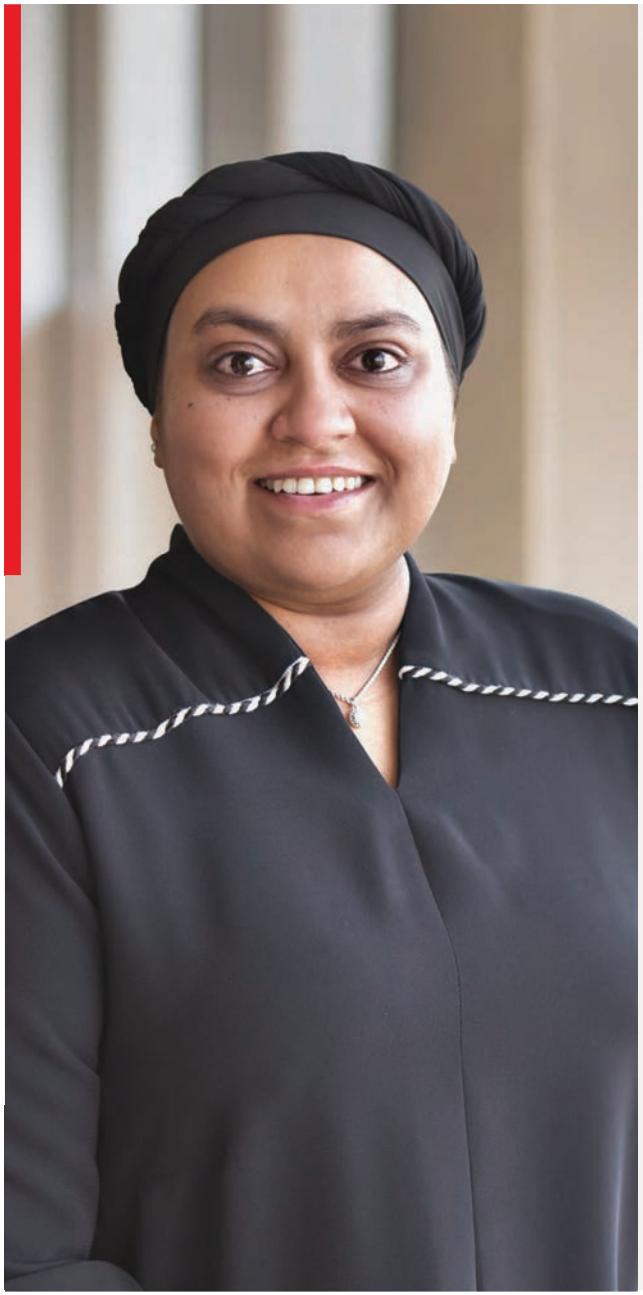
REPORT OF THE CHIEF FINANCIAL OFFICER



Grindrod's focus in 2021 was to deliver efficient and cost-effective customer solutions whilst driving operational excellence and exiting poor performing and non-core investments and businesses.

Grindrod achieved a commendable performance in its core businesses in 2021 underpinned by record mineral and container volumes in the Freight Services business. Grindrod Bank also performed well as it continued its focus on quality lending and growing its platform banking footprint. Core operations, inclusive of joint ventures, reported headline earnings of R886 million, up 166 percent from 2020, and the Group generated cash from operations in excess of R1 billion.

Port and Terminals achieved headline earnings of R388 million up 40 percent on the prior year. Results were bolstered by the record mineral volumes handled due to the strong commodity prices. Whilst the commodity outlook appears optimistic for South Africa this continues to remain sensitive to global influences.

The coastal shipping and container depot business reported headline earnings growth of 31 percent benefiting from exceptional container volumes during the reefer season.

Northern Mozambique headline earnings was down 22 percent on the prior year, impacted by the cessation of oil and gas activities in the area. Impairments of R78 million were recorded, however these were abated, to an extent, by the resumption of the graphite logistics contract in Nacala.

The disposal of four locomotives to Uganda Rail for US$11 million (US$5 million at the Group's effective share) together with the redeployment of a further eight locomotives in Sierra Leone boosted earnings from the Rail Leasing business.

Impairment of goodwill and assets of R267 million were recorded on the exit of the car and fuel carrier road transportation businesses in South Africa and Namibia.

Grindrod Bank delivered solid results with headline earning of R97 million, up 157 percent on the prior year.

Grindrod successfully disposed of its Grindrod Shipping shares, generating proceeds of R338 million. A fair value gain of R238 million has been recorded in the current year.

The Agricultural Logistics investment was disposed for R376 million. The process to exit the Marine Fuels business is ongoing.

Significant progress was made on the exit strategy of the Private Equity portfolio with only two significant investments remaining. Disposals proceeds realised were R312 million and results include impairments and fair value losses offset by a release of foreign currency translation reserves on the portfolio of R319 million.

Additional mortgage bonds were registered over the KwaZulu-Natal north coast properties as further collateral for the advances, resulting in impairment reversals and fair value gains of R167 million.

FINANCIAL REVIEW

Key segmental income statement metrics (includes share of joint ventures)

Rmillion	2021	2020	Variance %
Revenue	**18 037**	16 370	10
Core operations	**5 170**	4 750	9
Non-core operations	**12 867**	11 620	11
Trading profit	**1 664**	970	72
Core operations	**1 786**	1 356	32
Non-core operations	**(122)**	(386)	68
Share of associate earnings	**115**	89	29
Non-trading items	**(450)**	(234)	(92)
Net profit/(loss) attributable to ordinary shareholders	**176**	(415)	142
Core operations	**540**	329	64
Non-core operations	**(364)**	(744)	51

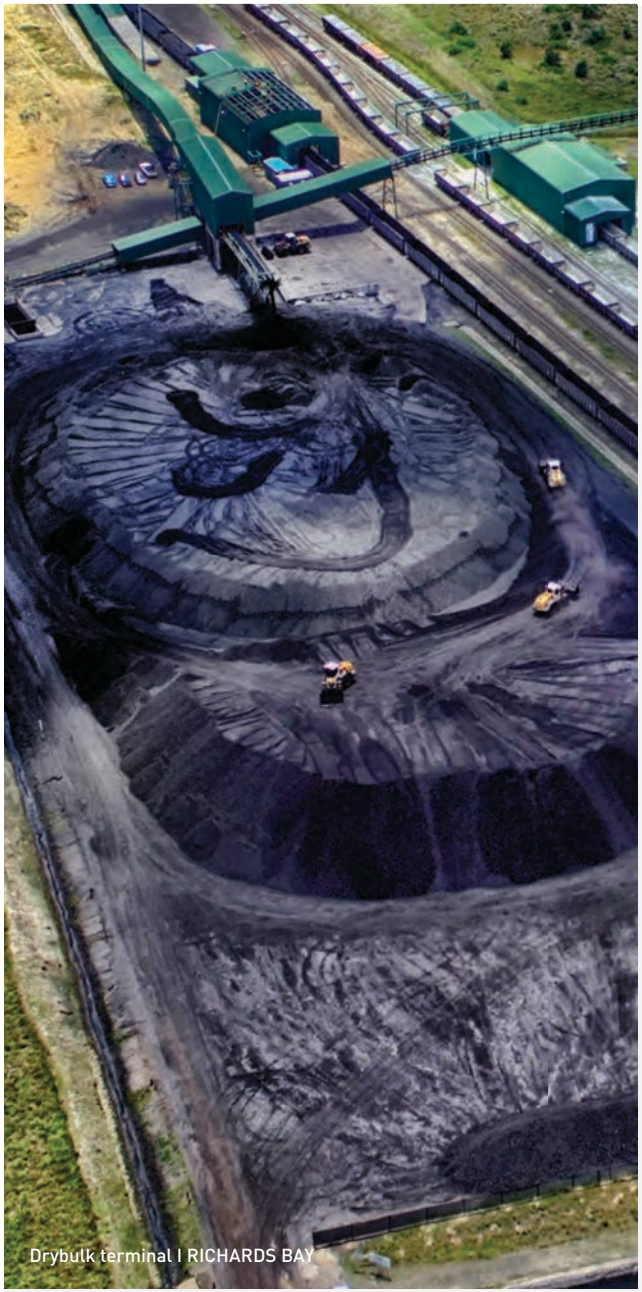
Revenue and trading profit from core operations increased nine percent and 32 percent due to the performance in the Terminals business as well as the coastal shipping and container depot business and the Bank. Trading profit from core businesses was also impacted by the fair value gain of R238 million on the Grindrod Shipping shares.

The increase in revenue from non-core operations relates to the Marine Fuels segment and arose due to the higher oil prices. The non-core trading loss is largely attributable to the Private Equity and Property segment which includes fair value losses of R356 million (2020: R248 million) on the private equity and property portfolio offset by R167 million of impairment reversals and fair value gains (2020: R162 million impairments and fair value losses) on the north coast property loans.

Share of associates earnings relates to Grindrod's investment in the port of Maputo which delivered strong results due to improved volumes in 2021.

Non-trading items net of tax effects amounted to R443 million and is explained further in the headline earnings reconciliation below.

OUR MONEY: REPORT OF THE CHIEF FINANCIAL OFFICER continued


Drybulk terminal I RICHARDS BAY

2021 Headline earnings reconciliation

Rmillion	Core operations	Non-core operation	Total
Net profit/(loss) attributable to ordinary shareholders	540	(364)	176
Add:			
Loss on remeasurement to fair value less costs to sell	240	–	240
Impairment of investments, goodwill, PPE and intangibles (including goodwill)	111	13	124
Loss on disposal of investments	2	134	136
Less:			
Gain on bargain purchase	(7)	–	(7)
Foreign currency translation reserve release	–	(51)	(51)
Headline earnings/(loss)	886	(268)	618

Core headline earnings adjusted for the fair value impacts of the Grindrod Shipping shares as well as the oil and gas project impairments, amounts to R707 million and represents a 70 percent uplift from the 2020 adjusted core headline earnings of R415 million.

STATEMENT OF FINANCIAL POSITION

Key segmental statement of financial position metrics (includes share of joint ventures)

Rmillion	2021	2020	Variance %
Property, plant and equipment, right of use assets and intangible assets	**5 561**	5 682	(2)
Investments, other assets and non-current assets held for sale	**2 537**	3 301	(23)
Current assets and bank and cash	**6 647**	5 741	16
Liquid assets and negotiable securities	**3 936**	2 469	59
Loans and advances	**9 537**	8 933	7
Total assets	**28 218**	26 126	8
Total equity	**8 571**	7 975	7
Total interest-bearing debt	**4 785**	5 252	(9)
Current and other liabilities	**3 641**	3 465	5
Deposits from bank customers	**11 221**	9 434	19
Total equity and liabilities	**28 218**	26 126	8

PPE, right of use assets and intangible assets decreased largely due to the derecognition of fleet and goodwill on the disposal of the road transportation business.

The 23 percent decrease in investments, Other assets and non-current assets held for sale relates to disposals of private equity investments and the Grindrod Shipping shares. The private equity portfolio reduced by R0.9 billion of which deferred proceeds of R245 million from the disposal of the UK Real Estate investment will be received according to agreed payment terms.

Current assets and bank and cash increased due to improved trading, as well as proceeds from the fuel carrier business disposals of R127 million owing at year end of which R93 million was received at the end of February 2022.

Depositors funds have been invested in liquid assets and negotiable securities to ensure that there is no negative carry on these funds.

Five percent of the increase in loans and advances relates to growth in the bankbook and two percent on the north coast property loans due to the additional collateral secured.

Exchange rate and current year profits contributed to the increased equity. Grindrod shares continue to trade at a discount to net asset value and hence the share buy-back process will continue into 2022 in accordance with the Board approval.

Proceeds from disposals of non-core investments have been utilised to settle interest-bearing debt which was offset by additional loans raised in the current year as well as the Bank's loan note issuance in June 2021.

CAPITAL ALLOCATION

Grindrod's capital allocation fundamentals aim to safeguard the strength of the Balance Sheet, whilst reinvesting to ensure sustainability of the business and simultaneously deliver returns to shareholders.

The Group generated positive cash from operations in excess of R1 billion. R150 million of which was utilised to settle interest, taxation and dividend obligations, R460 million was utilised for capital expenditure and R270 million was used to make lease liability payments in the year.

Proceeds from the disposal of non-core investments (in excess of R1 billion) were mainly applied to the overdraft as well as private equity debt. R30 million was used to execute share buy-backs in 2021 and R25 million was used to buy out the minority shareholders in the Bank.

The legal net debt to equity ratio, excluding Bank, is 26 percent (2020: 38 percent). Group net debt excluding Bank decreased from R4 billion in 2020 to R3 billion in 2021.

The private equity debt will continue to be settled in 2022 such that the gearing can be introduced into the Freight Services business in line with where returns for the Group are generated.

In 2021, the Group set out to achieve a legal net debt to EBITDA ratio, excluding Bank, of less than 2.5.

OUR MONEY: REPORT OF THE CHIEF FINANCIAL OFFICER continued

CAPITAL PROJECTS

Capital commitments of R269 million (2020: R361 million) were approved as of 31 December 2021, relating predominantly to the acquisition of existing property leases, the expansion of container depot facilities as well as yellow equipment. 65 percent of current year capital expenditure, including joint ventures, of R568 million (2020: 54 percent of R404 million) was expansionary.

Annually, Grindrod sets weighted average cost of capital (WACC) and project hurdle rates to ensure that all projects are assessed in detail and a robust process for the allocation of capital is adhered to. All projects are deemed to be high risk, unless substantiated otherwise for factors such as guaranteed contractual off-take, solid counter-party or low country risk, amongst others.

The project hurdle rates, using project internal rate of return have remained largely unchanged from the prior year and are set out in the table below:

	High Risk	Medium Risk	Low Risk
Hurdle rate	18%	15%	13%

DIVIDEND DECLARATION

The improved trading performance from core businesses, progress made on the disposal of non-core assets as well as reduced debt has allowed for the Board to resume dividends in the second half of 2021. Accordingly, a final gross ordinary dividend of 20.1 cents has been declared.

Total preference share dividends of R46 million (2020: R51 million) were declared to preference shareholders during the 2021 financial year.

FOREIGN CURRENCY EXPOSURES

Grindrod has US$227 million (2020: US$208 million) net assets based outside South Africa, with US Dollar cost bases and generating US Dollar revenues, thereby reducing the exposure of the Group to any one country or currency. It is worth noting that Grindrod's operations in Mozambique trade in US Dollar currency, mitigating exposure to the Metical. Foreign exchange risks are monitored and mitigated in terms of approved policies.

FINANCIAL CONTROLS AND RISK MANAGEMENT

Key financial personnel are employed across Grindrod to manage the financial departments which monitor and support the operations through the analysis and reporting of results. These finance teams, with enabling financial systems, ensure that financial information reported is complete, accurate, relevant and timely.

Internal control systems are designed to provide reasonable assurance against material losses and the misstatement of financial results and are intended to manage all significant risks. Safeguarding and preventing the misuse of assets are other important aspects of internal control.

Principal features of the Group's internal financial controls are:

- an organisational structure comprising clearly defined reporting lines, responsibilities and levels of authority;
- policies, procedures and guidelines to ensure that best practice standards are maintained and achieved;
- a system of financial planning, budgeting and reporting, which enables performance to be monitored against predetermined objectives;
- internal financial controls which are supported by the Group's IT systems;
- a finance team with the appropriate level of skill and technical training; and
- independent oversight by the internal audit division through the development and testing of financial control frameworks.

During 2021, internal financial control frameworks were tested by the internal audit division at several locations. Areas of non-compliance or deficiency were reported to and discussed with management, following which action plans were drafted and implemented to address the risk of material misstatement of financial results. In line with the requirements of JSE listing rule 3.84(k), the deficiencies and remediation plans were also shared with the Audit committee and external auditors.

ACCOUNTING POLICIES

The accounting policies adopted, and methods of computation used in the preparation of the consolidated financial statements are in terms of IFRS and are consistent with those of the Annual Financial Statements for the year ended 31 December 2020. Refer to the Accounting Policies section of the Annual Financial Statements available on Grindrod's website for further detail on new standards and interpretations not yet adopted. Key accounting estimates and judgements are disclosed in note 1 of the Annual Financial Statements.

EVENTS AFTER THE REPORTING DATE

There are no material post balance sheet events to report.

MANDATORY EXTERNAL AUDITOR ROTATION

The mandatory 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 will commence during the latter part of 2022.

Grindrod's capital allocation fundamentals aim to safeguard the strength of the Balance Sheet, whilst reinvesting to ensure sustainability of the business and simultaneously deliver return to shareholders.



Fathima Ally
Chief Financial Officer
8 April 2022