 43 095 | **–** | **(811 534)** | **1 105 151** | – | (602 626) | 921 456 |
| Depreciation and amortisation | **–** | (1 284) | **(876)** | (3 621) | **–** | **158 510** | **(486 338)** | – | 179 343 | (475 177) |
| Profit/(loss) before non-trading items and equity accounted earnings | **(359 232)** | (166 043) | **101 272** | 39 474 | **–** | **(653 024)** | **618 813** | – | (423 283) | 446 279 |
| Non-trading items | **–** | (96 755) | **–** | – | **–** | **6 582** | **61 002** | – | 48 377 | (401 156) |
| Share of joint venture companies' profit after taxation | **–** | – | **–** | – | **–** | **543 041** | **543 041** | – | 287 719 | 287 719 |
| Share of associate companies' profit after taxation | **–** | – | **–** | – | **–** | **(130 964)** | **31 563** | – | (96 256) | 19 169 |
| Segment result excluding net interest and taxation | **(359 232)** | (262 798) | **101 272** | 39 474 | **–** | **(234 365)** | **1 254 419** | – | (183 443) | 352 011 |
| Interest income | **26 341** | 27 719 | **577** | 6 297 | **–** | **(27 160)** | **141 487** | – | (30 686) | 99 933 |
| Interest expense | **(32 689)** | (109 465) | **(1 235)** | (911) | **–** | **76 037** | **(218 024)** | – | 94 312 | (235 085) |
| Taxation | **(1 008)** | (3 504) | **(13 193)** | (4 900) | **–** | **185 764** | **(347 864)** | – | 127 110 | (82 134) |
| (Loss)/profit for the year | **(366 588)** | (348 048) | **87 421** | 39 960 | **–** | **276** | **830 018** | – | 7 293 | 134 725 |
| (Loss)/profit after taxation from discontinued operations | – | – | **–** | – | **(175 153)** | **–** | **(175 153)** | 116 428 | | 116 428 |
| Non-controlling interest | **708** | (28 027) | **–** | – | **–** | **(276)** | **2 612** | (2 109) | (7 293) | (29 795) |
| (Loss)/profit attributable to shareholders | **(365 880)** | (376 075) | **87 421** | 39 960 | **(175 153)** | **–** | **657 477** | 114 319 | – | 221 358 |
| Preference dividends | **(35 219)** | (28 767) | **–** | – | **–** | **–** | **(56 396)** | | – | (45 780) |
| (Loss)/profit attributable to ordinary shareholders | **(401 099)** | (404 842) | **87 421** | 39 960 | **(175 153)** | **–** | **601 081** | 114 319 | – | 175 578 |
| Capital expenditure | **–** | – | **–** | – | **1 794** | **–** | **766 549** | | – | 564 166 |
| Total segment assets | **1 626 267** | 2 111 675 | **1 921 864** | 1 794 049 | **–** | **(3 317 123)** | **13 829 498** | 13 705 391 | (3 066 644) | 25 151 520 |
| Segment assets excluding investments in associates | **1 626 267** | 2 111 675 | **1 921 864** | 1 794 049 | **–** | **(2 591 979)** | **13 641 908** | 13 705 391 | (2 442 347) | 25 005 579 |
| Investments in associates | **–** | – | **–** | – | **–** | **(725 144)** | **187 590** | – | (624 297) | 145 941 |
| Segment liabilities | **(345 791)** | (916 768) | **(1 307 393)** | (1 301 551) | **–** | **3 317 117** | **(5 008 036)** | (12 033 762) | 3 073 112 | (16 573 570) |

* Re-presented for the impact of IFRS 5: Non-Current Assets Held for Sale and Discontinued Operations.

All segment revenue, expenses, assets and liabilities are all directly attributable to the segments. Internal segment revenue between Grindrod segments are at arm's length. All intersegment transactions are eliminated on consolidation.

Included in trading profit/(loss) after expected credit losses is expected credit losses of R222.5 million in the Group segment and R24.5 million in the Private Equity and Property segment.

Included in revenues arising from the Marine Fuels segment is revenues of R2.5 billion (2021: R1.7 billion) which arose from sales to the Group's largest customer. No other single customers contributed 10% or more to the Group's revenue in either 2022 or 2021.

# SEGMENTAL ANALYSIS continued

for the year ended 31 December 2022

The Group's four divisions operate in eight principal geographical areas – North America, South America, the Middle East, United Kingdom/Europe/Isle of Man, Singapore/Asia/Far East, Australia, South Africa and Rest of Africa.

| | North America | | South America | | Middle East | | United Kingdom/ Europe/Isle of Man | |
|---|---|---|---|---|---|---|---|---|
| **Geographic segments** | 2022 R000 | 2021 R000 | 2022 R000 | 2021 R000 | 2022 R000 | 2021 R000 | 2022 R000 | 2021 R000 |
| Revenue – External | **137 094** | 83 558 | **–** | 4 134 | **7 711 245** | 4 475 248 | **–** | 237 521 |
| Profit/(loss) attributable to ordinary shareholders | **862** | 261 | **(16)** | 13 | **81 253** | 47 628 | **31 067** | 741 |
| Capital expenditure | **–** | – | **–** | – | **–** | – | **–** | – |
| Segment assets | **15 894** | 8 905 | **457** | (142 261) | **1 169 382** | 884 972 | **191 614** | 246 245 |

| | Singapore/Asia/Far East | | Australia | | South Africa | |
|---|---|---|---|---|---|---|
| **Geographic segments** | 2022 R000 | 2021* R000 | 2022 R000 | 2021* R000 | 2022 R000 | 2021 R000 |
| Revenue – External | **9 121 379** | 8 048 886 | **48 130** | 39 957 | **3 178 287** | 3 369 262 |
| Profit/(loss) attributable to ordinary shareholders | **40 753** | 15 421 | **3 862** | (109) | **(463 797)** | (241 254) |
| Capital expenditure | **–** | – | **–** | – | **525 674** | 375 889 |
| Segment assets | **781 400** | 1 079 943 | **55 258** | 1 299 | **8 507 480** | 20 955 926 |

* Revenue from Australia was previously aggregated with Singapore/Asia/Far East but has been separately disclosed due to the different economic factors that influence this jurisdiction.

| | Rest of Africa | | Total Group | |
|---|---|---|---|---|
| **Geographic segments** | 2022 R000 | 2021 R000 | 2022 R000 | 2021 R000 |
| Revenue – External | **4 163 767** | 1 778 391 | **24 359 902** | 18 036 957 |
| Profit attributable to ordinary shareholders | **907 097** | 352 886 | **601 081** | 175 587 |
| Capital expenditure | **240 875** | 192 517 | **766 549** | 568 406 |
| Segment assets | **6 425 136** | 4 412 895 | **17 146 621** | 27 447 924 |

# ACCOUNTING POLICIES

for the year ended 31 December 2022

Outlined below are the principal accounting policies that are applicable to the consolidated and separate Annual Financial Statements. However, policies applicable to the specific accounting items have been included in the applicable detailed notes to the Annual Financial Statements for ease of reference.

## 1. BASIS OF PREPARATION

### 1.1 Accounting framework

The consolidated and separate Annual Financial Statements of Grindrod comply with IFRS, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and the Financial Reporting Pronouncement as issued by the Financial Reporting Standards Council using the historical cost basis except for certain financial instruments and investment properties that are reported at fair value. The Annual Financial Statements of Grindrod also comply with the Listing Requirements of the JSE Limited and the requirements of the Companies Act.

The preparation of consolidated and separate Annual Financial Statements in conformity with IFRS requires the board of directors to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Although estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances the actual outcome may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting judgments are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Judgments made in the application of IFRS that have influenced the financial statements and estimates with a risk of adjustment in the next year are discussed in the "Judgments made by management and key sources of estimation uncertainty" on page 20.

Except as detailed below, the accounting policies have been applied consistently to all periods presented in these consolidated and separate financial statements. The consolidated and separate financial statements are presented in South African Rands, which is the Group's reporting currency. All financial information has been rounded to the nearest thousand unless stated otherwise.

The basis of preparation, accounting policies and methods of computation are consistent with the prior year, except for new and revised IFRSs and interpretations adopted per point 7 of this note.

### 1.2 Underlying concepts

The consolidated and separate Annual Financial Statements are prepared on the going concern basis using accrual accounting.

Assets and liabilities and income, and expenses are not offset unless specifically permitted by IFRS. Financial assets and liabilities are offset, and the net amount reported only when a legally enforceable right to set off the amounts exists, and the intention is either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Changes in accounting policies are accounted for in accordance with the transitional provisions in the IFRSs. If no such guidance is given, they are applied retrospectively, unless it is impracticable to do so, in which case they are applied prospectively.

### 1.3 Foreign currencies

The functional currency of each entity is determined based on the currency of the primary economic environment in which that entity operates. Transactions in currencies other than the entity's functional currency are recognised at the rates of exchange ruling on the date of the transaction.

Monetary assets and liabilities denominated in such currencies are translated at the rates prevailing at the statement of financial position date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Gains and losses arising on exchange differences are recognised in profit or loss in the period in which they arise. This excludes exchange differences on monetary items receivable or payable to a foreign operation for which settlement is neither planned nor likely to occur.

The Annual Financial Statements of Grindrod's entities whose functional currencies differ to Grindrod's presentation currency, which is the South African Rand, are translated as follows:

- assets, including goodwill, and liabilities at exchange rates prevailing on the statement of financial position date;
- income, expense and cash flow items at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the material transactions are used; and
- equity items at the exchange rate prevailing on the date they arose.

Resulting exchange differences are recognised in other comprehensive income and accumulated in equity. On disposal of such a business unit, this reserve is recognised in profit or loss.

In the case of a partial disposal that does not result in the Group losing control over a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences is re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. reductions in the Group's ownership interest in associates or jointly-controlled entities that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Goodwill and fair value adjustments on identifiable assets and liabilities acquired arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in equity.

### 1.4 Segmental reporting

Segment accounting policies are consistent with those adopted for the preparation of Grindrod's consolidated and separate Annual Financial Statements, with the exception of joint ventures which have been included on a proportionate share basis using the effective shareholdings.

An operating segment is a component of an entity:

- that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity);
- whose operating results are regularly reviewed by the Grindrod Chief Executive Officer to make decisions about resources to be allocated to the segment and assess its performance; and
- for which discrete financial information is available.

For financial statements presentation purposes, these individual operating segments have been aggregated into a primary or reportable segments taking into account the following factors:

- these primary segments offer integrated services;
- the nature of the services are similar; and
- these primary segments have similar long-term gross profit margins.

Segment assets include all operating assets used by a segment, and consist principally of property, terminals, vehicles and equipment, as well as current assets. Segment liabilities include all operating liabilities. These assets and liabilities are all directly attributable to the segments.

### 1.5 Comparative figures

Comparative figures are restated in the event of a change in accounting policy or a prior period error or when required by IFRS or where restatement results in a more meaningful comparison to current year figures.

# 2. SEPARATE ANNUAL FINANCIAL STATEMENTS

## 2.1 Subsidiaries, associates and joint ventures

Investments in subsidiaries, associates and joint ventures in the separate Annual Financial Statements presented by Grindrod are recognised at cost less impairments.

# 3. CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

## 3.1 Interest in subsidiaries

A subsidiary is an entity over which the parent exercises control. Subsidiaries are consolidated into Grindrod Group results.

Grindrod reassesses whether it controls its investee entities at each reporting date or where facts and circumstances indicate that there are changes to control.

The results of subsidiaries are consolidated from the date on which control was obtained.

Profit or loss and each component of other comprehensive income are attributed to the owners of Grindrod and its non-controlling interests.

Where necessary, adjustments are made to the Annual Financial Statements of subsidiaries to bring the accounting policies used in line with those used by the Grindrod Group.

All material intercompany balances and transactions are eliminated. Foreign currency translation reserves are not reversed against the carrying amount of the respective asset relating to intercompany transactions with entities of differing functional currencies.

Non-controlling interests in the net assets of consolidated subsidiaries are shown separately from the Grindrod Group equity. On acquisition, the non-controlling interests that relate to present ownership and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation, are measured at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. Non-controlling interests are considered to be equity participants and all transactions with non-controlling interests are recorded directly within equity.

Changes in Grindrod's ownership interests in its subsidiaries that do not result in Grindrod losing control over the subsidiaries are accounted for as equity transactions.

## 3.2 Business combinations

Grindrod accounts for acquisitions of businesses using the acquisition method. Under this method Grindrod measures the fair value of the tangible and intangible assets and liabilities of the acquiree, non-controlling interest in the acquiree and the fair value of the consideration paid at acquisition date. Where the consideration is cash, the fair value is the actual amount paid. Either goodwill or a gain on bargain purchase (or negative goodwill) will arise. Grindrod accounts for a gain on bargain purchase in the income statement on the date of acquisition. Acquisition related costs are recognised in profit and loss as incurred.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the business combination occurs, Grindrod reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

Grindrod accounts for a partial disposal of an investment by transferring, from reserves, the proportionate business combination reserves directly to retained income.

Upon loss of control of a subsidiary, Grindrod derecognises the assets and liabilities of the subsidiary in full and measures any investment retained in the former subsidiary at its fair value. A remeasurement gain or loss, that forms part of the total gain or loss on the disposal of the subsidiary, is recognised in profit or loss.

# 4. STATEMENT OF FINANCIAL POSITION

## 4.1 Inventories

Inventories which include rail spare parts and components, spare parts and consumables for equipment used at the terminals, onsite fuel, bunker fuels and general consumable stores are valued at the lower of cost and net realisable value. The method used to value the inventory is weighted average cost. The costs of inventories include costs incurred in bringing the inventories to their present location.

Any write-downs of inventories to net realisable value and all losses of inventories or reversals of previous write downs or losses are recognised in the period the write-down, loss or reversal occurs.

## 4.2 Financial instruments

On initial recognition, Grindrod measures its financial assets and financial liabilities at fair value. Transaction costs and fees that are directly attributable to the acquisition or issue of financial assets and financial liabilities, other than financial assets and financial liabilities at fair value through profit and loss (FVTPL), are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

All recognised financial assets are subsequently measured at amortised cost or fair value based on Grindrod's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Financial assets that are held within a business model whose objective is to collect the contractual cash flows and have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI), are subsequently measured at amortised cost. All other financial assets are subsequently measured at FVTPL.

If the business model under which the Group holds financial assets changes, the affected financial assets are reclassified. The classification and measurement requirements related to the new category apply prospectively from the first day of the first reporting period following the change in business model that results in reclassifying the financial assets.

### Financial assets

#### Liquid assets and negotiable securities

*Initial measurement*

Liquid assets and negotiable instruments consisted of statutory liquid assets required to be held by Grindrod Bank to meet liquid asset requirements in terms of the Banks Act, 1990 (Act No.94 of 1990) and other securities such as preference shares and money market investments. These assets were recorded at the transaction price at origination which represented fair value at inception.

*Subsequent measurement*

The liquid assets and negotiable instruments were measured at amortised cost which approximated fair value due to their high liquidity and mostly short duration.

#### Loans and advances

*Initial measurement*

Loans and advances that have fixed or determinable payments that are not quoted in an active market, are classified as loans and advances. Loans and advances are recognised at the transaction price as this represents the fair value at origination of the loan or a conclusion of the sales transaction.

Fees receivable from Corporate and Investment Banking and Property Solutions (origination fees) were recognised over the life of the loan and were initially recorded at their present value and subsequently recognised as an adjustment to the effective interest rate of the loan.

## 4. STATEMENT OF FINANCIAL POSITION continued

### 4.2 Financial instruments continued

#### Loans and advances continued

Fees receivable from the other business units (Retail, Treasury, Corporate Finance and General Bank fees) were recognised at their transaction price as it represented the fair value of the fee receivable. These fees were not attached to a loan as they were for compensation for services performed. These fees were recognised as the service is performed in accordance with the requirements of IFRS 15 Revenue from Contracts with Customers.

*Subsequent measurement*

Fixed rate loans are held at FVTPL. The Group entered into interest rate swap agreements to economically hedge these fixed rate loans. Therefore, as the Group had used these instruments as hedging tools, it had chosen to recognise fixed rate loans at their fair value. The Group does not apply hedge accounting.

Variable rate advances are held at amortised cost as the business model is to hold the assets for the collection of contractual cash flows. These advances' contractual cash flows represent SPPI.

There are certain advances that have additional revenue arrangements attached to them in terms of which the Group is entitled to a fee or dividend derived from specified asset values upon facility expiry or upon early settlement due to realisation of the specified asset. Where such loans meet the SPPI test they are classified as held at amortised cost and where they fail the SPPI test they are classified as held at FVTPL.

#### Derecognition

Loans and advances are only derecognised when the balance is repaid or renegotiated or if an advance is written off or disposed of as there is no longer a right to contractual cash flows.

#### Modification

The Group is sometimes required to modify the terms of advances provided. The risk of default of such advances after modification is assessed at the reporting date and compared with the risk under the original terms at initial recognition. When the modification is not substantial it does not result in derecognition of the original asset.

#### Expected credit loss (ECL)

A financial asset that is not credit-impaired on initial recognition is classified in Stage 1 and has its credit risk continuously monitored by the Group. If a significant increase in credit risk (SICR) since initial recognition is identified, the financial instrument is moved to Stage 2 but is not yet deemed to be credit-impaired (unless an event of default has occurred).

If the financial asset is credit-impaired, it is then moved to Stage 3. The financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows have occurred. Evidence of credit-impairment includes observable data that typically indicates one or more of the following:

- acts of insolvency (liquidation/business rescue proceedings);
- significant financial difficulty of the debtor or borrower; and/or
- a default event, which typically includes non-repayment according to contract terms.

Financial assets in Stage 1 have their ECL measured at an amount equal to the portion of lifetime expected credit losses that result from default events possible within the next 12 months. Financial assets in Stages 2 or 3 have their ECL measured based on expected credit losses that result from default events that may arise on a remaining lifetime basis.

The Group measures the credit risk of financial assets using assumptions with regards to Probability of Default (PD), Loss Given Default (LGD) and Exposure at Default (EAD) on an individual loan by loan basis or each financial asset as applicable.

#### Trade and other receivables (including fees receivable)

*Initial measurement*

Trade and other receivables are recognised at the transaction price as this represents the fair value. There is no significant financing component given the receivables are short-term in nature and thus the transaction price does not differ significantly from the fair value.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets. Refer to notes 12 and 35 for ECL for further details.

*Subsequent measurement*

Trade and other receivables are subsequently measured at amortised cost using the effective interest method.

#### Cash and cash equivalents

*Initial measurement*

Cash and cash equivalents consisted of funds held with the South African Reserve Bank (SARB) and also consist of funds held with other South African banks and financial institutions and are recognised at transaction price as this represents the fair value.

*Subsequent measurement*

Cash and cash equivalents are subsequently measured at amortised cost using the effective interest method.

### Financial liabilities

#### Long-term liabilities

*Initial measurement*

Long-term liabilities are recognised at the transaction price, which is representative of the fair value of this financial liability.

*Subsequent measurement*

Long-term liabilities are classified and measured at amortised cost.

#### Deposits from bank customers

*Initial measurement*

Deposits from Bank customers were recorded at the actual transaction date which was representative of fair value of this financial liability.

*Subsequent measurement*

Deposits from Bank customers were classified and measured at amortised costs.

#### Trade and other payables

*Initial measurement*

Trade and other payables are recorded at transaction value being fair value.

*Subsequent measurement*

Trade and other payables are subsequently measured at amortised cost using the effective interest method.

*Derecognition of financial liabilities*

Financial liabilities are derecognised only when the obligation specified in the contract is discharged or cancelled or expires.

# 4. STATEMENT OF FINANCIAL POSITION continued

## 4.3 Non-current Assets Held for Sale and Discontinued Operations (NCAHFS)

Grindrod presents the results of a separate major line of business, separately, in the income statement when it is classified as a discontinued operation. In addition assets and liabilities are classified and reported as NCAHFS and liabilities associated with NCAHFS in the statement of financial position.

The carrying value of NCAHFS is measured at fair value less cost to sell at each reporting period. Any resulting adjustment to the carrying value is recognised in the income statement of the discontinued operation. Grindrod only classifies assets as NCAHFS when a decision to dispose of the asset has been made by the Board, there is an active programme to locate a buyer and when the certainty of disposal is highly probable and likely to conclude within one year from the date of classification.

## 4.4 Treasury shares

Treasury shares are equity instruments of the Company, held by other companies in the Grindrod Group. All costs relating to the acquisition of treasury shares as well as gains or losses on disposal or cancellation of treasury shares are recognised directly in equity.

# 5. INCOME STATEMENT

### Impairment of assets

At each reporting date the carrying amount of tangible and intangible assets is assessed to determine whether there is any indication that those assets may have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is estimated. The recoverable amount is the higher of the fair value less costs to sell or the value in use. The value in use included in the calculation of the recoverable amount, is estimated by taking into account future cash flows, forecast market conditions and the expected lives of the assets.

Goodwill and the cash-generating units to which these assets have been allocated, are tested for impairment annually even if there is no indication of impairment. For the purpose of impairment testing, goodwill is allocated to each of the cash-generating units expected to benefit from the synergies of the business combination at inception of the business combination. Impairment losses recognised on goodwill are not subsequently reversed. The attributable amount of goodwill is included in the profit or loss on disposal when the related business is sold.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, its carrying amount is reduced to the higher of its recoverable amount and zero. The impairment loss is first allocated to reduce the carrying amount of goodwill and then to the other assets of the cash-generating unit. Subsequent to the recognition of an impairment loss, the depreciation or amortisation charge for the asset is adjusted to allocate its remaining carrying value, less any residual value, over its remaining useful life.

Impairment losses on financial assets as well as trade and other receivables are determined based on specific and objective evidence that assets are impaired and are measured as the difference between the carrying amount of the assets and the present value of the estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Impairment losses are recognised in profit or loss. If an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount but limited to the carrying amount that would have been determined had no impairment loss been recognised in prior years. A reversal of an impairment loss is recognised in profit or loss.

# 6. CASH FLOW

### Treatment of interest, dividends and taxes

The Group has elected to classify interest received and interest paid (including interest on lease liabilities and interest arising from revenue contracts, if there is any) as cash flows from operating activities. Dividends paid have been classified as operating as this indicates the Group's ability to pay dividends out of operating cash flows.

# 7. NEW STANDARDS AND INTERPRETATIONS

## 7.1 New and revised IFRSs applied with no material effect on the consolidated and separate Annual Financial Statements

In the current year, the Group has applied a number of amendments to IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2022. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

| | |
|---|---|
| **IFRS 3 Business Combinations, IAS 37 Contingent Liabilities, IAS 16 Property, Plant and Equipment** | The amendments to IFRS 3 'Business Combinations' updated an outdated reference in IFRS 3 without significantly changing its requirements. Amendments to IAS 37 amended the standard regarding costs a company should include as the cost of fulfilling a contract when assessing whether a contract is onerous.<br><br>Amendments to IAS 16 provided more clarity regarding proceeds from selling items produced while bringing an asset into the location and condition necessary for it to be capable of operating in the manner intended by management. |
| **Annual Improvements to IFRS Accounting Standards 2018-2020 Cycle** | IFRS 1 First-time Adoption of International Financial Reporting Standards<br>The amendment provides additional relief to a subsidiary which becomes a first-time adopter later than its parent in respect of accounting for cumulative translation differences.<br><br>IFRS 9 Financial Instruments<br>The amendment clarifies that in applying the '10 per cent' test to assess whether to derecognise a financial liability, an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.<br><br>IFRS 16 Leases<br>The amendment removes the illustration of the reimbursement of leasehold improvements. |

# 7. NEW STANDARDS AND INTERPRETATIONS continued

## 7.2 New and revised IFRSs in issue but not yet effective

| | |
|---|---|
| **IAS 8 amendments on accounting estimates** | On 12 February 2021, the IASB issued 'Definition of Accounting Estimates (Amendments to IAS 8)' to help entities to distinguish between accounting policies and accounting estimates. The amendments are effective for annual periods beginning on or after 1 January 2023.<br><br>The directors of the Company do not anticipate that the application of these amendments will have a significant impact on the consolidated financial statements. |
| **IAS 1 Presentation of Financial Statements** | On 23 January 2020, the IASB issued "Classification of Liabilities as Current or Non-current" and "Disclosure of Accounting Policies" amendments to IAS 1. Classification of Liabilities as Current or Non-current provides a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date. Disclosure of Accounting Policies amendments requires the disclosure of material accounting policy information rather than the significant accounting policies. These amendments are effective for annual periods beginning on or after 1 January 2023.<br><br>The directors of the Company do not anticipate that the application of these amendments will have a significant impact on the consolidated financial statements. |
| **IFRS 17 Insurance Contracts** | On 18 May 2017, the IASB issued amendments to IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4 Insurance Contracts. IFRS 17 outlines a general model, which is modified for insurance contracts with direct participation features, described as the variable fee approach. The amendments are effective for annual periods beginning 1 January 2023. In addition on 25 June 2020, the IASB issued 'Amendments to IFRS 17' to address concerns and implementation challenges that were identified after IFRS 17 'Insurance Contracts' was published in 2017. The amendments are effective for annual periods beginning on or after 1 January 2023.<br><br>The directors of the Company are in the process of assessing applicability of the standard and do not anticipate that the application of this standard will have a significant impact on the consolidated financial statements. |

| | |
|---|---|
| **IAS 12 Amendments to Deferred Tax related to assets and liabilities arising from a single transaction** | On 7 May 2021, the IASB has amended IAS 12, 'Income taxes', to require the recognition of deferred tax on particular transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. The amendments are effective for annual periods beginning on or after 1 January 2023.<br><br>The directors of the Company do not anticipate that the application of these amendments will have a significant impact on the consolidated financial statements. |
| **IFRS 10 and IAS 28 (amendments) Sale or Contribution of Assets between an Investor and its Associate or Joint Venture** | The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture.<br><br>The effective date is deferred by the IASB pending the outcome of its research project on the equity method of accounting.<br><br>The directors of the Company do not anticipate that the application of these amendments will have a significant impact on the consolidated financial statements. |

# 1. KEY ACCOUNTING ESTIMATES AND JUDGEMENTS

In preparing Grindrod's Annual Financial Statements in compliance with IFRS, estimation uncertainty existed and critical judgements were required in applying Grindrod's accounting policies.

Certain critical accounting policies and key sources of estimation uncertainty identified as involving particularly complex or subjective judgements or assessments in Grindrod's Annual Financial Statements are outlined below.

## Property, plant and equipment

The degree of judgement and estimation is required when assessing residual values and useful lives of the property, plant and equipment. Residual values of these assets are reviewed annually after considering future market conditions, the remaining life of the asset and projected disposal values. The estimation of the useful lives is based on historic performance as well as expectation about future use and, therefore, requires a degree of judgement to be applied. The depreciation rates represent management's current best estimate of the useful lives of the assets. Properties accounted for as own use assets are held at cost less depreciation. Where market indicators reflect that these properties could realise more than their carrying values if disposed of, the depreciation is halted. Details on the property, plant and equipment is provided for in note 2.

## Investment in joint ventures

Management assesses contractual agreements in determining the classification of its joint arrangements. Under contractual agreements, where neither party has the right to unilaterally control the Company and unanimous consent is required for all decisions made with regards to the relevant activities of the Company, such entities are classified as joint ventures. The determination will include the voting rights and limits of authority as detailed in agreements. This has resulted in circumstances where the entities are classified as joint ventures when the ownership is below or exceeds 50%. Significant operations where Grindrod holds a majority of the shares but the entities are jointly managed are Terminal De Carvo da Matola Limitada, New Limpopo Bridge Projects Limited and RBT Grindrod Terminals Proprietary Limited; these entities are equity accounted in terms of IAS 28 Investments in Associates and Joint Ventures.

Refer to note 4 for a list of significant joint arrangements.

## Fair value of loans and advances and other investments

Some of Grindrod's assets and liabilities are measured at fair value for financial reporting purposes. In estimating the fair value of an asset or liability, Grindrod uses market-observable data to the extent it is available. Where Level 1 inputs, as defined by the fair value hierarchy in IFRS 13 Fair Value Measurement, are not available, Grindrod engages third party qualified valuers to perform valuations. Where there is no observable data, Level 3 inputs, management will make assumptions based on their knowledge, experience, prevailing economic variables and other factors in carrying out fair value measurements in terms of IFRS 13 Fair Value Measurements.

Individually significant carrying values that were classified as Level 3 valuations were loans and advances secured by the borrowers' North Coast properties, Blythedale and Addington. The assessment of the adequacy of these properties as security was performed using independently prepared specialist valuations. The valuations were performed using the market approach (also referred to as the sales comparison approach or direct comparison approach). This approach is based on comparing the subject asset with identical or similar assets for which price information is available (such as a comparison with market transactions in the same, or closely similar, type of asset). These valuations together with the Group's mortgage bonds were input into a Monte Carlo simulation to determine an independent valuation range. There is also a profit share arrangement which is determined at an agreed rate of 30% of the surplus on disposal of the Addington property and 35% of the surplus on disposal of the Blythedale property. The recorded fair value falls within an acceptable range of possible values.

In addition, on disposal of Grindrod Bank, a similar process was adopted to determining the fair value of the warranty of specific loans and advances. Refer to note 19.

Additional information about the valuation and key inputs used in determining the fair value of the various assets and liabilities are disclosed in note 35.

## Expected credit losses on loans and advances and preference share loan receivable

Significant judgement is required in assessing the impairment on loans and advances and preference share loan receivable in terms of the requirements of IFRS 9 Financial Instruments relating to expected credit losses (ECL). The significant judgements applied by Grindrod in determining the impairment include the expected realisable value of the collateral securing the advance, the probability that an advance will default (Probability of Default (PD)), credit risk changes (Significant Increase in Credit Risk (SICR)), the size of credit exposures (Exposure at Default (EAD)), and the expected loss on default (Loss Given Default (LGD)) using the three-stage model.

Refer to note 6, note 9 and note 35 for more detail on ECL.

## 2. PROPERTY, TERMINALS, MACHINERY, VEHICLES AND EQUIPMENT AND RIGHT-OF-USE ASSETS

Property, terminals, machinery, vehicles and equipment are reflected at cost and are depreciated over their estimated useful lives to estimated residual values, on the straight-line basis as follows:

| | |
|---|---|
| Terminals, machinery and equipment | 5 – 20 years |
| Information technology equipment | 3 – 5 years |
| Locomotives | 12 – 22 years |
| Vehicles | 5 – 10 years |
| Freehold and leasehold properties | 25 – 50 years |

Depreciation commences when the assets are available for their intended use. Where significant parts of an item have different useful lives to the item itself, these parts are depreciated over their estimated useful lives. The methods of depreciation, useful lives and residual values are reviewed annually.

The Group capitalises borrowing costs directly attributable to the acquisition, construction and production of qualifying assets.

Locomotives that are held for rental are initially classified as property, terminals, vehicles and equipment. When these assets cease to be rented and a decision is made to sell these assets, the carrying amount is transferred to current assets (inventories) as 'held-for-sale'. Upon sale of the 'held-for-sale' assets, the sales value is recorded in gross revenue and the related carrying value of these assets recorded in cost of sales.

Freehold land is reflected at cost and not depreciated. Buildings are reflected at cost and depreciated to estimated residual value over their useful life to the group, currently estimated at 50 years from the date of acquisition. Properties in the course of construction for production, supply or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Expenditure relating to leasehold properties is capitalised and depreciated over the period of the lease.

Right-of-use assets are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

Where the estimated residual value of asset classified as property, terminals, machinery, vehicles and equipment exceeds the cost, depreciation is not provided.

An item of property, terminals, machinery, vehicles and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, terminals, machinery, vehicles and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

### Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are expensed in the period in which they are incurred.

| | Cost/ valuation 2022 R000 | Accumulated depreciation and impairment 2022 R000 | Carrying value 2022 R000 | Carrying value 2021 R000 |
|---|---|---|---|---|
| **Freehold and leasehold properties** | | | | |
| Opening balance | **1 615 658** | **(425 930)** | **1 189 728** | 1 266 371 |
| Translation gain/(loss) | **36 557** | **(11 161)** | **25 396** | 30 662 |
| Reclassification | **(28 056)** | **7 937** | **(20 119)** | 51 618 |
| Current year impairment | **–** | **(5 349)** | **(5 349)** | (46 157) |
| Additions and improvements | **272 954** | **–** | **272 954** | 66 207 |
| Disposal of subsidiary | **–** | **–** | **–** | (13 841) |
| Disposals | **(74 520)** | **19 035** | **(55 485)** | (114) |
| Depreciation | **–** | **(50 310)** | **(50 310)** | (40 242) |
| Transferred to non-current assets classified as held for sale (note 13) | **(144 848)** | **29 442** | **(115 406)** | (124 776) |
| Closing balance | **1 677 745** | **(436 336)** | **1 241 409** | 1 189 728 |
| **Assets under construction (AUC)** | | | | |
| Opening balance | **39 495** | **–** | **39 495** | 25 907 |
| Translation gain | **2 229** | **–** | **2 229** | 253 |
| Additions | **88 130** | **–** | **88 130** | 75 284 |
| Impairment | **–** | **–** | **–** | (4 818) |
| Transferred to non-current assets classified as held for sale (note 13) | **(13 152)** | **–** | **(13 152)** | (392) |
| Disposals | **(1 853)** | **–** | **(1 853)** | – |
| Reclassification | **(48 437)** | **–** | **(48 437)** | (56 739) |
| Closing balance | **66 412** | **–** | **66 412** | 39 495 |

## 2. PROPERTY, TERMINALS, MACHINERY, VEHICLES AND EQUIPMENT AND RIGHT-OF-USE ASSETS continued

| | Consolidated | | | |
|---|---|---|---|---|
| | Cost/ valuation 2022 R000 | Accumulated depreciation and impairment 2022 R000 | Carrying value 2022 R000 | Carrying value 2021 R000 |
| **Terminals, machinery, vehicles and equipment** | | | | |
| Opening balance | **1 784 238** | **(1 275 302)** | **508 936** | 659 090 |
| Translation gain/(loss) | **72 357** | **(56 763)** | **15 594** | 20 298 |
| Reclassification | **38 493** | **(5 298)** | **33 195** | 5 976 |
| Additions | **327 431** | **–** | **327 431** | 182 494 |
| Reversal of impairment/(impairment) | **–** | **15 225** | **15 225** | (2 105) |
| Disposal of subsidiary | **(47 340)** | **42 014** | **(5 326)** | (32 748) |
| Disposals | **(279 607)** | **87 406** | **(192 201)** | (21 385) |
| Depreciation | **–** | **(132 114)** | **(132 114)** | (141 716) |
| Transferred to non-current assets classified as held for sale (note 13) | **(385 372)** | **187 895** | **(197 477)** | (160 968) |
| Closing balance | **1 510 200** | **(1 136 937)** | **373 263** | 508 936 |
| **Right-of-use assets** | | | | |
| Opening balance | **2 225 319** | **(1 170 710)** | **1 054 609** | 844 644 |
| Translation gain/(loss) | **62 751** | **(44 131)** | **18 620** | 28 311 |
| Reclassification | **(6 814)** | **5 444** | **(1 370)** | (2 373) |
| Additions | **152 401** | **–** | **152 401** | 463 400 |
| Lease modifications | **(11 081)** | **–** | **(11 081)** | 67 887 |
| Disposal of subsidiary | **(45 212)** | **41 382** | **(3 830)** | (972) |
| Disposals | **(402 793)** | **355 845** | **(46 948)** | (35 217) |
| Depreciation | **–** | **(293 580)** | **(293 580)** | (281 959) |
| Transferred to non-current assets classified as held for sale (note 13) | **(476 226)** | **244 258** | **(231 968)** | (29 112) |
| Closing balance | **1 498 345** | **(861 492)** | **636 853** | 1 054 609 |
| Total | **4 752 702** | **(2 434 765)** | **2 317 937** | 2 792 768 |
| | | | | |
| Property, terminals, machinery, vehicles and equipment and AUC | **3 254 357** | **(1 573 273)** | **1 681 084** | 1 738 159 |
| Right-of-use assets | **1 498 345** | **(861 492)** | **636 853** | 1 054 609 |

| | Consolidated 2021 | | |
|---|---|---|---|
| | Cost/ valuation R000 | Accumulated depreciation and impairment R000 | Carrying value R000 |
| Freehold and leasehold properties | 1 615 658 | (425 930) | 1 189 728 |
| Property under construction | 39 495 | – | 39 495 |
| Terminals, machinery, vehicles and equipment | 1 784 238 | (1 275 302) | 508 936 |
| Right-of-use assets | 2 225 319 | (1 170 710) | 1 054 609 |
| | 5 664 710 | (2 871 942) | 2 792 768 |

Details of the freehold and leasehold properties are recorded in a register available for inspection at the registered office of the Company or its subsidiaries.

Certain assets are encumbered in respect of capitalised lease and loan liabilities, details of which are shown in note 15.

In the current year, R30.5 million was reclassified to investment property and R6.3 million was reclassified to intangible assets.

### Impairments/impairment reversals

In the current year, an impairment of R5.3 million was processed in the Logistics segment against freehold and leasehold properties. This was due to flood damage hence the asset was impaired to its fair value less cost to sell. In addition, an impairment reversal of R15.2 million was recognised in the Logistics segment on locomotives that were disposed in the current year. The increase in the recoverable amount was due to the disposal proceeds being higher than the carrying value.

In the prior year, an impairment of R13.4 million was recorded against freehold land and buildings. This was based on the value in use determined on a discounted cash flow using the renegotiated rentals. Further, due to cessation of certain projects, impairments of R36.7 million were recognised and an additional R3.0 million was recognised based on market value (classified as Level 2 per the fair value hierarchy) with reference to the current selling price less cost to sell.

Further details relating to the right-of-use asset are shown in note 36.

It is the policy of Grindrod and its subsidiaries to insure their property, terminals, machinery, vehicles and equipment at replacement value, however, in certain circumstances asset cover is limited to market value. The sum insured is R5 089.9 million (2021: R6 866.1 million).

# 3. GOODWILL AND INTANGIBLE ASSETS

## 3.1 Accounting policy

Goodwill represents the future economic benefits arising from assets that are not capable of being individually identified and separately recognised in a business combination and is determined as the excess of the fair value of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date fair value of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a gain on bargain purchase.

Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses. Goodwill is not amortised but is reviewed for impairment at least annually. On disposal of a cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

### Other intangible assets

Intangible assets acquired separately are initially recognised at cost or at fair value if acquired as part of a business combination. If assessed as having an indefinite useful life, they are not amortised but tested for impairment annually and impaired, if necessary. If assessed as having a finite useful life, they are amortised over their useful life using the straight-line basis, and tested for impairment if there is an indication that they may be impaired.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

## 3.2 Goodwill

| | Carrying value 2022 R000 | Carrying value 2021 R000 |
|---|---|---|
| Opening balance | **436 456** | 579 423 |
| Translation (loss)/gain | **(34)** | 167 |
| Acquisition of businesses | **–** | 13 454 |
| Impairment | **–** | (24 840) |
| Provisional accounting measurement adjustment* | **–** | 2 066 |
| Transferred to non-current assets classified as held for sale (note 13) | **(133 584)** | (133 814) |
| Closing balance | **302 838** | 436 456 |

* Relates to the acquisition of Swift Nova Engineering Solutions (Proprietary) Limited which was finalised in the prior year.

### Allocation of goodwill to cash-generating units

Goodwill has been allocated for impairment testing purposes to the underlying discreet businesses as they represent separately identifiable CGUs. The following CGUs, being the lowest level CGUs that are viewed separately by the chief operating decision maker, have carrying amounts of goodwill that are considered significant in relation to the Group's total goodwill balance:

| | Carrying value 2022 R000 | Carrying value 2021 R000 |
|---|---|---|
| Terminals** | **12 290** | 12 290 |
| Intermodal^ | **133 584** | 133 584 |
| Ships Agencies and Clearing and Forwarding^ | **290 548** | 290 582 |
| Transferred to non-current assets classified as held for sale (note 13) | **(133 584)** | – |
| | **302 838** | 436 456 |

** Allocated to the Port and Terminals segment.
^ Allocated to the Logistics segment.

### Impairment testing of goodwill

The recoverable amounts of the cash-generating units were based on their value in use determined using discounted cash flow (DCF) valuation models. The DCF calculation uses cash flow projections based on financial budgets approved by the directors covering a three-year period with an additional two years included based on a growth rate of 4.8% (2021: 4.5%), which was also used in the determination of the terminal value.

The key assumptions used by management in determining the cash flows used in the financial budgets for the initial three-year period were as follows:

- Forecast sales growth rates, margins and profits are based on past experience adjusted for market trends.

A pre-tax discount rate of between 16.6% – 18.7% (2021:13.6% – 18.0%) per annum is applied as follows:

- Terminals – 16.6% (2021: 13.6%)
- Ships Agencies and Clearing and Forwarding – 18.7% (2021: 17.8%)
- Intermodal (2021:18%). In the current period this goodwill was held for sale and no impairment was necessary in view of fair value less costs to sell exceeding carrying value.

The discount rates are based on current market assessment of the optimal capital structure, cost of equity and cost of debt. The directors believe that any reasonable change in the key assumptions, on which the recoverable amounts are based, would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the cash-generating unit.

# 3. GOODWILL AND INTANGIBLE ASSETS continued

## 3.2 Goodwill continued

The impact on the net surplus on the discounted cash flow calculations of the material goodwill balances will be impacted as follows:

| | | Impact on headroom if | |
|---|---|---|---|
| | 2022 Headroom R000 | 1% increase in discount rate and 1% decrease in growth rate R000 | 1% decrease in discount rate and 1% increase in growth rate R000 |
| Ships Agencies and Clearing and Forwarding | **258 921** | **(77 044)** | **102 518** |

| | | Impact on headroom if | |
|---|---|---|---|
| | 2021 Headroom R000 | 1% increase in discount rate and 1% decrease in growth rate R000 | 1% decrease in discount rate and 1% increase in growth rate R000 |
| Ships Agencies and Clearing and Forwarding | 124 066 | (53 107) | 70 405 |
| Intermodal | 914 182 | (178 452) | 224 165 |

The above movements do not result in any potential impairments.

## 3.3 Intangible assets

| | Cost/ valuation 2022 R000 | Accumulated amortisation and impairment losses 2022 R000 | Carrying value 2022 R000 | Carrying value 2021 R000 |
|---|---|---|---|---|
| Opening balance | **384 067** | **(312 730)** | **71 337** | 97 634 |
| Translation gain/(loss) | **1 966** | **(1 539)** | **427** | 254 |
| Reclassification from property, terminals, vehicle and equipment | **6 299** | **(21)** | **6 278** | 1 518 |
| Additions | **13 687** | **–** | **13 687** | 1 145 |
| Disposals | **(98 555)** | **98 005** | **(550)** | (373) |
| Impairment | **–** | **–** | **–** | (4 649) |
| Amortisation | **–** | **(23 596)** | **(23 596)** | (24 192) |
| Transferred to non-current assets classified as held for sale (note 13) | **(43 244)** | **29 501** | **(13 743)** | – |
| Closing balance | **264 220** | **(210 380)** | **53 840** | 71 337 |
| **Goodwill and Intangible assets total** | **–** | **–** | **356 678** | 507 793 |

### Amortisation periods of other intangible assets

Intangible assets consist mainly of software, licences and customer contracts and are amortised over periods ranging from 3 (2021: 3) to 30 (2021: 30) years.

## 4. INVESTMENTS IN JOINT VENTURES

### Interests in joint ventures

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Joint ventures are accounted for using the equity method of accounting.

Where a Group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognised in the Group's consolidated Annual Financial Statements only to the extent of interests in the associate or joint venture that are not related to the Group.

The requirements of IFRS 9 Financial Instruments are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's loans in an associate or a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

The Group has joint venture interests in the following companies, which have the same year end as the Company unless otherwise stated:

| | | | | Consolidated | |
|---|---|---|---|---|---|
| Name of joint venture | Principal activity | Place of incorporation | Segment | 2022 Proportion of ownership | 2021 Proportion of ownership |
| Röhlig-Grindrod Proprietary Limited | Clearing and forwarding | South Africa | Logistics | **50.0%** | 50.0% |
| Portus Indico-Sociedade de Servicos Portuarios SA | Port operations | United Arab Emirates | Port and Terminals | **48.5%** | 48.5% |
| Maputo Intermodal Container Depot SA | Storage and logistics | Mozambique | Port and Terminals | **50.0%** | 50.0% |
| Cockett Marine Oil Pte Limited | Marine fuel and lubricants | Singapore | Marine Fuels | **50.0%** | 50.0% |
| Cockett Marine South Africa Proprietary Limited | Marine fuel and lubricants | South Africa | Marine Fuels | **50.0%** | 50.0% |
| CMOG Fuel DMCC (CMOG) | Marine fuel and lubricants | United Arab Emirates | Marine Fuels | **50.0%** | 50.0% |
| Terminal De Carvo da Matola Limitada (TCM) | Terminals | Mozambique | Port and Terminals | **65.0%** | 65.0% |
| Oiltanking Grindrod Calulo Holdings Proprietary Limited (OTGC) | Liquid bulk storage and trading | South Africa | Port and Terminals | **–** | 30.5% |
| RBT Grindrod Terminals Proprietary Limited (RBTG) | Terminals | South Africa | Port and Terminals | **59.7%** | 59.7% |
| New Limpopo Bridge Projects Limited (NLPI) | Rail | Mauritius | Logistics | **74.5%** | 74.5% |
| Grindrod Rail Consultancy Proprietary Limited | Rail | South Africa | Logistics | **42.3%** | 42.3% |
| RailCo Africa Limited | Rail | Mauritius | Logistics | **42.3%** | 42.3% |
| Grindways Logistics Limited | Clearing and forwarding | Uganda | Logistics | **50.0%** | – |
| GPR Leasing SA Proprietary Limited | Rail | South Africa | Logistics | **55.0%** | 55.0% |

Information about the composition of the Group at the end of the reporting period has been included in the key operating segments on page 86.

## 4. INVESTMENTS IN JOINT VENTURES continued

Summarised financial information in respect of each of the Group's joint ventures are set out below. The summarised financial information below represents amounts in joint ventures financial statements prepared in accordance with IFRS and adjusted by the Group, when necessary, for equity accounting purposes.

| | Port and Terminals | | Logistics | | Marine Fuels | | Total | |
|---|---|---|---|---|---|---|---|---|
| | 2022 R000 | 2021 R000 | 2022 R000 | 2021 R000 | 2022 R000 | 2021* R000 | 2022 R000 | 2021 R000 |
| **Statement of profit/(loss) at effective share** | | | | | | | | |
| Revenue | **1 057 319** | 823 613 | **592 749** | 593 163 | **16 980 080** | 12 856 722 | **18 630 148** | 14 273 498 |
| Profit before interest and taxation and after non-trading items and non-controlling interests | **519 687** | 428 443 | **165 798** | 8 803 | **101 272** | 39 473 | **786 757** | 476 719 |
| Net interest expense | **(29 065)** | (33 489) | **(30 337)** | (26 461) | **(658)** | 5 386 | **(60 060)** | (54 564) |
| Taxation | **(131 916)** | (104 800) | **(38 547)** | (24 737) | **(13 193)** | (4 900) | **(183 656)** | (134 437) |
| Profit/(loss) for the year | **358 706** | 290 154 | **96 914** | (42 395) | **87 421** | 39 959 | **543 041** | 287 718 |
| **Statement of financial position at 100%** | | | | | | | | |
| Non-current assets | **3 835 682** | 3 607 381 | **1 070 457** | 1 159 272 | **66 382** | 264 312 | **4 972 521** | 5 030 965 |
| Current assets (excluding cash) | **498 457** | 487 267 | **1 754 943** | 1 621 163 | **3 026 054** | 2 862 096* | **5 279 454** | 4 970 526 |
| Cash and cash equivalents | **243 168** | 254 022 | **260 658** | 196 035 | **750 948** | 461 690 | **1 254 774** | 911 747 |
| Non-current liabilities | **(911 697)** | (958 459) | **(309 313)** | (349 533) | **–** | – | **(1 221 010)** | (1 307 992) |
| Current liabilities | **(982 919)** | (901 124) | **(1 505 039)** | (1 588 481) | **(2 614 444)** | (2 317 970) | **(5 102 402)** | (4 807 575) |
| Bank overdraft | **–** | – | **(267 258)** | (244 702) | **–** | (285 132) | **(267 258)** | (529 834) |
| Net assets | **2 682 691** | 2 489 087 | **1 004 448** | 793 754 | **1 228 940** | 984 996* | **4 916 079** | 4 267 837 |
| Proportion of Group's ownership in joint ventures | **1 532 635** | 1 416 402 | **459 495** | 363 379 | **614 470** | 492 498 | **2 606 600** | 2 272 279 |
| Goodwill | **365 610** | 343 856 | **20 172** | 20 172 | **–** | – | **385 782** | 364 028 |
| Costs capitalised to investment | **237 441** | 222 599 | **–** | – | **–** | – | **237 441** | 222 599 |
| Loans^ | **203 760** | 191 132 | **–** | – | **–** | –* | **203 760** | 191 132 |
| Other | **7 360** | 8 489 | **–** | – | **–** | – | **7 360** | 8 489 |
| Group's share of net assets of joint ventures | **2 346 806** | 2 182 478 | **479 667** | 383 551 | **614 470** | 492 498 | **3 440 943** | 3 058 527 |
| Dividends received from joint ventures | **347 888** | 205 397 | **25 344** | 31 681 | **–** | – | **373 232** | 237 078 |

* Prior year loans have been reclassified to the net assets of the joint venture to reflect the appropriate disclosure.

^ This loan to Maputo Intermodal Container Depot, S.A. is non-interest bearing and has no fixed repayment terms. Management has assessed this loan for recoverability and no impairment was considered necessary. Management has no intention to request payment in the short term. There are cumulative equity accounted losses of R125.6 million (2021: R130.2 million) recorded for this joint venture, as Grindrod is a guarantor to the external debt in the business. The net carrying value of this joint venture is R78.2 million (2021: R61.0 million).

## 4. INVESTMENTS IN JOINT VENTURES continued

Details of material joint ventures are set out below:

| | Terminal De Carvo da Matola Limitada | | Portus Indico-Sociedade de Servicos Portuarios SA | | RailCo Africa Limited | | Röhlig-Grindrod Proprietary Limited | |
|---|---|---|---|---|---|---|---|---|
| | 2022 R000 | 2021 R000 | 2022 R000 | 2021 R000 | 2022 R000 | 2021 R000 | 2022 R000 | 2021 R000 |
| **Statement of profit/(loss) at effective share** | | | | | | | | |
| Revenue | **851 155** | 650 870 | **50 138** | 44 320 | **146 647** | 140 801 | **339 306** | 251 104 |
| Profit before interest and taxation and after non-trading items and non-controlling interests | **330 592** | 307 281 | **169 837** | 130 469 | **37 074** | 16 684 | **109 804** | 68 461 |
| Net interest expense | **(18 230)** | (20 080) | **–** | – | **(10 774)** | (11 362) | **(19 398)** | (14 223) |
| Taxation | **(121 871)** | (104 600) | **–** | – | **(5 162)** | (2 639) | **(27 610)** | (15 930) |
| Profit for the year | **190 491** | 182 601 | **169 837** | 130 469 | **21 138** | 2 683 | **62 796** | 38 308 |
| **Statement of financial position at 100%** | | | | | | | | |
| Non-current assets | **1 718 274** | 1 542 572 | **1 466 612** | 1 270 591 | **784 402** | 697 076 | **256 737** | 290 018 |
| Current assets (excluding cash) | **424 285** | 374 536 | **15 504** | 56 806 | **73 118** | 79 323 | **1 407 228** | 1 178 372 |
| Cash and cash equivalents | **191 831** | 222 352 | **6 500** | 6 022 | **113 428** | 77 807 | **38 641** | 29 203 |
| Non-current liabilities | **(610 106)** | (559 376) | **–** | – | **(147 671)** | (150 883) | **(160 647)** | (195 499) |
| Current liabilities | **(385 212)** | (291 603) | **(22 015)** | (27 429) | **(335 669)** | (299 470) | **(840 548)** | (703 055) |
| Bank overdraft | **–** | – | **–** | – | **–** | – | **(267 258)** | (244 702) |
| Net assets | **1 339 072** | 1 288 481 | **1 466 601** | 1 305 990 | **487 608** | 403 853 | **434 153** | 354 337 |
| Proportion of Group's ownership in joint ventures | **870 397** | 837 512 | **711 302** | 633 405 | **206 258** | 170 830 | **217 077** | 177 168 |
| Goodwill | **–** | – | **345 372** | 323 618 | **18 286** | 18 286 | **1 886** | 1 886 |
| Costs capitalised to investment | **237 441** | 222 599 | **–** | – | **–** | – | **–** | – |
| Other | **7 360** | 8 488 | **–** | – | **–** | – | **–** | – |
| Group's share of net assets of joint ventures | **1 115 198** | 1 068 599 | **1 056 674** | 957 023 | **224 544** | 189 116 | **218 963** | 179 054 |

## 4. INVESTMENTS IN JOINT VENTURES continued

| | 2022 R000 | 2021 R000 |
|---|---|---|
| CMOG incurred significant losses in 2020 as a result of provisions raised on trade receivables. The Group has limited the equity accounted loss recognised to the value of investment and related shareholder loans. This investment is carried at nil value. The cumulative loss not recognised has been detailed below. | | |
| The cumulative unrecognised proportionate share of equity accounted losses in CMOG | **228 436** | 220 556 |
| In the prior year, NLPI incurred significant losses as a result of poor volumes. The Group has limited the equity accounted loss recognised to the value of investment. This investment is carried at nil value. The cumulative loss not recognised has been detailed below. | | |
| The cumulative unrecognised proportionate share of equity accounted losses in NLPI | **50 633** | 9 453 |

In respect of CMOG and NLPI, the Group has not guaranteed any of the unrecognised losses or committed to fund these losses.

An operation, in the NLPI joint venture, located in Zimbabwe is included in the Logistics segment and the funds are freely available for use in Zimbabwe but the transfer of funds outside of the country is limited. The value of the restricted funds at year end was R1.3 million (2021: R16.3 million) at Grindrod's effective share.

The proportionate share of capital commitments of the joint ventures is detailed in note 28.

## 5. INVESTMENTS IN ASSOCIATES

The consolidated Annual Financial Statements incorporate the assets, liabilities, income and expenses of associates using the equity method of accounting from the acquisition date to the disposal date, except when the investment is classified as held for sale, in which case it is accounted for as non-current assets held for sale. Losses of associates in excess of the Group's interest are only recognised to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

Grindrod holds certain investments in associates and joint ventures, directly or indirectly, through an entity that is an investment entity as defined, and has elected to measure those investments at fair value through profit or loss in accordance with IFRS 9 Financial Instruments. Grindrod made this election separately for each associate or joint venture, at initial recognition of the associate or joint venture. These investments have been disclosed in other investments. Refer to note 6.

Goodwill arising on the acquisition of associates is accounted for in accordance with the accounting policy for goodwill as set out below but is included in the carrying amount of the associate.

The Group has associate interests in the following companies:

| Name of associate | Principal activity | Place of incorporation | Segment | 2022 Proportion of ownership | 2021 Proportion of ownership |
|---|---|---|---|---|---|
| Grindrod Namibia Stevedoring Proprietary Limited | Stevedoring | Namibia | Port and Terminals | **49.0%** | 49.0% |
| Empresa De Dragagem Do Porto de Mozambique S.A.* | Port dredging | Mozambique | Port and Terminals | **25.5%** | 25.5% |
| Sturrock Flex Shipping Limited | Clearing and forwarding | Tanzania | Logistics | **37.1%** | 37.1% |

* This investment comprises 95% (2021: 95%) of the total investment in associates carrying value.

Information about the composition of the Group at the end of the reporting period has been included in the key operating segments on page 86.

## 5. INVESTMENTS IN ASSOCIATES continued

Summarised financial information in respect of each of the Group's associates is set out below. The summarised financial information below represents amounts in associates financial statements prepared in accordance with IFRS and adjusted by the Group, when necessary, for equity accounting purposes.

| | Port and Terminals | | Logistics | | Total | |
|---|---|---|---|---|---|---|
| | 2022 R000 | 2021 R000 | 2022 R000 | 2021 R000 | 2022 R000 | 2021 R000 |
| **Statement of profit/(loss) at effective share** | | | | | | |
| Revenue | **49 941** | 38 177 | **8 078** | 6 124 | **58 019** | 44 301 |
| Depreciation | **(23 045)** | (20 979) | **(91)** | (57) | **(23 136)** | (21 036) |
| Profit before interest and taxation | **45 069** | 35 273 | **1 590** | 532 | **46 659** | 35 805 |
| Net interest (expense)/income | **(8 098)** | (7 454) | **3** | (242) | **(8 095)** | (7 696) |
| Taxation | **(6 425)** | (8 935) | **(576)** | (5) | **(7 001)** | (8 940) |
| Profit for the year | **30 546** | 18 884 | **1 017** | 285 | **31 563** | 19 169 |
| **Statement of financial position at 100%** | | | | | | |
| Non-current assets | **952 744** | 982 087 | **367** | 921 | **953 111** | 983 008 |
| Current assets (excluding cash) | **90 560** | 137 261 | **24 561** | 668 | **115 121** | 137 929 |
| Cash and cash equivalents | **13 958** | 9 260 | **12 551** | 10 993 | **26 509** | 20 253 |
| Non-current liabilities | **(92)** | (155) | **–** | (3 156) | **(92)** | (3 311) |
| Current liabilities | **(349 042)** | (516 378) | **(33 047)** | (7 001) | **(382 089)** | (523 379) |
| Net assets | **708 128** | 612 075 | **4 432** | 2 425 | **712 560** | 614 500 |
| Proportion of Group's ownership in associate | **182 743** | 157 931 | **1 529** | 985 | **184 272** | 158 916 |
| Loans | **–** | – | **3 318** | 2 845 | **3 318** | 2 845 |
| Other | **–** | (15 820) | **–** | – | **–** | (15 820) |
| Group's share of net assets of associates | **182 743** | 142 111 | **4 847** | 3 830 | **187 590** | 145 941 |
| Dividends received from associates | **–** | – | **–** | – | **–** | – |

## 6. OTHER INVESTMENTS

### Other investments measured at fair value through profit and loss (FVTPL)

Other investments classified as FVTPL consist of listed investments and unlisted investments in, and loans to, the private equity investees, and the pension fund surplus on the Grindrod Pension Fund.

Other investments measured at FVTPL are measured at fair value and changes to the fair value are processed to the income statement. The Group's Private Equity and Property operation meets the definition of an investment entity because it has a diversified portfolio, multiple investors and various equity ownerships. Therefore all private equity investments remain at FVTPL including investments where the Group holds over 20% of the equity interest but less than 50%.

### Other investments measured at fair value through other comprehensive income (FVTOCI)

This consists of unlisted investments in insurance cell captives initially measured at fair value and subsequently measured at FVTOCI and changes to the fair value are recorded in other comprehensive income.

| | 2022 R000 | 2021 R000 |
|---|---|---|
| Financial assets measured at FVTPL | | |
| Listed investments | **58 554** | 93 707 |
| Unlisted investments | **287 729** | 562 834 |
| Pension fund surplus recognised | **92 982** | 87 911 |
| Financial assets measured at FVTOCI | | |
| Unlisted investments in insurance cell captives | **11 912** | 15 086 |
| Financial assets measured at amortised cost | | |
| Loans to related parties | **123 023** | 338 130 |
| Gross | **345 517** | 338 130 |
| Expected credit loss | **(222 494)** | – |
| Transferred to non-current assets classified as held for sale (note 13) | **(6 430)** | – |
| | **567 770** | 1 097 668 |

Refer to note 35 for fair value hierarchy and note 17 for details of the pension fund.

The fair value of the investments approximates the carrying amount.

Loans to related parties are mainly preference shares in RBT Resources Proprietary Limited and in RBT Grindrod Terminals Proprietary Limited. In the current year an expected credit loss was raised on the preference shares in RBT Resources Proprietary Limited due to a change in value in use of the underlying collateral.

The preference shares in RBT Grindrod Terminals Proprietary Limited are held at amortised cost. Interest is charged at prime interest rate and the preference share is redeemable in 2025. The fair value of the security for the preference shares exceeds the value of the loans and there is no breach currently. Hence no expected credit loss provision has been raised.

## 6. OTHER INVESTMENTS continued

The material unlisted investment at a carrying value of R241.0 million (2021: R301.7 million) held by the Private Equity business which is an "investment entity" is included in the unlisted investments and is measured at FVTPL.

| | Place of incorporation | 2022 Proportion of ownership | 2021 Proportion of ownership |
|---|---|---|---|
| Vehicle financing | South Africa | **35.1%** | 35.1% |

Summarised financial information in respect of the Group's significant unlisted investment are set out below. The summarised financial information below represents gross amounts in the unlisted investments financial statements:

| | Vehicle financing | |
|---|---|---|
| | 2022 R000 | 2021 R000 |
| **Statement of profit at 100%** | | |
| Revenue | **1 571 466** | 882 392 |
| Profit before interest and taxation | **458 763** | 308 254 |
| Net interest expense | **(375 649)** | (244 787) |
| Taxation | **(22 629)** | (17 984) |
| Profit for the year | **60 485** | 45 483 |
| **Statement of financial position at 100%** | | |
| Non-current assets | **2 634 673** | 1 504 416 |
| Current assets (excluding cash) | **471 456** | 380 284 |
| Cash and cash equivalents | **–** | 24 249 |
| Non-current liabilities | **(2 233 555)** | (973 097) |
| Current liabilities | **(485 473)** | (688 636) |
| Net assets | **387 101** | 247 216 |

The above represents the net asset value of the unlisted investment. For the related fair value disclosure refer to note 35.1.

The unlisted investment has a differing year end. Management have used the latest unaudited available financial information.

## 7. LONG-TERM RECEIVABLE

The long-term receivable comprises the deferred interest-bearing proceeds from the disposal of the investment in Select Industrial Real Estate UK Fund Limited ("SIRE").

On 4 November 2021, the Group disposed of its entire shareholding in SIRE for a total consideration of £17.4 million to Gripon Limited, the other shareholder in the underlying structure, payable as follows:

- £4.5 million (R90.8 million) was received in 2021 on fulfilment of the condition's precedent;
- £2.0 million (R40.7 million) was received on 4 November 2022;
- £5.2 million is to be received on 4 May 2024; and
- £5.7 million is to be received on 4 November 2024.

Following the disposal, the remaining proceeds of £10.9 million were discounted at a rate of 5.4%. The discount rate was determined based on a market-related borrowing rate in the United Kingdom, for borrowings with a similar collateral profile, factoring in the credit risk of the buyer. In addition, interest at 1.5% on the outstanding proceeds commenced 13 months from the date of disposal.

The receivable is adequately secured by the SIRE shares which remain in escrow and ownership passes as the payments are made.

| | Consolidated | |
|---|---|---|
| | 2022 R000 | 2021 R000 |
| Carrying value of the receivable at year end converted at a closing exchange rate of R20.47/£ (2021: R21.53/£) | **204 950*** | 245 214* |
| Split as follows: | | |
| Non-current | **204 950** | 202 099 |
| Current | **–** | 43 115 |

* The impact of a R1 change in the exchange rate would result in a change in the receivable carrying value of R10.0 million (2021: R11.4 million).

* The impact of a 1% change in the discount rate at inception would have resulted in a change in the receivable carrying value of R5.8 million.

Expected credit losses of R1.6 million (2021:R0.4 million) have been raised relating to the abovementioned receivable.

## 8. DEFERRED TAXATION

### Deferred taxation assets and liabilities

Deferred taxation is recognised on temporary differences between the carrying amounts of assets and liabilities in the Annual Financial Statements and the corresponding tax bases used in the computation of taxable profit. Deferred taxation assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred taxation assets are only recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

## 8. DEFERRED TAXATION continued

The carrying amount of deferred taxation assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that forecast taxable profits will be available to allow all or part of the asset to be recovered.

Deferred taxation liabilities are recognised for taxable temporary differences, unless specifically exempt.

| | Consolidated | |
|---|---|---|
| | 2022 R000 | 2021 R000 |
| Deferred taxation analysed by major category: | | |
| Capital allowances | **(54 008)** | (73 236) |
| Provisions | **121 525** | 92 803 |
| Other timing differences* | **(13 779)** | 20 254 |
| Leases | **54 746** | 79 928 |
| Estimated taxation losses | **2 106** | 9 779 |
| | **110 590** | 129 528 |
| Reconciliation of deferred taxation: | | |
| Opening balance | **129 528** | 88 164 |
| Income statement effect: | | |
| Continuing operations | **38 816** | 42 249 |
| Discontinued operations | **3 404** | – |
| Translation adjustment | **2 604** | 2 593 |
| Disposal of businesses (note 32.5) | **(65 106)** | (178) |
| Deferred tax recognised directly in equity | **1 344** | (3 300) |
| Closing balance | **110 590** | 129 528 |
| Comprising: | | |
| Deferred taxation assets | **124 722** | 186 978 |
| Deferred taxation liabilities | **(14 132)** | (57 450) |
| | **110 590** | 129 528 |

* Other timing differences mainly relates to fair value gains/losses and deferred income.

Deferred taxation assets have been recognised on assessed losses in the relevant entities which the group believes it is probable that they will generate a taxable profit in the foreseeable future. The assessments are performed on a continuous basis. Refer to note 25 for the assessed loss details.

## 9. LOANS AND ADVANCES

| | Consolidated | |
|---|---|---|
| | 2022 R000 | 2021 R000 |
| Held at amortised cost | **137 458** | 6 269 459 |
| Held at FVTPL | **935 500** | 2 629 678 |
| Designated at FVTPL | **–** | 638 174 |
| | **1 072 958** | 9 537 311 |
| Contractual terms for loans and advances are not homogenous instead each funding arrangement is bespoke. | | |
| Loans and advances – companies and close corporations | **1 379 966** | 8 095 979 |
| Loans and advances – unincorporated businesses | **–** | 522 217 |
| Loans and advances – individuals | **–** | 33 758 |
| Accrued income | **–** | 145 753 |
| Preference shares | **–** | 976 897 |
| Revaluation of loans held at fair value through profit or loss | **(282 531)** | (19 464) |
| Less: Expected credit loss provision against advances (ECL Stage 1 & 2) | **(24 477)** | (38 210) |
| Less: Impairments against advances | **–** | (179 619) |
| | **1 072 958** | 9 537 311 |

Advances are made at market related rates of interest and are secured with various types of collateral such as cash, mortgage bonds, shares, discounted invoices, guarantees and suretyships.

| | Consolidated | |
|---|---|---|
| | 2022 R000 | 2021 R000 |
| Spilt as follows | | |
| Non-current | **1 072 958** | 7 029 849 |
| Current | **–** | 2 507 462 |
| Maximum exposure to credit risk before impairments | **1 097 435** | 9 755 140 |
| Exposures with renegotiated terms | **1 097 435** | 1 456 749 |

The maturity analysis of advances is based on the remaining contractual periods to maturity from the reporting date and does not take repayment profiles into account.

## 9. LOANS AND ADVANCES continued

| | Consolidated 2022 R000 | 2021 R000 |
|---|---|---|
| **Sectoral analysis:** | | |
| Agriculture, hunting, forestry and fishing | – | 44 099 |
| Mining and quarrying | – | 31 694 |
| Manufacturing | – | 124 882 |
| Electricity, gas and water supply | – | 10 628 |
| Construction | – | 45 045 |
| Wholesale and retail trade, repair of specified items, hotels and restaurants | – | 473 197 |
| Transport, storage and communication | – | 121 740 |
| Financial intermediation and insurance | – | 207 087 |
| Real estate* | **1 097 435** | 6 280 271 |
| Business services | – | 397 956 |
| Community, social and personal services | – | 39 568 |
| Private households | – | 25 986 |
| Other** | – | 1 773 368 |
| Expected credit loss provision against advances (ECL Stages 1 & 2) | **(24 477)** | (38 210) |
| | **1 072 958** | 9 537 311 |

* In the current year this relates only to property along the North Coast of KZN. In the prior year this related to industrial and commercial properties located mainly in KZN, Gauteng and Western Cape.

** In the prior year, Other related to loans and advances to investment holding entities with diverse investment portfolios therefore these loans and advances cannot be categorised.

Refer to note 35.1 for fair value hierarchy.

| | Consolidated 2022 R000 | 2021 R000 |
|---|---|---|
| **Geographical analysis** | | |
| South Africa | **1 072 958** | 9 537 311 |
| Included in loans and advances are fixed rate loans designated at FVTPL: | | |
| Net book value of loans and advances held at FVTPL | – | 597 486 |
| Revaluation of loans and advances held at FVTPL | – | 40 688 |
| Fair value of loans and advances held at FVTPL | – | 638 174 |
| Analysis of impaired loans and advances: | | |
| Loans and advances classified as special mention | – | 420 552 |
| Loans and advances classified as sub-standard | – | 741 303 |
| Loans and advances displaying significant weakness | – | 97 467 |
| Carrying amount of impaired loans and advances | – | 1 259 322 |
| Collateral held against classified, impaired or non-performing loans and advances | – | 3 013 819 |
| **Sectoral analysis of impaired loans and advances:** | | |
| Electricity, gas and water supply | – | 7 384 |
| Real estate | – | 781 961 |
| Wholesale and retail trade, repair of specified items, hotels and restaurants | – | 35 299 |
| Business services | – | 231 744 |
| Other | – | 202 934 |
| | – | 1 259 322 |
| Breakdown of ECL provision included above: | | |
| **Analysis of ECL provision (ECL Stages 1 and 2)** | | |
| Provision at the beginning of the year | **38 210** | 34 696 |
| Net (decrease)/ increase in provision | **(1 892)** | 3 514 |
| Disposal of business | **(11 841)** | – |
| Provision at the end of the year | **24 477** | 38 210 |
| Analysis of impairments (ECL stage 3) | | |
| Impairments at the beginning of the year | **179 619** | 229 181 |
| Net increase/(decrease) in impairments including suspended interest | **74 490** | (31 795) |
| Write-off against impairments | **(23 316)** | (17 767) |
| Disposal of business | **(230 793)** | – |
| Impairments at the end of the year | – | 179 619 |

## 9. LOANS AND ADVANCES continued

| | Consolidated | |
|---|---|---|
| | **2022 R000** | 2021 R000 |
| ECL provision analysis | | |
| Portfolio provision – Stage 1 | **24 477** | 21 129 |
| Portfolio provision – Stage 2 | **–** | 17 081 |
| Specific impairments – Stage 3 | **–** | 179 619 |
| | **24 477** | 217 829 |

| | Consolidated | |
|---|---|---|
| | **2022 R000** | 2021 R000 |
| **Collateral** | | |
| Real estate | **1 072 958** | 5 891 548 |
| Listed shares | **–** | 484 797 |
| Unlisted shares | **–** | 337 890 |
| Debtors | **–** | 155 636 |
| Guarantee/Letter of undertaking | **17 500** | 1 846 321 |
| Other | **–** | 160 665 |
| Collateral held | **1 090 458** | 8 876 857 |
| Unsecured | **6 977** | 1 006 662 |
| Revaluation of loans at fair value through profit or loss | **–** | (19 464) |
| ECL allowance against loans and advances (ECL Stages 1 and 2) | **(24 477)** | (38 210) |
| ECL allowance against loans and advances (ECL Stage 3) | **–** | (179 619) |
| Security for financing guarantees provided by the Bank | **–** | (108 915) |
| | **1 072 958** | 9 537 311 |

## 10. LIQUID ASSETS AND SHORT-TERM NEGOTIABLE SECURITIES

| | Consolidated | |
|---|---|---|
| | **2022 R000** | 2021 R000 |
| **At amortised cost** | | |
| Government bonds | **–** | 312 958 |
| Preference shares | **–** | 290 |
| **Statutory liquid assets at amortised cost** | | |
| Treasury bills | **–** | 3 623 745 |
| **ECL allowance against negotiable securities (ECL Stage 1)** | **–** | (1 009) |
| | **–** | 3 935 984 |
| The carrying amount of negotiable securities approximates fair value due to its short-term nature and its ability to be easily liquifiable. | | |
| Statutory Liquid Assets are held to meet liquid asset requirements in terms of the Banks Act. | | |
| **Analysis of ECL allowance (Stage 1)** | | |
| Allowance at 1 January | **1 009** | 962 |
| Net (decrease)/increase in allowance | **(426)** | 47 |
| Disposal of business | **(583)** | – |
| Allowance at 31 December | **–** | 1 009 |
| **ECL allowance analysis** | | |
| Stage 1 – 12-month ECLs | **–** | 1 009 |
| Total ECL allowance on negotiable securities | **–** | 1 009 |
| **Stage 1 – 12-month ECLs** | | |
| Gross carrying amount | **–** | 3 936 993 |
| Less: ECL allowance | **–** | (1 009) |
| Net carrying amount at 31 December | **–** | 3 935 984 |
| ECL allowance at 1 January | **1 009** | 962 |
| Net impairment (gains)/losses recognised | **(426)** | 47 |
| Disposal of business | **(583)** | – |
| ECL allowance at 31 December | **–** | 1 009 |
| Long-term negotiable securities | **–** | 312 958 |
| Liquid assets and short-term negotiable securities | **–** | 3 623 026 |
| **Total** | **–** | 3 935 984 |

The carrying amount of liquid assets and short-term negotiable securities approximate fair value.

## 11. FINANCE LEASE RECEIVABLES

| | Consolidated 2022 R000 | 2021 R000 |
|---|---|---|
| Current finance lease receivable | **22 338** | – |
| Non-current finance lease receivable | **111 023** | – |
| | **133 361** | – |

### Leasing arrangements

The Group entered into finance lease arrangements for trucks, handling equipment and locomotives.

The terms of the finance leases range from four to five years.

### Amounts receivable under finance leases

| | 1 year R000 | 2 to 5 years R000 | >5 years R000 | Total R000 |
|---|---|---|---|---|
| 2022 | | | | |
| Minimum lease payments receivable | 30 494 | 125 040 | – | 155 534 |
| Unearned finance income | (8 156) | (14 017) | – | (22 173) |
| Total present value/capital value | 22 338 | 111 023 | – | 133 361 |

The interest rate inherent in the leases is fixed at the contract date for the entire lease term. Amounts receivable under finance leases are mainly from USD denominated leases. The effective interest rate contracted ranges from 1% to 7%.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for finance lease receivables. The finance lease receivables at the end of the reporting period are not past due, and based on collateral held, not impaired.

## 12. TRADE AND OTHER RECEIVABLES

| | Consolidated 2022 R000 | 2021 R000 |
|---|---|---|
| Trade receivables | **1 226 559** | 1 341 490 |
| Less: expected credit loss (ECL) | **(264 964)** | (634 051) |
| Net trade debtors | **961 595** | 707 439 |
| Receivables from joint ventures | **92 424** | 111 640 |
| VAT receivable | **100 261** | 72 067 |
| Prepayments | **198 098** | 64 018 |
| Recoverable disbursements | **95 967** | 44 415 |
| Deferred consideration on disposal of businesses | **18 148** | 127 035 |
| Gross amount receivable | **41 963** | 133 085 |
| ECL raised | **(23 815)** | (6 050) |
| Other receivables* | **425 131** | 220 577 |
| Transferred to non-current assets classified as held for sale (note 13) | **(221 438)** | – |
| | **1 670 186** | 1 347 191 |

* Included in other receivables are accrued income/contract assets, deposits and receivable claims.

The carrying amount of trade and other receivables approximates fair value as these are predominantly short-term and non-interest bearing.

In the current year, the deferred consideration of R18.1 million related to proceeds on disposal of an investment in the private equity portfolio which had not been received as at the end of the year. This amount was received in full post year-end.

In the prior year, the deferred consideration on disposal of business related to the proceeds on disposal of the fuel carrier businesses not received as at the end of year. Proceeds of R92.5 million were received in the current year.

Further details relating to expected credit loss for trade receivables, receivables from joint ventures, deferred consideration on disposal of businesses and other receivables are shown in note 35.4.

## 13. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE AND NON-CURRENT LIABILITIES ASSOCIATED WITH ASSETS CLASSIFIED AS HELD FOR SALE

Non-current assets or disposal groups are classified as held for sale if the carrying amount will be recovered principally through sale rather than through continuing use. This condition is regarded as met only when the sale is highly probable, the assets or disposal group are available for immediate sale in their present condition subject only to terms that are usual and customary for sales of such asset, or disposal groups, and management is committed to the sale which should be expected to qualify for recognition as a completed sale within one year from the date of the classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the group will retain a non-controlling interest in its former subsidiary after the sale.

Immediately prior to being classified as held for sale, the carrying amount of assets and liabilities are measured in accordance with the applicable standard. After classification as held for sale, an asset is measured at the lower of the carrying amount and fair value less costs to sell. An impairment loss is recognised in profit or loss for any initial and subsequent write-down of the asset and disposal Group to fair value less costs to sell. A gain for any subsequent increase in fair value less costs to sell is recognised in profit or loss to the extent that it is not in excess of the cumulative impairment loss previously recognised.

Non-current assets or disposal groups that are classified as held for sale are not depreciated and no equity accounted earnings are recognised.

### Business disposals

The joint venture transaction between Maersk Logistics and Services operations with certain of Grindrod's container depots and its coastal shipping business was completed with all conditions precedent fulfilled on 1 January 2023. Consequently, the assets and liabilities, subject to disposal, were classified as non-current assets held for sale.

The disposal is not a discontinued operation as it does not constitute a separate major line of business to the Group, therefore earnings have been presented in continuing operations.

In the prior year, property which was part of the disposal of the Automotive business had not transferred at year-end was disclosed as a non-current asset held for sale. This property was transferred in 2022.

| | Consolidated | |
|---|---|---|
| | 2022<br>R000 | 2021<br>R000 |
| **Non-current assets classified as held for sale** | | |
| Freehold and leasehold properties | **115 406** | 65 000 |
| Assets under construction | **13 152** | – |
| Terminals, machinery, vehicles and equipment | **197 477** | – |
| Right-of-use assets | **231 968** | – |
| Goodwill | **133 584** | – |
| Intangible assets | **13 743** | – |
| Inventory | **41 601** | – |
| Bank and cash | **6** | – |
| Unlisted investments | **6 430** | – |
| Trade and other receivables | **221 438** | – |
| Total | **974 805** | 65 000 |
| **Non-current liabilities held for sale** | | |
| Lease liabilities | **(272 108)** | – |
| Trade and other payables | **(91 696)** | – |
| | **(363 804)** | – |

## 13. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE AND NON-CURRENT LIABILITIES ASSOCIATED WITH ASSETS CLASSIFIED AS HELD FOR SALE continued

### Current year movement in non-current assets classified as held for sale

| | Opening balance R000 | Transfer in R000 | Disposal R000 | Total R000 |
|---|---|---|---|---|
| **Non-current assets held for sale** | | | | |
| Freehold and leasehold properties | 65 000 | 115 406 | (65 000) | 115 406 |
| Assets under construction | – | 13 152 | – | 13 152 |
| Terminals, machinery, vehicles and equipment | – | 197 477 | – | 197 477 |
| Right-of-use assets | – | 231 968 | – | 231 968 |
| Goodwill | – | 133 584 | – | 133 584 |
| Intangible assets | – | 13 743 | – | 13 743 |
| Inventory | – | 41 601 | – | 41 601 |
| Bank and cash | – | 6 | – | 6 |
| Unlisted investments | – | 6 430 | – | 6 430 |
| Trade and other receivables | – | 221 438 | – | 221 438 |
| | 65 000 | 974 805 | (65 000) | 974 805 |
| **Non-current liabilities held for sale** | | | | |
| Lease liabilities | – | (272 108) | – | (272 108) |
| Trade and other payables | – | (91 696) | – | (91 696) |
| | – | (363 804) | – | (363 804) |

### Reconciliation to cash flow statement

| | 2022 R000 | 2021 R000 |
|---|---|---|
| Proceeds on disposal | 65 000 | 503 944 |
| Adjusted for non-cash portion: | | |
| Advance made by Bank (Senwes investment disposal) | – | (322 723) |
| Proceeds settled directly with financing institution (Automotive business disposal) | – | (30 000) |
| Proceeds receivable (included in deferred consideration on disposal of businesses) (Fuel carrier business disposal) | – | (107 187) |
| **Net cash flow on disposal** | 65 000 | 44 034 |

## 14. SHARE CAPITAL AND PREMIUM

### Group authorised and issued share capital are as follows:

| | Consolidated 2022 R000 | Consolidated 2021 R000 |
|---|---|---|
| **Authorised** | | |
| 2 750 000 000 ordinary shares of 0.002 cents each. | 55 | 55 |
| 20 000 000 cumulative, non-redeemable, non-participating and non-convertible preference shares of 0.031 cents each. | 6 | 6 |
| | 61 | 61 |
| There has been no change in the number of authorised shares from the prior year. | | |
| **Issued** | | |
| 698 031 586 (2021: 698 031 586) ordinary shares of 0.002 cents each. | 14 | 14 |
| 7 400 000 cumulative, non-redeemable, non-participating and non-convertible preference shares of 0.031 cents each. | 2 | 2 |
| | 16 | 16 |
| Total issued share capital and premium | 3 934 557 | 3 928 711 |

In the current year, 125 000 shares (2021: 6 174 122) were bought back as treasury shares at an average share price of R5.72 per share (2021: R4.85).

At 31 December 2022, 30 735 628 (2021: 31 503 698) ordinary shares are held by subsidiaries of the Group.

Of these shares, 1 879 000 (2021: 2 420 344) have been allocated to the group's forfeitable share plan and 4 112 626 (2021: 4 192 117) vested under the scheme. Refer to notes 33 and 37 for details of the forfeitable share plan.

## 15. BORROWINGS

| | Consolidated 2022 R000 | 2021 R000 |
|---|---|---|
| **Long-term borrowings** | | |
| **Unsecured** | | |
| Lease liabilities | **880 957** | 1 046 310 |
| **Secured** | | |
| Secured liabilities and financing | **1 322 911** | 757 219 |
| | **2 203 868** | 1 803 529 |
| Total amounts repayable within one year | **(397 649)** | (395 650) |
| Long-term borrowings | **1 806 219** | 1 407 879 |
| Transferred to non-current liabilities associated with assets classified as held for sale (note 13) | **(272 108)** | – |
| | **1 534 111** | 1 407 879 |
| Interest-bearing borrowings are disclosed in the consolidated statement of financial position as follows: | **2 203 868** | 1 803 529 |
| Long-term borrowings | **1 087 767** | 610 853 |
| Lease liabilities | **446 344** | 797 026 |
| Current portion of lease liabilities | **161 829** | 249 284 |
| Current portion of long-term borrowings | **235 820** | 146 366 |
| Non-current liabilities associated with assets classified as held for sale (note 13) | **272 108** | – |
| Short-term borrowings | | |
| Short-term interest-bearing borrowings and bank overdraft | **410 967** | 603 491 |
| Short-term borrowings | **–** | 63 869 |
| Bank overdraft | **410 967** | 539 622 |
| **Total interest-bearing debt (excluding Bank and Private Equity funding)** | **2 614 835** | 2 407 020 |

Property, terminal, vehicles and equipment of R739.6 million (2021: R850.4 million) are pledged as security for loans of R615.9 million (2021: R757.2 million).

The group determines its availability of funds and assesses its cash requirements on a weekly basis. Consideration is given to the most appropriate form of funding prior to any acquisitions. Group treasury determines the amount of unutilised facilities in assessing the funds available to the group. The net cash balances included in current assets and current liabilities are included in the determination of the headroom available.

| | Date of redemption | Consolidated Current rate of interest per annum (%) | 2022 Carrying value R000 | 2021 Carrying value R000 |
|---|---|---|---|---|
| Secured | | | | |
| **Foreign currency funding** | | | | |
| *Financial liabilities measured at amortised cost* | | | | |
| Asset finance secured by vehicles, machinery and equipment | 01/2021 – 12/2030 | 6.50 | **74 812** | 124 257 |
| **Local currency funding** | | | | |
| *Financial liabilities measured at amortised cost* | | | | |
| Asset finance secured by vehicles, machinery and equipment | 05/2018 – 12/2027 | 6.25 – 10.50 | **225 453** | 99 459 |
| Loans secured by mortgage bond over property | 08/2015 – 10/2029 | 8.25 – 9.25 | **1 022 646** | 533 503 |
| Aggregate secured long-term borrowings | | | **1 322 911** | 757 219 |

### Available facilities

Interest-bearing term debt is raised to fund locomotives, property, terminals, vehicles, equipment and inventory. The facilities are fixed based on specific loan agreements and the specific assets against which the loans are secured. The group has undrawn committed facilities as at 31 December 2022, as follows:

| | Expiry category | Currency | 2022 R000 | 2021 R000 |
|---|---|---|---|---|
| Long-term debt facilities | 9 – 12 months | USD | **176 492** | 155 832 |
| Long-term debt facilities | 9 – 12 months | ZAR | **295 111** | 175 591 |
| Short-term borrowing facilities | 9 – 12 months | USD | **169 800** | 191 160 |
| Short-term borrowing facilities | 3 – 6 months | ZAR | **242 548** | 300 000 |
| | 9 – 12 months | ZAR | **290 000** | 250 132 |
| | | | **1 173 951** | 1 072 715 |

## 16. BANK AND PRIVATE EQUITY FUNDING

| | Consolidated 2022 R000 | 2021 R000 |
|---|---|---|
| Unsecured | | |
| Unsecured financing | **63 444** | 822 872 |
| Secured | | |
| Secured financing | **108 924** | 629 267 |
| | **172 368** | 1 452 139 |
| Total amounts repayable within one year | **(63 444)** | (908 778) |
| Long-term borrowings | **108 924** | 543 361 |

The ZAR denominated loans in the current year relate only to funding secured for the private equity investments. Interest rates range from 8.8% to 9.5% and repayment dates range from December 2023 to July 2025.

# 17. RETIREMENT BENEFIT PLANS

Grindrod provides privately administered pension and provident funds for all permanent employees except those who belong to an external fund, industry pension fund or provident scheme. All eligible employees are members of either defined benefit or defined contribution plans which are governed by the South African Pension Funds Act, 1956.

## Defined benefit costs

Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as service cost (including current service costs, past service cost, as well as gains and losses on curtailments and settlements), net interest expense or income and remeasurement.

The Group presents service cost and net interest expense or income in profit or loss. Curtailment gains and losses are accounted for as past service costs.

The employee benefit obligation recognised in the consolidated statement of financial position represents the actual deficit or surplus in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

## Post-employment benefit obligations

Grindrod operates a defined benefit pension plan as well as two defined contribution provident funds.

Current contributions to Grindrod's defined contribution funds are charged against income when incurred. The cost of providing benefits to Grindrod's defined benefit plan and the obligation in respect of post-retirement medical aid are determined and expensed using the projected unit credit actuarial valuation method. Contribution rates to the defined benefit plan are adjusted for any unfavourable experience adjustments. Favourable experience adjustments are retained within the fund. Actuarial surpluses are brought to account in Grindrod's Annual Financial Statements only when it is clear that economic benefits will be available to Grindrod. These surpluses are recognised immediately in the statement of financial position with a charge or credit to the statement of comprehensive income in the period in which they occur.

Grindrod's estimated liability in respect of post-retirement medical benefits has been fully provided in the statement of financial position.

The risks faced by Grindrod as a result of the retirement benefit plan are actuarial risks relating to:

Longevity risk
Investment risk
Market risk
Liquidity risk
Salary risk
Foreign exchange rate risk

## Longevity risk

The pensioners have been outsourced in the name of the Fund (GN12), thus presently the Fund is exposed to the risk that the insurer might default on pension payments. The outsource removes the longevity risk from the Fund i.e. the risk that pensioners live longer than expected, and passes this risk on to the insurer.

## Investment risk

The plan assets are primarily invested in equities and bonds, with a majority in equities. This exposes the Fund to a slight concentration of market risk. If the plan assets are not adequate or suitable to fund the liabilities of the Fund, and the nature thereof, the entity will be required to fund the balance, hence exposing it to risks on the investment return.

## Market risk

In order to reduce market risk, the investment portfolio is diversified by investing in equities of different companies and in different issues of bonds and deposits. Cash deposits are also invested with different institutions as well as in different geographical markets. The risk is further reduced by investing in well-researched companies and by investing in bonds with high credit ratings.

## Liquidity risk

Liquidity risk, the risk of not having liquid assets to meet liabilities as they fall due, is reduced by investing in liquid assets and highly tradeable assets.

## Salary risk

Salaries are assumed to depend on inflation, which means the active member liability is also exposed to inflation risk.

## Foreign exchange rate risk

The great majority of members' retirement fund liabilities are denominated in ZAR. A currency mismatch is therefore introduced when investing in foreign investments. The risk is due to the fact that the currency invested could weaken against the Rand. However, since inflation in South Africa is likely to remain structurally higher than in most developed countries, it is expected that the Rand would weaken against the major investment currencies over time.

The volatility risk associated with foreign investments is reduced when only a limited portion of the portfolio's assets is invested offshore as is currently required in terms of Regulation 28 and the South African Reserve Bank requirements.

| | Consolidated | |
|---|---|---|
| | 2022<br>R000 | 2021<br>R000 |
| The funded status of the pension fund is as follows: | | |
| Actuarial value of assets | **128 385** | 122 519 |
| Present value of liabilities | **(35 403)** | (34 608) |
| Actuarial surplus (note 6) | **92 982** | 87 911 |
| The amounts recognised in the Annual Financial Statements in this respect are as follows: | | |
| Recognised asset at the beginning of the year | **87 911** | 68 768 |
| Recognised in the income statement in the current year | **8 915** | 8 320 |
| Interest on obligation | **(4 155)** | (4 522) |
| Current service cost | **(1 706)** | (1 030) |
| Expected return on plan assets | **14 776** | 13 872 |
| Recognised in other comprehensive income in the current year | **(3 844)** | 10 823 |
| Actuarial gain arising from changes in financial assumptions | **11** | 11 976 |
| Actuarial loss on plan assets | **(6 097)** | – |
| Actuarial gain/(loss) arising from changes in experience assumptions | **2 242** | (1 153) |
| | **92 982** | 87 911 |

## 17. RETIREMENT BENEFIT PLANS continued

| | Consolidated 2022 % | 2021 % |
|---|---|---|
| The assets of the fund were invested as follows: | | |
| Cash and cash equivalents | **7.0** | 8.7 |
| Equity instruments | **63.8** | 60.0 |
| Debt instruments | **17.5** | 13.8 |
| Real estate | **11.0** | 16.6 |
| International instruments | **0.6** | 0.8 |
| Other | **0.1** | 0.2 |
| The fair value of the above equity and debt instruments are determined based on quoted market prices in active markets. | | |
| An actuarial valuation was performed as at 31 December 2022. The employer's contributions to all retirement benefit plans are charged against income when incurred. | | |
| The principal actuarial assumptions applied in the determination of fair values include: | | |
| Discount rate | **12.7** | 12.2 |
| Salary increase | **8.0** | 8.1 |
| Pension increase allowance | **7.0** | 7.1 |
| Inflation rate | **7.0** | 7.1 |
| Statutory discount rate for minimum benefits | **5.0** | 4.1 |
| Post-retirement discount rate for minimum benefits | **4.0** | 4.0 |

| | 2022 Effect of a 1% | | 2021 Effect of a 1% | |
|---|---|---|---|---|
| | **Increase** | **(Decrease)** | Increase | (Decrease) |
| The effects of an increase or decrease of 1% in the assumed discount rates on the present value of liabilities is as follows: | **0.0** | **0.1** | 0.0 | 0.1 |
| The effects of an increase or decrease of 1% in the assumed inflation rates on the present value of liabilities is as follows: | **0.1** | **0.0** | 0.1 | 0.0 |

The sensitivity analysis presented above may not be representative of the actual change in the obligation as it is unlikely that the above changes in assumptions would occur in isolation of one another.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from the prior year.

The group and employees expect to make a contribution of R1 000 (2021: R1 000) to the retirement benefit plan during the next financial year.

### Risk management

There has been no change in the process used by the group to manage its risks from prior years.

## 18. DEPOSITS FROM BANK CUSTOMERS

| | Consolidated 2022 R000 | 2021 R000 |
|---|---|---|
| **Measured at amortised cost** | | |
| Call deposits | **–** | 6 859 699 |
| Notice and fixed deposits | **–** | 4 277 991 |
| Interest accrued | **–** | 83 443 |
| | **–** | 11 221 133 |
| **Maturity analysis** | | |
| Withdrawable on demand | **–** | 6 881 117 |
| Maturing within one month | **–** | 1 253 031 |
| Maturing after one month but within three months | **–** | 1 421 085 |
| Maturing after three months but within six months | **–** | 1 084 555 |
| Maturing after six months but within one year | **–** | 341 625 |
| Maturing after one year | **–** | 239 720 |
| | **–** | 11 221 133 |
| **Spilt as follows** | | |
| Non-current | **–** | 239 720 |
| Current | **–** | 10 981 413 |
| The maturity analysis of deposits is based on their remaining contractual periods to maturity from the reporting date. | | |
| **Sectoral analysis:** | | |
| Banks | **–** | 25 211 |
| Government and public sector | **–** | 874 192 |
| Individuals | **–** | 2 116 653 |
| Business sector | **–** | 8 205 077 |
| | **–** | 11 221 133 |
| **Geographical analysis:** | | |
| South Africa | **–** | 11 221 133 |
| Included in deposits are funds from related parties earning interest at market related rates: | | |
| Directors (directly or indirectly) | **–** | 139 |

# 19. PROVISIONS AND OTHER LIABILITIES

### Provision for warranties

As part the disposal of Grindrod Bank, the Group provided warranties for a maximum of R300 million on specific loans and advances relating to KZN North Coast properties. The warranties can only be called upon 36 months after the date of disposal. This was fair valued at disposal date and a provision of R70.0 million was raised. In addition, the Group provided general warranties for a maximum of R100 million, which can only be called upon 24 months after the date of disposal. Exposure was assessed to be R15.0 million and a provision was raised.

| | Consolidated | |
|---|---|---|
| | **2022 R000** | **2021 R000** |
| **Provision for warranties** | | |
| Opening balance | **–** | – |
| Raised (note 32.5) | **85 000** | – |
| Closing balance | **85 000** | – |
| Split as follows: | | |
| Non-current | **85 000** | – |
| Current | **–** | – |

### Provision for share price linked option scheme

The share price linked option provision relates to a remuneration scheme whereby certain employees of the Grindrod Limited are entitled to receive a cash settlement based on the excess of the market price of shares over an agreed upon strike price. Refer to note 33.

| | Consolidated | |
|---|---|---|
| | **2022 R000** | **2021 R000** |
| **Provision for share price linked option scheme** | | |
| Opening balance | **11 670** | 14 143 |
| Raised/(released) | **84 524** | (1 787) |
| Utilised | **(690)** | (686) |
| Translation difference | **171** | – |
| Closing balance | **95 675** | 11 670 |
| Split as follows: | | |
| Non-current | **55 325** | 11 670 |
| Current | **40 350** | – |
| Total provisions | **180 675** | 11 670 |
| Split as follows: | | |
| Non-current | **140 325** | 11 670 |
| Current | **40 350** | – |

# 20. TRADE AND OTHER PAYABLES

| | Consolidated | |
|---|---|---|
| | **2022 R000** | **2021 R000** |
| Trade creditors | **748 410** | 545 726 |
| Accrued expenses | **668 278** | 438 032 |
| Other payables* | **337 618** | 326 938 |
| Transferred to non-current liabilities associated with assets classified as held for sale (note 13) | **(91 696)** | – |
| | **1 662 610** | 1 310 696 |

* Other payables consist mainly of VAT, deposits, guarantees and preference dividends payable.

The carrying amount of trade and other payables approximates fair value as these are predominantly short-term and non-interest bearing.

# 21. REVENUE

## 21.1 Accounting policy

At the inception of a contract with a customer, Grindrod assesses the goods or services promised in the contract and identifies as a performance obligation each promise to transfer to the customer either a good or service, or bundle of goods or services, that is distinct; or a series of distinct goods or services that are substantially the same and have the same pattern of transfer to the customer.

Revenue from services is recognised when the performance obligation relating to each specific contract has been satisfied. Performance obligations are satisfied either at a point in time or over time. Where performance obligations are satisfied over time, the entity adopts an input method based on the costs incurred to date as a percentage of the total cost of the contract as a measure of the percentage of completion of the contract. Given the nature of the contracts completed over time, this method provides a faithful depiction of the transfer of goods and services for performance obligations satisfied over time.

The performance obligation with respect to the sale of goods is recognised when the Grindrod entity has delivered its products to the customer and there is no unfulfilled obligation that could affect the customer's acceptance of the product. Delivery does not occur until the products have been shipped to the specified location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed or Grindrod has objective evidence that all criteria for acceptance have been satisfied. The performance obligation with respect to provision of services is recognised when the service has been provided to the customer.

Payments by customers are typically made in advance or within 30 days of revenue being recognised. Where payments are deferred for a period beyond 12 months after revenue being recognised, a significant financing component is included in the contract. Revenue is recognised at the present value of the consideration receivable over the contract period with the balance of the consideration being recognised as finance income over time.

Contracts with customers within the Port and Terminals business segment include transaction prices that have variable considerations. This is due to the existence of take or pay arrangements (ToP) whereby the customer commits to a minimum volume throughput during the contract period.

## 21. REVENUE continued

### 21.1 Accounting policy continued

A variable consideration is only recognised to the extent that it is highly probable i.e. when the additional consideration/charge is agreed upon between the parties. ToP revenue does not always materialise as it involves negotiation with the customer which may result in either of the following:

- Additional revenue being recognised if the customer agrees to the additional charge; or
- Additional revenue not being recognised if the customer does not agree to the additional charge.

Due to the variability and subjectivity involved, Grindrod's policy is to recognise ToP revenue only when amounts are agreed-upon/confirmed with the customer. This ensures that there is no significant reversal of previously recognised revenue.

The transaction price is allocated to each performance obligation in a contract on a relative stand-alone selling price basis where contracts have more than one performance obligation. Where discounts are issued on contracts that consist of more than one performance obligation, Grindrod allocates the discount to each performance obligation separately. In some instances, Grindrod provides multiple services to customers in a single contract. Where it is the intention of Grindrod to provide an end to end solution, these are considered as an integrated set of activities and treated as a single performance obligation.

#### Revenue description

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. Grindrod recognises revenue when it transfers control over a product or service to a customer.

The following is a description of the principal activities from which Grindrod generates its revenue:

#### Bulk terminals

##### Handling

The bulk terminal activities involve receiving, stockpiling and loading of cargo onto vessels for onward transportation. The terminal earns a fixed rate, per ton loaded onto the vessel, which is a single performance obligation hence the point in time revenue recognition. The performance obligation is met when cargo tonnage is loaded onto the vessel and involves an integrated set of activities as the terminal would not be able to fulfil its promise, by transferring each of the services independently.

##### Commodity export sales

Grindrod entered into agreements with customers to sell specific commodities at a fixed price. The sale is recognised only when the commodity is loaded on the vessel or delivered to a contractually agreed location hence a point in time revenue recognition. Any commercial risk related to the transactions are managed and mitigated to minimise exposure to Grindrod. Grindrod is a principal to the transaction where it retains inventory and credit risk.

#### Container handling

Grindrod provides various services to customers through its coastal shipping and container depot businesses as well as its Northern Mozambique graphite operations including container handling, transport, warehousing, loading and offloading. Grindrod also sells and leases containers to customers. The performance obligation related to handling and transport of containers performed by the Seafreight business is recognised over time. The remaining services rendered by the Intermodal and Northern Mozambique business is satisfied at a point in time.

#### Logistics

Grindrod provides a variety of logistics solutions for the transportation of cargo through road, rail and sea. The performance obligation from this service is satisfied at a point in time when the cargo has been delivered to the customer.

#### Ships agency income

Grindrod provides clearing and forwarding of imports and exports, transportation of goods and ship husbandry services. Each performance obligation from these services is satisfied at a point in time when the cargo has been delivered to the customer.

#### Other services

Other services includes revenue earned from various ancillary services including but not limited to training, stevedoring and rentals. The performance obligation is the provision of the relevant service and is satisfied over time.

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

### 21.2 Revenue

| | Consolidated | |
|---|---|---|
| | 2022 R000 | 2021* R000 |
| Revenue from each category is disaggregated in the following table: | | |
| Bulk terminals recognised at a point in time** | **2 859 996** | 469 460 |
| Handling | **1 373 106** | 469 460 |
| Commodity export sales | **1 486 890** | – |
| Container handling^ | **1 820 936** | 1 433 330 |
| Recognised at a point in time | **1 275 029** | 999 795 |
| Recognised over time | **545 907** | 433 535 |
| Logistics recognised at a point in time^ | **443 327** | 776 132 |
| Ships agency income recognised at a point in time^ | **462 518** | 447 341 |
| Other services^^ | **296 958** | 291 087 |
| | **5 883 735** | 3 417 350 |

* Re-presented for the impact of IFRS 5: Non-Current Assets Held for Sale and Discontinued Operations.
** Reflected in Port and Terminals segment except for handling revenue of R365.4 million (2021: Rnil million) relating to the Logistics segment.
^ Reflected in Logistics segment.
^^ Reflected in Port and Terminals, Logistics and Group segments and comprises revenue recognised at a point in time and over time.

## 22. PROFIT FROM CONTINUING OPERATIONS

### 22.1 Trading profit before expected credit losses, depreciation and amortisation

Trading profit is generated by the Group's operating activities and comprises revenue net of directly attributable costs and fair value gains and losses on financial instruments. Trading profit does not include finance related income and expenses. Trading profit is disclosed before expected credit losses, depreciation and amortisation, non-trading items and joint venture and associate equity accounted earnings.

#### Employee benefit costs

The cost of providing employee benefits is accounted for in the period in which the benefits are earned by employees.

The cost of short-term employee benefits is recognised in the period in which the service is rendered and is not discounted. The expected cost of short-term accumulating compensated absences is recognised as an expense as the employees render services that increases their entitlement or, in the case of non-accumulating absences, when the absences occur.

#### Continuing operations reconciliation of revenue to trading profit before expected credit losses, depreciation and amortisation

| | Consolidated | |
|---|---|---|
| | 2022 R000 | 2021* R000 |
| Revenue | **5 883 735** | 3 417 350 |
| Less: Operating expenses | **(4 718 838)** | (2 626 961) |
| Staff costs | **(1 143 577)** | (1 010 935) |
| Subcontractor handling, plant hire, transport and other related costs | **(1 010 771)** | (707 029) |
| Cost of commodity for export sales | **(803 835)** | – |
| Agent commission on commodity export sales | **(377 858)** | – |
| Bunker costs | **(110 046)** | (95 002) |
| Other container and bulk handling expenses | **(282 258)** | (246 176) |
| Property and infrastructure related costs | **(414 879)** | (230 007) |
| Audit and non-audit fees | **(27 130)** | (28 698) |
| Other operating expenses** | **(217 976)** | (285 031) |
| Net foreign exchange (loss)/gain | **(19 151)** | 18 126 |
| Net loss on financial instruments | **(311 357)** | (42 209) |
| Add: Other income | **207 368** | 100 517 |
| Insurance income | **150 983** | 4 243 |
| Other income^ | **56 385** | 96 274 |
| **Trading profit before expected credit losses, depreciation and amortisation** | **1 372 265** | 890 906 |

* Re-presented for the impact of IFRS 5: Non-Current Assets Held for Sale and Discontinued Operations.

** Other operating expenses comprises mainly of motor vehicle expenses, communication and computer expenses and professional fees.

^ Other income comprises mainly of provisions released, rebates and discounts received.

### 22.2 Continuing operations profit before interest, taxation and non trading items

| | Consolidated | |
|---|---|---|
| | 2022 R000 | 2021* R000 |
| Depreciation and amortisation | **(486 338)** | (475 177) |
| Depreciation | **(462 742)** | (450 985) |
| Amortisation | **(23 596)** | (24 192) |
| (Increase in)/reversal of expected credit loss | **(267 114)** | 30 550 |
| Loan and advances | **(24 477)** | 86 675 |
| Preference share loan receivable | **(222 494)** | – |
| Trade receivables | **(20 143)** | (56 125) |

* Re-presented for the impact of IFRS 5: Non-Current Assets Held for Sale and Discontinued Operations.

## 23. NON-TRADING ITEMS

Non-trading items cover those amounts that are not considered to be of an operating/trading nature, and generally include remeasurements due to:

- impairments of goodwill and non-current assets;
- gains and losses on the measurement to fair value less costs to sell (or on the disposal) of assets or disposal groups constituting discontinued operations;
- gains and losses on the measurement to fair value less costs to sell of non-current assets or disposal groups classified as held for sale;
- gains and losses on the disposal of property, machinery, terminals, vehicles and equipment;
- recycling through profit or loss of foreign currency translation reserves upon disposal of entities whose functional currencies are different to the Group's presentation currency;
- recycling through profit or loss of fair value gains and losses previously recognised directly in equity upon the disposal of financial instruments and the realisation of hedges of a net investment in a foreign operation; and
- the Group's proportionate share of exceptional items (determined on the same basis) of associates and joint ventures.

Remeasurements to fair value of other financial instruments (including amounts recycled through profit or loss under cash flow hedges that were previously recognised directly in equity) are not included in non-trading items.

Non-trading items, is a non-IFRS measure and consists of items that are usually capital in nature. In most cases non-trading items are those items excluded from headline earnings per share (HEPS) in accordance with the South African Institute of Chartered Accountants (SAICA) Circular 1/2021.

| | Consolidated | |
|---|---|---|
| | 2022<br>R000 | 2021*<br>R000 |
| Loss on scrapping of intangibles, property, terminals, machinery and vehicles due to KZN floods | **(45 211)** | – |
| Impairment of intangibles, property, terminals, machinery, vehicles and equipment due to KZN floods | **(5 349)** | – |
| Insurance compensation on property, terminals, machinery, vehicles and equipment impaired and scrapped due to KZN floods | **54 115** | – |
| Net reversal of impairment/(impairment of) property, terminals, machinery, vehicles and equipment | **15 225** | (53 081) |
| Net impairment of intangible assets | **–** | (4 649) |
| Profit/(loss) on disposal of investments | **7 376** | (136 114) |
| Loss on remeasurement to fair value less costs to sell | **–** | (240 066) |
| Net profit on disposal of property, terminals, machinery, vehicles and equipment | **34 846** | 289 |
| Foreign currency translation reserve release | **–** | 50 536 |
| Impairment of goodwill | **–** | (24 840) |
| Gain on bargain purchase | **–** | 6 769 |
| | **61 002** | (401 156) |

* Re-presented for the impact of IFRS 5: Non-Current Assets Held for Sale and Discontinued Operations.

## 24. INTEREST INCOME/(EXPENSE)

| | Consolidated | |
|---|---|---|
| | 2022<br>R000 | 2021*<br>R000 |
| Interest income on loans and receivables at amortised cost | **141 487** | 99 933 |
| Interest expense on financial liabilities held at amortised cost | **(153 409)** | (159 121) |
| Interest expense on lease liabilities | **(64 615)** | (75 964) |
| **Total interest expense** | **(218 024)** | (235 085) |

* Re-presented for the impact of IFRS 5: Non-Current Assets Held for Sale and Discontinued Operations.

## 25. TAXATION

The charge for current taxation is based on the results for the year as adjusted for income that is exempt and expenses that are not deductible using tax rates that are applicable to taxable income.

Deferred taxation is recognised in profit or loss except when it relates to items credited or charged directly to equity, in which case it is also recognised in equity.

| | Consolidated 2022 R000 | 2021* R000 |
|---|---|---|
| **South African normal taxation** | | |
| Current | | |
| On income for the year | **88 277** | 70 307 |
| Capital gains taxation (CGT) | **140** | 1 247 |
| Prior year** | **2 971** | (65 979) |
| Withholding taxes | **3 049** | 3 562 |
| Deferred | | |
| On income for the year | **(35 605)** | (22 664) |
| Prior year | **(389)** | 9 201 |
| Change of rate | **2 606** | – |
| **Foreign** | | |
| Current | | |
| On income for the year | **249 232** | 74 772 |
| Prior year | **(205)** | (1 138) |
| Withholding taxes | **43 216** | 37 533 |
| Deferred | | |
| On income for the year | **(7 556)** | (24 524) |
| Prior year | **298** | (183) |
| Withholding taxes | **1 830** | – |
| | **347 864** | 82 134 |

* Re-presented for the impact of IFRS 5: Non-Current Assets Held for Sale and Discontinued Operations.
** The 2021 prior year overprovision of R66 million relates mainly to the Private Equity and Property segment, where corrections to previous estimates of controlled foreign company income over the last 5 years were assessed by SARS.

| | | South Africa R000 | Mozambique R000 | Mauritius R000 | Other R000 | Group R000 |
|---|---|---|---|---|---|---|
| **2022** | | | | | | |
| Tax rate** | (%) | **28** | **32** | **15** | **16.6** | **19.9** |
| Normal taxation^ | | **(123 586)** | **160 387** | **62 824** | **20 667** | **120 292** |
| Adjusted for: | | | | | | |
| Current year tax losses (utilised)/not utilised | | **14 836** | **–** | **3 576** | **(782)** | **17 630** |
| Exempt income[1] | | **(52 772)** | **(175)** | **(2 264)** | **–** | **(55 211)** |
| Non-taxable foreign items/ income taxed at source[4] | | **–** | **7 594** | **–** | **14 871** | **22 465** |
| Withholding tax | | **3 049** | **12 984** | **32 062** | **–** | **48 095** |
| Non-allowable items[2] | | **214 205** | **780** | **9 414** | **2 486** | **226 885** |
| Investment tax credits | | **(11)** | **(8 954)** | **(28 748)** | **–** | **(37 713)** |
| CGT[3] | | **140** | **–** | **–** | **–** | **140** |
| Change of rate | | **2 606** | **–** | **–** | **–** | **2 606** |
| Prior year | | **2 582** | **–** | **(164)** | **257** | **2 675** |
| **Effective taxation** | | **61 049** | **172 616** | **76 700** | **37 499** | **347 864** |
| **2021*** | | | | | | |
| Tax rate** | (%) | 28 | 32 | 15 | 0.7 | 28.4 |
| Normal taxation^ | | (89 943) | 55 806 | 9 237 | 29 | (24 871) |
| Adjusted for: | | | | | | |
| Current year tax losses (utilised)/not utilised | | (8 352) | 418 | 51 | (3 152) | (11 035) |
| Exempt income[1] | | (141 221) | (2 429) | (11 540) | – | (155 190) |
| Non-taxable foreign items/ income taxed at source[4] | | – | 2 831 | – | 89 | 2 920 |
| Withholding tax | | 3 562 | – | 37 533 | – | 41 095 |
| Non-allowable items[2] | | 288 257 | 999 | 2 724 | 6 163 | 298 143 |
| Investment tax credits | | – | (9 200) | (309) | – | (9 509) |
| CGT[3] | | 1 247 | – | – | – | 1 247 |
| Exchange rate impact | | – | (2 567) | – | – | (2 567) |
| Prior year | | (56 716) | – | (1 684) | 301 | (58 099) |
| **Effective taxation** | | (3 166) | 45 858 | 36 012 | 3 430 | 82 134 |

* Re-presented for the impact of IFRS 5: Non-Current Assets Held for Sale and Discontinued Operations.
** The Other and Group rate of tax varies as it is based on a weighted average calculation for the respective year. The weighted average calculation is a function of the aggregation of the statutory taxation arising from each of the entities over the aggregate of the net profit/loss before taxation for the respective entities. As this mix changes, so too does the tax rate.
^ The negative normal taxation is due to loss before taxation.
1 Exempt income relates mainly to capital provisions reversed, non-taxable capital profits and dividends received.
2 Non-allowable items mainly relate to non-deductible fair value expenses and impairments.
3 Capital gains tax relates to the sale of equipment.
4 Non-taxable foreign items mainly relate to differences on foreign subsidiaries taxation rates.

Subsidiary companies have estimated taxation losses of R947.1 million (2021: R906.3 million) of which R7.1 million (2021: R46.2 million) has been utilised in the calculation of deferred taxation.

## 26. DISCONTINUED OPERATION

During the current year, Grindrod Bank was disposed of. The Grindrod Bank disposal was effective on 1 November 2022 and consequently, Bank has been presented as a discontinued operation in terms of IFRS 5: Non-Current Assets Held for Sale and Discontinued Operations as it constituted a separate major line of business.

| | Consolidated | |
|---|---|---|
| | 2022 R000 | 2021 R000 |
| **Revenue*** | **448 329** | 487 634 |
| **Trading profit before expected credit losses, depreciation and amortisation** | **142 527** | 182 872 |
| Depreciation and amortisation | **(13 262)** | (12 932) |
| Expected credit losses | **(23 316)** | (42 610) |
| **Profit before interest, taxation and non-trading items** | **105 949** | 127 330 |
| Non-trading items** | **(265 517)** | 22 |
| Interest income | **7 949** | 8 653 |
| **(Loss)/profit before taxation** | **(151 619)** | 136 005 |
| Taxation | **(23 534)** | (19 577) |
| **(Loss)/profit for the year from discontinued operation** | **(175 153)** | 116 428 |
| **Attributable to:** | | |
| Owners of the parent | **(175 153)** | 114 319 |
| Non-controlling interests | **–** | 2 109 |
| | **(175 153)** | 116 428 |
| The total comprehensive income attributable to the shareholders of the Company from discontinued operation | **(175 153)** | 116 428 |

* Revenue includes interest earned on loans and advances using effective interest rates.
** The current year non-trading items mainly relate to the group's loss on sale of the Bank.

| | Consolidated | |
|---|---|---|
| | 2022 R000 | 2021 R000 |
| **Cash flows from discontinued operation** | | |
| Net cash (outflows)/inflows from operating activities | **(411 430)** | 34 781 |
| Net cash inflows/(outflows) from investing activities | **8 597** | (4 179) |
| Net cash inflows from financing activities | **692 022** | 163 379 |
| Net cash inflows | **289 189** | 193 981 |

## 27. EARNINGS PER SHARE

| | | Consolidated | |
|---|---|---|---|
| | | 2022 R000 | 2021* R000 |
| **27.1 Basic earnings/(loss) per share** | | | |
| The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows: | | | |
| Profit attributable to owners of the parent | | **657 477** | 221 358 |
| Less: preference dividends | | **(56 396)** | (45 780) |
| Profit/(loss) used in the calculation of basic earnings per share | | **601 081** | 175 578 |
| From continuing operations | | **776 234** | 61 259 |
| From discontinued operation | | **(175 153)** | 114 319 |
| Weighted average number of shares in issue for the year | (000s) | **666 860** | 670 933 |
| **Basic earnings/(loss) per share** | (cents) | **90.1** | 26.2 |
| From continuing operations | (cents) | **116.4** | 9.1 |
| From discontinued operation | (cents) | **(26.3)** | 17.1 |
| **27.2 Diluted earnings/(loss) per share** | | | |
| Diluted weighted average number of shares in issue for the year | (000s) | **667 656** | 670 933 |
| Reconciliation of weighted average number of shares | (000s) | | |
| Basic weighted average number of shares in issue | (000s) | **666 860** | 670 933 |
| Shares that will be issued for no value in terms of share option scheme | (000s) | **796** | – |
| Diluted average number of shares in issue | | **667 656** | 670 933 |
| **Diluted earnings/(loss) per share** | (cents) | **90.0** | 26.2 |
| From continuing operations | (cents) | **116.3** | 9.1 |
| From discontinued operation | (cents) | **(26.3)** | 17.1 |

* Re-presented for the impact of IFRS 5: Non-Current Assets Held for Sale and Discontinued Operations.

## 27. EARNINGS PER SHARE continued

### 27.3 Headline and diluted headline earnings per share

| | | Consolidated 2022 R000 | Consolidated 2021* R000 |
|---|---|---|---|
| Headline earnings per share is based on headline profit of | | **859 714** | 618 366 |
| From continuing operations | | **743 230** | 504 069 |
| From discontinued operation | | **116 484** | 114 297 |
| Weighted average number of shares in issue for the year | (000s) | **666 860** | 670 933 |
| Diluted headline earnings per share is based in the diluted weighted average number of shares in issue for the year | (000s) | **667 656** | 670 933 |
| Headline earnings per share | (cents) | | |
| Basic | (cents) | **128.9** | 92.2 |
| From continuing operations | (cents) | **111.5** | 75.1 |
| From discontinued operation | (cents) | **17.4** | 17.1 |
| Diluted | | **128.8** | 92.2 |
| From continuing operations | (cents) | **111.4** | 75.1 |
| From discontinued operation | (cents) | **17.4** | 17.1 |

| | Consolidated 2022 R000 | Consolidated 2021* R000 |
|---|---|---|
| **Headline profit/(loss) reconciliation:** | | |
| Profit/(loss) attributable to ordinary shareholders of the Company | **601 081** | 175 578 |
| From continuing operations | **776 234** | 61 259 |
| From discontinued operation | **(175 153)** | 114 319 |
| Adjusted for: | | |
| Net (reversal of impairment)/impairment of property, terminals, machinery, vehicles and equipment | **(10 615)** | 48 227 |
| Net impairment of property, terminals, machinery, vehicles and equipment | **(15 225)** | 53 081 |
| Tax effect | **4 610** | (4 854) |
| Net impairment of intangible assets | **–** | 2 775 |
| Net impairment of intangible assets | **–** | 4 649 |
| Tax effect | **–** | (1 874) |
| Gain on bargain purchase | **–** | (6 769) |
| Net (profit)/loss on disposal of investments | **(7 376)** | 136 114 |
| Net loss on scrapping of intangibles, property, terminals, machinery, vehicles and equipment due to KZN floods | **10 099** | – |
| Loss on scrapping of intangibles, property, terminals, machinery and vehicles | **45 211** | – |
| Impairment of intangibles, property, terminals, machinery, vehicles and equipment | **5 349** | – |
| Insurance compensation on property, terminals, machinery, vehicles and equipment impaired and scrapped | **(54 115)** | – |
| Tax effect | **13 654** | – |
| Net profit on disposal of property, terminals, machinery, vehicles and equipment | **(29 570)** | (289) |
| Profit on disposal of property, terminals, machinery, vehicles and equipment | **(43 120)** | (289) |
| Tax effect | **13 550** | – |
| Impairment of goodwill** | **–** | 24 840 |
| Loss on remeasurement on assets held for sale | **–** | 240 066 |
| Foreign currency translation reserve released | **–** | (50 536) |
| Joint Ventures: | | |
| Net gain on disposal of investment property, intangibles, property, terminals, machinery, vehicles and equipment | **(54)** | (58) |
| Impairment of intangibles, property, terminals, machinery, vehicles and equipment | **4 512** | 48 440 |
| Discontinued operation: | | |
| Net loss on disposal of subsidiary | **291 736** | – |
| Loss on disposal of subsidiary | **265 616** | – |
| Tax effect | **26 120** | – |
| Net profit on disposal of intangibles, property, terminals, machinery, vehicles and equipment | **(99)** | (22) |
| Headline earnings | **859 714** | 618 366 |
| From continuing operations | **743 230** | 504 069 |
| From discontinued operation | **116 484** | 114 297 |

* Re-presented for the impact of IFRS 5: Non-Current Assets Held for Sale and Discontinued Operations.
** Goodwill was impaired to the recoverable amount of the cash generating unit which was assessed using value in use principles.

## 28. CAPITAL COMMITMENTS

| | Consolidated 2022 R000 | 2021 R000 |
|---|---|---|
| Authorised and contracted for | | |
| Due within one year | **202 718** | 112 501 |
| Subsidiaries | **169 153** | 112 354 |
| Joint ventures | **33 565** | 147 |
| Authorised and not contracted for | **353 114** | 156 289 |
| Subsidiaries | **52 490** | 156 289 |
| Joint ventures | **300 624** | – |
| Total | **555 832** | 268 790 |
| Financing guarantees provided by the Bank | **–** | 434 724 |
| Cash backed | **–** | 325 809 |
| Lending guarantees (note 9) | **–** | 108 915 |
| Financing guarantees are provided where lending facilities have been approved and all the terms and conditions of the loan have been met. | | |
| Irrevocable unutilised facilities advanced to Bank customers* | **–** | 232 141 |

* In the prior year irrevocable unutilised facilities were approved lending facilities which could not be unconditionally withdrawn, prior to facility expiry, by Bank.

Grindrod's total capital commitments relate to property, terminals, machinery, vehicles and equipment.

These commitments will be funded by cash resources, cash generated from operations and bank financing facilities. Grindrod has carried out a detailed liquidity planning exercise and is confident that it has the necessary resources to meet its capital and other commitments.

## 29. CONTINGENT LIABILITIES

Management is currently in an appeal process with the South African Revenue Service around customs VAT on a leased vessel linked to its flagging. Supported by legal opinion, the directors are of the view that the probability of a material liability arising is low.

Despite settlement in December 2020 of an investigation by Brazilian authorities into Cockett Group, the Cockett Group is still under investigation by two other authorities. The settlement is still subject to review by the Brazilian Federal General Controlling Office and it is not possible to estimate when this will happen, but no changes are expected. External legal counsel has been engaged to assist the Cockett Group in responding to such investigations in an open and transparent way and are proactively co-operating with the authorities concerned. One investigation has been dormant for more than three years and the other only affects a small subsidiary of the Cockett Group.

Due to the abovementioned circumstances, any potential exposures, such as fines, penalties or legal costs, are not possible to determine and estimate at this stage. Cockett is a 50% joint venture to the Group.

## 30. FOREIGN CURRENCY DENOMINATED ITEMS

| | Consolidated 2022 Year end rates | 2022 Average rates | 2021 Year end rates | 2021 Average rates |
|---|---|---|---|---|
| All foreign currency denominated items are translated in terms of the Group's policies. | | | | |
| At 31 December the following exchange rates used on conversion were considered material: | | | | |
| United States Dollar (USD) | **16.98** | **16.40** | 15.93 | 14.90 |
| Pound Sterling (GBP) | **20.47** | **20.33** | 21.53 | 20.50 |
| Metical (MZM) | **0.27** | **0.25** | 0.25 | 0.23 |
| In addition, due to the Group's significant operations in Mozambique, the USD/MZM rate is considered material | **63.87** | **63.85** | 63.83 | 65.56 |

## 31. OPERATING LEASE RECEIPTS

The minimum future lease receipts under non-cancellable operating leases are as follows:

| | Consolidated 1 year R000 | 2 – 5 years R000 | >5 years R000 | Total R000 |
|---|---|---|---|---|
| 2022 | | | | |
| Properties and other | **43 647** | **75 206** | **20 426** | **139 279** |
| 2021 | | | | |
| Properties and other | 16 467 | 25 612 | – | 42 079 |

# 32. CASH FLOW

| | Consolidated 2022 R000 | 2021 R000 |
|---|---|---|
| **32.1 Reconciliation of profit before interest, taxation and non-trading items to cash generated from operations** | | |
| Profit before interest, taxation and non-trading items | **724 762** | 573 609 |
| From continuing operations | **618 813** | 446 279 |
| From discontinued operation | **105 949** | 127 330 |
| Adjustments for: | | |
| Depreciation | **476 004** | 463 917 |
| Share option expense | **2 039** | 3 946 |
| Amortisation of intangible assets | **23 596** | 24 192 |
| Non-cash financial instruments and foreign exchange gains | **35 695** | (33 475) |
| Expected credit loss | **290 430** | 12 060 |
| Fair value adjustment on Bank, Private Equity instruments and Grindrod shipping Shares and other non cash items | **400 280** | 28 358 |
| Cash generated from operations before working capital changes | **1 952 806** | 1 072 607 |
| Working capital changes: | | |
| (Increase)/decrease in inventories | **(13 680)** | 10 596 |
| (Increase)/decrease in trade and other receivables | **(693 523)** | 36 912 |
| Increase/(decrease) in trade and other payables | **434 868** | (80 836) |
| Net receipts from finance lease receivables | **7 277** | – |
| Cash generated from operations | **1 687 748** | 1 039 279 |
| **32.2 Taxation paid** | | |
| Balance at the beginning of the year | **(46 675)** | (71 931) |
| Current year | **(386 680)** | (143 960) |
| Current year – discontinued operation | **(26 938)** | – |
| Foreign exchange translation | **(8 611)** | (6 699) |
| Businesses disposed | **(16 219)** | – |
| Net balance at the end of the year | **231 513** | 46 675 |
| Taxation paid | **(253 610)** | (175 915) |

| | Consolidated 2022 R000 | 2021 R000 |
|---|---|---|
| **32.3 Property, terminals, machinery, vehicles, and equipment acquired** | | |
| Additions – property, terminals, machinery, vehicles and equipment | **(840 916)** | (787 385) |
| Additions in non-current assets held for sale – property, terminals, machinery, vehicles and equipment | **–** | (14 903) |
| Adjusted for non-cash additions: | | |
| Right-of-use asset additions | **152 401** | 320 529 |
| Additions through instalment sale agreements | **90 445** | 68 951 |
| Non cash additions | **33 780** | – |
| Cash flow on acquisition of property, terminals, machinery, vehicles and equipment | **(564 290)** | (412 808) |
| **32.4 Acquisition of subsidiaries and joint ventures** | | |
| Other investments | **(32 800)** | (8 008) |
| Working capital | **–** | 21 462 |
| Goodwill | **–** | (13 454) |
| Total purchase consideration | **(32 800)** | – |
| Net cash outflow | **(32 800)** | – |

The current year acquisition relates to an additional investment in a joint venture in the Logistics segment. The prior year relates to the acquisition of the remaining 51% of Cremplace. Cremplace had an interest in an existing private equity investment held by the Group and the reason for the acquisition was to restructure the Group's investments to be held in a single entity.

## 32.5 Deconsolidation and disposal of subsidiaries

During the year, the Group disposed of its entire shareholding in Grindrod Financial Holdings Limited and Grindrod Bank Limited. The disposal is in line with Grindrod's strategic intent to separate its Freight Services and Banking Services businesses.

In the prior year, the Group disposed of its shareholding in ISI and SIRE in line with the exit strategy of the private equity portfolio. Further, in the prior year, in line with the strategy to exit poor performing businesses, the Group disposed of Fuelogic Namibia Proprietary Limited. A portion of the disposal proceeds were deferred and were received in the current year.

## 32. CASH FLOW continued

### 32.5 Deconsolidation and disposal of subsidiaries continued

| | Consolidated 2022 R000 | 2021 R000 |
|---|---|---|
| Property, terminals, machinery, vehicles and equipment and right-of-use assets | **9 156** | 47 561 |
| Financial assets | **5 808** | – |
| Loans and advances | **7 992 789** | – |
| Other investments | **5 727** | 319 855 |
| Working capital | **(17 816)** | (4 573) |
| Taxation | **16 219** | – |
| Deferred taxation | **65 106** | 178 |
| Liquid assets and negotiable securities | **5 249 782** | – |
| Cash and cash equivalents | **1 395 554** | 20 281 |
| Long-term borrowings | **(1 148 412)** | (26 457) |
| Financial liabilities | **(504)** | – |
| Deposits from Bank customers | **(11 807 325)** | – |
| Business combination reserve | **(28 574)** | – |
| Non-controlling interests | **–** | 128 635 |
| Total | **1 737 510** | 485 480 |
| Loss on disposal | **(265 616)** | (135 632) |
| Less: financial guarantees raised on disposal | | |
| Advances warranty provision* | **70 000** | – |
| Other warranty provision* | **15 000** | – |
| Less proceeds receivable | **–** | (259 028) |
| Consideration received | **1 556 894** | 90 820 |
| Less: cash and cash equivalents | **(1 395 554)** | (20 281) |
| Net cash inflow on disposal of Bank | **161 340** | 70 539 |
| Proceeds received on deferred consideration on the sale of SIRE concluded in the prior year (refer to note 7) | **40 675** | – |
| Proceeds received on deferred consideration on disposal of the fuel carrier businesses concluded in the prior year | **92 539** | – |
| | **294 554** | 70 539 |

* Warranties raised in respect of the disposal of Bank. For more details refer to note 19.

### 32.6 Reconciliation of borrowings

| | Consolidated 2022 R000 | 2021 R000 |
|---|---|---|
| Opening balance | **3 319 537** | 3 595 527 |
| Transferred to non-current liabilities associated with non-current assets held for sale (refer to note 13) | **(272 108)** | (26 300) |
| Net disposal of businesses | **(1 148 411)** | (26 457) |
| Disposed (settled directly with finance institution) | **(41 247)** | (30 000) |
| Instalment sale agreements raised | **90 445** | 68 951 |
| Non-cash movements in lease liabilities | **92 080** | 344 335 |
| Translation loss | **27 179** | 40 705 |
| Closing balance | **(2 104 128)** | (3 319 537) |
| Net cash (outflow)/inflow | **(36 653)** | 647 224 |
| Split as follows: | | |
| Long-term interest-bearing debt raised | **1 190 372** | 518 819 |
| Current portion of long-term interest-bearing debt repaid | **(1 088 053)** | (1 119 674) |
| Short-term interest-bearing debt repaid | **(241 146)** | (348 880) |
| Short-term interest-bearing debt raised | **175 480** | 302 511 |

### 32.7 Cash and cash equivalents

| | Consolidated 2022 R000 | 2021 R000 |
|---|---|---|
| Cash and cash equivalents included in the statement of cash flows comprise of the following statement of financial position amounts: | | |
| Bank balances and cash | **2 605 514** | 2 057 642 |
| Deposits with the SA Reserve Bank (SARB)* | **–** | 292 309 |
| Interbank call deposits | **–** | 773 938 |
| Bank balances and cash | **2 605 514** | 991 395 |
| Bank and cash balances included in non-current assets held for sale (note 13) | **6** | – |
| Bank overdrafts (note 15) | **(410 967)** | (539 622) |
| | **2 194 553** | 1 518 020 |

* Prior year amounts included in cash and cash equivalents relate to Bank subsidiaries where the balances form part of the reserving requirements as required by the Banks Act. Reserving requirements do not include all liquidity with SARB. Use of this deposit was subject to SARB approval but once approved could be accessed within 90 days and hence constituted a cash equivalent. There were no restrictions imposed on the availability.

## 33. SHARE-BASED PAYMENTS

### Equity settled share options

Executive directors, senior executives and other employees have been granted equity-settled share options in terms of the Grindrod Limited Forfeitable Share Plan (FSP).

Equity-settled share-based payments are measured at fair value (excluding the effect of non market-based vesting conditions) at the date of grant and recognised in profit or loss on the straight-line basis over the vesting period, based on the estimated number of shares that will eventually vest and adjusted for the effect of non market-based vesting conditions. Fair value is measured using a binomial pricing model.

### Cash settled share based payments

Share appreciation rights granted to employees for services rendered or to be rendered are raised as a liability and recognised in profit or loss immediately or, if vesting requirements are applicable, over the vesting period. The liability is remeasured annually until settled and any changes in value are recognised in profit or loss. Fair value is measured using a binomial pricing model.

### Equity-settled forfeitable share plan

During 2012 the group introduced the Grindrod Forfeitable Share Plan (FSP). The scheme allows executive directors and senior employees to earn a long-term incentive to assist with the retention and reward of selected employees.

Shares are granted to employees for no consideration. These shares participate in dividends and shareholder rights from grant date.

The vesting of the shares is subject to continued employment for a period of three, four and five years or the employee will forfeit the shares.

On resignation, the employee will forfeit any unvested shares. On death or retirement only a portion of the shares will vest, calculated based on the number of months worked over the total vesting period.

In terms of IFRS 2, the transaction is measured at the fair value of the equity instruments at the grant date. The fair value takes into account that the employees are entitled to dividends from the grant date.

The fair value of the equity settled shares subject to non-market conditions is the average share price at grant date.

There were 900 000 (2021: nil) equity settled shares issued in the current year.

### Cash-settled share based payments

The Group issues to certain employees share appreciation rights (SAR) that require the Group to pay the intrinsic value of the SAR to the employee at the date of exercise.

The fair values were calculated using a stochastic model based on the standard binomial options pricing model.

This model has been modified to take into account early exercise opportunities and expected employee exercise behaviour.

The inputs into the model were as follows:

| | | Consolidated | |
|---|---|---|---|
| | | **2022** | 2021 |
| Share price | (cents) | **1 000** | 495 |
| **Expected rolling volatility** | | | |
| Three-year expected option lifetime | (%) | **46.7** | 43.4 |
| Four-year expected option lifetime | (%) | **47.0** | 44.2 |
| Five-year expected option lifetime | (%) | **46.1** | 42.7 |
| **Expected option lifetime** | | | |
| Vesting periods three | (years) | **3** | 3 |
| Vesting periods four | (years) | **4** | 4 |
| Vesting periods five | (years) | **5** | 5 |
| **Risk-free rate based on zero-coupon government bond yield** | | | |
| Three-year expected option lifetime | (%) | **8.8** | 5.1 |
| Four-year expected option lifetime | (%) | **8.8** | 5.8 |
| Five-year expected option lifetime | (%) | **8.8** | 6.0 |
| Expected dividend yield | (%) | **3.7** | 4.0 |

Refer to note 19 for details of the provision raised for cash-settled share-based scheme.

The reconciliations of the FSP's and SAR's issued are included in the Directors' emoluments in note 37.

## 34. RELATED PARTY TRANSACTIONS AND BALANCES

During each year, the Group, in the ordinary course of business, enters into various transactions with related parties. Parties are considered to be related if one party has the ability to control or exercise significant influence over the other party in making financial and operating decisions. These transactions occurred under terms that are no more or less favourable than those arranged with third parties.

| | Consolidated | | | |
|---|---|---|---|---|
| | Other related parties R000 | Associates R000 | Joint ventures R000 | Amounts due by related parties R000 |
| **2022** | | | | |
| **Goods and services sold to:** | | | | |
| Cockett Marine Oil Pte Limited | – | – | 4 153 | 2 122 |
| France Rail Industry South Africa Proprietary* | 751 | – | – | – |
| GPR Leasing Africa Proprietary Limited | – | – | 2 854 | 97 817 |
| GPR Leasing SA Proprietary Limited | – | – | 679 | – |
| Grindrod Rail Consultancy Services Proprietary Limited | – | – | 47 208 | 45 410 |
| Grindrod Namibia Stevedoring Proprietary Limited | – | 358 | – | – |
| Interest earned on loans to associates | – | 77 269 | – | – |
| Maputo Intermodal Container Depot, S.A | – | – | 95 | 86 494 |
| NLPI Limited | – | – | 20 614 | 8 347 |
| Portus Indico-Sociedade de Servicos Portuarios SA | – | – | 134 693 | – |
| Railco Africa Limited | – | – | 9 102 | 74 644 |
| RBT Grindrod Terminals Proprietary Limited | – | – | 58 288 | 185 901 |
| RBT Resources Proprietary Limited | – | – | 18 273 | – |
| Röhlig-Grindrod Proprietary Limited | – | – | 40 642 | 2 335 |
| S Masiza estate | 1 140 | – | – | 11 784 |
| Terminal De Carvo da Matola Limitada | – | – | 284 933 | 1 325 |
| WJ Grindrod and C Grindrod** | 32 736 | – | – | – |
| | 34 627 | 77 627 | 621 534 | 516 179 |

* ZP Zatu Moloi, a non-executive director of Grindrod Limited, is a shareholder and director of this entity.

** WJ Grindrod, a non-executive director of Grindrod, and C Grindrod, purchased a UK residential property from the Group. The purchase price agreed was within the range of two valuations performed by independent valuers. The transaction was reviewed by the Group's lead independent non-executive director. The gross purchase price amounted to £1 650 000 (R35 564 265). The Company has finalised the regulatory requirements of this transaction, as announced on SENS on 3 April 2023.

## 34. RELATED PARTY TRANSACTIONS AND BALANCES continued

| | Consolidated | | | |
|---|---|---|---|---|
| | Other related parties R000 | Associates R000 | Joint ventures R000 | Amounts due to related parties R000 |
| **2022** | | | | |
| **Goods and services purchased from:** | | | | |
| Cockett Marine Oil Pte Limited | – | – | (52 234) | (4 792) |
| **Interest earned on deposits from associates** | | | | |
| Grindrod Namibia Stevedoring Proprietary Limited | – | (6 627) | – | (151) |
| GPR Leasing Africa Proprietary Limited | – | – | (43 554) | (10 152) |
| Grindrod Rail Consultancy Services Proprietary Limited | – | – | (298) | (25 326) |
| Grindways Logistics Limited | – | – | – | (8 490) |
| NLPI Limited | – | – | – | (506) |
| RBT Grindrod Terminals Proprietary Limited | – | – | – | (277) |
| Röhlig-Grindrod Proprietary Limited | – | – | – | (2 695) |
| Terminal De Carvo da Matola Limitada | – | – | – | (984) |
| | – | (6 627) | (96 086) | (53 373) |

| | Consolidated | | | |
|---|---|---|---|---|
| | Other related parties R000 | Associates R000 | Joint ventures R000 | Amounts due by/(to) related party R000 |
| **2021** | | | | |
| **Goods and services sold to:** | | | | |
| Cockett Marine Oil Pte Limited | – | – | 3 890 | 1 988 |
| Directors (directly or indirectly) | 5 | – | – | – |
| France Rail Industry South Africa Proprietary | 664 | – | – | – |
| **Guarantee fee income earned from associates** | | | | |
| GPR Leasing Africa Proprietary Limited | – | – | – | 16 |
| GPR Leasing SA Proprietary Limited | – | – | 3 485 | – |
| Grindrod Rail Consultancy Services Proprietary Limited | – | – | 30 062 | 13 798 |
| Grindrod Namibia Stevedoring Proprietary Limited | – | 964 | – | – |
| Maputo Port Development Company* | – | 8 702 | – | 335 |
| Interest earned on loans to associates | – | 101 031 | – | – |
| Loans to associates | – | – | – | 1 057 660 |
| Property owning entities | – | – | – | 828 527 |
| Private equity portfolio | – | – | – | 229 133 |
| Maputo Intermodal Container Depot, S.A | – | – | 2 251 | 61 014 |
| NLPI Limited | – | – | 16 491 | 9 224 |
| OTGC Terminals Proprietary Limited | – | – | 6 784 | 77 467 |
| Portus Indico-Sociedade de Servicos Portuarios SA | – | – | 79 492 | – |
| Railco Africa Limited | – | – | 11 965 | 97 141 |
| RBT Grindrod Terminals Proprietary Limited | – | – | 47 798 | 153 940 |
| RBT Resources Proprietary Limited | – | – | 13 824 | 204 222 |
| Röhlig-Grindrod Proprietary Limited | – | – | 33 657 | 2 218 |
| S Masiza estate | 924 | – | – | 10 818 |
| Terminal De Carvo da Matola Limitada | – | – | 140 982 | 962 |
| | 1 593 | 110 697 | 390 681 | 1 690 803 |

* Maputo Port Development Company is an associate of Portus Indico-Sociedade de Servicos Portuarios SA.

## 34. RELATED PARTY TRANSACTIONS AND BALANCES continued

| | Consolidated | | | |
|---|---|---|---|---|
| | Other related parties R000 | Associates R000 | Joint ventures R000 | Amounts due by/(to) related parties R000 |
| **2021** | | | | |
| **Goods and services purchased from:** | | | | |
| Cockett Marine Oil Pte Limited | – | – | (84 561) | (5 642) |
| Grindrod Namibia Stevedoring Proprietary Limited | – | (2 970) | – | (325) |
| GPR Leasing Africa Proprietary Limited | – | – | (41 081) | (15 070) |
| GPR Leasing SA Proprietary Limited | – | – | – | – |
| Grindrod Rail Consultancy Services Proprietary Limited | – | – | (28 769) | (4 877) |
| NLPI Limited | – | – | – | (1 027) |
| RBT Grindrod Terminals Proprietary Limited | – | – | (3 773) | (1 748) |
| Röhlig-Grindrod Proprietary Limited | – | – | – | (647) |
| Terminal De Carvo da Matola Limitada | – | – | – | (234) |
| | – | (2 970) | (158 184) | (29 570) |

### Joint ventures

Details of interests in joint ventures are set out in note 4.

### Associates

Details of material investments in associates are set out in note 5.

### Directors

Details of Directors' interests in the Company and Directors' emoluments are set out in note 37.

Details on balances due to Directors are disclosed in note 18.

### Shareholders

The principal shareholders of the Company are detailed in the share analysis from pages 84 and 85.

## 35. FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES

The principal risks to which the group is exposed through financial instruments are:

- foreign currency risk;
- commodity and concentration risk;
- interest rate risk;
- credit risk;
- liquidity risk; and
- capital risk management.

The Group's overall strategy with regard to liquidity and financial risk is guided by the corporate objective to maximise the Group's cash flow, actively manage its risk and reduce earnings volatility in a cost effective manner.

Divisional and Group treasury aim to negotiate better rates for borrowings and avoid restrictive covenants, which limit the Board's flexibility to act. The Group also aims to minimise transaction charges from the Company's banks, maximise interest income and minimise interest cost through efficient cash management practices.

### Treasury function

The treasury function incorporates the following main sections:

- foreign exchange management;
- cash management;
- funding and liquidity management;
- counterparty and credit risk management;
- interest rate exposure management; and
- bank relationship management

### Treasury risk management

Treasury risks are managed through the implementation of effective policies and regular interactions between the Group and divisional treasuries. In addition, Group Treasury performs the following functions:

- forecast liquidity and funding requirements;
- foreign exchange cover levels based on the exchange rate views;
- performance of market risk management;
- interest rate exposure and cover levels; and
- reporting on divisional treasury positions

The Treasury manager together with the divisional executives are responsible for the ultimate approval of day-to-day treasury activities, and reporting on treasury matters.

### Executive committee

The executive committee reviews all treasury related proposals and strategies that require Board approval prior to submission.

### Board of directors

The Board of directors is the highest approval authority for all treasury matters. Material changes to the policies and treasury matters as determined by the Group's limits of authority are required to be submitted to the Board.

## 35. FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES continued

### 35.1 Financial instruments by category and fair value hierarchy

The Group's financial instruments consist mainly of cash deposits with banks, investments, finance lease receivables, trade and other receivables and payables, bank borrowings and loans to and from subsidiaries.

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable or based on observable inputs:

Level 1– Unadjusted quoted prices 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 (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Levels 2 and 3 fair values were determined by applying either a combination of, or one of the following valuation techniques:

- Projected unit method; and/or
- Independently observable market prices; and/or
- The net asset value of the underlying investments; and/or
- A price earnings multiple or a discounted projected income/present value approach; and/or
- Market-related interest rate yield curves to discount expected future cash flows; and/or
- Any additional revenue arrangements valued per the specified arrangement based on the specified underlying asset.

The specified underlying assets include property and unlisted investments supported by management valuation.

The fair value measurement based on the income approach uses key inputs that are not observable in the market. Key inputs used in the valuation include discount rates and future profit assumptions based on historical performance but adjusted for expected growth. Management reassesses the earnings or yield multiples at least annually based on its assessment of the macroeconomic and microeconomic environments.

| | 2022 | | | | | |
|---|---|---|---|---|---|---|
| | | Fair value | | | | |
| | Carrying value R000 | Level 1 R000 | Level 2 R000 | Level 3 R000 | Amortised cost^ R000 | Other non-financial instruments R000 |
| **Financial instruments** | | | | | | |
| Cash and cash equivalents** | 2 605 520 | – | – | – | 2 605 520 | – |
| Other investments** | 574 200 | 58 554 | 92 982 | 299 641 | 123 023 | – |
| Finance lease receivables | 133 361 | – | – | – | 133 361 | – |
| Loans and advances | 1 072 958 | – | – | 935 500 | 137 458 | – |
| Long-term receivable | 204 950 | – | – | – | 204 950 | – |
| Trade and other receivables** | 1 891 624 | – | – | – | 1 593 265 | 298 359 |
| Borrowings** | (2 787 202) | – | – | – | (2 787 202) | – |
| Trade and other payables** | (1 754 307) | – | – | – | (1 262 621) | (491 686) |
| Provisions | (180 675) | – | – | – | (85 000) | (95 675) |
| **Non-financial instruments** | | | | | | |
| Investment property | 113 252 | – | – | 113 252 | – | – |
| Total | | 58 554 | 92 982 | 1 348 393 | 662 754 | (289 002) |

^ Carrying value approximates fair value.

** Includes balances disclosed in held for sale. Refer to note 13.

## 35. FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES continued

### 35.1 Financial instruments by category and fair value hierarchy continued

| | 2021 | | | | | |
|---|---|---|---|---|---|---|
| | | Fair value | | | | |
| | Carrying value R000 | Level 1 R000 | Level 2 R000 | Level 3 R000 | Amortised cost^ R000 | Other non-financial instruments R000 |
| **Financial instruments** | | | | | | |
| Cash and cash equivalents | 2 057 642 | – | – | – | 2 057 642 | – |
| Other investments | 1 097 668 | 93 707 | 87 911 | 590 621 | 325 429 | – |
| Loans and advances | 9 537 311 | – | 638 174 | 2 629 678 | 6 269 459 | – |
| Liquid assets and negotiable securities | 3 935 984 | – | – | – | 3 935 984 | – |
| Long-term receivable | 245 214 | – | – | – | 245 214 | – |
| Trade and other receivables | 1 347 191 | – | – | – | 1 211 106 | 136 085 |
| Borrowings (including Bank and Private Equity and Property) | (3 859 159) | – | – | – | (3 859 159) | – |
| Derivative financial liabilities | (24 277) | – | (24 277) | – | – | – |
| Trade and other payables | (1 310 696) | – | – | – | (1 055 710) | (254 986) |
| Deposits from bank customers | (11 221 133) | – | – | – | (11 221 133) | – |
| **Non-financial instruments** | | | | | | |
| Investment property | 86 168 | – | – | 86 168 | – | – |
| **Total** | | 93 707 | 701 808 | 3 306 467 | (2 091 168) | (118 901) |

^ Carrying value approximates fair value.

#### Reconciliation of Level 3 fair value measurements of financial assets

| | Level 3 2022 R000 | Level 3 2021 R000 |
|---|---|---|
| Opening balance | **3 306 467** | 4 114 635 |
| Purchases | **341 334** | 458 101 |
| Settlements | **(371 461)** | (1 088 645) |
| Disposal of subsidiary | **(1 699 208)** | – |
| Total gains/(losses) recognised in: | | |
| – Other comprehensive income | **(1 504)** | 13 579 |
| – Income statement | **(227 235)** | (191 203) |
| **Closing balance** | **1 348 393** | 3 306 467 |

Fair value losses recognised in the condensed consolidated statement of other comprehensive income for Level 3 financial instruments were R228.7 million (2021: R177.6 million).

# 35. FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES continued

## 35.1 Financial instruments by category and fair value hierarchy continued

### Valuation inputs and relationships to fair value

The following table summarises the quantitative information about the significant unobservable inputs used in level 3 fair value measurements for material investments:

| Material investment's principal activity | Fair value (FV) at 31 December 2022 R000 | Fair value at 31 December 2021 R000 | Valuation method | Unobservable inputs | Range of inputs | Relationship of unobservable inputs to fair value |
|---|---|---|---|---|---|---|
| Medical# | – | 175 977 | | | | |
| Vehicle financing^ | 241 000 | 301 700 | Price multiple approach | PE Multiple | 6.81x | Increased PE multiple to 7.8x would increase FV to R276 658 000<br>Decreased PE multiple to 5.81x would decrease FV to R205 825 000 |
| North Coast property loans | 935 500* | 1 456 749* | Monte Carlo simulation | Combined property valuation determining rate per hectare, discount rate and time to maturity | Rate per hectare determined per expert valuation (commercial/ residential) | The value of the two combined properties held as security for the loans ranges from R2.6 billion to R3.0 billion based on independent valuations.<br>These valuations together with the Group's mortgage bonds were inputs into a Monte Carlo simulation to determine an independent valuation range between R0.6 billion and R1.2 billion on the loans.<br>Increase of rate per hectare by 10% would increase FV by R163.7 million.<br>Decrease of rate per hectare by 10% would decrease FV by R174.1 million. |
| | | | | Discount rate | 9.25% – 15.25% | Decrease of the discount rate by 2% would increase the FV by R82.7 million.<br>Increase of the discount rate by 2% would decrease the FV by R98.0 million. |
| | | | | Time to Maturity ("TTM") | 2.0 – 3.0 years | Decrease of 6 months would increase the FV by R104.0 million.<br>Increase of 6 months would decrease the FV by R92.6 million. |
| Investment property** | 113 252 | 86 168 | Independent external property valuation | Rate per m² determined per expert valuation | Rate per m² determined per expert valuation | 10% change in rate per m² will result in a change to carrying value of investment property by R11 325 200. |
| | | | | Market capitalisation rate | 9.5% | 2% change in the market capitalisation rate will result in a change to carrying value of investment property by R2 265 000. |

^ The Directors draw attention to the negative industry factors that arose post-year end, and are comfortable with the year-end valuation as this is a non-adjusting event.
* The two combined properties are held as security for the fair value loan of R935.5 million (2021: R1.5 billion) as well as amortised cost loans of R137.5 million (2021: R353.6 million).
# This investment was disposed in the current year.
** Rental income of R9.9 million (2021: R9.0 million) was earned in the current year. The increase is due to the reduction in the owner-occupied portion of the property mainly due to the disposal of Grindrod Bank.

### Valuation process

The Group's finance and corporate finance teams perform valuations on certain assets for financial reporting purposes.

The valuation input, assumptions, methodology and outputs are then challenged and debated with the Group Financial Director (FD) prior to approval. Teams present their valuations for significant investments to the FD who interrogates the methodology used and the assumptions applied in the valuations. Discussions of valuation processes and results are held between the FD and the respective teams at least once every six months, in line with the Group's half-yearly reporting periods. Any resulting adjustments to the carrying value will follow the internal approval process.

North coast properties, being security on the lending, are assessed by an independent valuation professional and the option pricing model for the assessment of fair value is performed by an independent expert.

The main four inputs used by the Group in measuring the fair value of financial instruments are:

- **Discount rates:** these are determined using a capital asset pricing model to calculate a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the asset;
- **Risk adjustments:** these are specific to the counterparties (including assumptions about credit default rates) and are derived from the market assumptions on the operational environment and other factors affecting the investment; and
- **Earnings growth factor for unlisted investments:** these are estimated based on market information for similar types of companies or historical growth patterns.
- **Independent expert valuations:** valuations were conducted by registered independent experts using both the market approach and investment method.

## 35. FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES continued

### 35.2 Foreign currency risk

The objective of the foreign exchange exposure management policy is to ensure that all foreign exchange exposures are identified as early as possible and that the identified exposures are actively managed to reduce risk. All exposures are to reflect underlying foreign currency commitments arising from trade and, or foreign currency finance. Under no circumstances are speculative positions, not supported by normal trade flows, permitted.

The Group is subject to economic exposure, transaction exposure and translation exposure.

- Economic exposure consists of planned net foreign currency trade in goods and services not yet manifested in the form of actual invoices and orders. Economic exposure is initially identified at the time of budget preparation and is progressively reviewed on a quarterly basis at the time of each budget revision.
- Transaction exposure consists of all transactions entered into which will result in a flow of cash in foreign currency at a future time, such as payments under foreign currency, long and short-term loan liabilities, purchases and sales of goods and services (from invoice date to cash payment or receipt), capital expenditure (from approval date until cash payment) and dividends (from declaration date to payment date). Commercial transactions shall only be entered in currencies that are readily convertible by means of formal external forward contracts.
- Translation exposure relates to the Group's investments and earnings in non-ZAR currencies which are translated in the ZAR reporting currency. Translation exposure is not hedged.

The Group's policy is to forward cover all trade commitments that are not hedged by a foreign currency revenue stream and to cover the Rand funded element of material capital commitments.

Foreign monetary items are converted to Rands at the rate of exchange ruling at the financial reporting date. Derivative instruments are valued with reference to forward exchange rates from the year-end to settlement date, as provided by independent financial institutions.

#### Foreign currency balances

The uncovered USD foreign currency denominated balances at 31 December were as follows:

| | Consolidated | | | |
|---|---|---|---|---|
| | 2022 US$000 | 2022 R000 | 2021 US$000 | 2021 R000 |
| **USD** | | | | |
| Loans | **(4 405)** | **(74 791)** | (7 798) | (124 222) |
| Finance lease receivables | **6 077** | **103 187** | – | – |
| Trade and other receivables | **34 987** | **594 087** | 26 721 | 425 667 |
| Trade and other payables | **(28 050)** | **(476 288)** | (11 666) | (185 841) |
| Bank balances | **48 702** | **826 953** | 19 128 | 304 702 |
| Short-term borrowings and bank overdraft | **–** | **–** | (4 009) | (63 863) |
| Lease liabilities | **(17 427)** | **(295 915)** | (34 758) | (553 694) |
| | **39 884** | **677 233** | (12 382) | (197 251) |

The uncovered Pound foreign currency denominated balances at 31 December were as follows:

| | Consolidated | | | |
|---|---|---|---|---|
| | 2022 £000 | 2022 R000 | 2021 £000 | 2021 R000 |
| **Pound** | | | | |
| Long-term receivables | **10 012** | **204 950** | 11 389 | 245 214 |
| Bank balances | **775** | **15 872** | 3 | 62 |
| Investments | **(434)** | **(8 886)** | – | – |
| | **10 353** | **211 936** | 11 392 | 245 276 |

The uncovered Metical foreign currency denominated balances at 31 December were as follows:

| | Consolidated | | | |
|---|---|---|---|---|
| | 2022 MZM000 | 2022 R000 | 2021 MZM000 | 2021 R000 |
| **Metical** | | | | |
| Trade and other receivables | **473 622** | **125 796** | 289 444 | 72 181 |
| Trade and other payables | **(322 249)** | **(85 590)** | (308 251) | (76 870) |
| Bank balances | **586 419** | **155 755** | 200 558 | 50 014 |
| | **737 792** | **195 961** | 181 751 | 45 325 |

The uncovered other foreign currency denominated balances at 31 December were as follows:

| | Consolidated | |
|---|---|---|
| | 2022 R000 | 2021* R000 |
| **Other currencies^** | | |
| Trade and other receivables | **85 780** | 66 394 |
| Trade and other payables | **(118 375)** | (116 244) |
| Bank balances | **54 418** | 39 100 |
| Lease liabilities | **(2 092)** | (1 906) |
| | **19 731** | (12 656) |

* Prior year figures have been restated to exclude Metical balances which have now been disclosed separately to reflect more meaningful disclosure.

^ Other currencies consists mainly of AUD.

# 35. FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES continued

## 35.2 Foreign currency risk continued

### Sensitivity analysis

At year-end the sensitivity of the net open exposure on foreign currency translation reserve and trading profit is as follows:

| | Consolidated | |
|---|---|---|
| | **2022 R000** | **2021 R000** |
| **Net exposure** | | |
| +10% in exchange rate | **110 486** | 8 069 |
| -10% in exchange rate | **(110 486)** | (8 069) |

## 35.3 Interest rate risk

### 35.3.1 Interest rate risk of the Group (excluding Bank)

The Group monitors its exposure to fluctuating interest rates and generally enters into contracts that are linked to market rates relative to the currency of the asset or liability. The Group makes use of derivative instruments, such as interest rate swaps to manage this exposure, from time to time.

The interest rate profile of the Group, excluding lease liabilities that are not linked to variable interest rates, is summarised as follows:

| | 2022 R000 | 2021 R000 |
|---|---|---|
| Loans linked to LIBOR | **74 812** | 80 153 |
| Loans linked to SA prime rate | **825 445** | 896 376 |
| Loans linked to JIBAR | **596 129** | 1 204 112 |
| Loans linked to Botswana prime rate | **–** | 44 105 |
| Loans linked to Repo rate | **–** | 36 238 |
| Loans linked to Namibia prime rate | **–** | – |
| Short-term borrowings linked to LIBOR | **–** | 63 863 |
| Short-term borrowings linked to SA prime rate | **410 967** | 539 622 |
| | **1 907 353** | 2 864 469 |
| | **1 907 353** | 2 864 469 |

Full details of the interest rate profile of long-term borrowings is set out in note 15.

The range of interest rates in respect of all non-current borrowings comprising both fixed and floating rate obligations at 31 December 2022 is as follows: local rates are between 6.2% and 9.5% (2021: 3.4% and 10.0%), foreign rates are between 5.8% and 6.5% (2021: 5.8% and 6.5%). Floating rates of interest are based on LIBOR (London inter-bank offered rate – for USD borrowings) and on JIBAR (Johannesburg inter-bank agreed rate – for SA borrowings). Fixed rates of interest are based on contract rates. Interest rate swaps are taken in order to fix interest rates on certain loans.
The relevant lenders for loans currently linked to LIBOR have not yet transitioned the borrowing costs to the Secured Overnight Financing Rate (SOFR).

### Sensitivity analysis

At year-end the sensitivity of the net open exposure of floating interest rates on the profit is as follows:

| | 2022 R000 | 2021 R000 |
|---|---|---|
| **Net exposure on above** | | |
| +50 BPS (2021: +50 BPS) | **3 491** | (2 301) |
| -50 BPS (2021: -50 BPS) | **(3 491)** | 2 301 |

# 35. FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES continued

## 35.3 Interest rate risk continued

### 35.3.2 Interest rate risk of the Bank

**2022**

Due to the disposal of Grindrod Bank, there is no current year disclosure for interest rate repricing gap.

| Interest rate repricing gap | | <3 months R000 | >3 months <6 months R000 | >6 months <1 year R000 | >1 year <5 years R000 | >5 years R000 | Non-rate sensitive R000 | Total R000 |
|---|---|---|---|---|---|---|---|---|
| **2021** | | | | | | | | |
| Assets | | 9 711 083 | 1 232 231 | 1 540 011 | 756 005 | 302 358 | 190 266 | 13 731 954 |
| Equity and liabilities | | (11 335 365) | (333 650) | (298 896) | (239 720) | – | (1 524 323) | (13 731 954) |
| Interest rate hedging activities | | 663 270 | – | (66 254) | (403 781) | (193 235) | – | – |
| Repricing profile | | (961 012) | 898 581 | 1 174 861 | 112 504 | 109 123 | (1 334 057) | – |
| Cumulative repricing profile | | (961 012) | (62 431) | 1 112 430 | 1 224 934 | 1 334 057 | – | |
| Expressed as a percentage of total assets of the Bank | (%) | (7) | (0.5) | 8.1 | 8.9 | 9.7 | – | |

| Interest income sensitivity | <3 months | >3 months <6 months | >6 months <1 year | Cumulative impact on net interest income |
|---|---|---|---|---|
| **2021** | | | | |
| 2% interest rate increase | (4 866) | (5 677) | (11 355) | (21 898) |
| 2% interest rate decrease | 4 866 | 5 677 | 11 355 | 21 898 |

## 35.4 Credit risk

Credit risk refers to the risk of financial loss resulting from failure of a counterparty to an asset, for any reason, to fully honour its financial and contractual obligations. Potential areas of credit risk consist of cash and cash equivalents, bank advances, trade receivables and other receivables. The Group limits its exposure in relation to cash balances by only dealing with well-established financial institutions of high quality credit standing. In order to minimise credit risk, the Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults.

### Credit risk management

#### Trade and other receivables

The Group aims to minimise loss caused by default of our customers through specific Group-wide policies and procedures. Compliance with these policies and procedures is the responsibility of the divisional and other financial managers. All known risks are required to be fully disclosed and accounted for and are provided against as doubtful debts.

The Group considers the trade debtor in default when payment is not made when they are contractually due. Trade debtors are only written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include objective evidence that the collection of the amount is doubtful, failure of the debtor to engage in a repayment plan and a failure to make contractual payments for a period greater than 120 days old (90 days past due).

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

The Expected Credit Losses (ECL) on these financial assets are estimated using a provision matrix based on the group's historical credit loss experience, adjusted for following factors:

General macroeconomic conditions such as:

- South African GDP;
- Global commodity indices;
- Socio-economic factors;
- GDP performance of the countries we operate in; and/or
- Natural disasters (floods).

Entity specific microeconomic conditions in the geographies that we operate in such as:

- Industry performance;
- Any other publicly available information regarding our customers;
- Credit quality of our customers; and/or
- Collateral or security held.

An assessment of both the current as well as the forecast direction of conditions at the reporting date, including time-value of money where appropriate.

## 35. FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES continued

### 35.4 Credit risk continued

The following table details the risk profile of amounts due from customers based on the Group's provision matrix. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished between the Group's different customer base.

On that basis, the loss allowance as at 31 December 2022 was determined as follows for trade and other receivables:

| | | Current | More than 30 days past due | More than 60 days past due | More than 90 days past due | More than 120 days past due | Total | Specific provision | Total including specific |
|---|---|---|---|---|---|---|---|---|---|
| **31 December 2022** | | | | | | | | | |
| Expected loss rate | (%) | **0.1** | **0.4** | **0.7** | **1.9** | **11.4** | | | |
| Gross carrying amount | (R000) | **849 019** | **226 358** | **81 155** | **25 791** | **234 081** | **1 416 404** | **235 286** | **1 651 690** |
| Loss allowance excluding specific provisions | (R000) | **1 116** | **850** | **532** | **482** | **26 698** | **29 678** | **–** | **29 678** |
| Specific allowance | (R000) | **–** | **–** | **–** | **–** | **–** | **–** | **235 286** | **235 286** |
| **Total provision** | (R000) | **1 116** | **850** | **532** | **482** | **26 698** | **29 678** | **235 286** | **264 964** |
| **31 December 2021** | | | | | | | | | |
| Expected loss rate | (%) | 0.2 | 0.3 | 0.7 | 3.3 | 17.7 | | | |
| Gross carrying amount | (R000) | 455 334 | 176 513 | 52 738 | 12 657 | 273 771 | 971 013 | 591 054 | 1 562 067 |
| Loss allowance excluding specific provisions | (R000) | 1 010 | 488 | 347 | 412 | 48 470 | 50 727 | – | 50 727 |
| Specific allowance | (R000) | – | – | – | – | – | – | 583 324 | 583 324 |
| **Total provision** | (R000) | 1 010 | 488 | 347 | 412 | 48 470 | 50 727 | 583 324 | 634 051 |

Expected loss rate is calculated as follows:

| | | Current | More than 30 days past due | More than 60 days past due | More than 90 days past due | More than 120 days past due |
|---|---|---|---|---|---|---|
| **31 December 2022** | | | | | | |
| Historical loss rate | (%) | **0.1** | **0.3** | **0.5** | **1.8** | **10.8** |
| Adjusted for: | | | | | | |
| Macroeconomic factors | (%) | **–** | **0.1** | **0.1** | **0.1** | **0.1** |
| Micro/Entity specific factors | (%) | **–** | **–** | **0.1** | **–** | **0.5** |
| **Expected loss rate (excluding specific provisions)** | (%) | **0.1** | **0.4** | **0.7** | **1.9** | **11.4** |
| **31 December 2021** | | | | | | |
| Historical loss rate | (%) | 0.2 | 0.3 | 0.7 | 3.0 | 17.6 |
| Adjusted for: | | | | | | |
| Macroeconomic factors | (%) | – | – | – | 0.2 | 0.1 |
| Micro/Entity specific factors | (%) | – | – | – | 0.1 | – |
| Expected loss rate (excluding specific provisions) | (%) | 0.2 | 0.3 | 0.7 | 3.3 | 17.7 |

The expected loss rate is based on the lifetime expected credit losses as the Group applies the simplified approach in determining expected credit losses. Where there is objective evidence that a trade and other receivables is impaired, the credit loss is assessed specific to the respective balance and the expected loss rate is not applied.

The Group has not changed the estimation techniques or significant assumptions during the reporting period.

## 35. FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES continued

### 35.4 Credit risk continued

#### Expected loss sensitivity

A 10% increase in the expected loss rate due to macroeconomic factors will result in additional exposure per category as follows:

| | Current R000 | More than 30 days past due R000 | More than 60 days past due R000 | More than 90 days past due R000 | More than 120 days past due R000 | Total R000 |
|---|---|---|---|---|---|---|
| **31 December 2022** | | | | | | |
| Carrying amount of trade and other receivables (excluding those specifically impaired) | **849 019** | **226 358** | **81 155** | **25 791** | **234 081** | **1 416 404** |
| **Additional loss allowance** | **11** | **31** | **7** | **2** | **29** | **80** |
| **31 December 2021** | | | | | | |
| Carrying amount of trade and other receivables (excluding those specifically impaired) | 455 334 | 176 513 | 52 738 | 12 657 | 273 771 | 971 013 |
| **Additional loss allowance** | 6 | 4 | 2 | 2 | 16 | 30 |

The expected credit loss allowances for trade receivables, receivables from joint ventures and deferred consideration on disposal of businesses as at 31 December, reconcile as follows:

| | 2022 R000 | 2021 R000 |
|---|---|---|
| **Opening loss allowance at 1 January** | **640 101** | 544 766 |
| Increase in allowance on trade debtors | **20 143** | 56 125 |
| Allowance utilised | **(365 126)** | (4 920) |
| Translation of foreign entities | **(6 339)** | 44 130 |
| **Closing loss allowance at 31 December** | **288 779** | 640 101 |

#### ECL on receivables from joint ventures

Receivables from joint ventures are repayable on demand. The inputs used by management in assessing the ECL include default and credit history, historical data and forecast cash flows. The assessment performed on these inputs supported a Rnil ECL as we expect to recover all loans in full. At year-end, the respective joint ventures had cash available of R61.3 million (2021: R35.3 million) (at Grindrod's effective share).

#### ECL on deferred consideration on disposal of businesses

The inputs used by management in assessing the ECL include probability of default, credit history, security held and forecast cash flows. The assessment performed on these inputs resulted in a R23 815 000 (2021: R6 050 000) ECL being raised at year-end.

# 35. FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES continued

## 35.4 Credit risk continued

### ECL for Bank and Private Equity and Property

#### Granting credit

The Group assesses the credit worthiness of potential and existing customers by obtaining trade references, credit references and evaluating the business acumen of the client. Once this review has been performed, the applied credit limit is reviewed and approved.

#### Credit risk management

Sound credit risk management involves prudently managing the risk and reward relationship which also takes into account controlling and minimising credit risks across a variety of dimensions, such as financial performance, quality of lending, concentration, maturity, monitoring and security. The credit committee is responsible for the sustainability and health of the loan book by ensuring that the credit approval processes are stringent and for monitoring large exposures, associated exposures, sectoral exposure and any irregular or problem loans. Credit risk is monitored at an individual and at an aggregated group exposure level. The Group's target market typically includes SME businesses with a focused client-centric approach. New deal approval is subject to specified limits of authority which are aggregated at a client or total group exposure level.

#### Credit risk mitigation

The Group does not have material netting arrangements and it does not currently use credit derivatives to mitigate credit risk.

The Group values property assets on a periodical basis using a desktop approach and independent valuations are performed where appropriate or necessary. The value of listed assets is tracked on an ongoing basis and unlisted investments and other security assets are valued periodically where significant reliance is placed on the security.

Bank actively managed and monitored risk concentrations resulting from credit mitigation activities and these arose where guarantees had been taken in addition to other classes of security. Bank tended to deal with small to medium size corporates and guarantees and suretyships came from similar types of entities.

#### Exposure to credit risk

Maximum exposure to credit risk at the reporting period is stated before taking into account any collateral or other credit enhancement and after taking into account impairments and netting where applicable.
For financial assets recognised in the statement of financial position, the maximum exposure to credit risk equals the carrying amount. For financial commitments and guarantees, the maximum exposure to credit risk is the maximum amount the Group would have to pay to perform in terms of the contract.

The ECL at Grindrod takes into account the property sector outlook as the majority of the loans and advances are property backed. Due to the lack of growth in South Africa, in which the majority of loans and advances are exposed, a conservative view on the growth in the property industry in assessing the ECL was taken into account.

| | Stage 1 12-month ECL R000 | Stage 2 Lifetime ECL R000 | Stage 3 Lifetime ECL R000 | Total R000 |
|---|---|---|---|---|
| **2022*** | | | | |
| Gross carrying amount | **161 935** | **–** | **–** | **161 935** |
| Less: ECL allowance | **(24 477)** | **–** | **–** | **(24 477)** |
| **Net carrying amount** | **137 458** | **–** | **–** | **137 458** |

| | Stage 1 12-month ECL R000 | Stage 2 Lifetime ECL R000 | Stage 3 Lifetime ECL* R000 | Total R000 |
|---|---|---|---|---|
| 2021 | | | | |
| Gross carrying amount | 5 355 460 | 243 536 | 888 292 | 6 487 288 |
| Less: ECL allowance | (21 129) | (17 081) | (179 619) | (217 829) |
| **Net carrying amount** | 5 334 331 | 226 455 | 708 673 | 6 269 459 |

* The current year exposure to credit risk is related to the KZN property-backed loans held at amortised cost.

The measurement of credit risk of the portfolio of advances entails estimations as to the likelihood of defaults occurring and of the associated loss ratios. The Company measures credit risk using Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD) on an individual basis, in line with the approach used for the purposes of measuring Expected Credit Loss (ECL) under IFRS 9 Financial Instruments.

PDs are allocated to loans according to:

- product type; and
- internal credit rating based on approved scoring templates.

The determination of the PDs to be allocated according to the above is based on the following:

- default history;
- professional judgement and knowledge of the loan book and client base; and
- views on future economic conditions and impact on our client base.

## 35. FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES continued

### 35.4 Credit risk continued

#### ECL for Bank and Private Equity and Property continued

The PD ranges for the current and prior periods applied to each product type are:

2022

Due to the disposal of Grindrod Bank, there is no current year disclosure for PD ranges.

| | PD range 2021 % |
|---|---|
| **Product type** | |
| Mortgage bonds | 0.16 – 1.96 |
| Invoice discounting, term loans and overdrafts | 0.37 – 3.77 |
| Covid-19 Guarantee scheme loans | 0.55 – 5.56 |
| Preference share loans | 0.35 – 4.35 |
| Trade finance | 0.26 – 3.30 |

The table below reflects the impairment impact of a change in the PD% on exposures:

| | 2021 | |
|---|---|---|
| | +20% PD R000 | -20% PD R000 |
| **Stress scenario analysis** | | |
| Stage 1 | 4 237 | (4 237) |
| Stage 2 | 267 | (269) |
| Stage 3* | – | – |
| | 4 504 | (4 506) |

* Subject to specific impairment and not model impairment.

Key drivers of the LGD are:

- credit exposure including off balance sheet exposure;
- value of collateral held in line with the approved credit policy; and
- future economic indicators and impact on specific industries.

LGDs are determined using 3 scenarios (poor, stable and good) on a weighted average basis.

2022

Due to the disposal of Grindrod Bank, there is no current year disclosure for LGD ranges.

| Poor | Stable | Good |
|---|---|---|
| The projected industry performance based on the forecasted data is expected to decrease relative to the current market. | The projected industry performance based on the forecasted data is expected to be close to current market performance. | The projected industry performance based on the forecasted data is expected to have improved relative to the current market. |
| Based on forecasted data, there is an expected decline in income and an expected increase in costs within the industry. | Based on forecasted data, income and cost are expected to be minimally impacted by changes. | Based on forecasted data, there is expected to be increasing income and declining costs within the industry. |
| Cyclical industries are anticipated to perform worse in the best point in a cycle. | Cyclical industries are anticipated to perform as intended. | Cyclical industries are anticipated to perform better in the worst point of a cycle. |
| Rates are anticipated to have a significant movement that negatively impacts the industry. | Rates are anticipated to be stable over time. | Rates are anticipated to have a significant movement that positively impacts the industry. |

Utilising the factors above, the overall probabilities and LGD adjustments are assigned to the applicable industries. Both the impact on exposure and collateral are considered.

The table below reflects the impairment impact of a change in the LGD % on exposures at:

| | 2021 | |
|---|---|---|
| | +20% LGD R000 | -20% LGD R000 |
| **Stress scenario analyses** | | |
| Stage 1 | 4 237 | (4 237) |
| Stage 2 | 274 | (274) |
| Stage 3* | – | – |
| | 4 511 | (4 511) |

* Subject to specific impairment and not model impairment.

## 35. FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES continued

### 35.4 Credit risk continued

#### ECL for Bank and Private Equity and Property continued

##### Significant increase in credit risk (SICR)

The following additional qualitative factors amongst others are considered in determining SICR:

- facility being in arrears;
- facility being in default;
- classification and appearance on watch list;
- significant changes in value of collateral;
- acts of insolvency (liquidation/business rescue proceedings);
- changes in business and economic condition; and
- 30 days rebuttable presumption unless it can be appropriately justified that no significant increase in PD has occurred.

The following table explains the factors that have resulted in the changes in the ECL allowance between the beginning and the end of the annual period due to these factors:

| | Stage 1 R000 | Stage 2 R000 | Stage 3 R000 | Total R000 |
|---|---|---|---|---|
| **Loans and advances** | | | | |
| **ECL allowance at 1 January 2022** | **21 129** | **17 081** | **179 619** | **217 829** |
| **Movements with profit or loss impact** | | | | |
| Originated "new" impairments raised | **25 609** | **–** | **–** | **25 609** |
| Subsequent changes in ECL | **(9 941)** | **(18 310)** | **75 240** | **46 989** |
| Derecognised including write-offs | **–** | **–** | **(23 316)** | **(23 316)** |
| **Total net profit or loss charge during the period** | **15 668** | **(18 310)** | **51 924** | **49 282** |
| Other changes | **(1 924)** | **2 674** | **(750)** | **–** |
| Transfers from Stage 2 and Stage 3 to Stage 1 | **1 934** | **(92)** | **(1 842)** | **–** |
| Transfers from Stage 1 and Stage 3 to Stage 2 | **(3 858)** | **3 858** | **–** | **–** |
| Transfer from Stage 1 and Stage 2 to Stage 3 | **–** | **(1 092)** | **1 092** | **–** |
| Disposal of Grindrod Bank | **(10 396)** | **(1 445)** | **(230 793)** | **(242 634)** |
| **Loss allowance as at 31 December 2022** | **24 477** | **–** | **–** | **24 477** |

##### Scenario analysis on staging

2022

Due to the disposal of Grindrod Bank, there is no current year disclosure for scenario analysis on staging.

The table below reflects the impact on ECLs by stress testing the loans and advances portfolio, specifically loans moving from 12-month ECLs to lifetime ECLs.

| | Stage 1 R000 | Stage 2 R000 | Stage 3 R000 | Total R000 |
|---|---|---|---|---|
| 2021 | | | | |
| Base staging | 21 129 | 17 081 | 179 619 | 217 829 |
| 5% transfer from Stage 1 to Stage 2 | 11 845 | 35 505 | 179 619 | 226 969 |
| 10% transfer from Stage 1 to Stage 2 | 10 113 | 39 846 | 179 619 | 229 578 |

##### Analysis of credit-impaired advances

The Company closely monitors collateral held for advances considered to be credit-impaired. Advances that are credit-impaired and the fair value of the related collateral held to mitigate potential losses are shown below:

**Monitoring exposure**

Grindrod monitors exposures on an ongoing basis utilising the various reporting tools and flagging potential risks. The following reports are used to monitor credit risk: overdue report, age analysis and late payment history.

**Collateral**

Loans and advances are made at market related rates of interest and are secured with various types of collateral such as cash, mortgage bonds, cession of leases, shares, discounted invoices, guarantees and suretyships. The book is considered to be well secured and impairments have been raised where impairment indicators exist.

# 35. FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES continued

## 35.4 Credit risk continued

### Group maximum credit exposure

Maximum exposure to credit risk at the year end is stated before taking into account any collateral or other credit enhancement and after taking into account impairments and netting where applicable. For financial assets recognised on the statement of financial position, the maximum exposure to credit risk equals the carrying amount as per the corresponding note. For financial commitments and guarantees, the maximum exposure to credit risk is the maximum amount the Group would have to pay to perform in terms of the commitment.

| | Consolidated | |
|---|---|---|
| | 2022 R000 | 2021 R000 |
| Maximum credit risk exposure to the Group is: | | |
| Other investments | **796 694** | 1 009 757 |
| Loans and advances | **1 379 966** | 9 537 311 |
| Trade and other receivables before allowance for doubtful debts | **1 882 044** | 1 845 157 |
| Liquid assets and short-term negotiable securities | **–** | 3 936 993 |
| Cash and cash equivalents | **2 605 514** | 2 057 642 |
| | **6 664 218** | 18 386 860 |

## 35.5 Liquidity risk

The Group manages liquidity risk by monitoring forecast cash flows and ensuring that adequate borrowing facilities are maintained. The directors may from time to time at their discretion raise or borrow monies for the purpose of the Group as they deem fit. There are no borrowing limits in the Memorandum of Incorporation of the Company or its subsidiaries.

Daily cash management systems are in place with the three local banks in order to optimise the Group's short-term net cash position.

To ensure access to additional funding and hedging facilities, Grindrod maintains relationships with a number of existing and potential funding banks and procures additional facilities where required. Negotiations of facilities are considered carefully to limit the potential restrictions imposed as a result of financial covenants and margining requirements. Contingency funding capacity in the form of committed but undrawn on-demand facilities is maintained.

The Board regularly reviews and monitors the liquidity position and covenants of the Group. There has been no breach of the Group covenants at year-end and at the date of approval of Annual Financial Statements.

## 35. FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES continued

### 35.5 Liquidity risk continued

**Group liquidity analysis (excluding Bank, Private Equity and underlying Investments and non-current liabilities associated with non-current assets held for sale)**

The undiscounted contractual maturities of the Group's (excluding Bank, Private Equity and underlying Investments) financial liabilities are as follows:

| | <3 months R000 | >3 months <6 months R000 | >6 months <1 year R000 | >1 year <3 years* R000 | >3 year <5 years* R000 | >5 years R000 | Total R000 |
|---|---|---|---|---|---|---|---|
| **2022** | | | | | | | |
| **Liabilities** | | | | | | | |
| Provisions | **21 950** | **–** | **14 759** | **168 317** | **44 405** | **–** | **249 431** |
| Trade and other payables | **1 617 182** | **–** | **–** | **–** | **–** | **–** | **1 617 182** |
| Post-retirement medical aid | **–** | **–** | **–** | **20 202** | **–** | **–** | **20 202** |
| Interest-bearing debt | **47 724** | **37 126** | **220 707** | **643 592** | **525 165** | **255 945** | **1 730 259** |
| Lease liabilities | **51 034** | **34 317** | **106 670** | **130 104** | **130 461** | **361 025** | **813 611** |
| Short-term borrowings and bank overdraft | **410 967** | **–** | **–** | **–** | **–** | **–** | **410 967** |
| | **2 148 857** | **71 443** | **342 136** | **962 215** | **700 031** | **616 970** | **4 841 652** |
| **2021** | | | | | | | |
| **Liabilities** | | | | | | | |
| Provisions | – | – | – | 7 039 | 4 631 | – | 11 670 |
| Trade and other payables | 1 109 343 | – | – | – | – | – | 1 109 343 |
| Post-retirement medical aid | – | – | – | 21 816 | – | – | 21 816 |
| Interest-bearing debt | 91 011 | 34 104 | 64 442 | 247 037 | 189 101 | 308 554 | 934 249 |
| Lease liabilities | 81 609 | 56 103 | 166 583 | 402 044 | 164 242 | 465 957 | 1 336 538 |
| Short-term borrowings and bank overdraft | 603 491 | – | – | – | – | – | 603 491 |
| | 1 885 454 | 90 207 | 231 025 | 677 936 | 357 974 | 774 511 | 4 017 107 |

* Prior year ageing has been re-presented to reflect more meaningful disclosure.

# 35. FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES continued

## 35.5 Liquidity risk continued

### Group liquidity analysis (Bank, Private Equity and underlying Investments)

| | <3 months R000 | >3 months <6 months R000 | >6 months <1 year R000 | >1 year <5 years R000 | >5 years R000 | Non-contractual R000 | Total R000 |
|---|---|---|---|---|---|---|---|
| **2022** | | | | | | | |
| **Assets (discounted maturity)** | | | | | | | |
| Loans and advances | **–** | **–** | **–** | **1 097 435** | **–** | **(24 477)** | **1 072 958** |
| | **–** | **–** | **–** | **1 097 435** | **–** | **(24 477)** | **1 072 958** |
| **Liabilities** | | | | | | | |
| Trade and other payables | **45 420** | **–** | **–** | **–** | **–** | **–** | **45 420** |
| Interest-bearing debt | **–** | **–** | **68 973** | **108 924** | **–** | **–** | **177 897** |
| | **45 420** | **–** | **68 973** | **108 924** | **–** | **–** | **223 317** |
| **2021** | | | | | | | |
| **Assets (discounted maturity)** | | | | | | | |
| Cash and short-term funds | 344 279 | – | 771 691 | – | 1 893 | (200) | 1 117 663 |
| Negotiable securities | 918 047 | 1 232 230 | 1 473 758 | 217 114 | 95 844 | (1 009) | 3 935 984 |
| Loans and advances | 1 517 715 | 160 766 | 828 982 | 5 642 840 | 1 604 895 | (217 887) | 9 537 311 |
| Investment securities | – | – | – | – | – | 9 118 | 9 118 |
| Other assets | 15 109 | – | – | – | – | 5 717 | 20 826 |
| | 2 795 150 | 1 392 996 | 3 074 431 | 5 859 954 | 1 702 632 | (204 261) | 14 620 902 |
| **Liabilities** | | | | | | | |
| Trade and other payables | 201 353 | – | – | – | – | – | 201 353 |
| Interest-bearing debt | 600 731 | 101 695 | 261 355 | 581 625 | 9 847 | – | 1 555 253 |
| Derivative financial liabilities | – | – | – | 21 961 | 2 316 | – | 24 277 |
| Deposits | 9 580 207 | 1 116 108 | 627 342 | 739 347 | 9 847 | – | 12 072 851 |
| | 10 382 291 | 1 217 803 | 888 697 | 1 342 933 | 22 010 | – | 13 853 734 |

In the current year, the holding Company has guaranteed a facility to Private Equity of Rnil (2021: R565.0 million) as additional liquidity.

## 35. FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES continued

### 35.6 Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt to equity balance. The Group's overall strategy remains unchanged from the prior year.

The capital structure of the Group consists of debt, which includes the borrowings disclosed in note 15 and 16, respectively, cash and cash equivalents and equity attributable to equity holders of Grindrod, comprising share capital, reserves and accumulated profit as disclosed in the statement of changes in equity.

#### Gearing ratio

The Group reviews the capital structure on a quarterly basis. As part of the review, the Group considers the cost of capital and the risks associated with each class of capital.

The Group defines net debt as being comprised of borrowings, less cash and cash equivalents and assets classified as held for sale. The gearing ratio at year end was:

| | | Consolidated | |
|---|---|---|---|
| | | 2022 R000 | 2021 R000 |
| Debt* | | **2 787 202** | 3 859 159 |
| Deposits from bank customers | | **–** | 11 221 133 |
| Cash and cash equivalents* | | **(2 605 520)** | (2 057 642) |
| Loans and advances to Bank customers | | **–** | (9 537 311) |
| Liquid assets and negotiable securities | | **–** | (3 935 984) |
| **Net debt/(cash)** | | **181 682** | (450 645) |
| Equity (including minority interest) | | **8 821 462** | 8 577 948 |
| **Net debt/(cash) to equity ratio** | (%) | **2.1** | (5.3) |

* Includes amounts disclosed as held for sale (refer to note 13).

### 35.7 Commodity and concentration risk

Grindrod's Port and Terminals and Logistics divisions are exposed to the risks of customer concentration and continued cyclical commodity demand and prices, which results in volatility in asset-utilisation and resultant earnings.

Commodity price exposure is managed by senior management. Main risk exposures are thermal coal, iron ore and copper.

Grindrod manages the risk through well defined risk tolerance levels and diversification strategies namely customer, commodity and geographic diversification.

Grindrod has material exposure to property mainly as security to the lending book and through direct investments. Any variation to the valuations of the properties will have an impact on the security cover or loan to value metrics.

## 36. LEASES

The Group leases various shipping vessels, long-term port concession, offices, warehouses, equipment and vehicles.

Accordingly, IFRS 16 Leases resulted in the recognition of right of use assets and corresponding liabilities on the basis of the discounted remaining future minimum lease payments relating to existing and new time chartered-in vessel commitments; rental agreements relating to office and residential properties that were previously reported as operating leases and long-term port and terminal concession, mainly in Mozambique, adjusted for prepayments and accrued lease payments.

Lease expenses, except for, leases less than 12 months, will no longer be recorded in trading profits but have been replaced by depreciation and interest expenses.

The weighted average incremental borrowing rates applied are based on the US dollar London Inter-bank Offered Rate (LIBOR), for the ship charters and leases in the foreign operations, or prime rates of interest, for South African businesses, adjusted for risk factors. The right of use assets are then depreciated on a straight-line basis over the term of each lease or concession.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right of use asset.

Grindrod recognises, on a discounted basis, the rights and obligations created by the commitment to lease assets on the statement of financial position, unless the term of the lease is less than 12 months or of low value, i.e. R75 000 or less.

Grindrod does not have any sale and leaseback transactions and any residual value guarantees.

| | Consolidated | |
|---|---|---|
| | 2022 R000 | 2021 R000 |
| The following amounts included in the statement of financial position relate to leases: | | |
| **Right-of-use asset** | | |
| Vehicles and equipment | **18 343** | 80 490 |
| Leasehold land and buildings | **300 731** | 548 040 |
| Concessions | **162 542** | 144 550 |
| Ship charters | **155 237** | 281 529 |
| | **636 853** | 1 054 609 |
| Vehicles and equipment transferred to non-current assets held for sale (note 13) | **63 587** | – |
| Leasehold land and buildings transferred to non-current assets held for sale (note 13) | **168 381** | – |
| | **868 821** | 1 054 609 |
| **Lease liabilities** | | |
| Current | **161 829** | 249 284 |
| Non-current | **446 344** | 797 026 |
| Lease liabilities held for sale (note 13) | **272 108** | – |
| | **880 281** | 1 046 310 |

## 36. LEASES continued

| | Consolidated 2022 R000 | 2021 R000 |
|---|---|---|
| The following amounts were recognised in the income statement: | | |
| **Depreciation by category** | | |
| Vehicles and equipment | **31 604** | 34 163 |
| Leasehold land and buildings | **102 082** | 102 221 |
| Concessions | **19 332** | 7 223 |
| Ship charters | **140 562** | 138 352 |
| | **293 580** | 281 959 |
| **Operating lease payments relating to:** | | |
| Short-term leases | **70 255** | 55 592 |
| Low value assets | **521** | 289 |
| Variable lease payments not included in the lease | **96 910** | – |
| Potential future cash flows (undiscounted) from extensions not included in the lease liability | **–** | 174 189 |
| The following amounts were recognised in the statement of cash flows: | | |
| **Operating activities** | | |
| Interest paid on lease liabilities | **(64 615)** | (67 311) |
| **Financing activities** | | |
| Principal portion of lease liabilities | **(272 706)** | (268 748) |

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

The table below details the lease terms and conditions for material leases:

| Lease category | Asset value R000 | Initial lease term (years) | Terms of the leases | Extension option |
|---|---|---|---|---|
| 2022 | | | | |
| Ship charters | **155 230** | **4 to 8** | Based on fixed ship charter rates | No |
| Property | **270 383** | **8 to 33** | Rental as per lease agreement with fixed escalation | No |
| Concessions | **142 529** | **18 to 25** | Fixed rate with increases based on US CPI. Variable payment based on volumes | No |
| | **568 142** | | | |

# 37. DIRECTORS' EMOLUMENTS

## Emoluments paid to directors and prescribed officers

The tables below provide an analysis of the emoluments paid to executive and non-executive directors and prescribed officers of the Company in relation to the 2022 and 2021 financial years. In respect to executive directors, the amounts below relate to their approved total cost to company and short-term incentive payments.

### Current directors

| | Directors' fees R000 | Committee fees R000 | Basic remuneration R000 | Retirement medical and other benefits R000 | Total package R000 | Bonus[5] R000 | 2022 Total* R000 | Increase from 2021 excluding bonus % |
|---|---|---|---|---|---|---|---|---|
| **Executive directors** | | | | | | | | |
| XF Mbambo[3] | – | – | 5 134 | 1 015 | 6 149 | 6 017 | 12 166 | 5.5 |
| FB Ally | – | – | 3 097 | 1 180 | 4 277 | 3 236 | 7 513 | 5.0 |
| DA Polkinghorne[1,8] | – | – | 4 341 | 1 001 | 5 342 | 6 616 | 11 958 | |
| AG Waller[2,9] | – | – | 6 876 | 1 625 | 8 501 | 17 270 | 25 771 | 5.3 |
| | – | – | 19 448 | 4 821 | 24 269 | 33 139 | 57 408 | |
| **Non-executive directors** | | | | | | | | |
| CA Carolus[5] | 794 | 299 | – | – | 1 093 | – | 1 093 | |
| MJ Hankinson[4] | 465 | 225 | – | – | 690 | – | 690 | |
| GG Gelink | 420 | 296 | – | – | 716 | – | 716 | |
| NL Sowazi | 840 | 337 | – | – | 1 177 | – | 1 177 | |
| PJ Uys[6] | 348 | 463 | – | – | 812 | – | 812 | |
| WJ Grindrod[7] | 420 | 285 | – | – | 705 | – | 705 | |
| WO van Wyk | – | 13 | – | – | 13 | – | 13 | |
| B Magara | 420 | 124 | – | – | 544 | – | 544 | |
| ZP Zatu Moloi | 420 | 260 | – | – | 680 | – | 680 | |
| D Malik | 420 | 180 | – | – | 600 | – | 600 | |
| | 4 547 | 2 482 | – | – | 7 030 | – | 7 030 | |
| **Total emoluments** | 4 547 | 2 482 | 19 448 | 4 821 | 31 299 | 33 139 | 64 438 | |

* No remuneration or benefits were received or receivable from subsidiaries and fellow subsidiaries, associates, joint ventures or entities that provide management or advisory services to the Company.

1 DA Polkinghorne emoluments have been calculated until 1 November 2022 due to the disposal of Grindrod Bank. Consequently, the salary increase has not been calculated as this is distorted as prior year figures reflect a full 12 months of emoluments.

2 AG Waller retired with effect from 31 December 2022.

3 XF Mbambo was appointed CEO effective 1 January 2023.

4 MJ Hankinson retired as non-executive director and Chair of the Board with effect from 3 June 2022.

5 CA Carolus was appointed as Chair of the Board with effect from 3 June 2022.

6 PJ Uys resigned effective 17 October 2022. All fees earned in 2022 were ceded to Remgro.

7 WO van Wyk resigned effective 17 October 2022. All fees earned in 2022 were ceded to Remgro.

8 Includes R6.5 million retention bonus.

9 Includes R11.6 million special incentive bonus payment.

## 37. DIRECTORS' EMOLUMENTS continued

### Current directors

| | Directors' fees R000 | Committee fees R000 | Basic remuneration R000 | Retirement medical and other benefits R000 | Total package R000 | Bonus^[1] R000 | 2021 Total R000 | Increase from 2020 excluding bonus % |
|---|---|---|---|---|---|---|---|---|
| **Executive directors** | | | | | | | | |
| XF Mbambo | – | – | 4 155 | 1 682 | 5 837 | 5 880 | 11 717 | 4.6 |
| FB Ally[4] | – | – | 2 936 | 1 139 | 4 075 | 3 108 | 7 183 | 170.2 |
| DA Polkinghorne[3] | – | – | 4 909 | 1 211 | 6 120 | 4 763 | 10 883 | 4.6 |
| AG Waller[8] | – | – | 6 321 | 1 462 | 7 783 | 8 105 | 15 888 | 4.9 |
| | – | – | 18 321 | 5 494 | 23 815 | 21 856 | 45 671 | |
| **Non-executive directors** | | | | | | | | |
| CA Carolus[2] | 118 | – | – | – | 118 | – | 118 | |
| GG Gelink | 460 | 324 | – | – | 784 | – | 784 | |
| WJ Grindrod | 426 | 250 | – | – | 676 | – | 676 | |
| MJ Hankinson | 1 257 | 607 | – | – | 1 864 | – | 1 864 | |
| B Magara | 400 | 105 | – | – | 505 | – | 505 | |
| D Malik[1] | 34 | 13 | – | – | 47 | – | 47 | |
| NL Sowazi | 924 | 319 | – | – | 1 243 | – | 1 243 | |
| PJ Uys[6] | 460 | 612 | – | – | 1 072 | – | 1 072 | |
| WO van Wyk[7] | – | 163 | – | – | 163 | – | 163 | |
| ZP Zatu Moloi | 400 | 234 | – | – | 634 | – | 634 | |
| | 4 479 | 2 627 | – | – | 7 106 | – | 7 106 | |
| **Total emoluments** | 4 479 | 2 627 | 18 321 | 5 494 | 30 921 | 21 856 | 52 777 | |

1. D Malik appointed to the board on 1 December 2021.
2. CA Carolus appointed to the board on 1 October 2021.
3. The bonus payment is made up of R1.8 million for the 2020 year following the lifting of the SARB circular and a 2021 bonus of R2.9 million.
4. The increase of 107.2% is not a true measure as prior year remuneration does not include package as CFO for the full year following appointment to this position on 1 September 2020.
5. Short-term incentive performance bonuses in respect of services rendered in 2021 awarded as at year end as detailed on page 70 of the Integrated Annual Report.
6. Fees ceded to Remgro.
7. Alternate to PJ Uys. Fees in respect of member of Audit Committee.
8. Includes a special incentive bonus amount of R1.6 million relating to the disposal of the private equity portfolio.

## 37. DIRECTORS' EMOLUMENTS continued

### Director's interest in the Company

At 31 December 2022, the directors held interest in the Company as follows:

| | 2022 | | 2021 | |
|---|---|---|---|---|
| Ordinary | Beneficial direct | Non-beneficial indirect | Beneficial direct | Non-beneficial indirect |
| WJ Grindrod[1] | **–** | **76 931 244** | – | 21 610 |
| MJ Hankinson | **–** | **–** | 27 000 | 8 000 |
| XF Mbambo | **–** | **–** | 301 711 | – |
| DA Polkinghorne | **–** | **–** | 394 076 | – |
| AG Waller | **1 388 991** | **–** | 988 911 | – |
| FB Ally | **–** | **–** | – | – |
| | **1 388 991** | **76 931 244** | 1 711 698 | 29 610 |

[1] Following a review of the criteria used for the determination of non-beneficial indirect shareholding, and pursuant to Mr Grindrod's status as an associate of Grindrod Investments Proprietary Limited, his shareholding reported above includes the following:
(a) 21 610 shares held by immediate family; and
(b) 76 909 634 shares (11.02% of Grindrod's issued ordinary share capital) held by Grindrod Investments Proprietary Limited, where Mr Grindrod has been determined to be an associate. Grindrod Investments Proprietary Limited is an anchor shareholder of Grindrod which acquired the 11.02% shareholding on 29 October 1990.

The beneficial direct shareholdings increased by 79 667 after year end, further to vesting in terms of the forfeitable share plan.

### Grindrod Limited share-price-linked option scheme

The committee approved payments of R20 643 516 to the Scheme participants, including amounts to the executive directors and prescribed officers set out below:

| | Share-price-linked option payment | |
|---|---|---|
| Executive directors/prescribed officers | 2022 R | 2021 R |
| XF Mbambo | **–** | 27 675 |
| DA Polkinghorne | **4 199 210** | 64 574 |
| AG Waller | **15 795 343** | 150 417 |
| Total | **19 994 553** | 242 666 |

A summary of options granted to executives and senior management, still to vest as at 31 December 2022, is as follows:

### Date option granted

| | | 2018 | 2019 | 2020 | 2021 | 2022 | Total |
|---|---|---|---|---|---|---|---|
| Price | (R) | 7.40 | 8.13 | 3.67 | 5.10 | **5.73** | |
| Number of options granted | | 5 197 287 | 6 397 000 | 10 655 100 | 15 160 000 | **9 342 000** | **46 751 387** |
| Vesting on retirement/transfer* | | (333 472) | (1 721 979) | (1 995 322) | (1 518 947) | **(675 084)** | **(6 244 804)** |
| Vested | | (2 385 332) | (1 895 334) | – | – | **–** | **(4 280 666)** |
| **Sub total** | | 2 478 483 | 2 779 687 | 8 659 778 | 13 641 053 | **8 666 916** | **36 225 917** |
| Forfeiture | | (1 707 690) | (711 000) | (681 300) | (213 000) | **(200 000)** | **(3 512 990)** |
| Forfeiture on retirement | | (7 461) | (271 354) | (1 018 778) | (1 552 053) | **(1 913 916)** | **(4 763 562)** |
| **Net total** | | 763 332 | 1 797 333 | 6 959 700 | 11 876 000 | **6 553 000** | **27 949 365** |

* Relates to the accelerated vesting on share options to DA Polkinghorne due to the disposal of the bank and the prorated vesting of share options to AG Waller.

As at 31 December 2022, the fair value of these options was R76.5 million.

## 37. DIRECTORS' EMOLUMENTS continued

The details of awards granted to executives as at 31 December 2022 are as follows:

| Director | Options at 1 January 2022 | Options granted during the year | Vested | Vested on retirement/ disposal | Forfeited on retirement | Options at 31 December 2022 | Vesting price | Option price | Vesting dates |
|---|---|---|---|---|---|---|---|---|---|
| XF Mbambo | | | | | | | | | |
| | 67 585 | – | (67 585) | – | – | – | 5.73* | 7.65 | Mar–22 |
| | 95 944 | – | (95 944) | – | – | – | 5.69* | 7.40 | Feb–22 |
| | 95 944 | – | – | – | – | 95 944 | | 7.40 | Feb–23 |
| | 331 333 | – | (331 333) | – | – | – | 5.88* | 8.13 | Mar–22 |
| | 331 333 | – | – | – | – | 331 333 | | 8.13 | Mar–23 |
| | 331 334 | – | – | – | – | 331 334 | | 8.13 | Mar–24 |
| | 516 900 | – | – | – | – | 516 900 | | 3.67 | Aug–23 |
| | 516 900 | – | – | – | – | 516 900 | | 3.67 | Aug–24 |
| | 516 900 | – | – | – | – | 516 900 | | 3.67 | Aug–25 |
| | 795 000 | – | – | – | – | 795 000 | | 5.10 | Mar–24 |
| | 795 000 | – | – | – | – | 795 000 | | 5.10 | Mar–25 |
| | 795 000 | – | – | – | – | 795 000 | | 5.10 | Mar–26 |
| | – | 497 334 | – | – | – | 497 334 | | 5.73 | Mar–25 |
| | – | 497 333 | – | – | – | 497 333 | | 5.73 | Mar–26 |
| | – | 497 333 | – | – | – | 497 333 | | 5.73 | Mar–27 |
| | 5 189 173 | 1 492 000 | (494 862) | – | – | 6 186 311 | | | |

* As the option price was greater than vesting price, no payment was made.

^ As at 31 December 2022, the fair value of these options is R16.0 million.

| Director | Options at 1 January 2022 | Options granted during the year | Vested | Vested on retirement/ disposal | Forfeited on retirement | Options at 31 December 2022 | Vesting price | Option price | Vesting dates |
|---|---|---|---|---|---|---|---|---|---|
| FB Ally^ | | | | | | | | | |
| | 388 000 | – | – | – | – | 388 000 | | 5.10 | Mar–24 |
| | 388 000 | – | – | – | – | 388 000 | | 5.10 | Mar–25 |
| | 388 000 | – | – | – | – | 388 000 | | 5.10 | Mar–26 |
| | – | 371 666 | – | – | – | 371 666 | | 5.73 | Mar–25 |
| | – | 371 667 | – | – | – | 371 667 | | 5.73 | Mar–26 |
| | – | 371 667 | – | – | – | 371 667 | | 5.73 | Mar–27 |
| | 1 164 000 | 1 115 000 | – | – | – | 2 279 000 | | | |

^ As at 31 December 2022, the fair value of these options is R4.2 million.

## 37. DIRECTORS' EMOLUMENTS continued

| Director | Options at 1 January 2022 | Options granted during the year | Vested | Vested on retirement/ disposal | Forfeited on retirement | Options at 31 December 2022 | Vesting price | Option price | Vesting dates |
|---|---|---|---|---|---|---|---|---|---|
| DA Polkinghorne | | | | | | | | | |
| | **143 616** | **–** | **(143 616)** | **–** | **–** | **–** | **5.73*** | **7.65** | **Mar-22** |
| | **117 065** | **–** | **(117 065)** | **–** | **–** | **–** | **5.69*** | **7.40** | **Feb-22** |
| | **117 063** | **–** | **–** | **(117 063)** | **–** | **–** | **9.92** | **7.40** | **Feb-23** |
| | **128 333** | **–** | **(128 333)** | **–** | **–** | **–** | **5.88*** | **8.13** | **Mar-22** |
| | **128 333** | **–** | **–** | **(128 333)** | **–** | **–** | **9.92** | **8.13** | **Mar-23** |
| | **128 334** | **–** | **–** | **(128 334)** | **–** | **–** | **9.92** | **8.13** | **Mar-24** |
| | **135 600** | **–** | **–** | **(135 600)** | **–** | **–** | **9.92** | **3.67** | **Aug-23** |
| | **135 600** | **–** | **–** | **(135 600)** | **–** | **–** | **9.92** | **3.67** | **Aug-24** |
| | **135 600** | **–** | **–** | **(135 600)** | **–** | **–** | **9.92** | **3.67** | **Aug-25** |
| | **71 000** | **–** | **–** | **(71 000)** | **–** | **–** | **9.92** | **5.1** | **Mar-24** |
| | **71 000** | **–** | **–** | **(71 000)** | **–** | **–** | **9.92** | **5.1** | **Mar-25** |
| | **71 000** | **–** | **–** | **(71 000)** | **–** | **–** | **9.92** | **5.1** | **Mar-26** |
| | **–** | **69 666** | **–** | **(69 666)** | **–** | **–** | **9.92** | **5.73** | **Mar-25** |
| | **–** | **69 667** | **–** | **(69 667)** | **–** | **–** | **9.92** | **5.73** | **Mar-26** |
| | **–** | **69 667** | **–** | **(69 667)** | **–** | **–** | **9.92** | **5.73** | **Mar-27** |
| | **1 382 544** | **209 000** | **(389 014)** | **(1 202 530)** | **–** | **–** | | | |

* As the option price was greater than vesting price, no payment was made.

## 37. DIRECTORS' EMOLUMENTS continued

| Director | Options at 1 January 2022 | Options granted during the year | Vested | Vested on retirement/ disposal | Forfeited on retirement | Options at 31 December 2022 | Vesting price | Option price | Vesting dates |
|---|---|---|---|---|---|---|---|---|---|
| AG Waller | | | | | | | | | |
| | 334 900 | – | (334 900) | – | – | – | 5.73* | 7.65 | Mar-22 |
| | 223 871 | – | (223 871) | – | – | – | 5.69* | 7.40 | Feb-22 |
| | 223 869 | – | – | (216 408) | (7 461) | – | 10.05 | 7.40 | Feb-23 |
| | 868 333 | – | (868 333) | – | – | – | 5.88* | 8.13 | Mar-22 |
| | 868 333 | – | – | (814 063) | (54 270) | – | 10.05 | 8.13 | Mar-23 |
| | 868 334 | – | – | (651 250) | (217 084) | – | 10.05 | 8.13 | Mar-24 |
| | 869 100 | – | – | (675 967) | (193 133) | – | 10.05 | 3.67 | Aug-23 |
| | 869 100 | – | – | (506 975) | (362 125) | – | 10.05 | 3.67 | Aug-24 |
| | 869 100 | – | – | (405 580) | (463 520) | – | 10.05 | 3.67 | Aug-25 |
| | 952 666 | – | – | (555 722) | (396 944) | – | 10.05 | 5.1 | Mar-24 |
| | 952 667 | – | – | (416 792) | (535 875) | – | 10.05 | 5.1 | Mar-25 |
| | 952 667 | – | – | (333 433) | (619 234) | – | 10.05 | 5.1 | Mar-26 |
| | – | 793 333 | – | (198 334) | (594 999) | – | 10.05 | 5.73 | Mar-25 |
| | – | 793 333 | – | (148 750) | (644 583) | – | 10.05 | 5.73 | Mar-26 |
| | – | 793 334 | – | (119 000) | (674 334) | – | 10.05 | 5.73 | Mar-27 |
| | 8 852 940 | 2 380 000 | (1 427 104) | (5 042 274) | (4 763 562) | – | | | |

* As the option price was greater than vesting price, no payment was made.

### Grindrod Limited forfeitable share plan

The following table summarises the movements in the forfeitable share plan during the year.

| Award date | Date option granted | Number of options granted | Price[1,2] R | Number of forfeitable shares vested | Number of forfeitable shares forfeited | Total forfeitable shares[3] |
|---|---|---|---|---|---|---|
| 28 February 2017 | 2017 | 140 514 | 13.87 | (90 514) | (50 000) | – |
| 26 June 2017 | 2017 | 4 462 282 | 13.87 | (3 388 516) | (1 073 766) | – |
| 1 November 2017 | 2017 | 778 418 | 15.48 | (633 596) | (144 822) | – |
| 2 March 2020 | 2020 | 859 000 | 4.05 | – | (500 000) | 359 000 |
| 2 March 2020 | 2020 | 120 000 | 3.19 | – | – | 120 000 |
| 31 August 2020* | 2020 | 500 000 | 3.68 | – | – | 500 000 |
| 1 March 2022 | 2022 | 900 000 | 5.50 | – | – | 900 000 |
| | | 7 760 214 | | (4 112 626) | (1 768 588) | 1 879 000 |

* This award relates to AG Waller. Subsequent to year-end and following approval by the Remuneration committee, AG Waller received his prorated allocation of shares in line with the forfeitable share scheme based on the rules of the schemes that cover retirement.

1 The price reflects the market price on the date of the awards.

2 The vesting price for the February 2017, June 2017 and November 2017 awards that vested during 2022 were R5.88, R8.87 and R10.26 respectively.

3 At 31 December 2022, the fair value of these options based on a closing share price of R10.0 was R18.8 million

Note: Repurchased shares are held as treasury shares as required by the JSE Listings Requirements.

## 37. DIRECTORS' EMOLUMENTS continued

The table below shows the executive participants in the scheme.

| Award date | Opening balance 1 January 2022 | Number of forfeitable shares granted | Number of forfeitable shares vested | Total forfeitable shares[1] |
|---|---|---|---|---|
| XF Mbambo | 389 856 | 400 000 | (150 856) | 639 000 |
| AG Waller | 500 000 | – | – | 500 000 |
| FB Ally | – | 300 000 | – | 300 000 |
| | 889 856 | 700 000 | (150 856) | 1 439 000 |

[1] As at 31 December 2022, the fair value of these options, based on a closing share price of R10.0 was R6.4 million for XF Mbambo, R3.0 million for FB Ally and R5.0 million for AG Waller.

### Grindrod Bank share-price-linked option scheme

The Group no longer has any obligations on the scheme due to the disposal of Grindrod Bank. In the current year, whilst still a subsidiary of the Group, bonus payments of R412 507 were made on options vested and settled of which R136 881 was paid to DA Polkinghorne.

### Payments due to business disposal and retirement

The disposal of shares in Grindrod Financial Holdings and the Grindrod Bank was approved by shareholders in the 2022 financial year. In line with this process and the remuneration and incentive policies, payments were made to DA Polkinghorne and AG Waller.

AG Waller received an incentive award of R10.5 million directly relating to the disposal. This award was approved by shareholders at a general meeting of shareholders held on 23 August 2022. Grindrod Bank paid R6.5 million to DA Polkinghorne to secure his skills for a 12-month period following the closing date of the disposal. In addition, DA Polkinghorne received R4.2 million in line with the accelerated vesting of shares linked to rules governing transfer of employment to a purchaser other than the Company or one of its subsidiaries.

AG Waller retired in 2022 and consequently received payments from the long-term incentive schemes in line with the rules. AG Waller received R15.8 million for his prorated interest in the share price linked option scheme. AG Waller also received his prorated allocation of shares in line with the forfeitable share scheme based on the rules of the schemes that cover retirement. The number of shares allocated was 304 629 and the value of the shares based on a 31 December 2022 closing share price of R10.0 was R3.0 million.

## 38. GOING CONCERN

The directors consider that the Group and Company have adequate resources to continue operating for the foreseeable future and that it is therefore appropriate to adopt the going concern basis of accounting in preparing the Group and Company's Annual Financial Statements. Based on the financial performance of the Group, its cash flow projection to the end of March 2024, secure funding lines, and positive solvency and liquidity tests, the Group will remain operational for the foreseeable future.

## 39. SUBSEQUENT EVENTS

The joint venture transaction between Maersk Logistics and Services operations was concluded with all conditions precedent fulfilled on 1 January 2023. Grindrod has a 49% shareholding in the newly formed entity. In addition, cumulative cash proceeds of R272 million were received post year-end.

In January 2023, the Group acquired the remaining shareholding in its joint venture RBT Grindrod Terminal Proprietary Limited for R60 million.

There are no other material post balance sheet events to report.

## 40. ANALYSIS OF THE GROUP'S INTEREST IN UNCONSOLIDATED STRUCTURED ENTITIES

The Group has special purpose entities that were often deemed to act "on auto pilot" when rights and obligations were pre-determined on the initial establishment of the entity. In these instances, the directors initially viewed these rights as protective in nature to ensure that Grindrod is able to secure its funding into those entities. Grindrod reviewed these structures as circumstances change, such as payment defaults and inadequate security against the loan or funding. Where there have been material changes that resulted in a default event or Grindrod have had to provide some cure to the structure, such action might result in control changing as Grindrod's protective rights become substantive in nature, and consolidation may be triggered.

The following table summarises the carrying values and transactions recognised in the statement of financial position and statement of comprehensive income of the Group's unconsolidated structured entities:

| | 2022 R000 | 2021 R000 |
|---|---|---|
| **Statement of financial position** | | |
| Loans and advances – fair value | – | 543 095 |
| Loans and advances – amortised cost | – | 457 628 |
| Other investments (loans to related parties) – amortised cost | 109 485 | 121 209 |
| **Statement of comprehensive income** | | |
| Interest income | 43 819 | 33 529 |
| Fair value gains | 42 145 | 65 548 |
| Impairment charges on loans and advances | 3 274 | (18 015) |

The primary risk to which the Group is exposed is default risk. There were no significant changes in the underlying default risk.

The Group has security in the form of the underlying equity instrument held by the borrower as well as limited guarantees from the shareholders in certain instances which covers exposures on the statement of financial position.

The preference share issuer (typically an SPV created specifically for the transaction) issues preference shares which are used to fund an equity stake in an underlying operating Company. The ability of the issuer to service its obligation to the Group (as subscriber) under the preference share transaction, being the payment of dividends and capital over the term of the preference share, is (in most instances) dependent on the performance of the underlying Company as there is a flow through of dividends from the underlying Company to the preference share issuer. This is then used to service the issuers obligation to the Group under the preference share transaction in respect of the repayment on capital (achieved via the redemption of the preference shares) and return on capital deployed, generated through the periodic payment of dividends. The Group's assessment of risk in preference share transactions is not dissimilar to that of normal debt funding transactions. In addition, owing to the equity nature of the instrument the Group gives regard to the underlying Company risk before it subscribes for the preference shares of the issuer. The Group views the transaction as a pure lending arrangement which results in exposure to equity risk. In order to protect against default risk, types of conditions in funding documents (whether they are debt funding or equity funding), are therefore directed at monitoring and curtailing certain acts of the issuer to ensure that its operations and performance are able to sustain the repayment of the funding. As the transactions that are entered into solely, or mainly, for the raising of funding, the issuer grants security for its obligations to distribute dividends or redeem the preference shares, either in the form of a cession of the underlying equity acquired or limited guarantees. Additional security covenants serve to further mitigate default risk inherent in these transactions.

# COMPANY STATEMENT OF FINANCIAL POSITION

as at 31 December 2022

| | Notes | 2022 R000 | 2021 R000 |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Investments in subsidiaries | 5 | **7 670 725** | 8 047 741 |
| Other investments | 6 | **3 082** | 3 514 |
| **Total non-current assets** | | **7 673 807** | 8 051 255 |
| **Current assets** | | | |
| Trade and other receivables | 7 | **40** | 43 |
| Taxation receivable | | **–** | 4 490 |
| Amounts due by Group companies | 13 | **10 615** | 115 348 |
| Cash and cash equivalents | | **1 180 380** | 9 233 |
| **Total current assets** | | **1 191 035** | 129 114 |
| **Total assets** | | **8 864 842** | 8 180 369 |
| **EQUITY AND LIABILITIES** | | | |
| **Capital and reserves** | | | |
| Share capital and premium | 8 | **4 482 668** | 4 482 668 |
| Non-distributable reserves | | **20 943** | 20 943 |
| Accumulated profit | | **4 214 951** | 3 644 504 |
| **Total equity** | | **8 718 562** | 8 148 115 |
| **Non-current liabilities** | | | |
| Provisions | 9 | **85 000** | – |
| **Current liabilities** | | | |
| Trade and other payables | 10 | **37 640** | 32 254 |
| Amounts due to Group companies | 13 | **787** | – |
| Taxation payable | | **22 853** | – |
| **Total current liabilities** | | **61 280** | 32 254 |
| **Total equity and liabilities** | | **8 864 842** | 8 180 369 |

# COMPANY INCOME STATEMENT

for the year ended 31 December 2022

| | Notes | 2022 R000 | 2021 R000 |
|---|---|---|---|
| **Dividend revenue** | 12 | **836 760** | 925 081 |
| Other income | | **5 497** | 212 589 |
| Employment costs | | **(22 114)** | (10 723) |
| Impairment of investments | 2 | **(331 871)** | (275 919) |
| Profit on disposal of investment in subsidiary | 3 | **818 137** | – |
| Auditors' remuneration | | **(5 238)** | (4 927) |
| Professional fees | | **(3 220)** | (2 032) |
| Other administrative costs | | **(3 064)** | (5 571) |
| **Profit before interest and taxation** | | **1 294 877** | 838 498 |
| Interest income | | **12 809** | 548 |
| Interest expense | | **(33)** | (74) |
| **Profit before taxation** | | **1 307 663** | 838 972 |
| Taxation | 4 | **(30 715)** | 3 234 |
| **Profit for the year attributable to shareholders** | | **1 276 948** | 842 206 |
| **Total comprehensive income for the year** | | **1 276 948** | 842 206 |

# COMPANY STATEMENT OF CASH FLOWS

for the year ended 31 December 2022

| | Notes | 2022 R000 | 2021 R000 |
|---|---|---|---|
| **OPERATING ACTIVITIES** | | | |
| Cash utilised by operations | 12.1 | **(56 658)** | (11 116) |
| Interest received | | **12 809** | 548 |
| Interest paid | | **(33)** | (74) |
| Dividends received | 12.3 | **253 760** | 925 081 |
| Dividends paid | | **(698 205)** | (45 658) |
| Taxation paid | 12.2 | **(3 372)** | (2 234) |
| **Net cash (outflows)/inflows from operating activities** | | **(491 699)** | 866 547 |
| **INVESTING ACTIVITIES** | | | |
| Disposal of investments in subsidiaries | 3 | **1 556 894** | – |
| Disposal of other investments | | **432** | 293 320 |
| Recapitalisation and acquisition of additional interest in subsidiaries | | **–** | (819 925) |
| Repayment of amount due from subsidiaries | | **105 520** | 341 003 |
| **Net cash inflows/(outflows) from investing activities** | | **1 662 846** | (185 602)* |
| **FINANCING ACTIVITIES** | | | |
| Funding advanced by subsidiaries | | **49 310** | – |
| Repayments to subsidiaries | | **(49 310)** | (676 997)* |
| **Net cash outflows from financing activities** | | **–** | (676 997)* |
| Net increase in cash and cash equivalents | | **1 171 147** | 3 948 |
| Cash and cash equivalents at beginning of the year | | **9 233** | 5 285 |
| **Cash and cash equivalents at end of the year** | | **1 180 380** | 9 233 |

* The prior year repayments to subsidiaries was incorrectly disclosed as an outflow from investing activities when funding advanced by subsidiaries was repaid. Accordingly this outflow has been restated as a financing activity.

# COMPANY STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2022

| | 2022 R000 | 2021 R000 |
|---|---|---|
| **Ordinary and preference share capital and share premium** | **4 482 668** | 4 482 668 |
| Balance at beginning of the year | **4 482 668** | 4 482 668 |
| **Equity compensation reserve** | **20 943** | 20 943 |
| Balance at beginning of the year | **20 943** | 20 794 |
| Share-based payments | **–** | 149 |
| **Accumulated profit** | **4 214 951** | 3 644 504 |
| Balance at beginning of the year | **3 644 504** | 2 848 078 |
| Profit for the year attributable to shareholders | **1 276 948** | 842 206 |
| Ordinary dividends declared | **(650 106)** | – |
| Preference dividends declared* | **(56 395)** | (45 780) |
| **Total interest of shareholders of the Company** | **8 718 562** | 8 148 115 |
| **Total equity attributable to all shareholders of the Company** | **8 718 562** | 8 148 115 |

* Preference dividends declared relate to cumulative, non-redeemable, non-participating and non-convertible preference shares declared and are based on 88% of the prime interest rate.

## 1. ACCOUNTING POLICIES

Refer to Group accounting policies.

## 2. IMPAIRMENT OF INVESTMENTS

| | 2022 R000 | 2021 R000 |
|---|---|---|
| Impairment of investments | **(331 871)** | (275 919) |

In the current year, impairments of R449 840 590 were recognised on investments held in GFS Holdings Proprietary Limited, Grindrod Freight Investments Proprietary Limited, Canosa Holdings Limited, Whirlprops 16 Proprietary Limited and Grindrod Property Holdings Limited. In addition, a reversal of impairment on the investment in Grindrod Trading Holdings Proprietary Limited of R117 969 301 was recorded. The adjustments recognised were determined based on the recoverable amount in terms of IAS 36 Impairment of assets. The investments were impaired to the recoverable amount which was assessed using value in use principles.

In the prior year,an impairment of R318 360 027 was recognised on the investment held in GFS Holdings Proprietary Limited. In addition, a reversal of impairment on the investment in Grindrod Trading Holdings Proprietary Limited of R42 441 127 was recorded. The adjustments recognised were determined based on the recoverable amount in terms of IAS 36 Impairment of assets. The investments were impaired to the recoverable amount which was assessed using value in use principles.

## 3. DISPOSAL OF INVESTMENT IN SUBSIDIARY

| | 2022 R000 | 2021 R000 |
|---|---|---|
| Proceeds on disposal of investment | **1 556 894** | – |
| Less: carrying value of investment | **(628 145)** | – |
| Warranty provision | **(85 000)** | – |
| Transaction costs | **(25 612)** | – |
| | **818 137** | – |

For further details on the warranty provision refer to note 9.

## 4. TAXATION

| | | 2022 R000 | 2021 R000 |
|---|---|---|---|
| Current taxation | | | |
| On income for the year | | **30 685** | 2 946 |
| Prior year | | **30** | (6 180) |
| Total taxation per income statement | | **30 715** | (3 234) |
| The reconciliation of the effective tax rate with the company tax rate is as follows: | | | |
| Rate of South African Company taxation | (%) | **28.0** | 28.0 |
| Exempt dividends | (%) | **(17.9)** | (30.9) |
| Profit on disposal of investments | (%) | **(17.9)** | – |
| Release of provision and other exempt income | (%) | **–** | (7.1) |
| Expenses not allowed[1] | (%) | **10.1** | 10.3 |
| Prior year | (%) | **–** | (0.7) |
| Effective rate of taxation | (%) | **2.3** | (0.4) |

[1] Consists mainly of impairments of investments.

## 5. INVESTMENT IN SUBSIDIARIES

| | 2022 R000 | 2021 R000 |
|---|---|---|
| Investments in subsidiaries | **7 659 362** | 8 036 378 |
| Share-based payments | **11 363** | 11 363 |
| | **7 670 725** | 8 047 741 |

Details of the investments in subsidiaries are shown on the schedule of interest in subsidiaries on page 83.

## 6. OTHER INVESTMENTS

| | 2022 R000 | 2021 R000 |
|---|---|---|
| Unlisted investments measured at FVTOCI | **3 082** | 3 514 |
| | **3 082** | 3 514 |

Unlisted investments consist of insurance cell captives.

## 7. TRADE AND OTHER RECEIVABLES

| | 2022 R000 | 2021 R000 |
|---|---|---|
| Trade debtors | – | 3 367 |
| Less: expected credit loss | – | (3 367) |
| Net trade debtors | – | – |
| Other receivable | **40** | 43 |
| | **40** | 43 |

## 8. SHARE CAPITAL AND PREMIUM

| | 2022 R000 | 2021 R000 |
|---|---|---|
| **Authorised** | | |
| 2 750 000 000 ordinary shares of 0.002 cents each | **55** | 55 |
| 20 000 000 cumulative, non-redeemable, non-participating and non-convertible preference shares of 0.031 cents each | **6** | 6 |
| | **61** | 61 |
| **Issued** | | |
| 698 031 586 (2021:762 553 314) ordinary shares of 0.002 cents each. | **14** | 14 |
| 7 400 000 cumulative, non-redeemable, non-participating and non-convertible preference shares of 0.031 cents each | **2** | 2 |
| | **16** | 16 |
| There has been no change in the number of authorised shares from the prior year. | | |
| Total issued share capital and premium | **4 482 668** | 4 482 668 |

## 9. PROVISION FOR WARRANTIES

| | 2022 R000 | 2021 R000 |
|---|---|---|
| Opening balance | – | – |
| Raised | **85 000** | – |
| Closing balance | **85 000** | – |
| Split as follows: | | |
| Non-current | **85 000** | – |
| Current | – | – |

### Provision for warranties

As part the disposal of Bank, the Group provided warranties for a maximum of R300 million on specific loans and advances relating to KZN North Coast properties. The warranties can only be called upon 36 months after date of disposal. This was fair valued at disposal date and a provision of R70.0 million was raised. In addition, the Group provided general warranties for a maximum of R100 million, which can only be called upon 24 months after date of disposal. Exposure was assessed to be R15.0 million and a provision was raised.

## 10. TRADE AND OTHER PAYABLES

| | 2022 R000 | 2021 R000 |
|---|---|---|
| Accrued expenses | **3 298** | 6 686 |
| Preference dividends payable | **32 483** | 24 187 |
| Other payables and provision | **1 859** | 1 381 |
| | **37 640** | 32 254 |

## 11. CONTINGENT LIABILITIES

| | 2022 R000 | 2021 R000 |
|---|---|---|
| In respect of guarantees of loans and facilities of subsidiaries and joint ventures | **3 626 000** | 4 213 100 |
| Of which has been utilised | **1 589 200** | 1 779 900 |

The Company have assessed the status of these loans and facilities guaranteed as well as the financial position of the subsidiaries and concluded that there has not been a significant increase in the credit risk of the counterparties. Consequently, no expected credit loss has been recognised in respect of these guarantees.

## 12. CASH FLOW

| | 2022 R000 | 2021 R000 |
|---|---|---|
| **12.1 Reconciliation of profit before interest and taxation to cash generated from operations** | | |
| Profit before interest and taxation | **1 294 887** | 838 498 |
| Adjustments for: | | |
| Share option expense | **–** | 149 |
| Dividends received | **(836 760)** | (925 081) |
| Profit on disposal of investments excluding transaction costs | **(843 749)** | – |
| Impairment of investments | **331 871** | 275 919 |
| Fair value gain on Grindrod Shipping shares | **–** | (201 596) |
| Operating loss before working capital changes | **(53 751)** | (12 111) |
| Working capital changes | | |
| Decrease/(increase) in trade and other receivables | **3** | (23) |
| (Decrease)/increase in trade and other payables | **(2 910)** | 1 018 |
| Cash utilised by operations | **(56 658)** | (11 116) |
| **12.2 Taxation paid** | | |
| Balance at the beginning of the year | **4 490** | (978) |
| Current year | **(30 715)** | 3 234 |
| Balance at the end of the year | **22 853** | (4 490) |
| Taxation paid | **(3 372)** | (2 234) |
| **12.3 Reconciliation of dividends received** | | |
| Per income statement | **836 760** | 925 081 |
| Less: dividends received in specie due to intergroup property and loan restructures | **(583 000)** | – |
| Per statement of cash flows | **253 760** | 925 081 |

## 13. RELATED PARTIES

During each year, the group, in the ordinary course of business, enters into various transactions with related parties. Parties are considered to be related if one party has the ability to control or exercise significant influence over the other party in making financial and operating decisions. These transactions occurred under terms that are no more or less favourable than those arranged with third parties.

| | Dividends received R000 | Net guarantee fees received R000 |
|---|---|---|
| 2022 | | |
| **Subsidiaries** | | |
| Canosa Holdings Limited | **25 013** | **–** |
| Grindrod Freight Services Proprietary Limited | **622 240** | **–** |
| Grindrod Financial Holdings Limited | **54 909** | **–** |
| GFS Holdings Proprietary Limited | **–** | **1 751** |
| Grindrod (South Africa) Proprietary Limited | **–** | **42** |
| Grindrod Logistics Africa Proprietary Limited | **–** | **14** |
| Grindrod Property Holdings Proprietary Limited | **40 938** | **–** |
| Novagroup Proprietary Limited | **–** | **230** |
| Sturrock Grindrod Maritime Proprietary Limited | **–** | **871** |
| Grindrod Logistics Mozambique Limitada | **–** | **2 529** |
| Whirlprops Proprietary Limited* | **93 660** | **–** |
| Petrologistics Botswana Proprietary Limited | **–** | **49** |
| | **836 760** | **5 486** |
| 2021 | | |
| **Subsidiaries** | | |
| GFS Holdings Proprietary Limited | – | 5 650 |
| Grindrod Financial Holdings Limited | 47 595 | – |
| Grindrod Freight Services Proprietary Limited | 871 189 | – |
| Grindrod (South Africa) Proprietary Limited | – | 458 |
| Grindrod Trading Holdings Proprietary Limited | 6 297 | – |
| Sturrock Grindrod Maritime Holdings Proprietary Limited | – | 1 187 |
| Petrologistics Botswana Proprietary Limited | – | 247 |
| Grindrod Logistics Mozambique Limitada | – | 2 094 |
| Grindrod Logistics Africa Proprietary Limited | – | 15 |
| | 925 081 | 9 651 |

* The transaction related to a dividend in specie following the internal property restructure. Further, this resulted in the increase in the investment in Grindrod Freight Services Proprietary Limited (refer to page 83).

## 13. RELATED PARTIES continued

| | Amounts due by Group Companies 2022 R000 | Amounts due to Group Companies 2022 R000 | Amounts due by Group Companies 2021 R000 | Amounts due to Group Companies 2021 R000 |
|---|---|---|---|---|
| Canosa Holdings Limited | **–** | **302** | 382 | – |
| Grindrod Intermodal Division | **–** | **–** | 13 | – |
| Grindrod Logistics Mozambique Limitada | **4 623** | **–** | 2 094 | – |
| Grindrod Holdings (South Africa) Proprietary Limited | **–** | **–** | 103 029 | – |
| Grindrod (South Africa) Proprietary Limited | **5 400** | **–** | 4 601 | – |
| Grindrod Property Holdings Proprietary Limited | **–** | **485** | 5 137 | – |
| Grindrod Logistics Africa Proprietary Limited | **4** | **–** | 92 | – |
| Petrologistics Botswana Proprietary Limited | **588** | **–** | – | – |
| | **10 615** | **787** | 115 348 | – |

### Subsidiaries

Details of investments in subsidiaries are set out in note 5 and in the schedule of interest in subsidiaries on page 83.

### Directors

Details of directors' interests in the company and directors' emoluments are set out in note 37 of the consolidated Annual Financial Statements.

Further details on balances due by/(to) directors are disclosed in the related party note shown on pages 51 to 53 of the consolidated Annual Financial Statements.

### Expected credit loss (ECL) on amount due by Group companies

Amounts due by Group companies have been assessed for impairment and management has determined that we expect to recover all loans in full. Therefore no ECL has been recognised with respect to amounts due by Group companies, as these loans are non-interest bearing and are repayable on demand. Inputs used in assessing the ECL include default and credit history, historical data and forecast cash flows.

## 14. FINANCIAL INSTRUMENTS

| | | Fair value | | | |
|---|---|---|---|---|---|
| | Carrying value* R000 | Level 1 R000 | Level 2 R000 | Level 3 R000 | Amortised cost R000 |
| 2022 | | | | | |
| Financial instruments | | | | | |
| Cash and cash equivalents | **1 180 380** | **–** | **–** | **–** | **1 180 380** |
| Other investments | **3 082** | **–** | **–** | **–** | **3 082** |
| Trade and other receivables | **40** | **–** | **–** | **–** | **40** |
| Amounts due by Group companies | **10 615** | **–** | **–** | **–** | **10 615** |
| Trade and other payables | **(37 640)** | **–** | | **–** | **(37 640)** |
| Amounts due to Group companies | **(787)** | **–** | **–** | **–** | **(787)** |
| Total | **1 155 690** | **–** | **–** | **–** | **1 155 690** |
| 2021 | | | | | |
| Financial instruments | | | | | |
| Cash and cash equivalents | 9 233 | – | – | – | 9 233 |
| Other investments | 3 514 | – | – | – | 3 514 |
| Trade and other receivables | 43 | – | – | – | 43 |
| Amounts due by Group companies | 115 348 | – | – | – | 115 348 |
| Trade and other payables | (32 254) | – | | – | (32 254) |
| Amounts due to Group companies | – | – | – | – | – |
| Total | 95 884 | – | – | – | 95 884 |

* Carrying value approximates fair value.

# INTERESTS IN SUBSIDIARIES

## for the year ended 31 December 2022

At 31 December 2022, the Grindrod Limited Company had the following subsidiaries carrying on business which principally affected the profits and assets.

They have the same year-end date as the Company and have been included in the Annual Financial Statements.

| | | Share capital | | Effective holding | | Investments Shares at original cost | | Share-based payments to employees | |
|---|---|---|---|---|---|---|---|---|---|
| | | **2022 R000** | 2021 R000 | **2022 %** | 2021 % | **2022 R000** | 2021 R000 | **2022 R000** | 2021 R000 |
| **Incorporated in South Africa** | | | | | | | | | |
| Grindrod Freight Investments Proprietary Limited | F | **1 495** | 1 495 | **100** | 100 | **203 500** | 203 500 | **610** | 610 |
| Grindrod Financial Holdings Limited | B | **–** | 1 923 | **–** | 100 | **–** | 628 145 | **–** | – |
| GFS Holdings Proprietary Limited | P | **–** | – | **100** | 100 | **2 762 888** | 2 272 888 | **–** | – |
| Grindrod Trading Holdings Proprietary Limited | T | **–** | – | **100** | 100 | **1 307 369** | 1 307 369 | **–** | – |
| Grindrod Freight Services Proprietary Limited | F | **1** | 1 | **100** | 100 | **5 695 372*** | 5 602 372 | **10 753** | 10 753 |
| Whirlprops 16 Proprietary Limited | D | **–** | – | **100** | 100 | **14 000** | 14 000 | **–** | – |
| **Incorporated in British Virgin Islands** | | | | | | | | | |
| Canosa Holdings Limited | G | **–** | – | **100** | 100 | **23 290** | 23 290 | **–** | – |
| **Incorporated in Isle of Man** | | | | | | | | | |
| Grindrod Property Holdings Limited | G | **–** | – | **100** | 100 | **34 344** | 34 344 | **–** | – |
| **Impairments** | | **–** | – | | | **(2 381 401)** | (2 049 530) | **–** | – |
| **Interest in subsidiaries** | | **1 496** | 3 419 | | | **7 659 362** | 8 036 378 | **11 363** | 11 363 |

Nature of business:
B Bank
D Dormant
F Freight and Property Services
G Group Services
P Private Equity and Property
T Trading
* Refer to the Whirlprops Proprietary Limited related party transaction in note 13.

# SHARE ANALYSIS OF ORDINARY SHAREHOLDERS

for the year ended 31 December 2022

| | Number of shareholdings | Percentage of shareholdings | Number of shares | Percentage of shares |
|---|---|---|---|---|
| **Shareholder spread** | | | | |
| 1 to 5 000 shares | **41 755** | **91.99** | **17 632 930** | **2.53** |
| 5 001 to 10 000 shares | **1 334** | **2.94** | **9 790 383** | **1.40** |
| 10 001 to 50 000 shares | **1 550** | **3.41** | **33 952 029** | **4.86** |
| 50 001 to 100 000 shares | **256** | **0.56** | **18 329 772** | **2.63** |
| 100 001 to 1 000 000 shares | **404** | **0.89** | **116 522 820** | **16.69** |
| 1 000 001 to 10 000 000 shares | **85** | **0.19** | **252 600 132** | **36.19** |
| 10 000 001 shares and over | **7** | **0.02** | **249 203 520** | **35.70** |
| | **45 391** | **100.00** | **698 031 586** | **100.00** |
| **Non-public shareholders** | **10** | **0.02** | **187 122 433** | **26.80** |
| Directors of the Company | **7** | **0.02** | **1 839 677** | **0.26** |
| Treasury stock (share options) | **1** | **0.00** | **30 735 628** | **4.40** |
| Strategic holdings (more than 10%) | **2** | **0.00** | **154 547 128** | **22.14** |
| **Public shareholders** | **45 381** | **99.98** | **510 909 153** | **73.20** |
| | **45 391** | **100.00** | **698 031 586** | **100.00** |
| **Investor profile** | | | | |
| Banks and brokers | **156** | **0.34** | **97 074 890** | **13.91** |
| Close corporations | **260** | **0.57** | **6 040 501** | **0.87** |
| Endowment funds | **138** | **0.30** | **4 280 344** | **0.61** |
| Individuals | **36 721** | **80.90** | **72 446 798** | **10.38** |
| Insurance companies | **199** | **0.44** | **17 508 479** | **2.51** |
| Investment companies | **7** | **0.02** | **671 064** | **0.10** |
| Medical schemes | **29** | **0.06** | **2 075 514** | **0.30** |
| Mutual funds | **314** | **0.69** | **188 106 041** | **26.95** |
| Other corporations | **272** | **0.60** | **517 097** | **0.07** |
| Own holdings | **1** | **0.00** | **30 735 628** | **4.40** |
| Private companies | **1 043** | **2.30** | **116 688 960** | **16.72** |
| Public companies | **13** | **0.03** | **1 386 452** | **0.20** |
| Retirement funds | **1 413** | **3.12** | **137 743 729** | **19.72** |
| Trusts | **4 825** | **10.63** | **22 756 089** | **3.26** |
| | **45 391** | **100.00** | **698 031 586** | **100.00** |

| | Number of shareholdings | Percentage of shareholdings | Number of shares | Percentage of shares |
|---|---|---|---|---|
| **Geographical breakdown** | | | | |
| South Africa | **44 636** | **98.34** | **639 734 142** | **91.66** |
| United States of America and Canada | **67** | **0.15** | **24 656 387** | **3.53** |
| United Kingdom | **88** | **0.19** | **18 856 125** | **2.70** |
| Rest of Europe | **95** | **0.21** | **7 287 941** | **1.04** |
| Rest of the World | **505** | **1.11** | **7 496 991** | **1.07** |
| | **45 391** | **100.00** | **698 031 586** | **100.00** |

| | Number of shares | Percentage of shares |
|---|---|---|
| **Beneficial shareholders holding 5% or more** | | |
| Government Employees Pension Fund | **90 413 094** | **12.95** |
| Grindrod Investments (Pty) Ltd | **76 909 634** | **11.02** |
| | **167 322 728** | **23.97** |
| **Top 10 Fund Managers** | | |
| Public Investment Corporation | **79 284 242** | **11.36** |
| 36ONE Asset Management | **46 880 384** | **6.72** |
| Coronation Fund Managers | **36 550 759** | **5.24** |
| PSG Asset Management | **33 512 129** | **4.80** |
| Truffle Asset Management | **31 912 812** | **4.57** |
| Peresec Prime Brokers | **23 762 091** | **3.40** |
| Sanlam Investment Management | **18 815 174** | **2.70** |
| Steyn Capital Management | **17 075 738** | **2.45** |
| SBG Securities | **12 962 356** | **1.86** |
| Allan Gray Asset Management | **11 063 060** | **1.58** |
| | **311 818 745** | **44.68** |

# SHARE ANALYSIS OF CUMULATIVE, NON-REDEEMABLE, NON-PARTICIPATING, NON-CONVERTIBLE PREFERENCE SHARES

for the year ended 31 December 2022

| | Number of shareholdings | Percentage of shareholdings | Number of shares | Percentage of shares |
|---|---|---|---|---|
| **Shareholder spread** | | | | |
| 1 to 5 000 shares | 1 654 | 86.33 | 1 659 796 | 22.43 |
| 5 001 to 10 000 shares | 139 | 7.25 | 1 013 998 | 13.70 |
| 10 001 to 50 000 shares | 100 | 5.22 | 2 016 639 | 27.25 |
| 50 001 to 100 000 shares | 17 | 0.89 | 1 232 652 | 16.66 |
| 100 001 shares and over | 6 | 0.31 | 1 476 915 | 19.96 |
| | 1 916 | 100.00 | 7 400 000 | 100.00 |
| **Non-public shareholders** | 1 | 0.05 | 1 609 | 0.02 |
| Director Holdings | 1 | 0.05 | 1 609 | 0.02 |
| **Public shareholders** | 1 915 | 99.95 | 7 398 391 | 99.98 |
| | 1 916 | 100.00 | 7 400 000 | 100.00 |
| **Investor profile** | | | | |
| Banks/Brokers | 10 | 0.52 | 426 526 | 5.76 |
| Close Corporations | 20 | 1.04 | 219 958 | 2.97 |
| Endowment Funds | 16 | 0.84 | 137 101 | 1.85 |
| Individuals | 1 541 | 80.44 | 3 249 809 | 43.92 |
| Insurance Companies | 3 | 0.16 | 85 582 | 1.16 |
| Investment Companies | 1 | 0.05 | 1 958 | 0.03 |
| Medical Schemes | 1 | 0.05 | 2 749 | 0.04 |
| Mutual Funds | 24 | 1.25 | 1 359 566 | 18.37 |
| Other Corporations | 11 | 0.57 | 29 338 | 0.40 |
| Private Companies | 81 | 4.23 | 678 760 | 9.17 |
| Public Companies | 1 | 0.05 | 178 390 | 2.41 |
| Retirement Funds | 6 | 0.31 | 64 324 | 0.87 |
| Trusts | 201 | 10.49 | 965 939 | 13.05 |
| | 1 916 | 100.00 | 7 400 000 | 100.00 |

| | Number of shareholdings | Percentage of shareholdings | Number of shares | Percentage of shares |
|---|---|---|---|---|
| **Geographical breakdown** | | | | |
| South Africa | 1 894 | 98.86 | 7 076 320 | 95.63 |
| United States of America and Canada | 1 | 0.05 | 1 400 | 0.02 |
| United Kingdom | 6 | 0.31 | 306 986 | 4.15 |
| Rest of Europe | 4 | 0.21 | 942 | 0.01 |
| Rest of the World | 11 | 0.57 | 14 352 | 0.19 |
| | 1 916 | 100.00 | 7 400 000 | 100.00 |

# KEY OPERATING SEGMENTS

for the year ended 31 December 2022

| | Effective holding 2022 % | 2021 % |
|---|---|---|
| PORT AND TERMINALS | | |
| **Port** | | |
| Maputo Port Development Company (MPDC) | **24.7** | 24.7 |
| **Terminals** | | |
| ***Dry-bulk terminals*** | | |
| Terminal de Carvão da Matola | **65** | 65 |
| Grindrod Mozambique Limitada | **100** | 100 |
| Grindrod Terminals Richards Bay | **100** | 100 |
| RBTG | **59.7** | 59.7 |
| Walvis Bay Bulk Terminal | **75** | 75 |
| Maputo Intermodal Container Depot, S.A. (Maputo) | **50** | 50 |
| ***Liquid-bulk terminals*** | | |
| Oil Tanking Grindrod Calulo | **–** | 30.5 |
| ***Car terminal*** | | |
| Grindrod Maputo Car Terminal | **100** | 100 |
| ***Stevedores*** | | |
| Bay Stevedores (Richards Bay) | **100** | 100 |
| Grindrod Namibia Stevedoring (Walvis Bay) | **49** | 49 |
| LOGISTICS | | |
| **Seafreight logistics** | | |
| Ocean Africa Container Lines | **100** | 100 |
| **Intermodal** | | |
| Grindrod Intermodal | **100** | 100 |
| Grindrod Logistics Mozambique Limitada | **100** | 100 |
| Nacala Intermodal Terminal Investments | **75** | 75 |

| | Effective holding 2022 % | 2021 % |
|---|---|---|
| **Cross border and project logistics** | | |
| Grindrod Logistics Africa | **100** | 100 |
| Grindways Logistics Limited | **50** | – |
| **Clearing and forwarding** | | |
| Röhlig-Grindrod | **50** | 50 |
| **Ships agency, maritime technical services and logistics** | | |
| Sturrock Grindrod Maritime | **100** | 100 |
| United Container Depots | **100** | 100 |
| **Rail leasing and operations** | | |
| NLPI Group | **73.9** | 73.9 |
| RailCo Africa Limited | **42.3** | 42.3 |
| GPR Leasing South Africa | **55** | 55 |
| Grindrod Rail Consultancy Services | **42.3** | 42.3 |
| Grindrod Rail Operations | **100** | 100 |
| RRL Grindrod Sierra Leone 1 | **100** | 100 |
| RRL Grindrod Sierra Leone 2 | **100** | 100 |
| **Fuel road transportation** | | |
| Petrologistics (Botswana) | **100** | 100 |
| GROUP | | |
| **Private Equity and Property** | | |
| GFS Holdings | **100** | 100 |

# VALUE ADDED STATEMENT

Year ended 31 December 2022

| | Consolidated | | | |
|---|---|---|---|---|
| | 2022 R000 | % | 2021 R000 | % |
| **Total Group*** | | | | |
| Revenue | **6 332 064** | | 3 904 984 | |
| Net cost of services | **(2 940 162)** | | (1 201 669) | |
| Value added by operations | **3 391 902** | | 2 703 315 | |
| Non-trading items | **326 519** | | (401 134) | |
| Total value added | **3 718 421** | | 2 302 181 | |
| Applied as follows: | | | | |
| Employees' remuneration and service benefits | **1 317 733** | **35.5** | 1 222 322 | 53.2 |
| Taxation on income | **410 214** | **11.0** | 143 960 | 6.3 |
| Providers of share capital | **679 718** | **18.3** | 45 780 | 2.0 |
| Providers of loan capital | **210 075** | **5.6** | 226 432 | 9.8 |
| Reinvested in the business | | | | |
| Depreciation and amortisation | **499 600** | **13.3** | 488 109 | 21.1 |
| Retained income | **601 081** | **16.2** | 175 578 | 7.6 |
| Total | **3 718 421** | **100.0** | 2 302 181 | 100.0 |

* Figures include both continuing and discontinued operations.

This statement represents the wealth created by adding value to the Group's cost of services and shows how this wealth has been distributed.