
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 20-F

(Mark One)

- REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR 12(g) OF THE SECURITIES EXCHANGE ACT OF 1934
- or
- ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
- For the fiscal year ended December 31, 2023
- or
- TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
- For the transition period from _____ to _____
- or
- SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission file number: 001-38440

Grindrod Shipping Holdings Ltd.

(Exact name of registrant as specified in its charter)

(Not Applicable)

(Translation of the registrant's name into English)

Republic of Singapore

(Jurisdiction of incorporation or organization)

1 Temasek Avenue
#10-02 Millenia Tower
Singapore 039192

(Address of principal executive offices)

With copies to:

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(Name, Telephone, E-mail and/or Facsimile number and Address of Company Contact Person)

and

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United States

Title of Each Class	Trading Symbol	Name of Each Exchange on Which Registered
Ordinary shares, no par value	GRIN	NASDAQ Global Select Market

Securities registered or to be registered pursuant to Section 12(g) of the Act: **None**

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act: **None**

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report: 19,685,590 ordinary shares (excluding treasury shares)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act: Yes No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934. Yes No

Note-Checking the box above will not relieve any registrant required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 from their obligations under those Sections.

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer, or an emerging growth company. See definitions of "large accelerated filer", "accelerated filer", and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer Non-accelerated filer Emerging growth company

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards† provided pursuant to Section 13(a) of the Exchange Act.

† The term "new or revised financial accounting standard" refers to any update issued by the Financial Accounting Standards Board to its Accounting Standards Codification after April 5, 2012.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b).

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP International Financial Reporting Standards as issued by the International Accounting Standards Board Other

If "Other" has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow. Item 17 Item 18

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

INTRODUCTION

On November 2, 2017, we incorporated as a private company, Grindrod Shipping Holdings Pte. Ltd., in accordance with the laws of the Republic of Singapore for the purpose of acquiring the shipping business from Grindrod Limited, a public company incorporated in accordance with the laws of the Republic of South Africa, or Former Parent. On April 25, 2018, Grindrod Shipping Holdings Pte. Ltd. was converted from a private company to a public company incorporated in accordance with the laws of the Republic of Singapore and it changed its name to Grindrod Shipping Holdings Ltd., or Grindrod Shipping. On June 18, 2018, or the Closing Date, Former Parent sold all of the shares it held in its wholly-owned subsidiaries, Grindrod Shipping Pte. Ltd., or GSPL, and Grindrod Shipping (South Africa) Pty Ltd, or GSSA, to Grindrod Shipping, in exchange for a market related consideration. On the Closing Date, Former Parent made a *pro rata* distribution to its shareholders that resulted in its shareholders receiving Grindrod Shipping ordinary shares in the same proportion as they held their Former Parent ordinary shares immediately prior to the distribution. We refer to the entire transaction as described above as the Spin-Off.

As of the Closing Date, Former Parent and Grindrod Shipping became independent, publicly traded companies having separate public ownership. Grindrod Shipping has its own board of directors, a majority of whom do not overlap with Former Parent's board of directors. Grindrod Shipping has its own management team which was the same management team that operated Former Parent's shipping business immediately prior to the Spin-Off.

On October 12, 2022, we announced that we had entered into a Transaction Implementation Agreement ("TIA"), dated as of October 11, 2022, between the Company, Taylor Maritime Investments Limited ("TMI") and Good Falkirk (MI) Limited, a wholly-owned subsidiary of TMI (the "Offeror"), providing for a voluntary conditional cash offer (the "TMI Offer") to be made by the Offeror for all of the issued ordinary shares in the capital of the Company. All shares that were validly tendered were accepted for payment, following which TMI owned approximately 73.78% of the shares of the Company. A subsequent offer period began immediately thereafter and expired on December 19, 2022. On expiration of the subsequent offer period, TMI held approximately 83.23% of the outstanding shares of the Company.

Grindrod Shipping's ordinary shares are listed on the NASDAQ Global Select Market, or NASDAQ and quoted on the Main Board of the JSE Limited, or the JSE.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Our consolidated financial statements and, unless otherwise indicated, other financial information concerning us included in this annual report, are presented in U.S. dollars. We have prepared our consolidated financial statements in accordance with International Financial Reporting Standards, or IFRS, as issued by the International Accounting Standard Board, or IASB.

Our audited consolidated financial statements presented in this annual report represent the consolidated financial statements of Grindrod Shipping as a separate publicly traded company on and subsequent to June 18, 2018 following the Spin-Off.

MARKET AND INDUSTRY DATA

This annual report includes estimates regarding market and industry data that we prepared based on our management's knowledge of and experience to date in the markets in which we operate, together with information obtained from various sources, including publicly available information, industry reports and publications, surveys, our customers, distributors, suppliers, trade and business organizations and other contacts in the markets in which we operate.

In presenting this information, we have made certain assumptions that we believe to be reasonable based on such data and other similar sources and on our knowledge of, and our experience to date in, the markets for our products and services. Market data is subject to change and may be limited by the availability of raw data, the voluntary nature of the data gathering process and other limitations inherent in any statistical survey of market share data. In addition, customer preferences are subject to change. Accordingly, you are cautioned not to place undue reliance on such market share data or any other such estimates. While we believe such information is reliable, we cannot guarantee the accuracy or completeness of this information, we have not independently verified any third-party information and data from our internal research has not been verified by any independent source. While we believe the estimated market and industry data included in this annual report are generally reliable, such information, which is derived in part from management's estimates and beliefs, is inherently uncertain and imprecise.

Projections, assumptions and estimates of our future performance and the future performance of the markets in which we operate are necessarily subject to a high degree of uncertainty and risk due to a variety of factors, including those described in "Item 3. Key Information—Risk Factors" and "Cautionary Statement Regarding Forward-Looking Statements". These and other factors could cause results to differ materially from those expressed in the estimates made by any third parties and by us.

DEFINED TERMS AND CONVENTIONS

In this annual report, unless otherwise indicated, all references to “we”, “us,” “our”, “Company” and “Grindrod Shipping” refer to Grindrod Shipping Holdings Ltd. and its subsidiaries. Grindrod Shipping Holdings Ltd. is a public company incorporated under the laws of the Republic of Singapore.

In this annual report all references to “Fleet” mean the 24 vessels we operate as of the date of this report, listed in “Item 4. Information on the Company—B. Business Overview—Our Fleet”.

In this annual report, all references to “Singapore” mean the Republic of Singapore, all references to “South Africa” mean the Republic of South Africa, all references to “EU” mean the European Union and all references to the “United States” and “U.S.” mean the United States of America, its territories and possessions and any state of the United States and the District of Columbia.

In this annual report, “R” and “Rand” refer to the South African Rand and “Rand cents” refers to subunits of the South African Rand, “¥” and “Yen” refer to the Japanese Yen and “Yen cents” refers to subunits of the Japanese Yen, “\$”, “U.S.\$” and “U.S. dollars” refer to United States dollars and “U.S. cents” refers to subunits of the U.S. dollar.

This annual report contains descriptions of shipping and the shipping industry. In order to facilitate a better understanding of these descriptions, below is a glossary defining a number of technical and shipping terms as used in this annual report.

Glossary of Shipping Terms

The following explanations are not intended as technical definitions, but rather are intended to assist the reader in understanding some of the shipping terms used in this annual report.

Available days. The total number of calendar days a vessel is in our possession for the relevant period after subtracting off-hire days for scheduled drydocking and special surveys. The shipping industry uses available days to measure the number of days in a relevant period during which vessels should be available for generating revenue.

Baltic Dry Index. The Baltic Dry Index, or BDI, is a leading daily drybulk charter market indicator published by the Baltic Exchange Limited, which combines information for handysize, supramax, panamax and capesize drybulk vessels. For periods after March 1, 2018, handysize vessels are no longer included in the BDI.

Bareboat charter. Charter for an agreed period of time during which the vessel owner provides only the vessel, while the charterer provides the crew, together with all stores and bunkers and pays all vessel operating costs, including maintenance and repairs.

Ballast. Heavy material, usually seawater, taken into and removed from a vessel as required from time to time, in order to provide stability to the vessel.

Bunker(s). Fuel, consisting principally of fuel oil and diesel, burned in the vessel’s engines and certain ancillary equipment.

Capesize vessel. Drybulk carrier with a capacity of about 130,000 to 200,000 dwt which, due to its size, must transit when loaded the Atlantic to the Pacific via Cape Horn or the Cape of Good Hope and is typically used for long voyages in the coal and iron ore trades.

Charter hire. The basic payment from the charterer for the use of the vessel under time charter. The amount is usually for a fixed period of time at rates that are generally fixed, but may contain a variable component based on inflation, interest rates, or current shipping market rates.

Charterer. A person, firm or company hiring or employing a vessel for the carriage of goods or other purposes.

Charter party. A document containing all the terms and conditions of the contract between the owner of a vessel and a charterer for the use of a vessel, signed by both parties or their agents, for the hire of a vessel or the space in a vessel.

Commercial management. Management of those aspects of vessel owning and operation that relate to obtaining economic value from the vessel which may include vessel financing, sale and purchase, chartering or vessel employment, voyage execution, insurance and claims handling, accounting and corporate administration.

Commercial pools. A pool of vessels for the purpose of economies of scale and where the earnings of each vessel in the pool are not determined by the specific voyages undertaken by the individual vessel but by an agreed allocation of the pooled earnings of all the vessels in the pool. A pool manager is responsible for the commercial operation of the commercial pool service.

Contract of affreightment. A contract of affreightment, or COA, is similar to a voyage charter, but covers two or more shipments over an agreed period of time (this could be over a number of months or years) and a particular vessel is not necessarily specified.

Deadweight tonne, or dwt. The unit of measurement of weight capacity of vessels, which is the total weight (usually in metric tons) the vessel can carry, including cargo, bunkers, water, stores, spares and crew at a specified draft.

Demurrage. An agreed amount payable to the vessel owner or disponent owner by the charterer when the agreed time allowed for loading or unloading cargo has been exceeded through no fault of the owner.

Disponent Owner. A person or a company that is not registered as owner of a vessel, but who has control over the commercial operations of the vessel through a bareboat or time charter, and has, as a disponent owner, the right to “dispose of” the ship by sub-chartering it to a third party.

Drybulk carrier. Vessel designed to carry dry, loose cargoes in bulk.

Drydocking. The removal of a vessel from the water for inspection, maintenance and/or repair of parts that are normally submerged.

Fixed revenue cover. The percentage of operating days in a period in which our vessels are fixed pursuant to vessel employment agreements into which we have already entered.

Flag state or Flagged. The country where the vessel is registered.

Fleet utilization. The percentage of time that vessels are available for generating revenue, determined by dividing the number of operating days during a relevant period by the number of available days during that period. The shipping industry uses fleet utilization to measure a company’s efficiency in technically managing its vessels.

Forward freight agreement. A forward freight agreement, or FFA, is a derivative instrument that can be used as a means of hedging exposure to charter rate market risk through the purchase or sale of specified time charter rates or freight rates for forward positions. Settlement is in cash, against a daily market index published by the Baltic Exchange.

Freight rates. The rate or level of freight under a voyage charter or a contract of affreightment.

Freight revenue. The revenue earned by a vessel owner or disponent owner pursuant to a voyage charter or a contract of affreightment.

Handysize drybulk vessel. Drybulk carrier of less than 40,000 dwt which is commonly equipped with cargo gear such as cranes. This type of vessel carries principally minor bulk cargoes and limited quantities of major bulk cargoes. It is well suited for transporting cargoes to ports that may have draft restrictions or are not equipped with gear for loading or discharging drybulk cargoes.

IMO. International Maritime Organization, the international United Nations advisory body on transport by sea.

Major bulk. Drybulk cargoes such as iron ore, coal and grain.

Medium range tanker. A tanker of about 25,000 dwt to 60,000 dwt.

Minor bulk. Drybulk cargoes such as forest products, iron and steel products, fertilizers, agricultural products, minerals and petcoke, bauxite and alumina, cement, other construction materials and salt.

Newbuilding. A vessel under construction or on order for construction.

Off-hire. The period during which a vessel is not available for service due primarily to scheduled and unscheduled repairs or drydockings.

Operating days. Operating days are the number of available days in the relevant period a vessel is controlled by us after subtracting the aggregate number of days that the vessel is off-hire due to a reason other than scheduled drydocking and special surveys, including unforeseen circumstances. The shipping industry uses operating days to measure the aggregate number of days in a relevant period during which vessels are actually available to generate revenue.

P&I. Protection and indemnity insurance coverage taken by a vessel owner or charterer against third-party liabilities such as those arising from oil pollution, cargo damage, crew injury or loss of life.

Product tanker. A tanker designed to carry refined petroleum products in bulk.

Resale agreement. An agreement to acquire the rights and obligations under a shipbuilding contract or a contract to acquire a newbuilding.

Spot market. The market for immediate chartering of a vessel, usually for a single voyage or short-term trading.

Spot market-oriented pool. A commercial pool that primarily employs vessels in the spot market.

Spot rate. Charter rate agreed on the basis of the prevailing spot market.

Supramax/ultramax vessel. Drybulk carrier of about 40,000 dwt to 65,000 dwt, which is usually grab fitted and carries a wide variety of cargoes including major bulk and minor bulk cargoes. Supramax generally refers to vessels from 40,000 dwt to 60,000 dwt, whereas ultramax generally refers to vessels from 60,000 dwt to 65,000 dwt.

Small tanker. A tanker of about 10,000 dwt to 25,000 dwt.

Technical management. Management of those aspects of vessel owning and operation that relate to the physical operation of a vessel, including the provision of crew, routine maintenance, repairs, drydocking, supplies of stores and spares, compliance with all applicable international regulations, safety and quality management, environment protection, newbuilding plan approval, newbuilding supervision, oversight of third-party contracted supervisors, and related technical and financial reporting.

Time charter. Charter for an agreed period of time where the vessel owner or disponent owner as the case may be is paid on a per-day basis and is responsible for operating the vessel and paying the vessel operating costs while the charterer is responsible for paying the charter hire and the voyage expenses and bears the risk of filling the vessel with cargo and any delays at port or during the voyage, except where caused by a defect of the vessel.

TCE Revenue or TCE. TCE, or time charter equivalent, revenue is defined as vessel revenue less voyage expenses. Such TCE revenue, divided by the number of our operating days during the period, is TCE per day. Vessel revenue and voyage expenses as reported for our operating segments include a proportionate share of vessel revenue and voyage expenses attributable to our joint ventures based on our proportionate ownership of the joint ventures. The number of operating days used to calculate TCE revenue per day also includes the proportionate share of our joint ventures' operating days and also includes charter-in days. TCE per day is a common shipping industry performance measure used primarily to compare daily earnings generated by vessels on time charters with daily earnings generated by vessels on voyage charters, because charter hire rates for vessels on voyage charters have to cover voyage expenses and are generally not expressed in per-day amounts while charter hire rates for vessels on time charters do not cover voyage expenses and generally are expressed in per-day amounts.

Tonnage. A generic term referring to any kind of ocean-going cargo vessel or vessels.

Vessel operating costs. Costs associated with technical management of the owned vessels in our Fleet, including crew expenses; repairs and maintenance; insurance; and other such costs.

Vessel revenue. The revenue generated by the Company that is comprised of charter hire of vessels, freight revenue, distributions from pools and distributions from third parties in respect of vessels that are externally commercially managed.

Voyage charters. Charters under which a vessel owner or disponent owner is paid on the basis of transporting cargo from a load port to a discharge port and is responsible for paying vessel operating costs, voyage expenses, and charter hire costs, as applicable.

Voyage expenses. All direct costs associated with operating a vessel between loading and discharge at the relevant ports. These expenses include pool distributions (which consist of net earnings payable to third-party and joint venture owners of vessels in the pools we manage); fuel expenses; port expenses; other expenses and FFAs.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This annual report contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995.

These forward-looking statements, including, among others, those relating to our future business prospects, revenue and income, are necessarily estimates and involve a number of risks and uncertainties that could cause actual results to differ materially from those suggested by the forward-looking statements. Accordingly, these forward-looking statements should be considered in light of various important factors, including those set forth in detail in “Item 3. Key Information—Risk Factors” of this annual report and summarised below.

Important factors that could cause actual results to differ materially from estimates or projections contained in the forward-looking statements include, without limitation:

- our future operating or financial results;
 - the strength of world economies, including, in particular, in China and the rest of the Asia-Pacific region;
 - cyclicity of the drybulk industry, including general drybulk shipping market conditions and trends, including fluctuations in charter hire rates and vessel values;
 - changes in supply and demand in the drybulk shipping industry, including the market for our vessels;
 - changes in the value of our vessels;
 - changes in our business strategy and expected capital spending or operating expenses, including drydocking, surveys, upgrades and insurance costs;
 - competition within the drybulk industry;
 - seasonal fluctuations within the drybulk industry;
 - our ability to employ our vessels in the spot market and our ability to enter into time charters after our current charters expire;
 - general economic conditions and conditions in the coal industry;
 - our ability to satisfy the technical, health, safety and compliance standards of our customers;
 - the failure of counterparties to our contracts to fully perform their obligations with us;
 - our ability to execute our growth strategy;
 - international political conditions, including additional tariffs imposed by China and the United States;
 - potential disruption of shipping routes due to weather, accidents, political events, natural disasters or other catastrophic events;
 - vessel breakdowns;
 - corruption, piracy, military conflicts, political instability and terrorism in locations where we may operate, including the conflict between Russia and Ukraine;
 - fluctuations in interest rates and foreign exchange rates and changes in the method pursuant to which the Secured Overnight Financing Rate (“SOFR”) and other benchmark rates are determined;
 - changes in the costs associated with owning and operating our vessels;
-

- changes in, and our compliance with, governmental, tax, environmental, health and safety regulations;
- potential liability from pending or future litigation;
- our ability to procure or have access to financing, our liquidity and the adequacy of cash flows for our operations;
- the continued borrowing availability under our debt agreements and compliance with the covenants contained therein;
- our ability to fund future capital expenditures and investments in the construction, acquisition and refurbishment of our vessels;
- our dependence on key personnel;
- our expectations regarding the availability of vessel acquisitions and our ability to buy and sell vessels and to charter-in vessels as planned or at prices we deem satisfactory;
- adequacy of our insurance coverage;
- effects of new technological innovation and advances in vessel design;
- the effects of any outbreaks of epidemic or pandemic diseases, and governmental responses thereto on our operations and the demand and trading patterns for the drybulk markets, and the duration of these effects; and
- the other factors set out in “Item 3. Key Information—Risk Factors”.

We undertake no obligation to update publicly or release any revisions to these forward-looking statements to reflect events or circumstances after the date of this annual report or to reflect the occurrence of unanticipated events except as required by law.

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PART I

ITEM 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS

Not applicable.

ITEM 2. OFFER STATISTICS AND EXPECTED TIMETABLE

Not applicable.

ITEM 3. KEY INFORMATION

Capitalization and Indebtedness

Not applicable.

Reasons for the Offer and Use of Proceeds

Not applicable.

RISK FACTORS

In addition to the other information included in this annual report, the considerations listed below could have a material adverse effect on our business, financial condition or results of operations, or cash flows, or ability to pay dividends, or future prospects, or financial performance, resulting in a decline in the trading price of Grindrod Shipping's ordinary shares. The risks set forth below comprise all material risks currently known to us. These factors should be considered carefully, together with the information and financial data set forth in this annual report.

Risk Factors Summary

An investment in our common stock is subject to a number of risks. The following summarizes some, but not all, of these risks. Please carefully consider all of the information discussed in "Item 3. Key Information— Risk Factors" in this annual report for a more thorough description of these and other risks.

Risks Related to Our Industry

- Global economic conditions could negatively affect the markets in which we operate and could affect our results;
- Charter rates and spot markets for drybulk carriers are volatile, which could affect our results;
- The fair market values of our vessels are volatile which could limit our borrowings, cause us to breach covenants or result in impairment losses;
- Inflation could continue to adversely affect our business and financial results;
- An inability to effectively time investments in and divestments of vessels could affect our business strategy;
- An over-supply of drybulk carrier capacity may lead to a reduction in drybulk carrier charter rates;
- We operate in the highly competitive international shipping industry and we may not be able to successfully compete;
- Our drybulk shipping charter rates and spot rates will be subject to seasonal and cyclical fluctuations;
- We are subject to complex laws and regulations, that can affect the cost, manner or feasibility of doing business;
- Climate change and greenhouse gas restrictions may adversely affect our operating results;
- Our growth depends on continued growth in demand for commodities and the seaborne transportation of such cargoes;
- If we cannot meet our customers' requirements we may not be able to operate our vessels profitably;
- World events, including terrorist attacks and regional conflict, could affect our results;
- Increasing trade protectionism and unraveling multilateral trade agreements could impact our client's and our business;
- Acts of piracy on ocean-going vessels may impact our business;
- We are subject to international safety regulations and requirements imposed by our classification societies and the failure to comply with these regulations may affect our business;
- Increased inspection procedures and tighter import and export controls could increase costs and disrupt our business;
- Changes in fuel, or bunker, prices may adversely affect our profits;
- Long-term technological innovations could expose us to lower vessel utilization and/or decreased charter rates;
- We operate drybulk carriers worldwide and, as a result, our business has inherent operational risks;
- Maritime claimants could arrest or attach one or more of our vessels, which could interrupt our cash flows;
- Labor interruptions could disrupt our business;
- Our vessels may call on ports located in countries that are subject to restrictions which could affect our reputation;
- We could be adversely affected by violations of worldwide anti-corruption laws;
- The smuggling of drugs or other contraband onto our vessels may lead to governmental claims against us;
- Governments could requisition our vessels during a period of war or emergency, which could affect our results; and
- Outbreaks of epidemic and pandemic diseases and governmental responses thereto, could affect our results.

Risks Related to Our Business

- Our drybulk vessels are employed in the spot market and a decrease in drybulk spot rates could affect our results;
- A reduction in charter rates, spot market rates, market deterioration or the aging of our Fleet may result in impairment charges against our vessels;
- We depend on certain customers for our revenue who could default on their obligations;
- A drop in spot market rates may provide an incentive for customers to default on their charters and contracts;
- We are subject to certain risks with respect to our counterparties to contracts, which could cause us to suffer losses;
- We may be unable to attract and retain key management personnel and other employees, which could affect our results;

- The aging of our vessels may result in increased operating costs in the future, which could affect our results;
- We may not have adequate insurance to compensate us for losses due to the inherent risks in the industry;
- We may have difficulty managing our planned growth properly;
- Grindrod Shipping depends on its subsidiaries to distribute funds to it;
- Our future capital needs are uncertain and we may need to raise additional funds in the future;
- Servicing our current or future indebtedness and meeting certain financing obligations limits available funds;
- We are exposed to volatility in benchmark rates (in particular Term SOFR) which could affect our results;
- We are leveraged, which could significantly limit our ability to execute our business strategy;
- Utilising derivative instruments, such as forward freight or bunker swap agreements, could affect our results;
- We may be subject to litigation that could affect our results;
- Some of the vessels in our Fleet are operated by third-party technical managers which may affect our results;
- Some of the third-party managers are privately held companies with limited public information available;
- Security breaches and disruptions to our information technology infrastructure could affect our operations;
- Exchange rate fluctuations could cause exchange rate losses;
- If we are unable to operate our financial and operations systems effectively, our performance may be affected;
- We need to maintain our relationships with local shipping agents, port and terminal operators;
- Prolonged disruption in the loading and unloading of our vessels and port congestion could affect our operations;
- If we acquire and/or operate secondhand vessels, we could be exposed to increased operating costs;
- Technological innovation could reduce our charter hire income and the value of our vessels;
- Newbuilding projects are subject to risks that could cause delays, cost overruns or cancellations;
- Our failure to comply with data privacy laws could damage our customer relationships and expose us to litigation; and
- We currently bank with a limited number of financial institutions, which subjects us to credit risk.

Risks Relating to Our Ordinary Shares

- There may not be a liquid market for the Grindrod Shipping ordinary shares;
- Certain shareholders own large portions of our ordinary shares, which may influence the outcome of significant votes;
- The Grindrod Shipping ordinary shares are traded on two stock exchanges and this may result in price variations;
- If analysts do not publish research or reports about our business, our share price and trading volume could decline;
- Grindrod Shipping may not have sufficient distributable profits to distribute dividends or assets to shareholders;
- Any shareholder whose principal currency is not the U.S. dollar is subject to currency risk on dividends paid;
- Grindrod Shipping is a Singapore company, and shareholder rights differ from those under U.S. law;
- Grindrod Shipping is subject to the laws of Singapore, which differ from the laws of the United States;
- Anti-takeover provisions under Singapore law may affect a future takeover or change of control of Grindrod Shipping, which could affect the share price;
- Under Singapore law, shareholder approval is required to allow us to issue new shares;
- The Jumpstart Our Business Startups Act of 2012 allows us to postpone the date by which we must comply with some disclosure and investor protection laws;
- As a “foreign private issuer” we are permitted to follow certain home country corporate governance practices;
- If we lost foreign private issuer status, we would be required to comply with the Exchange Act’s domestic reporting regime;
- If we fail to establish and maintain proper internal controls, our ability to produce accurate financial statements or comply with applicable regulations could be impaired;
- We incur certain significant costs as a company whose ordinary shares are publicly traded in the United States;
- We are subject to significant scrutiny and expectations with respect to our Environmental, Social and Governance (“ESG”) policies; and
- Certain of Grindrod Shipping’s directors may have actual or potential conflicts of interest.

Tax Risks

- We may have to pay tax on U.S. source income, which would reduce our earnings;
- U.S. tax authorities could treat us as a passive foreign investment company;
- We may be subject to taxes, which may reduce our cash available for distribution to our shareholders; and
- Grindrod Shipping shareholders may be subject to Singapore taxes.

Risks Related to Our Industry

Global economic conditions, in particular in China and the rest of the Asia-Pacific region, could negatively affect the markets in which we operate which could have a material adverse effect on our business, financial condition, cash flows, results of operations and ability to obtain financing.

The world economy is currently facing a number of challenges, including the recent turmoil and hostilities in various regions, including Ukraine, Russia, Azerbaijan, North Korea, Myanmar, the Middle East, including Iran, Iraq, Israel, Syria, the Persian Gulf, the Red Sea, Yemen, North Africa and the Gulf of Guinea. Drybulk demand is directly linked to the global macroeconomic landscape and there has historically been a strong link between the development of the world economy and demand for energy, including iron ore, coal and other commodities. An extended period of deterioration in the outlook for the world economy could reduce the overall demand for iron ore, coal and other commodities and for our services. Continuing economic instability could have a material adverse effect on our ability to implement our business strategy.

The United States, Europe and other parts of the world have experienced a deceleration of economic growth after the post-pandemic resurgence. The credit markets in the United States and Europe underwent significant contraction, deleveraging and reduced liquidity in 2008 and again in 2020, and have been affected by elevated interest rates in recent years. The securities and futures markets and the credit markets are subject to comprehensive statutes, regulations and other requirements. The Securities and Exchange Commission, or the SEC, other regulators, self-regulatory organizations and exchanges are authorized to take extraordinary actions in the event of market emergencies and may effect changes in law or interpretations of existing laws that could adversely impact the markets in which our securities trade.

We anticipate that a significant number of the port calls made by our vessels and those of our competitors will continue to involve the loading or discharging of drybulk commodities such as iron ore and coal in ports in the Asia Pacific region. China is a particularly important market for such commodities in the region as China is responsible for approximately 54% of the world's crude steel output and is heavily reliant on the import of the necessary raw materials, such as iron ore and coal. In recent years, China's real economic growth rate has been subdued relative to its past growth, and continued weakness in the property sector, weak productivity, an aging population and reduced external demand continues to weaken China's economic growth. In addition, in 2020 China introduced a cap on annual steel output which reduced iron ore imports. The cap was removed in 2023, improving imports into the region, but exports were affected by the weaker global economy and reduced demand for steel. It is possible that China and other countries in the Asia Pacific region will continue to experience slowed or even negative economic growth in the future which will negatively impact the demand for drybulk shipping. Moreover, economic slowdown in the economies of the United States, Europe and other Asian countries may further adversely affect economic growth in China and elsewhere. Our business, financial condition, cash flows and results of operations, as well as our future prospects, will likely be materially and adversely affected by a further economic downturn in any of these countries or geographic regions.

Global financial markets and economic conditions have been and continue to be volatile. Credit markets and the debt and equity capital markets have been distressed and the uncertainty surrounding the future of the global credit markets has resulted in reduced access to credit worldwide. High interest rates in the United States, Eurozone and other regions may also negatively impact global economic growth, demand for our drybulk shipping services and our cost of capital. Federal officials in the United States are discussing interest rate reductions, but this will only commence if inflation drops below official targets. These issues, along with significant write-offs in the financial services sector, the re-pricing of credit risk and the current weak economic conditions, have made, and will likely continue to make, it challenging to obtain additional financing. In addition, the current state of global financial markets and current economic conditions might adversely impact our ability to issue additional equity at prices which will not be dilutive to our existing shareholders or preclude us from issuing equity at all.

Also, as a result of concerns about the stability of financial markets, rising energy prices, inflation and the solvency of counterparties, the cost of obtaining money from the credit markets has increased. We cannot be certain that financing will be available to the extent required to implement our business strategy, or that we will be able to refinance our credit facilities in due course, on acceptable terms or at all. If financing or refinancing is not available when needed, or is available only on unfavorable terms, we may be unable to meet our obligations as they become due or we may be unable to enhance our existing business, acquire newbuildings and additional vessels or otherwise take advantage of business opportunities as they arise.

We face risks attendant to changes in economic environments, changes in interest rates, and instability in the banking and securities markets around the world, among other factors. Major market disruptions and adverse changes in market conditions and regulatory climate in the United States and worldwide may adversely affect our business or affect our ability to borrow amounts under credit facilities or any future financial arrangements. The recent and developing economic and governmental factors, together with possible further declines in charter rates and vessel values, could have a material adverse effect on our business, financial condition, cash flows and results of operations.

These global economic conditions have in the past and may continue to have in the future a number of adverse consequences for drybulk and other shipping sectors, including, among other things:

- low charter rates, particularly for vessels employed on short-term time charters or in the spot market;
- decreases in the market value of drybulk carriers and limited second-hand market for the sale of vessels;
- limited financing for vessels;
- widespread loan covenant defaults; and
- declaration of bankruptcy by certain vessel operators, vessel owners, shipyards and charterers.

The occurrence of one or more of these events could have a material adverse effect on our business, financial condition, cash flows and results of operations.

Charter rates and spot markets for drybulk carriers are volatile and may decrease in the future, which could have a material adverse effect on our business, financial condition, cash flows and results of operations.

The drybulk shipping industry is cyclical with high volatility in charter rates and profitability. The degree of charter rate volatility among different types of drybulk carriers has varied widely; however, a downturn in the drybulk charter market will severely affect the entire drybulk shipping industry and charter rates for drybulk carriers will decline significantly. In the past, time charter and voyage charter rates for drybulk carriers have declined below operating costs of vessels. The Baltic Dry Index, or the BDI, an index of daily average of charter rates for key drybulk routes published by the Baltic Exchange Limited, which has long been viewed as the main benchmark to monitor the movements of the drybulk vessel charter market and the performance of the entire drybulk shipping market, declined approximately 97.5% from its high of 11,793 in May 2008 to 290 on February 10, 2016 and has remained volatile since then. During the year ended December 31, 2023, the BDI started on 1,250 and finished 68% higher on 2,094 points. The index achieved an annual high of 3,346 on December 4, 2023 and an annual low of 530 on February 16, 2023.

Fluctuations in charter rates result from changes in the supply of and demand for vessel capacity and changes in the supply of and demand for the major drybulk commodities carried by water internationally. Because the factors affecting the supply of and demand for vessels are outside of our control and are unpredictable, the nature, timing, direction and degree of changes in industry conditions are also unpredictable. Since we currently employ our vessels primarily in the spot market or spot market-oriented pools and do not have a significant amount of fixed revenue cover, we are exposed to the cyclical and volatility of the spot market. Spot rates may fluctuate significantly based upon the supply of and demand for seaborne shipping capacity, and we may employ our vessels in these short-term markets at lower rates. Alternatively, charter rates available in the spot market may be insufficient to enable our vessels to operate profitably. A significant decrease in charter rates would adversely affect asset values and our profitability, cash flows and ability to pay dividends, if any, in the future, on our ordinary shares, and capital and interest on our indebtedness. Furthermore, a significant decrease in charter rates would cause asset values to decline and we may have to record an impairment charge in our financial statements which could adversely affect our financial results.

Factors that influence demand for drybulk carrier capacity include:

- supply of and demand for energy resources, commodities, consumer and industrial products;
- changes in the exploration or production of energy resources, commodities, consumer and industrial products;
- the location of regional and global production and manufacturing facilities;
- the location of consuming regions for energy resources, commodities, consumer and industrial products;
- the globalization of production and manufacturing;
- global and regional economic and political conditions, including armed conflicts and terrorist activities, embargoes, tariffs and strikes;
- disruptions and developments in international trade including additional trade tariffs imposed;
- economic slowdowns caused by public health events;
- the cost of steel and labor;
- the cost and availability of financing;
- changes in seaborne and other transportation patterns, including the distance cargo is transported by sea;
- environmental and other regulatory developments;
- competition from alternative sources of energy;
- international sanctions, embargoes, import and export restrictions, nationalizations and wars;
- currency exchange rates; and
- weather, natural disasters and other catastrophic events may disrupt drybulk trading patterns.

Factors that influence the supply of drybulk carrier capacity include:

- the number of newbuilding orders and deliveries, including slippage in deliveries;
- the number of shipyards and ability of shipyards to deliver vessels;
- port or canal congestion;
- the scrapping rate of older vessels;
- environmental concerns and regulations;
- changes in international regulations that may result in the reduced carrying capacity of vessels or early obsolescence of tonnage;
- speed of vessel operation;
- vessel casualties;
- weather; and
- the number of vessels that are out of service, namely those that are laid-up, drydocked, awaiting repairs or otherwise not available for hire.

In addition to the prevailing and anticipated charter rates, factors that affect the rate of newbuilding, scrapping and laying-up include newbuilding prices, secondhand vessel values in relation to newbuilding and scrap prices, costs of bunkers and other operating costs, costs associated with classification society surveys, normal maintenance and insurance coverage costs, the efficiency and age profile of the existing drybulk fleet in the market and government and industry regulation of maritime transportation practices, particularly environmental protection laws and regulations. These and other factors influencing the supply of and demand for shipping capacity are outside of our control, and we may not be able to correctly assess the nature, timing and degree of changes in industry conditions.

We anticipate that the future demand for our drybulk carriers will be dependent upon economic growth in the world's economies, mainly China and India, seasonal and regional changes in demand, changes in the capacity of the global drybulk fleet and the sources and supply of drybulk cargo to be transported by sea. Adverse economic, political, social or other developments could have a material adverse effect on our business, financial condition, cash flows and results of operations.

The fair market values of our drybulk carriers are volatile and may decline in the future, which could limit the amount of funds that we can borrow, cause us to breach certain financial covenants in our credit facilities, or result in an impairment charge, and we may incur a loss if we sell a vessel following a decline in its market value.

The fair market values of our drybulk carriers have been very volatile and may continue to fluctuate depending on a number of factors, including:

- prevailing levels of charter rates;
- general economic and market conditions affecting the shipping industry;
- competition from varying types and sizes of vessels;
- the ages of vessels;
- the supply of and demand for vessels;
- other modes of transportation;
- the cost of newbuildings;
- governmental and other regulations;
- the need to upgrade vessels as a result of charterer requirements, technological advances in vessel design or equipment or otherwise;
- bunker prices;
- competition from other shipping companies; and
- the duration and impact of epidemic and pandemic diseases.

If the fair market values of our vessels decline, the amount of funds we may draw down under our credit facilities may be limited and we may not be in compliance with certain covenants contained in our credit facilities, which may result in an event of default. In such circumstances, we may not be able to refinance our debt or obtain additional financing. If we are not able to comply with the covenants in our credit facilities, and are unable to remedy the relevant breach, our lenders could accelerate our debt and foreclose on the mortgaged vessels in our Fleet. In addition, if we sell one or more of our vessels at a time when vessel prices have fallen, the sale may be less than the vessel's carrying value on our financial statements, resulting in a loss on sale and a reduction in earnings, which could be material. See "Item 5. Operating and Financial Review and Prospects—Liquidity and Capital Resources".

Conversely, if vessel values are elevated at a time when we wish to acquire additional vessels, the cost of such acquisitions may increase and this could have a material adverse effect on our business, financial condition, cash flows and results of operations.

Inflation could continue to adversely affect our business and financial results.

The world economy is facing a number of challenges, related in part to geopolitical tensions, which have led to disruptions in supply chains, energy and commodity markets and subsequently to a high inflation environment. Inflation could continue to adversely affect our business and financial results by increasing the costs of labor and materials needed to operate our business. During 2023, central banks increased interest rates to combat inflation. The Federal Reserve has increased the federal funds interest rate by 100 basis points during the last twelve months. Global economic conditions and global financial markets have been, and continue to be, volatile and certain countries may face recession and uncertainty surrounding the potential for continued economic growth. Tighter monetary conditions and lower growth or recession as a result of the inflationary environment could potentially affect our financial and debt stability. Depending on developments in the drybulk industry and other economic conditions, we may be unable to raise our charter rates enough to offset the increasing costs of our operations, which would decrease our profit margins. Inflation may also raise our costs of capital and decrease our purchasing power, making it more difficult to maintain sufficient funds to operate our business.

An inability to effectively time investments in and divestments of vessels could prevent the implementation of our business strategy and negatively impact our business, financial condition, cash flows and results of operations.

In order to maintain a young fleet, we are required to replace older vessels with newer ones over time. In order to do so, we intend to grow our Fleet by entering into long-term chartering, making acquisitions and disposals in the resale and second-hand markets and exercising purchase options in certain of our long-term charter contracts. Our business is greatly influenced by long-term chartering contracts, the timing of investments and/or divestments, the exercise of our purchase options to acquire vessels and contracting of newbuildings. As of the date of this annual report, we have purchase options to acquire three vessels that we time charter. For a discussion of the terms of these purchase options, see “Item 5. Operating and Financial Review and Prospects—Liquidity and Capital Resources—Overview”. If we are unable to identify the optimal timing of such investments, of the exercise of our purchase options, of divestments or of contracting of newbuildings in relation to the shipping value cycle or unable to execute at the optimal timing due to capital constraints or other reasons, this could have a material adverse effect on our business, financial condition, cash flows and results of operations.

Drybulk carrier values have generally experienced high volatility. Investors can expect the fair market value of our vessels to fluctuate, depending on general economic and market conditions affecting the drybulk industries and competition from other shipping companies, types and sizes of vessels and other modes of transportation. In addition, as vessels age, they generally decline in value. These factors will affect the value of our vessels for purposes of covenant compliance under the credit facilities and at the time of any vessel sale. If for any reason we sell a vessel at a time when vessel prices have fallen, the sale may be at less than such vessel’s carrying amount on our financial statements, with the result that we could also incur a material loss on the sale and a reduction in earnings and reserves. The carrying values of our vessels may not represent their fair market value at any point in time. At the end of each reporting period and on a continuous basis, if indicators of impairment are present, 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. We also assess the carrying value of an asset when we have contracted to divest of the asset for any reason, including the age of our vessels, if a joint venture that owns vessels comes to an end in accordance with its terms or if the asset no longer fits into our strategic planning. See “Item 5. Operating and Financial Review and Prospects—Critical Accounting Policies and Estimates”.

An over-supply of drybulk carrier capacity may lead in the future to a reduction or depression in drybulk carrier charter rates, as has happened in the past, and lead to a reduction in the value of our vessels, which may limit our ability to operate our drybulk carriers profitably.

The market supply of drybulk carriers has increased significantly since the beginning of 2005. As of February 2024, newbuilding orders, which extend to 2026 and beyond, had been placed for approximately 9.6% of the existing global drybulk fleet capacity for handysize drybulk vessels and 14.9% of the existing global drybulk fleet capacity for supramax/ultramax drybulk vessels. There has been a relatively slower pace of both newbuild deliveries and demolition over the last decade due to uncertainty over fuelling technology. Drybulk carrier supply growth has in previous years outpaced drybulk carrier demand growth, causing downward pressure on drybulk charter rates. If the capacity of new drybulk carriers delivered exceeds the capacity of drybulk carriers being scrapped, drybulk capacity will increase. Until the new supply is fully absorbed by the market, drybulk charter rates may continue to be under pressure in the near to medium term and this could have a material adverse effect on our business, financial condition, cash flows and results of operations.

We operate in the highly competitive international shipping industry and we may not be able to compete for charters and contracts of affreightment, or COAs, with new entrants or established companies with greater resources, and, as a result, we may be unable to employ our vessels profitably.

Our vessels are employed in a highly competitive market that is capital intensive and highly fragmented. The competition in the market is based primarily on supply and demand and we compete for charters and COAs on the basis of price, vessel location, size, age, the condition of the vessel, our and our third-party commercial managers' reputations, and the acceptability of the vessel and its technical managers and operators to the charterers.

We compete primarily with other independent and state-owned drybulk vessel-owners. Our competitors may have more resources than us and may operate vessels that are newer, and therefore more attractive to charterers, than our vessels. Ownership and control of drybulk carriers is highly fragmented and is divided among a large number of players including publicly listed and privately owned shipping companies, mining companies, commodity trading houses, private equity and other investment funds and state-controlled owners. Due in part to the highly fragmented markets in which we operate, competitors with greater resources could enter the drybulk shipping industries and operate larger fleets through consolidations or acquisitions and may be able to offer lower charter rates and higher quality vessels than we are able to offer. If we are unable to successfully compete with other drybulk shipping companies, our competitors may be able to offer better prices than us, which could result in our achieving lower revenue from our vessels and our business, financial condition, cash flows and results of operations could be materially adversely affected.

Our drybulk shipping charter rates and spot rates will be subject to seasonal and cyclical fluctuations, which could have a material adverse effect on our business, financial condition, cash flows and results of operations.

We operate our drybulk carriers in markets that have historically exhibited seasonal variations in demand and, as a result, in charter rates. This seasonality may result in volatility in our operating results to the extent that we enter into new charter agreements or renew existing agreements during a time when charter rates are weaker or we operate our vessels in the spot market or on index-based time charters or have index-based COAs, which may result in quarter-to-quarter volatility in our operating results.

The drybulk sector is typically stronger in the northern hemisphere fall and winter months in anticipation of increased consumption of coal and other raw materials in the northern hemisphere. The celebration of Chinese New Year in the first quarter of each year, usually results in lower volumes of seaborne trade into China during this period. In addition, unpredictable weather patterns tend to disrupt vessel routing and scheduling as well as the supply of certain commodities.

We are subject to complex laws and regulations, including environmental and safety regulations that can adversely affect the cost, manner or feasibility of doing business.

Our operations are subject to numerous international, national, state and local laws, regulations, treaties and conventions in force in international waters and the jurisdictions in which our vessels operate or are registered, which can significantly affect the ownership and operation of our vessels. These laws and regulations include, but are not limited to, the U.S. Oil Pollution Act of 1990, or OPA, the Comprehensive Environmental Response, Compensation and Liability Act, or CERCLA, the U.S. Clean Air Act of 1970, as amended by the Clean Air Act Amendments of 1977 and 1990, or the CAA, the U.S. Clean Water Act, or the CWA, and the U.S. Maritime Transportation Security Act of 2002, or the MTSA, and regulations of the UN International Maritime Organization, or IMO, including the International Convention for the Prevention of Pollution from Ships of 1973, or MARPOL, including the designation of Emission Control Areas, or ECAs, thereunder, the International Convention for the Safety of Life at Sea of 1974, or SOLAS, the International Convention on Civil Liability for Bunker Oil Pollution Damage of 2001, or BUNKER, the International Convention of Civil Liability for Oil Pollution Damage of 1969, or CLC, the International Ship and Port Facility Security Code, or the ISPS code, the International Convention on Load Lines of 1966, or the LL Convention, the Energy Efficiency Existing Ship Index and the Carbon Intensity Indicator rating scheme.

Compliance with such laws, regulations and standards, where applicable, may require installation of costly equipment or implementation of operational changes, and the need for such actions may affect the resale value or useful lives of our vessels. These costs could have a material adverse effect on our business, financial condition, cash flows and results of operations, or our ability to offer competitive charter rates. A failure to comply with applicable laws and regulations may result in administrative and civil penalties, criminal sanctions or the suspension or termination of our operations. Because such conventions, laws, and regulations are often revised, we cannot predict the ultimate cost of complying with them or the impact thereof on the fair market values or useful lives of our vessels. Additional conventions, laws and regulations may be adopted which could limit our ability to do business or increase the cost of our doing business and which may materially adversely affect our operations. For example, the International Convention for the Control and Management of Ships' Ballast Water and Sediments, or the BWM Convention, adopted by the IMO in February 2004, calls for the phased introduction of mandatory reduction of living organism limits in ballast water over time (as discussed further below). In order to comply with these living organism limits, vessel owners may have to install expensive ballast water treatment systems. The BWM Convention entered into force on September 8, 2017 and while we believe that our vessels have been or will be fitted with systems that will comply with the standards, there can be no assurance that these systems have been or will be approved by the regulatory bodies of every jurisdiction in which we may wish to conduct our business.

Environmental laws often impose strict liability for remediation of spills and releases of oil and hazardous substances, which could subject us to liability without regard to whether we were negligent or at fault. Under OPA, for example, owners, operators and bareboat charterers are jointly and severally strictly liable for the discharge of oil within the 200-mile exclusive economic zone around the United States (unless the spill results solely from, under certain limited circumstances, the act or omission of a third party, an act of God or an act of war). An oil spill could result in significant liability, including fines, penalties, criminal liability and remediation costs for natural resource damages under other international and U.S. federal, state and local laws, as well as third-party damages, including punitive damages, and could harm our reputation with current or potential charterers of our drybulk carriers.

We are required by various governmental and quasi-governmental agencies to obtain certain permits, licenses, and certificates with respect to our operations, and satisfy insurance and financial responsibility requirements for potential oil (including marine fuel) spills and other pollution incidents. Although we have insurance to cover certain environmental risks, there can be no assurance that such insurance will be sufficient to cover all such risks or that any claims will not have a material adverse effect on our business, financial condition, cash flows, or results of operations. See “Item 4. Information on the Company—Business Overview—Environmental and Other Regulations”.

Climate change and greenhouse gas restrictions may adversely affect our operating results.

An increasing concern for, and focus on, climate change has promoted extensive existing and proposed international, national and local regulations intended to reduce greenhouse gas or “GHG” emissions. These regulatory measures may include, among others, adoption of cap and trade regimes, carbon taxes, increased efficiency standards and incentives or mandates for renewable energy. Any passage of climate control legislation or other regulatory initiatives by the IMO, the European Union, the United States or other countries where we operate, or any treaty adopted at the international level, that restricts emissions of GHG could require us to make significant financial expenditures that we cannot predict with certainty at this time. Compliance with such regulations and our efforts to participate in reducing GHG emissions will likely increase our compliance costs, require significant capital expenditures to reduce vessel emissions and require changes to our business. Even in the absence of climate control legislation and regulations, our business and operations may be materially affected to the extent that climate change results in sea level changes or more intense weather events. See “Item 4. Information on the Company—Business Overview—Environmental and Other Regulations”.

Adverse effects upon the coal industry relating to climate change, including growing public concern about the environmental impact of climate change, may also adversely affect demand for our services. For example, increased regulation of GHGs or other concerns relating to climate change may reduce the demand for coal in the future or create greater incentives for use of alternative energy sources. Therefore, any long-term material adverse effect on the coal industry could have a material adverse effect on our future performance, results of operations, cash flows and financial position.

Our growth depends on continued growth in demand for commodities including iron ore and coal and the continued demand for seaborne transportation of such cargoes. A shift in consumer demand towards other energy sources or changes to trade patterns for these commodities could have a material adverse effect on our business, financial condition, cash flows and results of operations.

A significant portion of our earnings are related, directly or indirectly, to the global demand for commodities including iron ore and coal. A shift in the consumer demand from these commodities towards other energy resources such as liquefied natural gas, wind energy, solar energy, or water energy will potentially affect the demand for our drybulk carriers. This could have a material adverse effect on our business, financial condition, cash flows and results of operations.

In addition, our growth depends on continued growth in world and regional demand for commodities and the transportation of such cargoes by sea, which could be negatively affected by a number of factors, including:

- technology developments and their effect on factors such as cost, alternative or substitute products, alternative methods of production and the location of production;
- the economic and financial developments globally, including actual and projected global economic growth;
- decreases in the consumption of coal due to increases in its price relative to other energy sources, and other factors making consumption of coal less attractive or energy conservation measures;
- availability of new, alternative energy sources; and
- negative or deteriorating global or regional economic or political conditions, particularly in coal-consuming regions, which could reduce energy consumption or its growth.

Seaborne trading and distribution patterns are primarily influenced by the relative advantage of the various sources and locations of production, locations of consumption, pricing differentials and seasonality. Changes to the trade patterns of commodities such as iron ore or coal may have a significant negative or positive impact on our revenue. This could have a material adverse effect on our business, financial condition, cash flows and results of operations.

If we cannot meet our customers' quality and compliance requirements we may not be able to operate our vessels profitably which could have a material adverse effect on our business, financial condition, cash flows and results of operations.

Customers have a high and increasing focus on quality and compliance standards with their suppliers across the entire value chain, including the shipping and transportation segment. Our continuous compliance with these standards and quality requirements is vital for our operations. Related risks could materialize in multiple ways, including a sudden and unexpected breach in quality and/or compliance concerning one or more vessels, and a continuous decrease in the quality concerning one or more vessels occurring over time. Any noncompliance by us, either suddenly or over a period of time, on one or more vessels, above and beyond what we deliver, could have a material adverse effect on our business, financial condition, cash flows and results of operations.

World events, including terrorist attacks and regional conflict, could have a material adverse effect on our business, financial condition, cash flows and results of operations.

On February 24, 2022, Russia invaded Ukraine leading to what is now a multi-year war and a humanitarian crisis. The impacts of the conflict to date on the drybulk market have included a redirection of cargo flows and higher commodity prices as market participants rush to secure commodities in tighter global markets, particularly for energy and grains, resulting in part from sanctions on various Russian exports. Faced with increased fuel prices, drybulk carriers have also run at slower average vessel speeds to reduce fuel consumption. The U.S., Europe and other countries have imposed unprecedented economic sanctions in response to Russian actions, which could be increased with uncertain effects on the drybulk market and the world economy. In addition, the U.S. and certain other North Atlantic Treaty Organization (NATO) countries have been supplying Ukraine with military aid. The longer-term impact of Russia's war in Ukraine remains unknown. Russia and Ukraine have exported significant volumes of coal and grain cargoes. A reduction of these exports as well as the global effect of these reduced supplies may result in lower trade volumes, higher commodity prices, increased inflation, and potential demand destruction. U.S. officials have also warned of the increased possibility of Russian cyberattacks, which could disrupt the operations of businesses involved in the drybulk industry, including ours. As a reaction to higher energy prices, China has chosen to increase domestic coal production to bolster energy security. The scope or intensity of the ongoing military conflict as well as sanctions and other responses to it could increase, potentially having negative effects on the global economy and markets. While Ukraine and Russia reached an agreement to extend an arrangement allowing shipment of grain from Ukrainian ports through a humanitarian corridor in the Black Sea in November 2022, the agreement was terminated in July 2023, which continues to create supply shortages and increased grain prices in the region and globally. Any of these occurrences, or the continuation or worsening of any such occurrences, could have a material adverse impact on our business, results of operation, financial condition, and ability to pay dividends.

Geopolitical tensions have increased since commencement of the Israel-Hamas war on October 7, 2023. There is widespread uncertainty about the degree of any increased escalation of the war, interventions by other groups or nations, and resulting instability in the Middle East. Following missile attacks on merchant vessels in the region of the Bab al-Mandab Strait and the Gulf of Aden at the southern end of the Red Sea, including one missile strike that killed three crew members, there is disruption in the maritime trade through Suez-Canal. As a result of these attacks, many shipping companies have routed their vessels away from the Red Sea, which has affected trading patterns, increasing freight rates and expenses. During November 2023, the Company notified all customers that we would not be proceeding via the Red Sea. Further escalation or expansion of hostilities could continue to affect our business and results of operations.

Past terrorist attacks, as well as the threat of future terrorist attacks around the world, continue to cause uncertainty in the world's financial markets and may affect our business, operating results and financial condition. Continuing conflicts and recent developments in Ukraine, Russia, Azerbaijan, North Korea, Myanmar, the Middle East, including Israel, Iran, Iraq, Syria, the Persian Gulf, Yemen, North Africa and the Gulf of Guinea, and the presence of the United States or other armed forces in the Middle East, may lead to additional acts of terrorism and armed conflict around the world, which may contribute to further economic instability in the global financial markets. Government leaders have declared that their countries may turn to trade barriers to protect or revive their domestic industries in the face of foreign imports. These uncertainties could also adversely affect our ability to obtain additional financing on terms acceptable to us or at all. War in a country in which a material supplier, including crew supply services, or customer of ours is located could impact that supply to us or our ability to earn revenue from that customer. Political conflicts have also resulted in attacks on vessels, mining of waterways and other efforts to disrupt international shipping, particularly in the Arabian Gulf region. Acts of terrorism and piracy have also affected vessels trading in regions such as the South China Sea, the Gulf of Aden off the coast of Somalia and West Africa. Restrictions on imports, including in the form of tariffs, as discussed further below, have had and could have a major impact on global trade and demand for shipping. Please also refer to "—Outbreaks of epidemic and pandemic diseases, and governmental responses thereto, that could impact the markets we operate in and could have a material adverse effect on our business, financial condition, cash flows and results of operations." above. Any of these occurrences could have a material adverse effect on our business, financial condition, cash flows and results of operations.

An increase in trade protectionism and the unraveling of multilateral trade agreements could have a material adverse impact on our charterers' business and, in turn, could cause a material adverse impact on our results of operations, financial condition and cash flows.

Our operations expose us to the risk that increased trade protectionism will adversely affect our business. Government leaders may determine that their countries may turn to trade barriers to protect or revive their domestic industries in the face of foreign imports, thereby depressing the demand for shipping. In the United States, President Trump signed Phase One of the trade agreement with China which was primarily based on increased exports from the United States to China in exchange for reduced tariffs. Phase One expired on December 31, 2021, with China failing to meet many of its commitments to purchase U.S. goods under the agreement. During 2023, trade relations between the U.S and China became increasingly tense. In August 2023, President Biden signed an executive order aimed at restricting U.S. investments into certain areas of the Chinese technology sector, citing U.S. national security concerns. There is still uncertainty about the future relationship between the United States and China as well as other exporting countries in the Asia Pacific region with respect to trade policies, treaties, government regulations and tariffs. Any of these recent and future changes could have a material adverse effect on our future performance, results of operations, cash flows and financial position.

Restrictions on imports, including in the form of tariffs, has had and could continue to have a major impact on global trade and demand for shipping. Specifically, increasing trade protectionism in the markets that our charterers serve may cause an increase in (i) the cost of goods exported from exporting countries, (ii) the length of time required to deliver goods from exporting countries, (iii) the costs of such delivery and (iv) risks associated with exporting goods. These factors may result in a decrease in the quantity of goods to be shipped. Protectionist developments, or the perception they may occur, may have a material adverse effect on global economic conditions, and has and may continue to significantly reduce or otherwise impact global trade, including trade between the United States and China. These developments would have an adverse impact on our charterers' business, operating results and financial condition. This could, in turn, affect our charterers' ability to make timely charter hire payments to us and impair our ability to renew charters and grow our business. This could have a material adverse effect on our business, results of operations and financial condition, as well as our cash flows.

Acts of piracy on ocean-going vessels may have a material adverse effect on our business, financial condition, cash flows and results of operations.

Acts of piracy have historically affected ocean-going vessels trading in regions of the world such as the South China Sea, Malacca Straits, the west coast of Africa, the Arabian Sea, the Red Sea, the Indian Ocean, in the Gulf of Aden off the coast of Somalia and the Gulf of Guinea. Sea piracy incidents continue to occur, particularly in the Gulf of Aden off the coast of Somalia, in the Gulf of Guinea and the west coast of Africa, with drybulk carriers vulnerable to such attacks. Acts of piracy may result in death or injury to persons or damage to property. If these piracy attacks result in regions in which our vessels are deployed being characterized as "war risk" zones by insurers or by the Joint War Committee of Lloyds Insurance and IUA Company, or Joint War Committee, as "war and strikes" listed areas, premiums payable for such coverage could increase significantly and such insurance coverage may be more difficult to obtain. In addition, crew costs, including costs of employing on-board security guards, could increase in such circumstances. In some circumstances where one of our vessels is chartered-out or on time charter, the time charterer may have limited liability for charter payments in the event of an act of piracy and may also claim that a vessel seized by pirates is not "on-hire" for a certain number of days and that they are therefore entitled to cancel the charter party, a claim that we would dispute. Voyage charterers do not bear any of the liability relating to acts of piracy except for possible contributions in general average. We may not be adequately insured to cover losses from these incidents, which could have a material adverse effect on our business, financial condition, cash flows and results of operations. In addition, any hijacking as a result of an act of piracy against our vessels, or an increase in cost, or unavailability, of insurance for our vessels, could have a material adverse effect on our business, financial condition, cash flows and results of operations.

We are subject to international safety regulations and requirements imposed by our classification societies and the failure to comply with these regulations and requirements may subject us to increased liability, may adversely affect our insurance coverage and may result in a denial of access to, or detention in, certain ports.

The operation of our vessels is affected by the requirements set forth in the International Management Code for the Safe Operation of Ships and for Pollution Prevention, or the ISM Code. The ISM Code requires vessel owners, vessel managers and bareboat charterers to develop and maintain an extensive "safety management system" that includes the adoption of a safety and environmental protection policy setting forth instructions and procedures for safe operation of vessels and describing procedures for dealing with emergencies. In addition, vessel classification societies impose significant safety and other requirements on our vessels. The failure of a vessel owner or bareboat charterer to comply with the ISM Code may subject it to increased liability, may invalidate existing insurance or decrease available insurance coverage for the affected vessels and may result in a denial of access to, or detention in, certain ports. Each of our vessels is ISM Code-certified or will be ISM Code-certified when delivered to us. However, if we are subject to increased liability for non-compliance, if our insurance coverage is adversely impacted as a result of non-compliance or if any of our vessels are denied access to, or are detained in, certain ports as a result of non-compliance with the ISM Code, it could have a material adverse effect on our business, financial condition, cash flows and results of operations.

In addition, the hull and machinery of every commercial vessel must be classed by a classification society authorized by its country of registry. The classification society certifies that a vessel is safe and seaworthy in accordance with the applicable rules and regulations of the country of registry of the vessel and SOLAS. The cost of maintaining our vessels' classifications, or class, may be substantial. If any vessel does not maintain its class or fails any annual, intermediate or special survey, the vessel will be unable to trade between

ports and will be unemployable and uninsurable, which could have a material adverse effect on our business, financial condition, cash flows and results of operations.

Increased inspection procedures and tighter import and export controls could increase costs and disrupt our business.

International shipping is subject to various security and customs inspection and related procedures in countries of origin and destination and trans-shipment points. Inspection procedures may result in the seizure of contents of our vessels, delays in the loading, offloading, trans-shipment or delivery and the levying of customs duties, fines or other penalties against us.

It is possible that changes to inspection procedures could impose additional financial and legal obligations on us. Changes to inspection procedures could also impose additional costs and obligations on our customers and may, in certain cases, render the shipment of certain types of cargo uneconomical or impractical. Any such changes or developments could have a material adverse effect on our business, financial condition, cash flows and results of operations.

Changes in fuel, or bunker, prices may adversely affect our profits.

Fuel, or bunkers, is a significant portion of our expenses when we are responsible for voyage expenses in operating our vessels and changes in the price of fuel may adversely affect our profitability. The price and supply of fuel is unpredictable and fluctuates based on events outside our control, including geopolitical developments, supply of and demand for oil and gas, actions by the Organization of the Petroleum Exporting Countries, or OPEC, and other oil and gas producers, war and unrest in oil producing countries and regions, regional production patterns and environmental concerns. OPEC have been cutting production since late 2022 and have forecast world oil demand growth to strengthen through to 2024. The increase in demand with a tightening supply is expected to increase the price of fuel. Sanctions, trade restrictions and reducing production have increased uncertainty in the global energy markets and fuel may become much more expensive in the future, which could have a material adverse effect on our business, financial condition, cash flows and results of operations.

On November 22, 2022, the United States Department of the Treasury, announced determinations, pursuant to Executive Order 14071, which would prohibit the provision of trading/commodities broker, financing, shipping, insurance, flagging, and customs brokering services as they relate to the maritime transport of crude oil and petroleum products of Russian Federation origin. The Treasury Department, in coordination with other G7 states, the European Union, and Australia, authorized the provision of the foregoing services when the price of Russian-origin crude oil does not exceed a certain price, as determined by the Secretary of the Treasury, effectively creating price caps on Russian-origin crude oil and petroleum products. Effective December 5, 2022, the Secretary of the Treasury and other members of the price cap coalition set the price cap on Russian-origin crude oil at \$60 per barrel. Effective February 5, 2023, the Secretary of the Treasury set the price cap on Discount to Russian-origin crude petroleum products at \$45 per barrel and the price cap on Premium to Russian-origin crude petroleum products at \$100 per barrel. The discount to crude price cap applies to naphtha, residual fuel oil, and waste oils, whereas the premium to crude price cap applies to gasoline, motor fuel blending stock, gasoil and diesel fuel, kerosene and kerosene-type jet fuel, and vacuum gas oil. The coalition continues to coordinate the monitoring and enforcement of the price cap (including imposing sanctions on vessel owners, shipping companies, and an oil trader who sought to evade the price caps) while maintaining global energy security.

In addition, the purchase of more costly fuels for our vessels to comply with IMO 2020 regulations limiting sulfur content in fuels could negatively affect our business to the extent we are unable to recover the higher costs from our customers.

To mitigate the risk associated with fuel price increases, we may enter into forward bunker contracts that permit us to purchase fuel at a fixed price in exchange for payment of a certain amount. We may incur a loss on such contracts if the price of fuel declines below the price at which the contract permits us to purchase fuel, or a significant increase in the price of fuel may not be fully mitigated by our entry into any such contracts. Either occurrence could have a material adverse effect on our business, financial condition, and results of operations, cash flows, and ability to pay dividends.

Long-term technological innovations could expose us to lower vessel utilization and/or decreased charter rates.

New vessel designs purport to offer material operational flexibility, increased speed, fuel economy and the ability to load and discharge cargo quicker when compared to older designs. Such savings could result in a substantial reduction of costs for charterers compared to vessels of ours. Competition from these more technologically advanced vessels may reduce demand for certain of our older vessels, impair our ability to re-charter such vessels at competitive rates, impair the resale value of such vessels and could have a material adverse effect on our business, financial condition, cash flows and results of operations.

We operate drybulk carriers worldwide and, as a result, our business has inherent operational risks, which may reduce our revenue or increase our expenses, and we may not be adequately covered by insurance.

The international shipping industry is an inherently risky business involving global operations of ocean-going vessels. Our vessels and their cargoes are at risk of being damaged or lost because of events such as marine disasters, bad weather, mechanical failures, human error, environmental accidents, war, terrorism, piracy and other circumstances or events. In addition, transporting cargoes across a wide variety of international jurisdictions creates a risk of business interruptions due to political circumstances in foreign countries, hostilities, labor strikes and boycotts, the potential for changes in tax rates or policies, and the potential for government expropriation of our vessels. Any of these events may result in loss of revenue, increased costs and decreased cash flows to our customers, which could impair their ability to make payments to us under our charters.

Changing economic, regulatory and political conditions in some countries, including political and military conflicts, have from time to time resulted in attacks on vessels, mining of waterways, piracy, terrorism, labor strikes and boycotts. These hazards may result in death or injury to persons, loss of revenue or property, payment of ransoms, environmental damage, higher insurance rates, damage to our customer relationships, market disruptions, and interference with shipping routes (such as delay or rerouting), which may reduce our revenue or increase our expenses and also subject us to litigation.

If our vessels suffer damage, they may need to be repaired at a drydocking facility. The costs of drydock repairs are unpredictable and can be substantial. We may have to pay drydocking costs that our insurance does not cover in full. In addition, space at drydocking facilities is sometimes limited and not all drydocking facilities are conveniently located. We may be unable to find space at a suitable drydocking facility or we may be forced to travel to a drydocking facility that is distant from the relevant vessel's position. The loss of earnings while our vessels are being repaired and repositioned or from being forced to wait for space, as well as the actual cost of repairs, could have a material adverse effect on our business, financial condition, cash flows and results of operations. Additionally, in certain cases we bareboat charter our vessels. Such vessels could require significant repairs when the vessel is returned to us. The operation of any vessel is subject to the inherent possibility of marine disaster, including oil spills and other environmental mishaps, and the liabilities arising from owning and operating vessels in international trade.

Furthermore, the operation of certain vessel types, such as drybulk carriers, also has certain unique risks. With a drybulk carrier, the cargo itself and its interaction with the vessel can be an operational risk. By their nature, drybulk cargoes are often heavy, dense, easily shifted, and react badly to water exposure. In addition, drybulk carriers are often subjected to battering treatment during unloading operations with grabs, jackhammers (to pry encrusted cargoes out of the hold) and small bulldozers. This treatment may cause damage to the vessel. Vessels damaged due to treatment during unloading procedures may be more susceptible to breach at sea. Hull breaches in drybulk carriers may lead to the flooding of the vessel's holds. If a drybulk carrier suffers flooding in its forward holds, the bulk cargo may become so dense and waterlogged that its pressure may buckle the vessel's bulkheads, leading to the loss of a vessel. If we are unable to adequately maintain our vessels, we may be unable to prevent these events. Other bulk cargoes will include a certain amount of moisture and may "liquefy" under certain conditions which can cause the cargo to shift, render the vessel unstable and cause it to sink or suffer damage. Any of these circumstances or events could have a material adverse effect on our business, financial condition, cash flows and results of operations. In addition, the loss of any of our vessels could harm our reputation as a safe and reliable vessel owner and operator.

In the event of a casualty to a vessel or other catastrophic event, we will rely on our insurance to pay the insured value of the vessel or the damages incurred. We procure insurance for the vessels in our Fleet against those risks that we believe the shipping industry commonly insures against. These insurances include marine hull and machinery insurance, protection and indemnity insurance, war risk insurance and freight, demurrage and defense insurance, or FD&D insurance. We insure our vessels for third-party liability claims subject to and in accordance with the rules of the P&I Associations in which the vessels are entered. In this regard we are insured against some contractual claims and tort claims, including environmental damage, pollution and crew personal injury and illness claims. The current amount of insurance coverage for pollution claims available to us on commercially reasonable terms through P&I Associations is limited to \$1 billion per vessel per incident. The objective of a P&I Association is to provide mutual insurance based on the aggregate tonnage of a member's vessels entered into the association. Claims are paid through the aggregate premiums of all members of the association, although members remain subject to calls for additional funds if the aggregate premiums are insufficient to cover claims payable by the association. Claims payable by the association may include those incurred by members of the association, as well as claims payable by the association from other P&I Associations with which our P&I Association has entered into inter-association agreements. We cannot assure you that the P&I Associations to which we belong will remain viable or that we will not become subject to additional funding calls which could adversely affect us.

We do not currently maintain insurance against loss of hire on our vessels resulting from business interruptions that result from the loss of use of a vessel other than limited loss coverage relating to defined war risk events. The insurers may not pay particular claims as the payment of some claims may be treated as discretionary by the board of directors of the P&I Association. Our insurance policies may contain deductibles for which we will be responsible and limitations and exclusions which may increase our costs or lower our revenue or prevent recovery. Moreover, insurers may default on claims they are required to pay.

We cannot assure you that we will be adequately insured against all risks or that we will be able to obtain adequate insurance coverage at reasonable rates for our vessels in the future, or that we will be able to obtain certain insurance coverage. For example, in the past more stringent environmental regulations have led to increased costs for, and in the future may result in the lack of availability of, insurance against risks of environmental damage or pollution. Additionally, our insurers may refuse to pay particular claims. Any significant loss or liability for which we are not insured could have a material adverse effect on our business, financial condition, cash flows and results of operations.

Maritime claimants could arrest or attach one or more of our vessels, which could interrupt our cash flows.

In certain jurisdictions, an extensive range of claims may give rise to maritime liens, such as claims by suppliers of goods and services to a vessel and cargo claims, and maritime liens against a vessel maybe granted for claims against the time charterer of that vessel. The holder of a maritime lien is entitled to enforce the claim against the vessel notwithstanding that the claim may be against another party that has an interest in the vessel. In addition, in some jurisdictions, such as South Africa under the “associated ship” procedures, a claimant may arrest either the vessel that is subject to the claimant’s maritime claim or any “associated” vessel, which is any other vessel owned by the same owner or is owned by a company that is controlled, directly or indirectly by any person or persons through the owning company or the chartering company, whomever was liable, at the time the claim arose.

The arrest or attachment of one or more of our vessels could require us to pay large sums of money to have the arrest or attachment lifted. The occurrence of any of the above events could have a material adverse effect on our business, financial condition, cash flows and results of operations.

Labor interruptions could disrupt our business.

We could be subject to industrial action or other labor unrest that could prevent or hinder our operations from being carried out normally. If not resolved in a timely and cost-effective manner, such business interruptions could have a material adverse effect on our business, financial condition, cash flows and results of operations. These effects would be exacerbated if such a disruption were to occur on one of our vessels that are manned by masters, officers and crews that are employed by third parties that we do not control.

Our vessels may call on ports located in countries that are subject to restrictions imposed by the United States, United Kingdom, United Nations or other governments, which could adversely affect our reputation and the market for our ordinary shares.

Although we do not expect that our vessels will call on ports located in countries subject to sanctions and embargoes imposed by the U.S. government and other authorities or countries identified by the U.S. government or other authorities as state sponsors of terrorism, from time to time on charterers’ instructions, our vessels may call on ports located in such countries in the future. Our vessels have called on ports in Cuba on very limited occasions in compliance with applicable sanctions, including with respect to humanitarian shipments arranged by the United States Agency for International Development, or USAID. Prior to each voyage on behalf of USAID, we confirmed that the charterer possessed a license authorizing the transactions under U.S. sanctions laws. The U.S. sanctions and embargo laws and regulations vary in their application, as they do not all apply to the same covered persons or proscribe the same activities, and such sanctions and embargo laws and regulations may be amended or strengthened over time.

On August 2, 2017, the United States enacted the Countering America’s Adversaries Through Sanctions Act, or CAATSA. CAATSA authorizes secondary sanctions on persons worldwide who conduct certain business with Iran, Russia, and North Korea. These include secondary sanctions on persons (1) dealing with most sectors of the North Korean economy, including the transportation sector, (2) engaging in any activity related to Iran’s ballistic missile program, including transportation, and (3) dealing with certain activities in the Russian energy sector, including support of Russian energy export pipelines and certain energy projects. On September 21, 2017, President Trump issued an executive order imposing additional sanctions against North Korea, including a prohibition on vessels calling at ports in the United States that have called at North Korean ports within the past 180 days or that have engaged in vessel-to-vessel transfers with vessels that have called at North Korean ports within the past 180 days. On April 6, 2018, the United States imposed sanctions on seven Russian oligarchs and certain companies they own or control, 17 senior Russian government officials, a state-owned Russian weapons trading company, and a Russian bank. These sanctions were imposed in part under CAATSA, and some were specifically for persons operating in the energy sector of the Russian Federation economy. CAATSA also requires the mandatory imposition of secondary sanctions on any non-U.S. person that knowingly facilitates significant transactions for or on behalf of these designated Russian persons or any entities in which they own, directly or indirectly, a 50% or greater interest.

On October 13, 2017, President Trump declined to certify Iran's compliance with the Joint Comprehensive Plan of Action ("JCPOA"), which had eased or waived certain nuclear-related sanctions and secondary sanctions. On January 12, 2018, President Trump announced that the United States did not intend to renew its sanctions waivers under the JCPOA when the waivers next expire on May 12, 2018 unless significant changes were made to the JCPOA. On May 8, 2018, President Trump announced that the United States would withdraw from the JCPOA and begin the process of reimposing sanctions that were waived under the JCPOA. The United States determined that these sanctions would be reimposed in two tranches. One set of sanctions was reimposed after a 90-day wind down period that ended August 6, 2018, and the remainder was reimposed after a 180-day wind down period that ended November 4, 2018. All sanctions that were suspended or waived under the JCPOA, including those under CISADA and the Iran Threat Reduction Act, have been in force since November 5, 2018 at the latest. The secondary sanctions related to Iran's petroleum and petrochemical sectors, energy sector, and port operators, shipping, and shipbuilding sectors were reimposed after the 180-day wind down period that ended November 4, 2018. Since such time, Iran has breached certain of its undertakings in the JCPOA, although the remaining parties to the JCPOA all continue formally to be participants in the JCPOA. On February 21, 2020, Iran was placed on the blacklist of High-Risk Jurisdictions subject to a Call for Action by the Financial Action Task Force ("FATF").

On February 24, 2022, the United States imposed additional sanctions on Russia in response to its invasion of Ukraine. Many of these sanctions are targeted at Russian banks and energy companies and Russian sovereign debt. The range of sanctions includes prohibitions on dealings in the debt or equity of certain Russian companies, as well as blocking sanctions imposed on many Russian individuals and entities. Similar sanctions have been imposed in coordination with the United States by the United Kingdom, European Union, and other countries. On March 8, 2022, President Biden issued an executive order prohibiting the importation into the United States of Russian-origin crude oil, petroleum, petroleum fuels, oil, liquefied natural gas, coal, and coal products, and prohibiting new investment by U.S. persons in the Russian energy sector. On March 11, 2022 President Biden issued an executive order prohibiting, among other things, the importation of various Russian-origin products, including seafood, alcohol, and non-industrial diamonds, into the United States and the exportation of luxury goods to Russia. On March 31, 2022 the Office of Foreign Assets Controls ("OFAC") issued a determination applying Executive Order 14024 to the marine sector of the Russian economy. This determination authorizes OFAC to sanction any individual or entity that operates or has operated in the marine sector of the Russian economy. On April 6, 2022, the United States issued Executive Order 14071, prohibiting new investment in Russia by U.S. persons. The U.S. also imposed full blocking sanctions on Sberbank and Alfa Bank, two of Russia's largest financial institutions, and Alrosa, a state-owned company that is the world's largest diamond mining company. On February 24, 2023, OFAC issued a determination applying Executive Order 14024 to the metals and mining sector of the Russian economy and on May 19, 2023, OFAC issued a determination applying Executive Order 14024 to the transportation sector of the Russian economy. Pursuant to these determinations, any person operating in the metals and mining or transportation sectors of the Russian economy may be sanctioned. In September and November 2023 and February 2024, the United States imposed three rounds of sanctions targeting entities involved in the financing, construction, and operation of Russia's Arctic LNG 2 project. As described in the risk factor regarding bunker prices, the United States, along with Western allies, imposed price caps on Russian-origin crude oil and petroleum products.

Although we believe that we are in compliance with all applicable sanctions and embargo laws and regulations, and intend to maintain such compliance, there can be no assurance that we will be in compliance in the future, particularly as the scope of certain laws may be unclear and may be subject to changing interpretations. Any such violation could result in an occurrence of an event of default under our credit facilities, fines or other penalties and could severely impact our ability to access U.S. capital markets and conduct our business, and could result in some investors deciding, or being required, to divest their interest, or not to invest, in us. In addition, certain institutional investors may have investment policies or restrictions that prevent them from holding securities of companies that have contracts with countries identified by the U.S. government as state sponsors of terrorism. The determination by these investors not to invest in, or to divest from, our securities may adversely affect the price at which our securities trade. Moreover, our charterers may violate applicable sanctions and embargo laws and regulations as a result of actions that do not involve us or our vessels, and those violations could in turn negatively affect our reputation or result in an inability to collect freight and demurrage when due. In addition, our reputation and the market for our securities may be adversely affected if we engage in certain other activities, such as entering into charters with individuals or entities in countries subject to U.S. sanctions and embargo laws that are not controlled by the governments of those countries, or engaging in operations associated with those countries pursuant to contracts with third parties that are unrelated to those countries or entities controlled by their governments. Investor perception of the value of our securities may be adversely affected by the consequences of war, the effects of terrorism, civil unrest and governmental actions in these and surrounding countries. The war in the Ukraine and sanctions against Russia has or may result in a negative impact on the availability of Russian and Ukrainian crews with a resulting global shortage of vessel crew and this may in turn result in higher crewing costs or an increase in the number of idle ship days.

We could be adversely affected by violations of the U.S. Foreign Corrupt Practices Act, U.K. Bribery Act, and other applicable worldwide anti-corruption laws.

We are subject to the U.S. Foreign Corrupt Practices Act, or FCPA, and other applicable worldwide anti-corruption laws, which generally prohibit corrupt payments by us, our employees, vendors, or agents. These laws include the U.K. Bribery Act, which became effective on July 1, 2011 and which is broader in scope than the FCPA, as it prohibits bribes to any person and contains no facilitating payments exception. Under the FCPA and other applicable anti-corruption laws, we may be held liable for some actions taken by strategic or local partners and agents. We operate our vessels in some jurisdictions that international corruption monitoring groups have identified as having high levels of corruption and may utilize vendors and agents to act on our behalf in those jurisdictions. Our activities create the risk of unauthorized payments or offers of payments by one of our employees, vendors, or agents that could be in violation of the FCPA or other applicable anti-corruption laws. While we devote substantial resources to our global compliance program and have implemented policies, training, and internal controls designed to reduce the risk of corrupt payments and to comply with the FCPA and other applicable anti-corruption laws, our employees, vendors, and agents may violate our policies. We also may not be able to adequately prevent or detect all possible violations of the FCPA and other applicable anti-corruption laws. If we are found to be responsible for violations of the FCPA or other applicable anti-corruption laws (either due to our own acts or our inadvertence, or due to the acts or inadvertence of others), our company and our employees could suffer from substantial civil and criminal penalties, including fines, incarceration, prohibitions or limitations on the conduct of our business, the loss of our financing facilities and significant reputational damage, including our relationships with our customers, all of which could have a material adverse effect on our business, financial condition, cash flows and results of operations. Government or regulatory investigations into potential violations of the FCPA or other applicable anti-corruption laws by Grindrod Shipping or its employees, vendors, or agents could also have a material adverse effect on our business, financial condition, cash flows and results of operations. Furthermore, detecting, investigating, and resolving actual or alleged violations of the FCPA and other applicable anti-corruption laws is expensive and can consume significant time and attention of our senior management.

The smuggling of drugs or other contraband onto our vessels may lead to governmental claims against us.

We expect that our vessels will call in ports where smugglers attempt to hide drugs and other contraband on vessels, with or without the knowledge of crew members. To the extent our vessels are found with contraband, whether inside or attached to the hull of our vessel and whether with or without the knowledge of any of our crew, we may face reputational damage and governmental or other regulatory claims which could have a material adverse effect on our business, financial condition, cash flows and results of operations.

Governments could requisition our vessels during a period of war or emergency, which could have a material adverse effect on our business, financial condition, cash flows and results of operations.

A government could requisition one or more of our vessels for title or for hire. Requisition for title occurs when a government takes control of a vessel and becomes its owner, while requisition for hire occurs when a government takes control of a vessel and effectively becomes its charterer at dictated charter rates. Generally, requisitions occur during periods of war or emergency, although governments may elect to requisition vessels in other circumstances. Although we may be entitled to compensation in the event of a requisition of one or more of our vessels, the amount and timing of payment would be uncertain. Government requisition of one or more of our vessels could have a material adverse effect on our business, financial condition, cash flows and results of operations.

Outbreaks of epidemic and pandemic diseases, and governmental responses thereto, could adversely affect our business and could have a material adverse effect on our business, financial condition, cash flows and results of operations.

Epidemic and pandemic diseases, and measures to contain their spread, may negatively impact regional and global economies and trade patterns in markets in which we operate, the way we operate our business, and the businesses of our customers and suppliers. Governments in affected countries may implement measures in an effort to contain disease, including travel restrictions, quarantines and other emergency public health measures. Companies may take precautions, such as requiring employees to work remotely, and imposing travel restrictions. These restrictions may have an adverse impact on global economic conditions, and result in a decline in demand for certain of the raw materials that our vessels transport and introduce new risks to our operations. As a result of these measures, our vessels may not be able to call on ports, or may be restricted from departing from ports, and the duration of voyages may increase to accommodate mandatory minimum periods between port calls, which could increase our costs and delay the due date for payment of freight to us. In addition we may experience severe operational disruptions and delays, unavailability of normal port infrastructure and services, including limited access to equipment, critical goods and personnel, closure of ports and customs offices, inability to renew or maintain the required classifications of our vessels, difficulty in executing vessel purchases or sales, potential decreases in the market values of vessels and related impairment charges, disruptions to crew change, quarantine of ships and/or crew, counterparty credit strength, limitations on sources of cash and liquidity, noncompliance with covenants in our credit facilities and financing lease obligations, as well as disruptions in the supply chain and industrial production which may lead to reduced cargo supply and/or the demand for such cargo and thus to a decline in the demand for our services, among other potential consequences.

Risks Related to Our Business

A substantial number of our drybulk vessels are employed in the spot market. Any decrease in drybulk spot rates in the future could have a material adverse effect on our business, financial condition, cash flows and results of operations.

A substantial number of our drybulk carriers are currently employed in the spot market. This exposes us to fluctuations in spot rates. The spot market may fluctuate significantly based upon drybulk carrier, cargo, energy resources, commodities and industrial products supply and demand. The successful operation of our vessels in the competitive spot charter market, depends on, among other things, obtaining profitable spot contracts and minimizing, to the extent possible, time spent waiting for employment and time spent traveling unemployed to a demand area. The spot market is very volatile, and, in the past, there have been periods when spot market rates have declined below the operating cost of vessels. If future spot market rates decline, then we may be unable to operate our vessels trading in the spot market profitably, meet our obligations, including payments on indebtedness, or pay dividends in the future. Furthermore, as spot charters may last up to several weeks, during periods in which spot rates are rising we will generally experience delays in realizing the benefits from such increases.

Our ability to renew expiring contracts or obtain new contracts on favorable terms or at all will depend on the prevailing market conditions at the time. If we are not able to extend contracts in direct continuation of current contracts or we are not able to obtain new contracts for existing or new owned vessels or new chartered-in vessels upon their delivery to us, or if new charters are entered into with our customers at charter rates substantially below the existing charter rates or on terms otherwise less favorable compared to current charter terms, this could have a material adverse effect on our business, financial condition, cash flows and results of operations.

In addition, we cannot assure you that we will be successful in finding employment for vessels we manage in the volatile drybulk spot market or whether any such employment will be at profitable rates. We cannot assure you that our vessels will be profitably operated by ourselves where we commercially manage our vessels outside of pools.

A reduction in charter rates, spot market rates and other market deterioration or the aging of our Fleet may require us to record impairment charges related to our long-lived assets (our vessels) and such charges may be large and have a material impact on our financial statements.

At December 31, 2023, we had vessels of \$284.7 million in total on our consolidated statements of financial position, representing approximately 116% of our total equity.

At the end of each reporting period, and on a continuous basis, if indicators of impairment are present, 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. We also assess the carrying value of an asset when we have contracted to divest of the asset for any reason, including the age of our vessels, if a joint venture that owns vessels comes to an end in accordance with its terms or if the asset no longer fits into our strategic planning. During the year ended December 31, 2021, we reversed the impairment of a drybulk carrier to the extent of \$3.6 million when the decision to sell was reversed and we reversed the impairment loss on the right-of-use assets to the extent of \$1.0 million as the recoverable amount exceeded the carrying value. During the year ended December 31, 2022, we reversed the impairment of a drybulk carrier to the extent of \$1.7 million when we decided to sell the vessel and we impaired the right-of-use assets to the extent of \$1.0 million as the recoverable amount dropped below the carrying value. During the year ended December 31, 2023, we reversed the impairment of two drybulk carriers to the extent of \$2.0 million when we decided to sell the vessels.

If there is a reduction in our estimated charter rates, or if we intend to divest additional vessels, we may be required to record further impairment charges on our vessels, which would require us to write down the carrying value of these assets to their fair value. Since vessels and from time-to-time vessels under construction comprise a substantial portion of our consolidated statements of financial position, such charges could have a material impact on our financial statements. See “Item 5. Operating and Financial Review and Prospects—Critical Accounting Policies and Estimates”.

We depend on certain customers for our revenue. Customers may default on their obligations to us and the terms of charters may be difficult to enforce.

For the years ended December 31, 2023, 2022 and 2021, no single customer accounted for 10% or more of our drybulk business revenue. The loss of any of our significant customers, a customer’s failure to make payments or perform under any of the applicable contracts, a customer’s termination of any of the applicable contracts, or a decline in payments under the contracts could have a material adverse effect on our business, financial condition, cash flows and results of operations. Our contracts are governed by the law of a number of jurisdictions and provide for a variety of dispute resolution mechanisms and arbitration proceedings. There can be no assurance that we would be able to enforce any judgments against these charterers in jurisdictions where they are based or have their primary assets and operations. Even after a charter contract is entered, charterers may terminate charters early under certain circumstances.

A charterer may also terminate a charter for events that may or may not be within our control. The events or occurrences that will cause a charter to terminate or give the charterer the option to terminate the charter generally include a total or constructive total loss of the related vessel, the requisition for hire of the related vessel, the event of war in specified countries, the vessel becoming subject

to seizure for more than a specified number of days, our failure to deliver the related vessel within a fixed period of time or the failure of the related vessel to meet specified performance criteria.

The ability of a customer to perform its obligations under a contract will depend on a number of factors that are beyond our control. These factors may include general economic conditions, conditions specific to the customer, the condition of the drybulk sector of the shipping industry to which the customer is exposed, and the charter rates received for specific types of vessels. The costs associated with the default by a customer may be considerable and could have a material adverse effect on our business, financial condition, cash flows and results of operations.

Our customers may go bankrupt or fail to perform their obligations under the contracts, they may delay payments or suspend payments altogether, they may terminate the contracts prior to the agreed-upon expiration date or they may attempt to renegotiate the terms of the contracts. The failure of a customer to perform its obligations under a contract may mean we increase our exposure to the spot market, which is subject to greater rate fluctuation than the time charter market. If we receive lower rates under replacement contracts or are unable to re-employ all of our vessels, it could have a material adverse effect on our business, financial condition, cash flows and results of operations.

A drop in spot market rates may provide an incentive for some charterers and other customers to default on their charters and contracts.

If spot market rates decline, charterers may no longer need a vessel that is then under charter or may be able to obtain a comparable vessel at lower rates. Currently, and in the future, we may employ certain of our vessels in fixed rate time charters. When we enter into a time charter, as well as bareboat charter or COA, charter rates under that charter or contract may be fixed for the term of the charter or contract. If the spot market or term charter rates available in the drybulk shipping market becomes significantly lower than the rates that a customer is obliged to pay us under our existing charters or contracts, the customer may have incentive to default under that charter or contract or attempt to renegotiate the charter or contract. If our charterers fail to meet their obligations to us or attempt to renegotiate our charter agreements, it may be difficult to secure substitute employment for such vessel, and any new employment we secure in the spot market or on time charters, or as bareboat charters or under COAs, may be at lower rates. As a result, we could sustain significant losses which could have a material adverse effect on our business, financial condition, cash flows and results of operations.

We are subject to certain risks with respect to our counterparties to contracts, and failure of such counterparties to meet their obligations could cause us to suffer losses or could have a material adverse effect on our business, financial condition, cash flows and results of operations.

We have entered into, and may enter into, various contracts, including pool arrangements, time charters, spot voyage charters, shipbuilding contracts, credit facilities and other agreements. Such agreements subject us to counterparty risks. The ability and willingness of each of our counterparties to perform its obligations under a contract with us will depend on a number of factors that are beyond our control and may include, among other things, general economic conditions, the condition of the maritime industries and the overall financial condition of the counterparty. Should a counterparty fail to honor its obligations under agreements with us, or seek to renegotiate the terms of the contract, we could sustain significant losses that could have a material adverse effect on our business, financial condition, cash flows and results of operations.

Circumstances beyond our control could affect our customers' financial strength, and because many of our customers are privately held companies, information about the financial strength of our customers may not always be available. As a result, we might have little advance warning of financial or other problems affecting our customers and their non-performance, financial or other problems could have a material adverse effect on our business, financial condition, cash flows and results of operations.

We may be unable to attract and retain key management personnel and other employees in the shipping industry, which may negatively affect the effectiveness of our management and our results of operations.

Our success depends to a significant extent upon the abilities and efforts of our management team and our ability to hire and retain key members of our management team. We do not maintain "key man" life insurance on any of our officers. The loss of any of these individuals and difficulty in hiring and retaining personnel, including key personnel, could have a material adverse effect on our business, financial condition, cash flows and results of operations.

The aging of our vessels may result in increased operating costs in the future, which could have an adverse effect on our business, financial condition, cash flows and results of operations.

In general, the cost of maintaining a vessel in good operating condition increases with the age of the vessel. As our vessels age typically they will become less fuel-efficient and more costly to maintain than more recently constructed vessels due to improvements in engine and other technology. Cargo insurance rates increase with the age of a vessel, making older vessels less desirable to charterers. Governmental regulations and safety or other equipment standards related to the age of vessels may also require expenditures for alterations or the addition of new equipment to our vessels and may restrict the type of activities in which our vessels may engage. We cannot assure you that, as our vessels age, market conditions will justify those expenditures or enable us to operate our vessels profitably during the remainder of their useful lives. See "—A reduction in charter rates, spot market rates and other market deterioration or the aging of our Fleet may require us to record impairment charges related to our long-lived assets (our vessels) and such charges may be large and have a material impact on our financial statements." above.

We may not have adequate insurance to compensate us for losses that may result from our operations due to the inherent risks in the industry.

There are a number of risks associated with the operation of ocean-going vessels, including mechanical failure, collision, human error, war, terrorism, piracy, loss of life, property loss, cargo loss or damage and business interruption due to political circumstances in foreign countries, hostilities and labor strikes. Any of these events may result in loss of revenue, increased costs and decreased cash flows. In addition, the operation of any vessel is subject to the inherent possibility of marine disaster, including oil spills and other environmental mishaps, and the liabilities arising from owning and operating vessels in international trade.

We are insured against some contractual claims and tort claims (including claims related to environmental damage and pollution) through memberships in protection and indemnity associations or clubs, or P&I Associations. As a result of such membership, the P&I Associations provide us coverage for such tort and contractual claims. We also carry hull and machinery insurance and war risk insurance for our vessels. We insure our vessels for third-party liability claims subject to and in accordance with the rules of the P&I Associations in which the vessels are entered. We do not maintain cover for loss of hire or earnings arising out of insured peril events other than limited loss coverage relating to defined war risk events. We can give no assurance that we will be adequately insured against all risks. We may not be able to obtain adequate insurance coverage for our vessels in the future. The insurers may not pay particular claims. Our insurance policies contain deductibles for which we will be responsible and limitations and exclusions which may increase our costs or lower our revenue or prevent recovery.

The objective of a P&I Association is to provide mutual insurance based on the aggregate tonnage of a member's vessels entered into the association. Claims are paid through the aggregate premiums of all members of the association and the P&I Association's retained earnings, although members remain subject to calls for additional funds if the aggregate premiums are insufficient to cover claims payable by the association. Claims payable by the association may include those incurred by members of the association, as well as claims payable by the association from other P&I Associations with which our P&I Association has entered into interassociation agreements. We cannot assure you that the P&I Associations to which we belong will remain viable or that we will not become subject to additional funding calls which could adversely affect us.

We cannot assure you that we will be able to renew our insurance policies on the same or commercially reasonable terms, or at all, in the future. For example, more stringent environmental regulations have led in the past to increased costs for, and in the future may result in the lack of availability of, protection and indemnity insurance against risks of environmental damage or pollution. Any uninsured or underinsured loss could harm our business, financial condition, cash flows and results of operations. In addition, our insurance may be voidable by the insurers as a result of certain of our actions, such as our vessels failing to maintain certification with applicable maritime self-regulatory organizations. Further, we cannot assure you that our insurance policies will cover all losses that we incur, or that disputes over insurance claims will not arise with our insurance carriers. Any claims covered by insurance would be subject to deductibles, and since it is possible that a large number of claims may be brought, the aggregate amount of these deductibles could be material. In addition, our insurance policies are subject to limitations and exclusions, which may increase our costs or lower our revenue, and could have a material adverse effect on our business, financial condition, cash flows and results of operations.

We may have difficulty managing our planned growth properly.

Our Fleet consists of 17 owned drybulk carriers and seven long-term chartered-in drybulk carriers. One of our principal strategies is to continue to grow by expanding our operations while prioritizing risk management and balance sheet flexibility, and we may, in the future, increase the size of our Fleet. Our future growth will primarily depend upon a number of factors, some of which may not be within our control. These factors include our ability to:

- identify suitable drybulk carriers, including newbuilding slots at shipyards and/or shipping companies for acquisition at attractive prices;
- sell older vessels at an appropriate time in the market;
- obtain required financing for our existing and new vessels and operations;
- identify businesses engaged in managing, operating or owning drybulk carriers for acquisition or joint ventures;
- integrate any acquired drybulk carriers or businesses successfully with our existing operations, including obtaining any approvals and qualifications necessary to operate vessels that we acquire;
- hire, train and retain qualified personnel and crew to manage and operate our growing business and Fleet;
- identify additional new markets;
- enhance our customer base; and
- enhance our operating, financial and accounting systems and controls.

Our failure to effectively identify, acquire, develop and integrate any drybulk vessels or businesses, or our inability to effectively manage our Fleet, could materially adversely affect our business, financial condition, cash flows and results of operations.

Furthermore, the number of employees that perform services for us and our current operating and financial systems may not be adequate as we expand the size of our Fleet, and we may not be able to effectively hire more employees or adequately improve those systems. In addition, if we further expand our Fleet, we will need to recruit suitable additional seafarers and shoreside administrative and management personnel. We cannot guarantee that we will be able to hire suitable employees. If we or our crewing agent encounters business or financial difficulties, we may not be able to adequately staff our vessels. If we are unable to enhance our financial and operating systems or to recruit suitable employees, it could materially adversely affect our business, financial condition, cash flows and results of operations. Growing any business by acquisition presents numerous risks such as undisclosed liabilities and obligations, difficulty in obtaining additional qualified personnel and managing relationships with customers and suppliers and integrating newly acquired operations into existing infrastructures. Acquisitions may require additional equity issuances, which may dilute our ordinary shareholders, or debt issuances (with amortization payments). The effect of an acquisition may be to lower our available cash. If any such events occur, it could have a material adverse effect on our business, financial condition, cash flows and results of operations.

We cannot give any assurance that we will be successful in executing our growth plans or that we will not incur significant expenses and losses in connection with our future growth.

Grindrod Shipping is a holding company and depends on the ability of its subsidiaries to distribute funds to it in order to satisfy its financial obligations and to make dividend payments.

Grindrod Shipping is a holding company and its subsidiaries conduct all of its operations and own all of its operating assets. Grindrod Shipping has no significant assets other than the equity interests in and loans to its subsidiaries. As a result, its ability to satisfy its financial obligations and to pay dividends to its shareholders depend on its subsidiaries and their ability to distribute funds to it. If Grindrod Shipping is unable to obtain funds from its subsidiaries, its board of directors may exercise its discretion not to declare or pay dividends.

Our future capital needs are uncertain and we may need to raise additional funds in the future. If we are unable to fund our future capital expenditure needs, we may not be able to continue to operate some of our vessels or to improve or expand the fleet, which would have a material adverse effect on our business, financial condition, cash flows and results of operations.

We may face liquidity issues if poor market conditions in the drybulk market return for a prolonged period. In addition, we may need to raise additional capital to maintain, replace and expand the operating capacity of our Fleet and fund our operations. Our future funding requirements will depend on many factors, including the cost and timing of vessel acquisitions, and the cost of retrofitting or modifying existing vessels as a result of technological advances in vessel design or equipment, changes in applicable environmental or other regulations or standards, customer requirements or otherwise.

In order to fund our capital expenditures, we may be required to incur borrowings or raise capital through the sale of debt or equity securities. Our ability to borrow money and access the capital markets through future offerings may be limited by a number of factors, including:

- our financial performance;
- our credit ratings;
- the liquidity of the overall capital markets;
- the state of the Singapore, South African, United States and global economies;
- general economic conditions and other contingencies and uncertainties that are beyond our control; and
- the state of the drybulk industry.

We cannot assure you that we will be able to obtain additional funds on acceptable terms, or at all. If we raise additional funds by issuing equity or equity-linked securities, our shareholders may experience dilution or reduced distributions. Any additional debt or equity financing that we raise may contain terms that are not favorable to us or our shareholders, including, in the case of debt financing, making us subject to more restrictive covenants than those applicable to our existing credit facilities. Rising interest rates in the United States, Eurozone and elsewhere may increase the cost of our debt in the future.

Our failure to obtain the funds for necessary future capital expenditures could limit our ability to continue to operate some or all of our vessels or could cause us to impair the value of our vessels as well as limit our ability to continue with some or all of our Fleet expansion plans. Any of these factors could have a material adverse effect on our business, financial condition, cash flows and results of operations. Even if we are successful in obtaining such funds through financings, the terms of such financings could further limit our ability to pay dividends.

Servicing our current or future indebtedness and meeting certain financing obligations limits funds available for other purposes and if we cannot service our debt and meet our other financing obligations, we may lose our vessels.

Borrowing under our credit facilities requires us to dedicate a part of our cash flow to paying interest and repaying capital on our indebtedness under such facilities.

These payments and certain financing obligations limit funds available for working capital, capital expenditures and other purposes, including further equity investments in our joint venture or debt financing in the future. Amounts borrowed under our credit facilities bear interest at variable rates. Increases in prevailing rates could increase the amounts that we would have to pay to our lenders, even though the outstanding principal amount remains the same, and our net income and cash flows would decrease. We expect our earnings and cash flow to vary from year to year due to the cyclical nature of the drybulk industry.

If we do not generate or reserve enough cash flow from operations to satisfy our debt obligations, we may have to undertake alternative financing plans, which may be more costly than our historical financing due to increased interest rates in the United States, Eurozone and elsewhere, such as:

- seeking to raise additional capital;
- refinancing or restructuring our debt;
- selling our vessels; or
- reducing or delaying capital investments.

However, these alternative financing plans, if necessary, may not be sufficient to allow us to meet our debt obligations. In addition, our 18 owned vessels are pledged as collateral to secure our various debt obligations. If we are unable to meet our debt and other financing, lenders could elect to declare that debt, together with accrued interest and fees, to be immediately due and payable and proceed against the collateral vessels securing that debt or other assets.

We are exposed to volatility in benchmark rates (in particular Term SOFR) and may selectively enter into derivative contracts, which can result in higher than market interest rates and charges against our income.

The loans under our credit facilities are generally advanced at a floating rate based on Term SOFR, which was volatile in prior years and may rise in the future. Term SOFR can affect the amount of interest payable on our debt, which, in turn, could have an adverse effect on our earnings and cash flow. In order to manage our exposure to interest rate fluctuations, we may, from time to time, use interest rate derivatives to effectively fix some of our floating rate debt obligations. Our financial condition could be materially adversely affected as we do not have any interest rate hedging arrangements in place to hedge our exposure to the interest rates applicable to our existing credit facilities. We may not enter into interest rate hedging arrangements for these or any other financing arrangements we may enter into in the future, including those we may enter into to finance a portion of the amounts payable with respect to newbuildings or acquisitions.

We may enter into derivative contracts to hedge our overall exposure to interest rate risk. Entering into swaps and other derivatives transactions is inherently risky and presents possibilities for incurring significant expenses. The derivatives strategies that we may employ may not be successful or effective, and we could, as a result, incur substantial additional interest and breakage costs.

As of December 31, 2023, we had \$176.0 million of outstanding indebtedness and finance lease obligations with interest obligations based on Term SOFR plus applicable margins.

We are leveraged, which could significantly limit our ability to execute our business strategy and we may be unable to comply with our covenants in our credit facilities that impose operating and financial restrictions on us, which could result in a default under the terms of these agreements.

As of December 31, 2023, we had \$142.2 million of outstanding indebtedness under our credit facilities and other borrowings.

Our credit facilities impose operating and financial restrictions on us that limit our ability, or the ability of our subsidiaries party thereto, among other things, to:

- incur additional indebtedness on the relevant vessels securing that facility;
- sell any collateral vessel (unless a corresponding amount under the relevant facility were prepaid in accordance with its terms);
- upon the happening of an event of default or potential event of default, make additional investments or acquisitions;
- upon the happening of an event of default or potential event of default, pay dividends; or
- effect a change of ownership or control of the relevant borrower group under each facility.

Therefore, we may need to seek permission from our lenders in order to engage in some corporate actions. Our lenders' interests may be different from ours and we may not be able to obtain our lenders' permission when needed. This may limit our ability to pay dividends on our ordinary shares if we determine to do so in the future, pay interest on our indebtedness, finance our future operations or capital requirements, make acquisitions or pursue business opportunities.

In addition, our credit facilities require us to maintain specified financial ratios and satisfy financial covenants, including ratios and covenants based on the market value of the vessels in our Fleet. Should our charter rates or vessel values materially decline in the future or for other reasons, we may seek to obtain waivers or amendments from our lenders with respect to such financial ratios and covenants, or we may be required to take action to reduce our debt or to act in a manner contrary to our business objectives to meet any such financial ratios and satisfy any such financial covenants.

Events beyond our control, including changes in the economic and business conditions in the shipping markets in which we operate, may affect our ability to comply with these covenants. We cannot assure you that we will meet these ratios or satisfy these covenants or that our lenders will waive any failure to do so or amend these requirements. A breach of any of the covenants in, or our inability to maintain the required financial ratios under, our credit facilities would prevent us from borrowing additional money under our credit facilities and could result in a default under our credit facilities. If a default occurs under our credit facilities, the lenders could elect to declare the outstanding debt, together with accrued interest and other fees, to be immediately due and payable and foreclose on the collateral securing that debt, which could constitute all or substantially all of our assets. Additionally, if not repaid the interest rate on the outstanding debt can be increased. Moreover, in connection with any waivers or amendments to our credit facilities that we may obtain, our lenders may impose additional operating and financial restrictions on us or modify the terms of our existing credit facilities including an increase in the interest rate. These restrictions may further restrict our ability to, among other things, pay dividends, repurchase our ordinary shares, make capital expenditures, or incur additional indebtedness.

Furthermore, certain of our debt agreements contain cross-default provisions that may be triggered if we default under the terms of other of our financing agreements. In the event of default by us under one of our debt agreements, the lenders under our other debt agreements could determine that we are in default under such other financing agreements. Such cross defaults could result in the acceleration of the maturity of such debt under these agreements and the lenders thereunder may foreclose upon any collateral securing that debt, including our vessels, even if we were to subsequently cure such default. In the event of such acceleration or foreclosure, we might not have sufficient funds or other assets to satisfy all of our obligations, which would have a material adverse effect on our business, financial condition, cash flows and results of operations. Please see "Item 5. Operating and Financial Review and Prospects—Liquidity and Capital Resources".

Utilising derivative instruments, such as forward freight or bunker swap agreements, could have a material adverse effect on our business, financial condition, cash flows and results of operations.

From time to time, we may take positions in derivative instruments, including FFAs, interest rate swaps and bunker swaps. FFAs and other derivative instruments may be used to hedge our exposure to the various markets. A hedge may be contracted by providing for the sale of a contracted charter rate along a specified route and period of time. Upon settlement, if the contracted charter rate is less than the average of the rates, as reported by an identified index, for the specified route and period, the seller of the FFA is required to pay the buyer an amount equal to the difference between the contracted rate and the settlement rate, multiplied by the number of days in the specified period. Conversely, if the contracted rate is greater than the settlement rate, the buyer is required to pay the seller the settlement sum. The hedge reserve which represents the fair value gains and losses on the effective portion of the cash flow hedge was \$0.5 million on FFAs and bunker swaps as at December 31, 2023. Movements in the hedging reserve are detailed in the Statement of comprehensive income.

Any hedging activities we engage in may not effectively manage exposure or have the desired impact on our financial conditions, results of operations or cash flows.

We may be subject to litigation that, if not resolved in our favor and not sufficiently insured against, could have a material adverse effect on our business, financial condition, cash flows and results of operations.

We may be, from time to time, involved in various litigation matters. These matters may include, among other things, contract disputes, personal injury claims, environmental claims or proceedings, toxic tort claims, employment matters, governmental claims for taxes or duties, and other litigation that arises in the ordinary course of our business. Although we intend to defend these matters vigorously, we cannot predict with certainty the outcome or effect of any claim or other litigation matter, and the ultimate outcome of any litigation or the costs and time to resolve them could have a material adverse effect on our business, financial condition, cash flows and results of operations. Insurance may not be applicable or sufficient in all cases and/or insurers may not remain solvent which could have a material adverse effect on our business, financial condition, cash flows and results of operations. See “Item 4. Information on the Company—Business Overview—Legal Proceedings”.

Some of the vessels in our Fleet are operated by third-party technical managers. Any failure of these technical managers to perform their obligations to us could have a material adverse effect on our business, financial condition, cash flows and results of operations.

We have contracted the technical management for a portion of our Fleet, including crewing, maintenance and repair services, to third-party technical management companies. The failure of these technical managers to perform their obligations could have a material adverse effect on our business, financial condition, cash flows and results of operations. Although we may have rights against our third-party managers if they default on their obligations to us, we will receive the benefit of that recourse only to the extent that we recover funds.

Some of the third-party managers for our vessels are privately held companies and there is little or no publicly available information about them.

Some of our vessels are managed by third parties. The ability of these third-party managers to render management services will depend in part on their own financial strength. Circumstances beyond our control could affect our third-party managers’ financial strength. Because some of our third-party managers are privately held companies, we might have little advance warning of financial or other problems affecting our technical manager and if they are unable to provide the technical management services we have contracted for, we may have delays in operating our vessels which could have a material adverse effect on our business, financial condition, cash flows and results of operations.

Security breaches and disruptions to our information technology infrastructure (cybersecurity) could interfere with our operations and expose us to liability, which could have a material adverse effect on our business, financial condition, cash flows and results of operations.

In the ordinary course of business, we rely heavily on information technology networks and systems to process, transmit, and store information electronically, and to manage or support a variety of business processes and activities. Additionally, we collect and store certain data, including proprietary business information and customer and employee data, and may have access to other confidential information in the ordinary course of our business. Our vessels also rely on information systems for parts of their navigation, propulsion, power control, communications and cargo operations. Despite our cybersecurity measures (which include monitoring of networks and systems, and maintenance of backup and protective systems) which are reviewed and upgraded as needed, our information technology networks and infrastructure may still be vulnerable to damage, disruptions, or shutdowns due to attack by hackers or breaches, employee error or malfeasance, data leakage, power outages, computer viruses and malware, including ransomware, telecommunication or utility failures, systems failures, natural disasters, or other catastrophic events. Our information technology systems are becoming increasingly integrated, so damages to, or disruptions or shutdowns of the systems could result in a widespread impact. Additionally, the global threat of cyber-attacks has increased in response to the Russia-Ukraine War. Any such events could result in legal claims or proceedings, liability or penalties under privacy or other laws, disruption in operations, and damage to our reputation, which could have a material adverse effect on our business, financial condition, cash flows and results of

operations. As the methods of cyber-attacks continue to evolve, we may be required to expend additional resources to continue to modify or enhance our protective measures, or to investigate and remedy any vulnerabilities to cyber-attacks.

In addition, some of our technology networks and systems are managed by third-party service providers (including cloud-service providers), and certain of such providers also have access to proprietary business information, customer and employee data, and confidential information on the conduct of our business. Like us, these third-party providers are subject to risks imposed by cyber-attacks, data breaches and disruptions to their technology infrastructure. A cyber-attack could defeat one or more of our third-party service providers' security measures, allowing an attacker access to proprietary information from our company including our employees', customers' and suppliers' data. Any such security breach or disruption to our third-party service providers could result in a disruption in operations and damage to our reputation and liability claims, which could have a material adverse effect on our business, financial condition, cash flows and results of operations.

Recent action by the IMO's Maritime Safety Committee and U.S. agencies, including the Coast Guard, indicate that cybersecurity regulations for the maritime industry are likely to be further developed in the near future in an attempt to combat cybersecurity threats. This might require companies to cultivate additional procedures for monitoring cybersecurity and adopting cybersecurity measures, which could require additional expenses and/or capital expenditures. However, the impact of such regulations is difficult to predict at this time.

Because international shipping companies often generate most or all of their revenue in U.S. dollars, but incur a portion of their expenses in other currencies, exchange rate fluctuations could cause us to suffer exchange rate losses, thereby increasing expenses and reducing income.

We engage in worldwide commerce with a variety of entities. Although our operations may expose us to certain levels of foreign currency risk, our transactions are predominantly U.S. dollar-denominated. The U.S. dollar is our functional currency and the functional currency of nearly all our subsidiaries and joint ventures. Transactions in currencies other than the functional currency are translated at the exchange rate on the transaction date and the relevant payment is translated on the payment date, with the difference being reported in the income statement as an exchange gain or loss. Expenses incurred in foreign currencies against which the U.S. dollar falls in value can increase, decreasing our earnings. A greater percentage of our transactions and expenses in the future may be denominated in currencies other than the U.S. dollar. Assets and liabilities denominated in currencies different from the functional currency are translated into the functional currency for the preparation of the statements of financial position at the exchange rate prevailing on the statements of financial position date. Differences in exchange rates between statements of financial position dates may lead to gains or losses being reported in the income statement. Extraordinary transactions, and the translation of the financial statements of our subsidiaries whose functional currencies are not the U.S. dollar for purposes of preparing our consolidated accounts, may follow different translation procedures. The determination of the functional currency of a company is based on various factors and a company's functional currency may change depending on its circumstances. As part of our overall risk management policy, we may attempt to hedge these risks in exchange rate fluctuations from time to time. We may not always be successful in such hedging activities and, as a result, our operating results could suffer as a result of losses incurred as a result of un-hedged exchange rate fluctuations. We may enter into derivative contracts to hedge our overall exposure to exchange rate risk. Entering into swaps and other derivatives transactions is inherently risky and presents various possibilities for incurring significant expenses. The derivatives strategies that we may employ may not be successful or effective, and we could, as a result, incur substantial additional exchange rate costs.

If we are unable to operate our financial and operations systems effectively or to recruit suitable employees as we expand our Fleet, our performance may be adversely affected.

Our current financial and operating systems may not be adequate as we implement our plan to expand the size of our Fleet, and our attempts to improve those systems may be ineffective. If our current financial and operating systems infrastructure is unable to manage the additional volume of our operations as our business grows, our operating efficiency could decline. If we fail to hire and retain qualified personnel to implement, protect and maintain our financial and operating systems or if we fail to upgrade our systems to meet our customers' demands we may experience a disruption in operations and damage to our reputation, which could have a material adverse effect on our business, financial condition, cash flows and results of operations.

In addition, as we expand our Fleet, we or our third-party technical managers may have to recruit suitable additional seafarers or shore-based administrative and management personnel. We cannot assure you that we or our third-party technical managers will be able to continue to hire suitable employees as we expand our Fleet.

We need to maintain our relationships with local shipping agents, port and terminal operators.

Our drybulk carrier business is dependent upon our relationships with local shipping agents, port and terminal operators operating in the ports where our customers ship and unload their products. We believe that these relationships will remain critical to our success in the future and the loss of one or more of which could materially and negatively impact our ability to retain and service our customers. We cannot be certain that we will be able to maintain and expand our existing local shipping agent, port and terminal operator relationships or enter into new relationships, or that new or renewed relationships will be available on commercially reasonable terms. If we are unable to maintain and expand our existing local shipping agent, port and terminal operator relationships, renew existing relationships, or enter into new relationships, we may lose customers or cause delays in the ports in which we operate, which could have a material adverse effect on our business, financial condition, cash flows and results of operations.

Prolonged disruption or slowdown in the loading and unloading of our vessels and extended port congestion could affect our ability to operate our vessels and execute our COA contracts in a timely manner and may result in a loss of revenue.

We rely on third parties for the loading and unloading process of our vessels at ports. A disruption in loading and unloading logistics and congestion in the port could disrupt our ability to operate our vessels in a timely manner. Significant disruptions or slowdowns could result in a loss of revenue or the inability to execute our COA contracts in a timely manner which could have a material adverse effect on our business, financial condition, cash flows and results of operations.

If we acquire and/or operate secondhand vessels, we could be exposed to increased operating costs which could adversely affect our earnings and, as our Fleet ages, the risks associated with older vessels could adversely affect our ability to obtain profitable charters.

We may acquire (through the exercise of purchase options on our long-term chartered-in vessels or by other means) and/or operate secondhand vessels in the future. While we expect that we would typically inspect secondhand vessels prior to acquisition, this does not provide us with the same knowledge about their condition that we would have had if these vessels had been built for and operated exclusively by us and therefore we cannot assure you that the quality of any secondhand vessels that we buy will be acceptable. Generally, purchasers of secondhand vessels do not receive the benefit of warranties from the builders for the secondhand vessels that they acquire. We cannot assure you that, if we acquire and operate second hand vessels in the future, as our secondhand vessels age, market conditions will justify expenditures or enable us to operate our secondhand vessels profitably during the remainder of their useful lives.

Technological innovation could reduce our charter hire income and the value of our vessels.

The charter hire rates and the value and operational life of a vessel are determined by a number of factors including the vessel's efficiency, operational flexibility and physical life. Efficiency includes speed, fuel economy and the ability to load and discharge cargo quickly. Flexibility includes the ability to carry a variety of cargoes, enter harbors, utilize related docking facilities and pass through canals and straits. The length of a vessel's physical life is related to its original design and construction, its maintenance and the impact of the stress of operations. If new drybulk carriers are built that are more efficient or more flexible or have longer physical lives than our vessels, competition from these more technologically advanced vessels could adversely affect the amount of charter hire payments we receive for our vessels once their initial charters expire and the resale value of our vessels could significantly decrease. As a result, our business, financial condition, cash flows and results of operations could be materially adversely affected.

Newbuilding projects are subject to risks that could cause delays, cost overruns or cancellation of our newbuilding contracts.

We have in the past and may in the future enter into or acquire newbuilding contracts for drybulk carriers. Construction projects are subject to risks of delay or cost overruns inherent in any large construction project from numerous factors, including shortages of equipment, materials or skilled labor, unscheduled delays in the delivery of ordered materials and equipment or shipyard construction, failure of equipment to meet quality and/or performance standards, financial or operating difficulties experienced by equipment vendors or the shipyard, unanticipated actual or purported change orders, inability to obtain required permits or approvals, unanticipated cost increases between order and delivery, design or engineering changes and work stoppages and other labor disputes, adverse weather conditions or any other events of force majeure. Significant cost overruns or delays could have a material adverse effect on our business, financial condition, cash flows and results of operations. Additionally, failure to complete a project on time may result in the delay of revenue from that vessel.

We have contracted, and may in the future contract, with a trading house or a shipyard for the construction of a newbuilding. In the event the seller or the shipyard does not perform under its contract and we are unable to enforce the refund guarantee with a third-party bank for any reason, or we have not obtained such a guarantee, we may lose all or part of our investment, which could have a material adverse effect on our business, financial condition, cash flows and results of operations.

Our failure to comply with data privacy laws could damage our customer relationships and expose us to litigation risks.

Data privacy is subject to frequently changing rules and regulations, which sometimes conflict among the various jurisdictions and countries in which we provide services. It is possible that these laws may be interpreted and applied in a manner that is inconsistent with our data privacy practices. Complying with these various laws is difficult and could cause us to incur substantial costs or require us to change our business practices in a manner adverse to our business.

For example, in Singapore, the Personal Data Protection Act 2012, No. 26 of 2012 of Singapore (“PDPA”) sets out data protection obligations and generally requires organizations to give notice and obtain consent prior to collection, use or disclosure of personal data (data, whether true or not, about an individual who can be identified from that data or other accessible information). Amendments to the PDPA, effective as of February 1, 2021, introduced a mandatory breach notification obligation. A failure to comply with any of the above can subject an organization to a fine per breach of up to S\$1 million or 10% of the organization’s annual turnover in Singapore, whichever is higher. South Africa’s comprehensive privacy law known as the Protection of Personal Information Act, 4 of 2013 (the “POPIA”) commenced on July 1, 2020 and became effective on July 1, 2021. All processing of personal information must conform to the POPIA’s provisions. Failure to comply with POPIA may lead to penalties and fines up to R10 million and/or imprisonment.

In Europe, the E.U. adopted the General Data Privacy Regulation (“GDPR”), a comprehensive legal framework to govern data collection, use and sharing and related consumer privacy rights, which took effect in May 2018. The GDPR includes significant penalties for non-compliance, including fines up to the higher of 20 million Euros and or 4% of global annual revenue. European regulators have issued numerous fines pursuant to the GDPR. In the U.K., Brexit has created uncertainty with regard to the regulation of data protection. In particular, while the Data Protection Act of 2018, which implements and complements the GDPR (“U.K. GDPR”), is now effective in the United Kingdom, the relationship between the U.K. and the E.U. in relation to certain aspects of data protection law remains unclear, and it is unclear how U.K. data protection laws and regulations will develop in the medium to longer term, including how data transfers to and from the U.K. will be regulated in the long term. Any changes to these laws may require us to modify our data processing practices and policies and to incur substantial costs and expenses to comply.

An additional area of regulatory complexity concerns the restrictions on transfers of personal data from certain countries to others. For example, in July 2020 the Court of Justice of the European Union (“CJEU”) invalidated the EU-U.S. and Swiss-U.S. Privacy Shield Frameworks, calling into question data transfers carried out under the European Commission’s Standard Contractual Clauses (“SCCs”), which has created challenges for our transfer of personal data from the EEA, E.U., and/or Switzerland to Singapore and other third countries with “inadequate data protection.” Since the CJEU’s decision in 2020, certain European supervisory authorities have indicated that they are looking at cross-border transfers more closely. Any transfers by us or our vendors of personal data are subject to potential regulatory scrutiny and may increase our exposure under the GDPR and similar laws which contain cross-border personal data transfer heightened requirements and restrictions.

In addition to government activity, privacy advocacy and other industry groups have established and may continue to establish new self-regulatory standards that may place additional burdens on us. Our failure to adhere to or successfully implement processes in response to changing regulatory and self-regulatory requirements in this area could result in legal liability or impairment to our reputation in the marketplace, which could have a material adverse effect on our business, financial condition and results of operations

We currently bank with a limited number of financial institutions, which subjects us to credit risk.

We currently bank with a limited number of financial institutions. An event of default by any of these financial institutions could have a material adverse effect on our business, financial condition, cash flows and results of operations. In addition, our financial institutions are subject to internal and regulatory compliance protocols, which may delay access to our accounts. Such a delay could impact our ability to consummate transactions and operate our business, which could have a material adverse effect on our business, financial condition, cash flows and results of operations.

Risks Relating to Our Ordinary Shares

There may not be a liquid market for the Grindrod Shipping ordinary shares.

Grindrod Shipping’s ordinary shares are listed on the NASDAQ in the United States and quoted on the main board of the JSE in South Africa. There can be no assurance as to the liquidity of those markets for the Grindrod Shipping ordinary shares or the price at which the Grindrod Shipping ordinary shares may trade. The liquidity and the market for the Grindrod Shipping ordinary shares may be affected by a number of factors including variations in exchange and interest rates, the deterioration and volatility of the markets for similar securities, and/or any changes in Grindrod Shipping’s liquidity, financial condition, creditworthiness, results and profitability and future prospects. Following an initial tender offer and subsequent offer that was concluded on December 19, 2022, Good Falkirk (MI) Limited held 83.23% of Grindrod Shipping’s outstanding shares. The liquidity and market for our shares on both the NASDAQ and the JSE subsequent to the offer has been significantly reduced. In addition, our shareholder base includes South African residents who, subject to certain allowances in terms of the Exchange Control Regulations in South Africa, will generally be required to hold their ordinary shares on the JSE, and therefore the liquidity of the ordinary shares on the NASDAQ may be adversely impacted. Furthermore, ordinary shares owned by our “affiliates,” as that term is defined in Rule 144 under the Securities Act, will be subject to certain restrictions on transfer under the U.S. securities laws. Affiliates will only be permitted to sell their shares pursuant to a valid exemption from the registration requirements of the Securities Act or pursuant to an effective registration statement, which may impact the liquidity of the ordinary shares.

Taylor Maritime Investments Limited indirectly controls us and its interests may conflict with ours or yours in the future.

As of March 1, 2024, Good Falkirk (MI) Limited, a wholly owned subsidiary of Taylor Maritime Investments Limited (“TMI”), held 16,206,365 of our ordinary shares, representing 83.23% of our outstanding ordinary shares (excluding treasury shares). In addition, effective April 1, 2023 our chief executive officer is also the chief executive officer and executive director of TMI. TMI is thus able, indirectly, to elect a majority of our directors and effectively control the vote on all matters submitted to a vote of our ordinary shareholders. TMI’s ability to control such corporate decision-making and prevent an unsolicited bid for the Company or any other change in control could have an adverse effect on the market price for our ordinary shares. TMI may at any time sell any or all of the ordinary shares of the Company held by it, and any such sale, and the potential for such sale, could have an adverse effect on the market price for our ordinary shares.

In the ordinary course of its business activities, TMI may also engage in activities where its interests conflict with our interests or those of our stockholders. For example, TMI also may pursue acquisition opportunities that may be complementary to our business, and, as a result, those acquisition opportunities may not be available to us. In addition, TMI may have an interest in our pursuing acquisitions, divestitures, asset sales and other transactions that, in its judgment, could enhance its investment, even though such transactions might involve risks to you.

The Grindrod Shipping ordinary shares are traded on more than one stock exchange and this may result in price variations between the markets.

The Grindrod Shipping ordinary shares are listed on each of NASDAQ and the JSE. Trading in the Grindrod Shipping ordinary shares therefore takes place in different currencies (U.S. dollars on the NASDAQ and South African Rand on the JSE), and at different times (resulting from different time zones, different trading days and different public holidays in the United States and South Africa). The trading prices of the Grindrod Shipping ordinary shares on these two markets may differ as a result of these, or other, factors. Any decrease in the price of Grindrod Shipping’s ordinary shares on either of these markets could cause a decrease in the trading prices of Grindrod Shipping’s ordinary shares on the other market.

If securities or industry analysts do not publish research or reports about Grindrod Shipping’s business, or publish negative reports about its business, Grindrod Shipping’s ordinary share price and trading volume could decline.

The trading market for Grindrod Shipping ordinary shares depends, in part, upon the research and reports that securities or industry analysts publish about Grindrod Shipping or its businesses. If securities or industry analysts do not cover Grindrod Shipping, it could lose visibility in the financial markets, which could cause its share price or trading volume to decline.

Grindrod Shipping may not have sufficient distributable profits to pay dividends or otherwise distribute cash or assets to shareholders.

Under Singapore law and Grindrod Shipping’s constitution, dividends, whether in cash or in specie, must be paid out of Grindrod Shipping’s profits available for distribution. See “Item 8. Financial Information—Dividend Policy and Dividend Distributions”. As a holding company, Grindrod Shipping may earn distributable profits when it receives dividends or other income, including management fees or interest, if any. Grindrod Shipping generated distributable profits during 2021 and 2022 from which dividends were declared. The availability of distributable profits is assessed on the basis of Grindrod Shipping’s standalone unconsolidated accounts, which are based upon IFRS. There is no assurance that Grindrod Shipping will not incur losses, that it will remain profitable, or that it will have sufficient distributable income that might be distributed to its shareholders as a dividend or other distribution in the foreseeable future. Therefore, Grindrod Shipping may be unable to pay dividends to its shareholders unless it continues to generate or maintain sufficient distributable reserves. Accordingly, it may not be legally permissible for Grindrod Shipping to pay dividends to its shareholders in the future.

Notwithstanding that sufficient profits may be available for distribution, there are other conditions which may limit Grindrod Shipping’s ability to pay dividends. Grindrod Shipping’s board of directors may, without the approval of the shareholders under Singapore law, declare interim dividends during a fiscal year and any final dividends declared by Grindrod Shipping’s board of directors after the close of a fiscal year must be approved by shareholders at a general meeting. As such, any determination to pay dividends will be at the discretion of Grindrod Shipping’s board of directors, which may exercise its discretion to retain Grindrod Shipping’s future earnings for use in the development of Grindrod Shipping’s business, in reducing Grindrod Shipping’s indebtedness and for general corporate purposes. As a result, it is possible that only an appreciation of the price of our ordinary shares, if any, will provide a return to investors in our ordinary shares for the foreseeable future. Such potential appreciation is uncertain and unpredictable.

In addition, under Singapore law, it is possible to effect a capital reduction exercise to return cash and/or assets to shareholders by way of shareholder approval if Grindrod Shipping meets the relevant solvency requirements, which will be attested to by Grindrod Shipping's board of directors. The completion of the capital reduction exercise will depend on whether Grindrod Shipping's directors can execute a solvency statement, as well as whether there are any creditor objections raised. We completed a capital reduction process that resulted in a distribution of approximately \$1.02 per ordinary share paid on October 26, 2023, and the second distribution of \$0.63 per ordinary share, paid on December 11, 2023, to all shareholders of record as of October 20, 2023.

Any dividend payments on the Grindrod Shipping ordinary shares would be declared in U.S. dollars, and any shareholder whose principal currency is not the U.S. dollar would be subject to risks of exchange rate fluctuations.

The Grindrod Shipping ordinary shares are, and any cash dividends or other distributions to be declared in respect of them, if any, will be denominated in U.S. dollars. Shareholders whose principal currency is not the U.S. dollar will be exposed to foreign currency exchange rate risk. Any depreciation of the U.S. dollar in relation to such foreign currency will reduce the value of such shareholders' ordinary shares and any appreciation of the U.S. dollar will increase the value in foreign currency terms. In addition, Grindrod Shipping will not offer its shareholders the option to elect to receive dividends, if any, in any other currency. Consequently, shareholders may be required to arrange their own foreign currency exchange, either through a brokerage house or otherwise, which could incur additional commissions or expenses.

Grindrod Shipping is a Singapore company, and because the rights of shareholders under Singapore law differ from those under U.S. law, you may have difficulty in protecting your shareholder rights or enforcing any judgment obtained in the United States against Grindrod Shipping or its affiliates.

Grindrod Shipping's corporate affairs are governed by its constitution and by the applicable laws governing corporations incorporated in Singapore. The rights of Grindrod Shipping shareholders and the responsibilities of members of its board of directors under Singapore law are different from those applicable to a corporation incorporated in the United States and, therefore, Grindrod Shipping shareholders may have more difficulty protecting their interests in connection with actions by the management or members of the board of directors than they would as shareholders of a corporation incorporated in the United States.

All of Grindrod Shipping's directors and senior management reside outside the United States. As a result, it may be difficult for investors to effect service of process within the United States upon Grindrod Shipping or any of these persons or to enforce in the United States any judgment obtained in the U.S. courts against Grindrod Shipping or any of these persons, including judgments based upon the civil liability provisions of the U.S. federal securities laws or the laws of any state or territory of the United States.

There is no treaty between the United States and Singapore providing for the reciprocal recognition and enforcement of judgments in civil and commercial matters and a final judgment for the payment of money rendered by any federal or state court in the United States based on civil liability, whether or not predicated solely upon the federal securities laws, would, therefore, not be automatically enforceable in Singapore. It is not clear whether a Singapore court may impose civil liability on Grindrod Shipping or Grindrod Shipping's directors and officers in a suit brought in the Singapore courts against Grindrod Shipping or such persons with respect to a violation solely of the federal securities laws of the United States.

In addition, only registered shareholders reflected in the register of members are recognized under Singapore law as shareholders of a company. As a result, only registered shareholders have legal standing to institute shareholder actions or otherwise seek to enforce their rights as shareholders. Holders of dematerialised interests in Grindrod Shipping's shares will be required to be registered shareholders as reflected in Grindrod Shipping's register of members in order to institute or enforce any legal proceedings or claims as shareholders against Grindrod Shipping, its directors or its officers in the Singapore courts. Holders of dematerialised interests in the ordinary shares may become registered shareholders by exchanging their dematerialised interests in our ordinary shares for certificated shares and being registered in our register of members. The administrative process of becoming a registered holder could result in delays prejudicial to any legal proceedings or enforcement action. Consequently, it may be difficult for investors to enforce against Grindrod Shipping, its directors or its officers in Singapore judgments obtained in the United States which are predicated upon the civil liability provisions of the federal securities laws of the United States.

Grindrod Shipping is subject to the laws of Singapore, which differ in certain material respects from the laws of the United States.

As a company incorporated under the laws of Singapore, Grindrod Shipping is required to comply with the laws of Singapore, certain of which are capable of extraterritorial application, as well as Grindrod Shipping's constitution. In particular, Grindrod Shipping is required to comply with certain provisions of the Securities and Futures Act 2001, Chapter 289 of Singapore, or the Singapore Securities and Futures Act, which prohibit certain forms of market conduct and information disclosures, and impose criminal and civil penalties on corporations, directors and officers in respect of any breach of such provisions. Grindrod Shipping is also required to comply with the Singapore Code on Take-Overs and Mergers, or the Singapore Code, which specifies, among other things, certain circumstances in which a general offer is to be made upon a change in effective control, and further specifies the manner and price at which voluntary and mandatory general offers are to be made.

The laws of Singapore and of the United States differ in certain significant respects. The rights of Grindrod Shipping's shareholders and the obligations of its directors and officers under Singapore law are different from those applicable to a company incorporated in the United States in material respects, and Grindrod Shipping's shareholders may have more difficulty and less clarity in protecting their interests in connection with actions taken by Grindrod Shipping's management, directors or controlling shareholders than would otherwise apply to a company incorporated in the United States. See "Item 10. Additional Information—Comparison of Shareholder Rights" for a discussion of differences between Singapore and U.S. corporation law.

In addition, the application of Singapore law, in particular, the Companies Act 1967, or the Singapore Companies Act, may in certain circumstances impose more restrictions on Grindrod Shipping and its shareholders, directors and officers than would otherwise be applicable to a company incorporated in the United States. For example, the Singapore Companies Act requires directors to act with a reasonable degree of diligence and, in certain circumstances, imposes criminal liability for specified contraventions of particular statutory requirements or prohibitions. In addition, pursuant to the provisions of the Singapore Companies Act, shareholders holding 10% or more of the total number of paid-up shares carrying the right of voting in general meetings may require the convening of an extraordinary general meeting of shareholders by the directors. If the directors fail to comply with such request within 21 days of the receipt thereof, shareholders holding more than 50% of the voting rights represented by the original requisitioning shareholders may proceed to convene such meeting, and Grindrod Shipping will be liable for the reasonable expenses incurred by such requisitioning shareholders. Grindrod Shipping is also required by the Singapore Companies Act to deduct corresponding amounts from fees or other remuneration payable by Grindrod Shipping to such non-complying directors.

Anti-takeover provisions under the Singapore Securities and Futures Act and the Singapore Code on Take-overs and Mergers may delay, deter or prevent a future takeover or change of control of Grindrod Shipping, which could adversely affect the price of our ordinary shares.

The Singapore Code, issued pursuant to Section 321 of the Singapore Securities and Futures Act, regulates the acquisition of ordinary shares of, *inter alia*, listed public companies and contains certain provisions that may delay, deter or prevent a future takeover or change of control of Grindrod Shipping. Any person acquiring an interest, either on his own or together with parties acting in concert with him or her, in 30% or more of the voting shares in Grindrod Shipping must, except with the prior consent of the Singapore Securities Industry Council, or the SIC, extend a takeover offer for the remaining voting shares in Grindrod Shipping in accordance with the provisions of the Singapore Code. Likewise, any person holding between 30% and 50% of the voting shares in Grindrod Shipping, either on his own or together with parties acting in concert with him or her, must, except with the prior consent of the SIC, make a takeover offer in accordance with the provisions of the Singapore Code if that person together with parties acting in concert with him or her acquires additional voting shares in excess of one percent of the total number of voting shares in any six-month period. Therefore, any investor seeking to acquire a significant stake in Grindrod Shipping may be deterred from doing so if, as a result, such investor would be required to conduct a takeover offer for all of Grindrod Shipping's voting shares.

Under the Singapore Code, an offeror must treat all shareholders of the same class in an offeree company equally. A fundamental requirement is that shareholders in the company subject to the takeover offer must be given sufficient information, advice and time to consider and decide on the offer.

These provisions contained in the Singapore Code may discourage or prevent transactions that involve an actual or threatened change of control of Grindrod Shipping, and may impede or delay a takeover of Grindrod Shipping by a third party. This may adversely affect the market price of Grindrod Shipping ordinary shares and impede the ability of Grindrod Shipping's shareholders to realize any benefits from a potential change of effective control of Grindrod Shipping.

Under Singapore law, shareholder approval is required to allow us to issue new shares which could impact our ability to raise capital or consummate acquisitions. Any issuance of new shares would dilute the percentage ownership of existing shareholders and could adversely impact the market price of the ordinary shares.

Under Singapore law, Grindrod Shipping may only issue new shares with the prior approval of its shareholders.

At our last annual general meeting on May 25, 2023, Grindrod Shipping's shareholders provided authority for our directors to issue ordinary shares to make or grant offers, agreements or options, which is subject to the condition that the aggregate number of ordinary shares at any one time which may be granted in an award, shall not exceed 20% of the number of ordinary shares in issue (excluding treasury shares), as determined in reference to the day preceding the award. Such authority shall continue in force until the earliest of (i) the conclusion of our next annual general meeting, (ii) the date by which our next annual general meeting is required by law to be held, or (iii) the point at which the maximum number of shares permitted has been reached.

At our annual general meeting we plan to seek the approval of our shareholders for the allotment and issuance of ordinary shares whether by way of rights, bonus or otherwise and to allow us to make or grant offers, agreements or options that might or would require shares to be allotted and issued up to a number not exceeding 20% of the number of ordinary shares (excluding treasury shares) outstanding as at the date of the resolution allowing the same. Such authority shall continue in force until the earliest of (i) the conclusion of the next annual general meeting of the Company, (ii) the date by which the next annual general meeting is required by law to be held, or (iii) the point at which the maximum number of shares permitted as per the abovementioned limit has been reached. We also plan to seek approval of our shareholders for the renewal of the share repurchase mandate approved in the previous annual general meeting, which represents 10% of the total number of issued ordinary shares outstanding as of the date of the passing of the resolution and approval to amend Regulations 64 and 15 of the Constitution which relate to the quorum for general meetings and the quorum for general meetings of holders of a particular class of shares respectively.

Any issuance of additional shares for any other purpose or in future years (other than shares to be issued under an existing prior approval that remains in effect) will require the approval of shareholders. Because new issuances of ordinary shares are subject to shareholder approval, or in some circumstances, other regulatory approvals, if no or an insufficient number of shares have been approved for issuance in advance, we may be delayed in raising capital through equity offerings or delayed or prevented from consummating an acquisition using our ordinary shares. We may seek to raise capital in the future, including to fund acquisitions, future investments and other growth opportunities.

We may, for these and other purposes, such as in connection with share incentive and share option plans (such as our forfeitable share plan), issue additional ordinary shares or securities convertible into ordinary shares. Any additional issuances of new shares could dilute the percentage ownership of our existing shareholders and could also adversely impact the market price of Grindrod Shipping's ordinary shares. In addition, under the provisions of the Singapore Companies Act and Grindrod Shipping's constitution, the board of directors may, with the applicable shareholder approval, issue new shares on terms and conditions and with the rights (including preferential voting rights) and restrictions as they may determine and may contain terms adverse to the ordinary shares.

The Jumpstart Our Business Startups Act of 2012, or JOBS Act, allows Grindrod Shipping to postpone the date by which it must comply with some of the laws and regulations intended to protect investors and to reduce the amount of information provided in Grindrod Shipping's reports filed with the SEC, which could undermine investor confidence in Grindrod Shipping and adversely affect the market price of Grindrod Shipping's ordinary shares.

For so long as Grindrod Shipping remains an "emerging growth company" as defined in the JOBS Act, it intends to take advantage of certain exemptions from various requirements that are applicable to public companies that are not emerging growth companies including:

- the provisions of the Sarbanes-Oxley Act of 2002, as amended, or Sarbanes-Oxley Act, requiring that Grindrod Shipping's independent registered public accounting firm provide an attestation report on the effectiveness of Grindrod Shipping's internal control over financial reporting;
- Section 107 of the JOBS Act, which provides that an "emerging growth company" can take advantage of the extended transition period provided in Section 7(a)(2)(B) of the Securities Act of 1933, as amended, or the Securities Act, for complying with new or revised accounting standards. This means that an "emerging growth company" can delay the adoption of certain accounting standards until those standards would otherwise apply to private companies. Grindrod Shipping currently prepares its financial statements in accordance with IFRS as issued by the IASB, which do not have separate provisions for publicly traded and private companies. However, in the event Grindrod Shipping converts to U.S. GAAP in the future while it is still an emerging growth company, Grindrod Shipping may be able to take advantage of the benefits of this extended transition period and, as a result, during the time that Grindrod Shipping delays such adoption of new or revised accounting standards Grindrod Shipping's financial statements may not be comparable to companies that comply with all public company accounting standards; and
- any rules that may be adopted by the Public Company Accounting Oversight Board requiring mandatory audit firm rotation or a supplement to the auditor's report on the financial statements.

Grindrod Shipping intends to continue to take advantage of these exemptions until it is no longer an “emerging growth company”. Grindrod Shipping will remain an emerging growth company until the earlier of (1) the last day of the fiscal year (a) following the fifth anniversary of the date of its first sale of equity securities pursuant to an effective registration statement under the Securities Act, (b) in which it has total annual gross revenue of at least \$1.07 billion, or (c) in which it is deemed to be a large accelerated filer, which means the market value of Grindrod Shipping ordinary shares that is held by non-affiliates exceeds \$700 million as of the prior June 30, and (2) the date on which it issued more than \$1.0 billion in non-convertible debt during the prior three-year period.

We cannot predict if investors will find our ordinary shares less attractive because Grindrod Shipping does and may continue to rely on these exemptions. If some investors find Grindrod Shipping ordinary shares less attractive as a result, there may be a less active trading market for the Grindrod Shipping ordinary shares, and the market price may be more volatile and may decline.

As a “foreign private issuer” Grindrod Shipping is permitted, and intends to continue, to follow certain home country corporate governance practices instead of otherwise applicable SEC and NASDAQ requirements, which may result in less protection than is accorded to investors under rules applicable to domestic U.S. issuers.

Grindrod Shipping’s status as a foreign private issuer also exempts it from compliance with certain SEC laws and regulations and certain regulations of the NASDAQ, including the proxy rules, the short-swing profits recapture rules of Section 16 of the Exchange Act of 1934, as amended, or the Exchange Act, certain rules relating to disclosure regarding executive compensation, and certain governance requirements such as independent director oversight of the nomination of directors and executive compensation. In addition, we are not required under the Exchange Act to file current reports and financial statements with the SEC as frequently or as promptly as U.S. domestic companies whose securities are registered under the Exchange Act and we are generally exempt from filing quarterly reports with the SEC. As a foreign private issuer, Grindrod Shipping is required to file (i) its annual financial statements on Form 20-F within four months of the end of each fiscal year so long as it is subject to the reporting requirements of Section 13(a) or Section 15(d) of the Exchange Act and (ii) furnish on Form 6-K an interim statement of financial position and income statement as of the end of its second fiscal quarter within six months of the end of the second quarter so long as it is listed on NASDAQ. The information Grindrod Shipping files or furnishes will not be the same as the information that is required in annual and quarterly reports on Form 10-K or Form 10-Q for U.S. domestic issuers. Furthermore, as a foreign private issuer, Grindrod Shipping is also not subject to the requirements of Regulation Fair Disclosure, or Regulation FD, promulgated under the Exchange Act, which restricts the selective disclosure of material information.

These exemptions and leniencies reduce the frequency and scope of information and protections to which you are otherwise entitled as an investor.

Grindrod Shipping may lose its foreign private issuer status, which would then require it to comply with the Exchange Act’s domestic reporting regime and cause Grindrod Shipping to incur additional legal, accounting and other expenses.

Grindrod Shipping is required to determine its status as a foreign private issuer on an annual basis at the end of its second fiscal quarter. In order to maintain its current status as a foreign private issuer, either (1) a majority of Grindrod Shipping ordinary shares must be either directly or indirectly owned of record by non-residents of the United States or (2) (a) a majority of Grindrod Shipping’s executive officers or directors must not be U.S. citizens or residents, (b) more than 50 percent of Grindrod Shipping’s assets cannot be located in the United States and (c) Grindrod Shipping’s business must be administered principally outside the United States. If Grindrod Shipping loses this status, it would be required to comply with the Exchange Act reporting and other requirements applicable to U.S. domestic issuers, which are more detailed and extensive than the requirements for foreign private issuers. Grindrod Shipping may also be required to make changes in its corporate governance practices in accordance with various SEC rules and the NASDAQ listing standards. Further, Grindrod Shipping would be required to comply with U.S. GAAP, as opposed to IFRS, in the preparation and issuance of its financial statements for historical and current periods. The regulatory and compliance costs to Grindrod Shipping under U.S. securities laws if it is required to comply with the reporting requirements applicable to a U.S. domestic issuer may be higher than the cost it would incur as a foreign private issuer. As a result, Grindrod Shipping expects that a loss of foreign private issuer status would increase its legal and financial compliance costs.

If Grindrod Shipping fails to establish and maintain proper internal controls, its ability to produce accurate financial statements or comply with applicable regulations could be impaired.

Section 404(a) of the Sarbanes-Oxley Act requires that Grindrod Shipping’s management assess and report annually on the effectiveness of its internal controls over financial reporting and identify any material weaknesses in its internal controls over financial reporting. Although Section 404(b) of the Sarbanes-Oxley Act requires Grindrod Shipping’s independent registered public accounting firm to issue an annual report that addresses the effectiveness of our internal controls over financial reporting, Grindrod Shipping has opted to rely on the exemptions provided to it by virtue of being an “emerging growth company”, and consequently we will not be required to comply with SEC rules that implement Section 404(b) of the Sarbanes-Oxley Act until we are no longer an “emerging growth company”.

If either Grindrod Shipping is unable to conclude that it has effective internal controls over financial reporting or, if required, Grindrod Shipping’s independent auditors are unwilling or unable to provide it with an unqualified report on the effectiveness of its internal controls over financial reporting as required by Section 404(b) of the Sarbanes-Oxley Act, investors may lose confidence in Grindrod Shipping’s operating results, the price of the Grindrod Shipping ordinary shares could decline and Grindrod Shipping may be subject to litigation or regulatory enforcement actions.

Grindrod Shipping has incurred and will continue to incur significant increased costs as a result of operating as a company whose ordinary shares are publicly traded in the United States, and its management is required to devote substantial time to compliance initiatives.

As a company whose ordinary shares are publicly traded in the United States, Grindrod Shipping incurs significant legal, accounting, insurance and other expenses that it had not incurred prior to the Spin-Off. In addition, the Sarbanes-Oxley Act, Dodd-Frank Wall Street Reform and Consumer Protection Act and related rules implemented by the SEC, have imposed various requirements on public companies including requiring establishment and maintenance of effective disclosure and internal controls. Grindrod Shipping's management and other personnel devote a substantial amount of time to these compliance initiatives, and Grindrod Shipping may need to add additional personnel to continue to enhance its internal compliance infrastructure. Moreover, these rules and regulations have increased Grindrod Shipping's legal and financial compliance costs and make some activities more time-consuming and costly. These laws and regulations could also make it more difficult and expensive for Grindrod Shipping to attract and retain qualified persons to serve on the board of directors, board committees or as senior management. Furthermore, if Grindrod Shipping is unable to satisfy its obligations as a public company in the United States, it could be subject to delisting of the ordinary shares, fines, sanctions and other regulatory action and potentially civil litigation.

Increased scrutiny and changing expectations from investors, lenders and other market participants with respect to our Environmental, Social and Governance ("ESG") policies may impose additional costs on us or expose us to additional risks.

Companies across all industries are facing increased scrutiny relating to their ESG policies. Investor advocacy groups, certain institutional investors, investment funds, lenders and other market participants are increasingly focused on ESG practices and have placed increased importance on the implications and social cost of their investments. The increased focus may hinder access to capital, as investors and lenders may decide to reallocate capital as a result of their assessment of a company's ESG practices. For example, lenders representing over 80% of global shipping finance have signed up to the Poseidon Principles, a framework established in 2019 for responsible maritime shipping finance pursuant to which signatories agree to assess and disclose the climate alignment of their shipping portfolios and to work to bring the portfolios in line with the IMO's climate targets. Reduced access to capital could hinder our growth. Companies that do not adapt to or comply with investor and lender expectations and standards, which are evolving, may suffer from reputational damage and their business, financial condition and stock price may be adversely affected.

We are facing increasing pressure from stakeholders to prioritize sustainable energy practices, reduce our carbon footprint and promote sustainability. It is likely that we will incur additional costs and require additional resources to monitor, report and comply with ESG requirements which could have a material adverse impact on our business, financial condition and results of operations.

Certain of Grindrod Shipping's directors may have actual or potential conflicts of interest because of their current or former associations with our controlling shareholder or its affiliates.

Certain of Grindrod Shipping's directors are affiliated with our controlling shareholder. For example, from April 1, 2023, we have a joint chief executive officer with our controlling shareholder, who is also an executive director of both boards; and another director who is a director of a company which has a business relationship with our controlling shareholder. These relationships as well as any financial interests directors may have in us or our shareholders may create, or may create the appearance of, conflicts of interest when such persons face decisions that could have different implications for Grindrod Shipping and the relevant shareholder.

Tax Risks

We may have to pay tax on U.S. source income, which would reduce our earnings.

Under the Internal Revenue Code of 1986, as amended, or the Code, 50% of the gross income derived by a non-U.S. corporation from, or in connection with, the use (or hiring or leasing for use) of a vessel, or the performance of services directly related to the use of a vessel that is attributable to transportation that either begins or ends, but that does not both begin and end, in the United States is characterized as U.S. source international transportation income. U.S. source international transportation income generally is subject to a 4% U.S. federal income tax without allowance for deduction or, if such U.S. source international transportation income is effectively connected with the conduct of a trade or business in the United States, or Effectively Connected Income, U.S. federal corporate income tax (presently imposed at a 21% rate) as well as a branch profits tax (presently imposed at a 30% rate on effectively connected earnings), unless the non-U.S. corporation qualifies for the statutory exemption from tax under Section 883 of the Code, or the Section 883 Exemption. The Section 883 Exemption applies separately to us and each of our subsidiaries that is treated as a corporation for U.S. federal income tax purposes and earns U.S. source international transportation income (which we refer to below as our "applicable subsidiaries").

It is uncertain whether we will qualify for the Section 883 Exemption for any taxable year. We presently expect to be able to qualify for the Section 883 Exemption for any taxable year in which TMI directly or indirectly owns more than 50% of the value of our outstanding equity interests for at least half of the number of days in such taxable year, meets the “Publicly Traded Test” and provides us with certification of its “Qualified Shareholder” status (each as described in “Item 10. Additional Information—Taxation—Material U.S. Federal Income Tax Considerations—Taxation of Operating Income”). TMI has indicated to us that it presently meets the Publicly Traded Test and has agreed to provide us with certification of its Qualified Shareholder status. We will also be required to obtain an ownership statement from each intermediary entity between us and TMI. We presently expect that each of our applicable subsidiaries satisfy the Qualified Shareholder Stock Ownership Test for any taxable year in which we are able to satisfy the Qualified Shareholder Stock Ownership Test. Given the factual nature of the issues involved and legal and practical uncertainties (including our reliance on TMI’s Qualified Shareholder status, which is outside of our control), we can give no assurances as to our or our applicable subsidiaries’ qualification for the exemption from tax under Section 883 of the Code for any taxable year. Furthermore, our board of directors could determine that it is in our best interests to take an action that would result in our and our applicable subsidiaries not being able to qualify for the exemption from tax under Section 883 of the Code in the future. There can be no assurance that we or any of our applicable subsidiaries will qualify for the Section 883 Exemption for any taxable year.

If we or our subsidiaries were not entitled to the Section 883 Exemption for any taxable year, we and our subsidiaries generally would be subject to a 4% U.S. federal income tax with respect to our and our subsidiaries’ gross U.S. source international transportation income or, if such U.S. source international transportation income were Effectively Connected Income, U.S. federal corporate income tax as well as a branch profits tax for any such taxable year or years. Our and our subsidiaries’ failure to qualify for the Section 883 Exemption could have a negative effect on our business and financial condition and result in decreased earnings available for distribution to our shareholders. Please see the discussion under “Item 10. Additional Information—Taxation—Material U.S. Federal Income Tax Considerations—Taxation of Operating Income”.

U.S. tax authorities could treat us as a “passive foreign investment company,” which could have adverse U.S. federal income tax consequences to U.S. shareholders.

In general, a non-U.S. entity treated as a corporation for U.S. federal income tax purposes will be treated as a “passive foreign investment company,” or a PFIC, for U.S. federal income tax purposes, for any taxable year, if, taking into account certain look-through rules, at least 75% of its gross income for such taxable year consists of certain types of “passive income,” or at least 50% of the average value of the entity’s assets during such taxable year produce or are held for the production of those types of “passive income”. For purposes of these tests, “passive income” generally includes dividends, interest, capital gains and rents derived other than in the active conduct of rental business. For purposes of these tests, income earned from the performance of services would not constitute “passive income”. By contrast, rental income generally would constitute “passive income” unless it were treated as derived in the active conduct of a trade or business under applicable rules.

U.S. shareholders of a PFIC are subject to a disadvantageous U.S. federal income tax regime with respect to the income derived by the PFIC, the distributions they receive from the PFIC, and the gain, if any, they derive from the sale or other disposition of their shares in the PFIC, as well as additional U.S. federal income tax filing obligations.

Based on our current and projected income, assets and methods of operation, we believe that we should not be treated as a PFIC with respect to our current taxable year and we expect that we should not become a PFIC for the foreseeable future. In this regard, we expect that substantially all of the vessels in our Fleet will be engaged in time or voyage chartering activities and we intend to treat our income from those activities as non-passive income, and the vessels engaged in those activities as non-passive assets, for PFIC purposes.

There is a significant amount of legal authority consisting of the Code, legislative history, and U.S. Internal Revenue Service, or IRS, pronouncements and administrative rulings supporting our position that the income derived from time charters and voyage charters constitutes services income (rather than rental income) for other tax purposes. There is, however, no direct legal authority under the PFIC rules addressing whether income from time chartering activities is services income or rental income. Moreover, it should be noted that there is also authority which characterizes time charter income as rental income rather than services income for other tax purposes. Accordingly, no assurance can be given that the IRS or a court of law will accept our position and there is a risk that the IRS or a court of law could determine that we are a PFIC. In addition, no assurance can be given as to our current and future PFIC status, because such status requires an annual factual determination based upon the composition of our income and assets for the entire taxable year. In particular, because the total value of our assets for purposes of the asset test described above will generally be calculated using the market price of our ordinary shares, our PFIC status may depend in large part on the market price of our ordinary shares. Accordingly, fluctuations in the market price of the ordinary shares may cause us to become a PFIC. In addition, the composition of our income and assets will be affected by how, and how quickly, we use the cash generated by our business operations and any net proceeds that we receive from any future financing or capital transactions. The PFIC determination also depends on the application of complex U.S. federal income tax rules concerning the classification of our assets and income for this purpose, and these rules are uncertain in some respects. Further, the PFIC determination is made annually and our circumstances or the nature of our operations may change. Accordingly, there can be no assurance that we will not be classified as a PFIC for the current taxable year or any future taxable year, and no ruling from the IRS or opinion of counsel has been issued or has been or will be sought with respect to our potential status as a PFIC.

If the IRS were to determine that we are a PFIC for any taxable year in which a U.S. shareholder owned our ordinary shares, the U.S. shareholder generally would be subject to special tax rules resulting in increased tax liability with respect to any “excess distribution” the U.S. shareholder receives on, and any gain the U.S. shareholder realizes from a sale or other disposition (including a pledge) of, our ordinary shares, unless a “mark-to-market” election is available and a U.S. shareholder makes such election with respect to the ordinary shares. In addition, if we were treated as a PFIC for any taxable year in which a U.S. shareholder owned our ordinary shares, the U.S. shareholder would be required to file IRS Form 8621 with the U.S. shareholder’s U.S. federal income tax return for each year to report the U.S. shareholder’s ownership of such ordinary shares. Please see the discussion under “Item 10. Additional Information—Taxation—Material U.S. Federal Income Tax Considerations—U.S. Federal Income Taxation of U.S. Holders—PFIC Status and Significant Tax Consequences”.

We may be subject to taxes, which may reduce our cash available for distribution to our shareholders.

We, and our subsidiaries may be subject to tax in the jurisdictions in which we are organized or operate, reducing the amount of cash available for distribution. In computing our tax obligation in these jurisdictions, we are required to take various tax accounting and reporting positions on matters that are not entirely free from doubt and for which we have not received rulings from the governing authorities. We cannot assure you that upon review of these positions the applicable authorities will agree with our positions. A successful challenge by a tax authority could result in additional tax being imposed on us or our subsidiaries. In addition, changes in our operations or ownership could result in additional tax being imposed on us or our subsidiaries in jurisdictions in which operations are conducted.

Our wholly owned subsidiary, GSPL, is incorporated under the laws of Singapore and has been accepted under the Singapore Approved International Shipping Enterprise Scheme, or the Singapore AIS Scheme, pursuant to which it has the benefit of various tax exemptions in Singapore. In particular, qualifying income, including income from the operation of foreign-flagged vessels plying in international waters, would be tax exempt in Singapore. Other benefits under the Singapore AIS Scheme include the automatic withholding tax exemption on qualifying payments made in respect of qualifying loans entered into on or before December 31, 2026 to finance the purchase or construction of Singapore-flagged and foreign-flagged vessels, subject to conditions. The Singapore AIS Scheme is awarded for an initial period of 10 years, subject to an interim review of compliance after five years, and may be extended at the end of the term. GSPL’s initial Singapore AIS Scheme expired in 2014 and has been renewed through 2024 subject to compliance with specified conditions. There is no assurance that for any subsequent renewal we will be able to meet the qualifying conditions for the Singapore AIS Scheme at the time of renewal, that the Maritime and Port Authority of Singapore will grant us such approval, or that the Singapore AIS Scheme will continue to be available under Singapore laws. In the event that our award of the Singapore AIS Scheme is not renewed, we will no longer enjoy the tax exemptions described above, and unless we are able to utilize other similar tax exemption initiatives in the future, whether in Singapore or otherwise, our income may be subject to Singapore corporate income tax. As such, our business, financial condition, results of operations and prospects may be materially and adversely affected if our acceptance under the Singapore AIS Scheme is revoked, suspended, not renewed or otherwise terminated.

We and our subsidiaries could be adversely impacted by changes in tax laws in the jurisdictions in which we are organized or operate. In this regard, on October 8, 2021, the Organization for Economic Cooperation and Development (OECD) announced that 136 of the 140 countries and jurisdictions that are members of the OECD/G20 Inclusive Framework on base erosion and profit shifting have agreed on a framework to subject certain multinational enterprises to a minimum 15% tax rate. The agreement would reallocate certain taxing rights over multinational enterprises from their home countries to the markets where they have business activities and earn profits, regardless of whether the multinational enterprises have a physical presence in such markets. While international shipping income may be exempt from some or all the provisions included in the agreement, the impact of these provisions is uncertain and may not become evident for some time, and could result in additional tax imposed on us or our subsidiaries. If any such additional taxes were imposed on us or our subsidiaries, it could have a negative effect on our business and financial condition and result in decreased earnings available for distribution to our shareholders.

Grindrod Shipping shareholders may be subject to Singapore taxes.

Singapore tax law may differ from the tax laws of other jurisdictions, including the United States. Gains from the sale of Grindrod Shipping ordinary shares by a person not tax resident in Singapore may be taxable in Singapore if such gains are considered as being part of the profits of any business carried on in Singapore. For additional information, see “Item 10. Additional Information—Taxation—Singapore Tax Considerations” in this annual report. You should consult your tax advisors concerning the overall tax consequences of acquiring, owning or selling the Grindrod Shipping ordinary shares.

ITEM 4. INFORMATION ON THE COMPANY

A. History and Development of the Company

Grindrod Shipping is the holding company which acquired the international drybulk and tanker shipping group of Former Parent, whose origins date back to the formation of a shipping and related business in 1910 by Captain John Edward Grindrod. Grindrod Shipping was incorporated as a private company, Grindrod Shipping Holdings Pte. Ltd., in Singapore on November 2, 2017 under the Singapore Companies Act. With effect from April 25, 2018, Grindrod Shipping Holdings Pte. Ltd. was converted from a private company to a public company incorporated in accordance with the laws of Singapore and it changed its name to Grindrod Shipping Holdings Ltd.

Former Parent was involved in various sectors of the shipping and transport industry for more than 100 years. The drybulk business in its current form under the IVS brand dates back to 1976 and was acquired by Former Parent in 1999. The tankers business under the Unicorn brand dates back to 1973 when Former Parent acquired a tanker of approximately 20,000 dwt and the tankers business was effectively discontinued as of December 31, 2021.

In connection with the Spin-Off, Former Parent made a *pro rata* distribution to all of Former Parent's ordinary shareholders who received Grindrod Shipping ordinary shares, with shareholders of Grindrod Shipping holding Grindrod Shipping ordinary shares in the same proportion as they held their Former Parent ordinary shares immediately prior to the consummation of the Spin-Off.

On October 12, 2022, we announced that we had entered into a Transaction Implementation Agreement ("TIA"), dated as of October 11, 2022, between the Company, TMI and Good Falkirk (MI) Limited, a wholly-owned subsidiary of TMI (the "Offeror"), providing for a voluntary conditional cash offer (the "TMI Offer") to be made by the Offeror for all of the issued ordinary shares in the capital of the Company. Under the terms of the TMI Offer, shareholders of the Company were entitled to receive the offer price of US\$21.00 in cash for each Share tendered in the TMI Offer subject to the terms and conditions set forth in the TIA. Under the terms of the TIA, subject to the conditions to the Offer being satisfied (or, to the extent permitted, waived) as of the expiration time of the Offer, the Company agreed to declare and pay a special dividend of US\$5.00 per Share to shareholders of record as of November 25, 2022 (the "Special Dividend"). On November 29, 2022, the initial TMI Offer made on October 28, 2022, expired and the Company instructed its transfer agents to pay the Special Dividend. All shares that were validly tendered were accepted for payment, following which TMI owned approximately 73.78% of the shares of the Company. A subsequent offer period began immediately thereafter and expired on December 19, 2022. On expiration of the subsequent offer period, TMI held approximately 83.23% of the outstanding shares of the Company.

On October 3, 2023 we announced the acquisition of the entire issued share capital of Taylor Maritime Management Limited and Tamar Ship Management Limited from, in the case of Taylor Maritime Management Limited, Taylor Maritime Group Limited and, in the case of Tamar Ship Management Limited, Taylor Maritime Group Limited and Temeraire Holding (MI) Limited. The acquisition is intended to further increase our revenue streams in terms of ship-management income, unlock synergies in our commercial deployment of the dry bulk fleet and achieve savings resulting from economies of scale with a larger fleet.

Our principal executive offices are located at 1 Temasek Avenue, #10-02 Millenia Tower, Singapore, 039192, our telephone number at that location is +65 6323 0048 and our website is <http://www.grinshipping.com>. The SEC maintains a website, <http://www.sec.gov>, that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC, including Grindrod Shipping. The information contained on our website is not incorporated by reference in this annual report.

From time to time, we have sold vessels in the ordinary course. For a discussion of our principal capital expenditures, see "Item 5. Operating and Financial Review and Prospects—Liquidity and Capital Resources".

B. Business Overview

We are an international shipping company that owns, charters-in and operates a fleet of drybulk carriers. Our owned vessels are held in wholly owned subsidiaries but historically we owned some of our vessels in a consolidated joint venture arrangement.

We operate in the drybulk carriers business, which is further divided into handysize, supramax/ultramax, and other operating segments. Activities that do not relate to these business segments are accumulated in an "unallocated" segment. We historically operated a tanker business, which was further divided into medium range tankers, small tankers and other segments, however we completed the plan to discontinue the tanker business during December 2021 and have presented the tanker business as a discontinued operation.

In the drybulk business we are primarily focused on the handysize and supramax/ultramax segments. We have 11 handysize drybulk carriers and 13 supramax/ultramax drybulk carriers in our Fleet with sizes ranging from 28,240 dwt to 64,230 dwt. Our drybulk carriers transport a broad range of major and minor bulk and breakbulk commodities, including ores, coal, grains, forestry products, steel products and fertilizers, along worldwide shipping routes, and are currently employed either in the spot market or servicing COAs.

As of the date of this annual report, we operate our Fleet of 24 vessels consisting of 17 owned drybulk carriers and seven long-term chartered-in drybulk carriers (see the below Fleet table for details). As of the date of this annual report, our Fleet on the water has a total drybulk carrying capacity of approximately 1.2 million dwt.

We regard chartered-in vessels as part of our Fleet if the period of the charter that we initially commit to is 12 months or more. Once we have included such chartered-in vessels in our Fleet, we will continue to regard them as part of our Fleet until the end of their chartered-in period, including any period that the charter has been extended under an option, even if at a given time the remaining period of their charter may be less than 12 months. Additionally, certain of our chartered-in vessels have purchase options.

In addition to our Fleet, we will from time to time charter-in additional vessels for initial committed periods of less than 12 months. We may do this entirely for our own profit or loss, or we may do this in respect of pools that we commercially manage in which event the profit or loss associated with the vessel will be for the account of the pool. From time to time we have, on average, chartered between 9 to 18 vessels on a short-term basis to take advantage of opportunities in the market and to help service our cargo contracts alongside our Fleet.

In previous years we partnered with global partners to operate a portion of our drybulk carriers through joint ventures and may elect to do so again in the future. For more information on the vessels previously held through joint ventures and a description of the key terms of certain of these joint ventures, see the Fleet table and “—Our Joint Ventures” below.

We have previously and expect in the future from time to time to contract for the construction of newbuilding vessels or the acquisition of newbuilding contracts. We have previously contracted, and currently expect in the future to contract, to charter in, on delivery, newbuilding vessels under construction. We may also acquire secondhand vessels.

From time to time, we may buy and sell vessels when we consider market conditions make it appropriate to do so and if our tonnage requirements permit. We consider that our trading of vessels involves both the acquisition of vessels at times when we perceive prices to be weak and the sale of vessels when values rise. In determining when to acquire vessels we take into account our liquidity position, our expectation of fundamental developments in the drybulk shipping sectors, the level of liquidity in the secondhand and charter markets, the cash flow earned by the vessel in relation to its value, the vessel’s condition and technical specifications with particular regard to fuel consumption, expected remaining useful life, the credit quality of the charterer and duration and terms of charter contracts for vessels acquired with charters attached, as well as the overall diversification of our Fleet and customers.

We provide commercial management for our drybulk carriers and we also technically manage the majority of the vessels that we own. In addition, we operate a service in the drybulk sector where we ship bulk cargo in parcel sizes that may be significantly less than the full carrying capacity of a vessel, or even less than the carrying capacity of an individual hold on a vessel. Where we load more than one parcel of bulk cargo in a hold we will separate the parcels using steel plates and other dunnage materials. Wherever it makes commercial sense to do so, we use vessels from our Fleet to carry this type of cargo. We also will source vessels off the spot market to carry the cargo. We have operated this service for more than 40 years, with a consistent customer base for most or all of this time. In addition, following the closing of the tender offer, TMI and Grindrod have been jointly evaluating options to capitalize on available synergies from the combined fleet across insurance, commercial management, technical management and corporate activities.

For a breakdown and discussion of our revenues for each of the last three financial years, see “Item 5. Operating and Financial Review and Prospects—Results of Operations”.

Our Competitive Strengths

We believe that we possess a number of competitive strengths, including:

- *Established shipping track record in key geographic markets.* The Grindrod Shipping business has been involved in various sectors of the shipping industry for more than 100 years. With a core presence and primary offices in Africa and Asia, we maintain a strong focus and local business relationships with critical end-users in geographic regions that have been key to drybulk demand growth.
- *Quality fleet built to high specifications.* We operate a quality fleet of drybulk carriers predominantly built in Japan with an average age of approximately eight years, including our long-term charter-in fleet. We believe that owning and maintaining a quality fleet of Japanese vessels reduces off-hire time and operating costs, improves safety and environmental performance and provides us with a competitive advantage in securing employment for our vessels. Additionally, we believe that quality vessels built in Japan are able to retain value over market cycles. Our quality fleet will also better allow us to cost effectively comply with increasing environmental regulations that may be applicable to our vessels.
- *Vessel employment supported by cargo contracts and strong relationships with key counterparties.* We continue to operate strategic cargo contracts and we believe that our focus on these contracts supports the employment and regional positioning of our vessels. We have also established strong long-term global relationships with shipping companies, charterers, shipyards, trading houses, brokers and commercial shipping lenders.
- *Experienced management team.* Our management team is led by Edward Buttery, who was appointed Chief Executive Officer, effective April 1, 2023. Mr. Buttery is the Founder, Chief Executive Officer and Executive Director of Taylor Maritime Investments Limited and has extensive experience in the shipping and maritime finance fields over the last 18 years. Our management team has considerable shipping experience, and has developed industry relationships with charterers, lenders, shipbuilders, insurers and other industry participants.
- *Long-standing risk management model and liquidity model.* We operate a risk management model and a liquidity model that have been in place for many years and quantify the extent to which our financial position may be at risk to freight market movements and assess our liquidity position under various scenarios. We utilize these models to evaluate and attempt to mitigate market risk during any portion of a shipping cycle with a primary focus on maintaining acceptable levels of equity and liquidity in any potential market downturn.

Business Strategies

Our primary objectives are to prioritize risk management and balance sheet flexibility, while maintaining and enhancing our position as a successful owner and operator of drybulk carrier vessels. The key elements of our strategy are:

- *Primarily focus on handysize and supramax/ultramax drybulk market.* We intend to continue focusing our operations in the key drybulk market segments in which we have historically excelled. We completed our exit from the tanker segment in 2022 and do not anticipate reinvesting in the sector at this time.
- *Maintain balance sheet flexibility and liquidity.* We continue to take a prudent approach in managing our Fleet to ensure balance sheet flexibility and liquidity. Our Goal is to strengthen our balance sheet over time by reducing net leverage, with a long-term commitment to be free of structural debt. We expect to achieve this through a combination of vessel sales and operating cash flow.
- *Utilize a dynamic approach to fleet development.* We believe that our approach to fleet management, which utilizes a combination of owned vessels, long-term charter-in vessels and short-term charter-in vessels, allows us significant flexibility to adjust our market exposure depending on market conditions. Our focus on Japanese-built vessels and our long-term charter-in fleet with attractive purchase options relative to prevailing market prices allows us to better manage our fleet renewal options while fulfilling our cargo contracts.
- *Leverage our commercial management expertise.* We intend to optimize the employment of our drybulk carriers to maximize charter revenues while mitigating risk through a combination of charters, FFA's and COA's, when appropriate, to secure future earnings and create cash flow visibility.
- *Continue to grow our relationships with key industry players.* We continue to maintain our relationships with key industry players in Japan which has historically provided us with access to attractive financing terms and high quality vessels for charters and acquisitions.

Our Fleet

The following tables set forth certain summary information regarding our Fleet as of the date of this annual report:

Drybulk Carriers - Owned Fleet (17 Vessels)

Vessel Name	Built	Country of Build	DWT	Type of Employment
Handysize – Eco				
IVS Tembe	2016	Japan	37,740	IVS Commercial ⁽¹⁾
IVS Sunbird	2015	Japan	33,400	IVS Handysize Pool
IVS Thanda	2015	Japan	37,720	IVS Commercial ⁽¹⁾
IVS Phinda	2014	Japan	37,720	IVS Commercial ⁽¹⁾
IVS Sparrowhawk	2014	Japan	33,420	IVS Handysize Pool
Handysize				
IVS Kinglet ⁽²⁾	2011	Japan	33,130	IVS Handysize Pool
IVS Magpie ⁽²⁾	2011	Japan	28,240	IVS Handysize Pool
IVS Knot ⁽²⁾	2010	Japan	33,140	IVS Handysize Pool
IVS Merlin	2011	Japan	38,468	IVS Handysize Pool
HB Imabari	2024	Japan	39,640	IVS Commercial ⁽¹⁾
Supramax/Ultramax – Eco				
IVS Prestwick	2019	Japan	61,300	IVS Supramax Pool
IVS Okudogo	2019	Japan	61,330	IVS Supramax Pool
IVS Phoenix ⁽²⁾	2019	Japan	61,470	IVS Supramax Pool
IVS Swinley Forest	2017	Japan	60,490	IVS Supramax Pool
IVS Gleneagles	2016	Japan	58,070	IVS Supramax Pool
IVS North Berwick	2016	Japan	60,480	IVS Supramax Pool
IVS Wentworth	2015	Japan	58,090	IVS Supramax Pool

Drybulk Carriers - Long-Term Charter-In Fleet (7 Vessels)

Vessel Name	Built	Country of Build	DWT	Charter-in Period ⁽³⁾	Purchase Option Price (Millions)	Type of Employment
Handysize – Eco						
IVS Kestrel ⁽⁴⁾	2014	Japan	32,770	2023-24	\$ -	IVS Handysize Pool
Supramax/Ultramax – Eco						
Aries Karin ⁽⁵⁾	2021	Japan	64,230	2024-25	\$ -	IVS Supramax Pool
IVS Atsugi ⁽⁶⁾	2020	Japan	62,660	2023-24	\$ 25.2	IVS Supramax Pool
IVS Pebble Beach ⁽⁷⁾	2020	Japan	62,660	2023-24	\$ 25.2	IVS Supramax Pool
IVS Windsor ⁽⁸⁾	2016	Japan	60,280	2023-26	\$ -	IVS Supramax Pool
IVS Crimson Creek ⁽⁹⁾	2014	Japan	57,950	2023-24	\$ -	IVS Supramax Pool
IVS Naruo ⁽¹⁰⁾	2014	Japan	60,030	2023-24	\$ ~12.0	IVS Supramax Pool

(1) Commercially managed by Grindrod Shipping alongside the IVS Handysize Pool.

(2) *IVS Knot*, *IVS Kinglet*, *IVS Magpie* and *IVS Phoenix* have each undergone separate financing arrangements in which we sold these vessels but retained the right to control the use of these vessels for a period up to 2030, 2031, 2031 and 2036, respectively, and we have an option to acquire *IVS Knot*, *IVS Kinglet* and *IVS Magpie* commencing in 2021 and *IVS Phoenix* in 2023. We regard the vessels as owned since we have retained the right to control the use of the vessels.

(3) Expiration date range represents the earliest and latest re-delivery periods due to extension options.

(4) Chartered-in until Q2 2024 with one one-year option to extend.

(5) Chartered-in until Q4 2024 with one one-year options to extend.

(6) Chartered-in until Q4 2024. The purchase option is exercisable beginning in Q4 2022 and any time thereafter to expiry date, subject to contract terms and conditions. The purchase option price reduces with a linear depreciation of \$1.0 million per year or prorate.

- (7) Chartered-in until Q3 2024. The purchase option is exercisable beginning in Q3 2022 and any time thereafter to expiry date, subject to contract terms and conditions. The purchase option price reduces with a linear depreciation of \$1.0 million per year or prorate.
- (8) Chartered-in until Q3 2024 with one one-year option and one nine-month option to extend.
- (9) Chartered-in for a period of 12 to 15 months until January 2025.
- (10) Chartered-in until Q4 2024. The purchase option was exercised in November 2023 and is subject to contract terms and conditions. The *IVS Naruo* has been contracted for sale and time charter in, with planned delivery to new owners on or before June 30, 2024. The option includes a Japanese Yen denominated component which has been hedged at a rate of 142 Yen to \$1.

Employment of Our Fleet

We aim to manage our business in a manner that achieves a balance between maximizing revenue opportunities and protecting against declines in revenue. We operate our vessels in the spot market, on long- and short-term time charters and on occasion on bareboat charters. In addition to employing our vessels in these ways, we use FFAs and enter into COAs to manage our revenue risk and employment risk. Where we carry cargo under COAs, we may utilize our Fleet to do so or we may utilize vessels that we short-term charter-in that are not part of our Fleet. We currently employ our vessels primarily in the spot market and we do not have a significant amount of fixed revenue cover.

Commercial Pools

To increase vessel utilization and thereby revenue, vessel owners participate in commercial pools with vessels of a similar size. By operating a large number of vessels as an integrated transportation system, commercial pools offer customers greater flexibility and a higher level of service while achieving scheduling efficiencies. Pools employ experienced commercial managers and operators who have close working relationships with customers and brokers, while technical management is performed by each vessel owner or procured from third parties. The managers of the pools negotiate voyage charters and COAs and time charters of various lengths, usually less than 12 months, with customers. The size and scope of these pools enable them to enhance vessel utilization rates for pool vessels by securing backhaul voyages and COAs, thus generating higher effective TCE revenue than otherwise might be obtainable for vessels operating independently in the spot market, while providing a higher level of service offerings to customers.

A pool aggregates the revenue and agreed expenses, which are usually voyage related expenses, of all of the vessels in the pool and distributes the net earnings calculated on (i) the number of pool points for the vessel, and (ii) the number of days the vessel was available to earn revenue for the pool in a distribution period. Usually a single pool manager is responsible for both the administrative and commercial management of the participating vessels, including marketing the pool, negotiating charters, including voyage charters, short duration time charters and longer term COAs, conducting pool operations, including the distribution of pool cash earnings, and managing bunker purchases, port charges and administrative services for the vessels. For these services the pool manager charges a fee, which may be a flat rate per day per vessel in the pool, or a fixed percentage rate applied typically to the gross revenue earned by the pool, or a combination of both. The pool participants remain responsible for all other costs including the financing, insurance, manning and technical management of their owned vessels or payment of charter hire to the owners of chartered-in vessels they have entered into the pool. For information regarding our accounting policies with respect to pool arrangements, see Note 2.18 to the audited consolidated financial statements.

In 2013, we established two drybulk commercial management pools in the handysize and supramax/ultramax sectors that have each demonstrated an ability to outperform, on average, relative to their industry benchmarks since their inception.

Our IVS Handysize Pool includes all of the handysize vessels in our Fleet, including those previously held through joint ventures, except for the three approximately 37,700 dwt handysize vessels which are commercially managed as a group by the same in-house team that manages the IVS Handysize Pool. For more information on the vessels previously held through joint ventures, see the Fleet table and “—Our Joint Ventures” below. In addition, there are numerous other vessels that we have short-term chartered-in and one other vessel owned by another vessel owner in the IVS Handysize Pool that was redelivered on February 2, 2023. This pool includes vessels of between approximately 28,000 dwt and 34,000 dwt, and currently trades primarily in the spot market. As pool managers we have the ability to contract pool vessels out on time charters for up to 12 months. The net earnings allocated to vessels in the IVS Handysize Pool are distributed on the basis of (i) the number of pool points for the vessel, which are based on vessel attributes such as cargo carrying capacity, fuel consumption and construction characteristics, and (ii) the number of days the vessel was available to earn revenue for the pool in a distribution period. While all of the vessels in the IVS Handysize Pool are generally similar in terms of pool point allocations, the number of days a vessel is available to earn revenue varies on the basis of when a vessel enters or exits the pool or upon the occurrence of other events such as drydocking or repairs. In light of the foregoing, this results in all vessels in the IVS Handysize Pool receiving net earnings distributions that generally reflect actual availability for use in the pool.

Our IVS Supramax Pool includes all of the supramax/ultramax vessels in our Fleet, including those previously held through joint ventures. For more information on the vessels previously held through joint ventures, see the Fleet table and “—Our Joint Ventures” below. There are no vessels owned by independent third parties in this pool. This pool includes vessels of between approximately 57,800 dwt and 64,300 dwt and currently trades in a combination of COAs and the spot market. As pool managers, we have the ability to contract pool vessels out on time charters for up to 12 months. The net earnings allocated to the vessels in the IVS Supramax Pool are distributed on the basis of (i) the number of pool points for the vessel, which are based on vessel attributes such as cargo carrying capacity, fuel consumption, and construction characteristics, and (ii) the number of days the vessel was available to earn revenue for the pool in a distribution period. While all of the vessels in the IVS Supramax Pool are generally similar in terms of pool point allocations, the number of days a vessel is available to earn revenue for the pool varies on the basis of when a vessel enters or exits the pool or upon the occurrence of other events such as drydocking or repairs. In light of the foregoing, this results in all vessels in the IVS Supramax Pool receiving net earnings distributions that generally reflect actual availability for use in the pool.

Spot Market

When we refer to a vessel operating in the spot market, we mean that we do not have long-term contracted employment for that vessel. The vessel’s commercial manager or the pool manager, as applicable, seeks employment for these vessels on a day-to-day basis. The spot market includes voyage charters. A voyage charter is generally a contract to carry a specific cargo from a load port to a discharge port for an agreed freight per ton of cargo or a specified total amount. Under voyage charters, we pay specific voyage expenses such as port, canal and bunker costs. The spot market also includes time charters of a short duration. Shipping rates are volatile and also fluctuate on a seasonal and year-to-year basis, and operating in the spot market exposes us to this volatility more than if we had long-term fixed contracted revenue.

In addition, we may enter long-term charters or COAs where the rate we charge varies according to fluctuations in the shipping market. Although these types of contracts run over a longer period, the charter rates may be reset at the start of each voyage or on a monthly or quarterly or other interval. A number of industry participants produce daily assessments of the spot market rates and indices are produced to reflect the changes in the spot market over time based on these assessments. Accordingly, these contracts are generally referred to as “index-linked” contracts. Like spot market contracts, index-linked contracts are also exposed to the volatility in the shipping markets. The Baltic Exchange is the primary producer of these indices.

Market fluctuations derive from imbalances in the availability of cargoes for shipment and the number of vessels available at any given time to transport these cargoes. Vessels operating in the spot market generate revenue that is less predictable than those under longer term time charters or those serving fixed rate COAs, but operating in the spot market may enable us to capture increased profit margins during periods of improvements in charter rates. As the costs of our Fleet are typically of a long-term, fixed nature, downturns in the spot markets and in the drybulk industry generally would result in a reduction in profit margins.

Our three approximately 37,700 dwt handysize vessels are currently primarily employed in the spot market and the vessels in the IVS Handysize Pool, are currently also employed in the spot market. The vessels in the IVS Supramax Pool currently trade in a combination of COAs and the spot market.

Commercial Management

As noted above, our three approximately 37,700 dwt handysize vessels are commercially managed as a group by the same in-house team that manages the IVS Handysize Pool and currently operate primarily in the spot market.

We owned two medium range tankers of approximately 50,000 dwt, which were commercially managed by Mansel (an affiliate of Vitol that procures shipping for oil cargoes traded by Vitol) and operated in the spot market and on Vitol traded cargoes until they were sold in April 2021.

We commercially managed one approximately 16,900 dwt tanker, which primarily traded around the southern African coast, fulfilling obligations we have under COAs, as well as the spot cargo market until it was sold in April 2021.

Time Charters

Time charters provide a fixed and stable cash flow for a known period of time. Time charters also mitigate in part the volatility and seasonality of the spot market business. We may employ vessels under longer term time charter contracts as part of our overall management of our revenue and risks. We may also enter into time charter contracts with profit sharing agreements, which enable us to benefit when the spot market rates increase.

Bareboat Charter

Our remaining medium range tanker vessel was bareboat chartered out until May 2022. The vessel was subsequently sold on June 1, 2022.

Our Joint Ventures

The following descriptions are only a summary of the material provisions of our material joint ventures and are qualified in their entirety by reference to the copies of the joint venture agreements and amendments thereto, which are included as exhibits to this annual report.

IVS Bulk Pte. Ltd.

Prior to February 14, 2020, we, through our wholly owned subsidiary GSPL, owned an approximately 33.5% interest in IVS Bulk Pte. Ltd., or IVS Bulk, a joint venture with Sankaty European Investments III S.à.r.l, or Sankaty, and Regiment Capital Ltd, or Regiment. Effective February 14, 2020, we increased our ownership to 66.75%. The financials of IVS Bulk were consolidated into our financial statements following the acquisition of the additional 33.25% rather than being accounted for under the equity accounting method, as had previously been the case.

On December 1, 2020, a loan of \$4.0 million provided by GSPL to IVS Bulk was converted into equity in line with the new shareholders agreement. The transaction increased GSPL's shareholding by 2.11% in IVS Bulk from 66.75% to 68.86%.

Effective September 1, 2021, we acquired the remaining ordinary shares in IVS Bulk for a total purchase consideration of \$46.3 million, comprising of \$37.2 million for the ordinary equity shares and \$9.1 million for the preference shares.

Leopard Tankers Pte. Ltd.

As of December 31, 2021, we owned a 50% interest in Leopard Tankers Pte. Ltd., or Leopard Tankers, a former joint venture with Vitol, or our joint venture partner. Leopard Tankers owned four 50,000 dwt tankers, which were commercially managed by Mansel, an affiliate of Vitol, which received a management fee. This joint venture terminated and we acquired two medium range "eco" tankers from the joint venture, namely *Leopard Sun* and *Leopard Moon*, in January and February 2019, respectively, and our joint venture partner acquired the remaining two vessels from Leopard Tankers in February and March 2019. The financial results of *Leopard Sun* and *Leopard Moon* were consolidated into our financial statements following delivery of these vessels to us. Leopard Tankers Pte. Ltd. and its subsidiaries were deregistered in 2022.

Management of Our Business

General management

Overall responsibility for the oversight of the management of our company rests with our board of directors. We do all of the financial and administrative management of our business ourselves, contracting in human resource, financial, legal, tax and other specialist advice from reputable, arm's length service providers when required. We and our wholly owned subsidiary GSSA each entered into a transitional services agreement with Former Parent in connection with the Spin-Off, under which Former Parent provides to us and our subsidiaries, among other things, corporate secretarial services, internal audit and information technology services. These transitional agreements have expired and we currently manage the relevant services ourselves. We and our wholly owned subsidiary GSSA each entered a related licensing agreement in respect of the use of certain intellectual property of Former Parent and GSSA remains party to a property lease agreement subject to termination on short-term notice.

Commercial management

Decisions about how to commercially employ our Fleet, and general commercial and strategic decisions relating to the conduct of our business, including participation in joint ventures, are made by our own management and employees, under guidance and authority from our board of directors in accordance with our governance framework. Following the acquisition of Taylor Maritime Management Limited in October 2023, we also provide commercial management services to our Parent company (Taylor Maritime Investments Limited).

Technical Management

Historically we have technically managed in-house the majority of the vessels that we own. In October 2023, we acquired Tamar Ship Management Limited and together we now technically manage more than 40 vessels; including vessels owned by our parent (Taylor Maritime Investments) and several third-party owned vessels. We currently employ a team of experienced and qualified managers and support staff in offices in Singapore, Hong Kong, Durban and Manila. This team includes 12 master mariners and 17 Class 1 marine engineers who perform superintendent and technical management functions for the in-house managed vessels. Our technical management team is responsible for the technical operation and upkeep of these vessels, including procurement, crewing, maintenance, repairs and dry dockings, maintaining required vetting approvals and relevant inspections, and ensuring that our vessels under in-house management comply with the requirements of classification societies, as well as relevant government, flag state, environmental and other regulations. We also provide a maritime consultancy service that includes: engineering project management services, performance monitoring, drydocking and major repair and conversion services, inspection services, newbuilding services and supervision and vessel registration services.

A majority of the crews we employ are sourced from third-party crewing providers with whom we contract directly for the supply of crews to the vessels we manage in-house. We employ crew from the Philippines, Vietnam, India, China, South Africa and some Eastern European countries. Our technical team also operated the Grindrod Shipping Training Academy located in Durban from where we sourced some of our crewing requirements until it was sold in May 2021.

In addition, our in-house technical team also oversees the third-party technical managers who have been contracted to carry out technical management functions for the balance of our Fleet. During 2021, we used one outside technical management provider, LSC Ship Management, or LSC. LSC technically managed two tankers until the vessels were sold in April 2021.

Separately, we had one tanker chartered-out on bareboat charter, under the terms of which the charterers are obligated to conduct the technical management of the vessel which they did through ASP Ship Management Singapore Pte. Ltd., the third-party managers. The bareboat charter expired in May 2022 and the tanker was sold on June 1, 2022.

Our Customers

We believe that developing strong relationships with the end users of our services allows us to better satisfy their needs with appropriate vessels and solutions. A prospective customer's financial condition, creditworthiness, and reliability track record are important factors in negotiating our vessels' employment. Our customers with whom we contract as commercial managers of our own, our joint venture partners' and third parties' drybulk carriers include other shipping companies, international commodity trading houses, mining companies, industrial manufacturing companies, major oil companies, and traders of grains, steel and forestry products.

For the years ended December 31, 2023, 2022 and 2021, no single customer accounted for 10% or more of our drybulk business revenue. For the years ended December 31, 2023, 2022 and 2021, no single customer accounted for 10% or more of our tanker business revenue.

Seasonality

We operate our drybulk carriers in markets that have historically exhibited seasonal variations in demand and, as a result, in charter hire rates. This seasonality may result in volatility in our operating results to the extent that we enter into new charter agreements or renew existing agreements during a time when charter rates are weaker or we operate our vessels on the spot market or under time charters, which may result in quarter-to-quarter volatility in our operating results.

The drybulk sector is typically stronger in the fall and winter months in anticipation of increased consumption of coal and other raw materials in the northern hemisphere. The celebration of Chinese New Year in the first quarter of each year, also results in lower volumes of seaborne trade into China during this period.

In addition, unpredictable weather patterns tend to disrupt vessel routing and scheduling as well as the supplies of certain commodities.

Competition

Our vessels are employed in a highly competitive market that is capital intensive and highly fragmented. The competition in the market is based primarily on supply and demand and we compete for charters and COAs on the basis of price, vessel location, vessel specifications including fuel consumption, size, age, condition and country of build, our and our third-party commercial managers' reputations, and, additional requirements of the charterers.

We compete primarily with other independent and state-owned drybulk vessel-owners. Our competitors may have more resources than us and may operate vessels that are able to consume cheaper fuels, in particular, any competitors who have installed or may install scrubbers in compliance with IMO 2020 regulations, and are newer, and therefore more attractive to charterers, than our vessels. Ownership and control of drybulk carriers is highly fragmented and is divided among a large number of players including publicly listed and privately owned shipping companies, mining companies, commodity trading houses, private equity and other investment funds and state-controlled owners. Due in part to the highly fragmented markets in which we operate, competitors with greater resources than us could enter the drybulk shipping industry and operate larger fleets through consolidations or acquisitions and may be able to offer lower charter rates and higher quality vessels than we are able to offer. See, "Item 3. Risk Factors—Risks Related to Our Industry—We operate in the highly competitive international shipping industry and we may not be able to compete for charters and COAs with new entrants or established companies with greater resources, and, as a result, we may be unable to employ our vessels profitably".

Environmental and Other Regulations

Government regulation significantly affects the ownership and operation of our vessels. We are subject to international conventions and treaties and national, state and local laws and regulations relating to safety and health and environmental protection in force in the countries in which our vessels may operate or are registered. These regulations include requirements relating to the storage, handling, emission, transportation and discharge of hazardous and non-hazardous materials, and the remediation of contamination and liability for damage to natural resources. Compliance with such laws, regulations and other requirements may entail significant expense, including vessel modifications and implementation of specific operating procedures.

A variety of governmental, quasi-governmental and private organizations subject our vessels to both scheduled and unscheduled inspections. These entities include the local port authorities (applicable national authorities such as the United States Coast Guard, or USCG, harbor master or equivalent), classification societies, flag state administrations, charterers, and terminal operators. Certain of these entities require us to obtain permits, licenses, certificates and other authorizations for the operation of our vessels. Failure to maintain necessary permits or approvals could require us to incur substantial costs or result in the operation of one or more of our vessels being temporarily suspended or lead to the invalidation or reduction of our insurance coverage.

We believe that the heightened level of environmental and quality concerns among insurance underwriters, regulators and charterers is leading to greater inspection and safety requirements on all vessels and may accelerate the scrapping of older vessels throughout the industry. Increasing environmental concerns have created a demand for vessels that conform to the stricter environmental standards. We strive to maintain operating standards for all of our vessels that emphasize operational safety, quality maintenance, continuous training of our officers and crews and compliance with U.S. and international regulations. We believe that our vessels are operated in substantial compliance with applicable environmental laws and regulations and have all material permits, licenses, certificates or other authorizations necessary for the conduct of our operations. However, because such laws and regulations are frequently changed and may impose increasingly stricter requirements, we cannot predict the future cost of complying with these requirements, or the impact of these requirements on the resale value or useful lives of our vessels. In addition, a future serious marine incident that results in significant oil pollution, release of hazardous substances, loss of life, or otherwise causes significant adverse environmental impact, such as the 2010 BP plc *Deepwater Horizon* oil spill in the Gulf of Mexico, could result in additional legislation or regulations that could negatively affect our profitability.

International Maritime Organization

The International Maritime Organization, the United Nations agency for maritime safety and the prevention of pollution by vessels, or the IMO, has adopted MARPOL. MARPOL entered into force on October 2, 1983. It has been adopted by over 150 nations, including many of the jurisdictions in which our vessels will operate.

MARPOL is broken into six Annexes, each of which regulates a different source of pollution. Annex I relates to oil leakage or spilling; Annex II relates to noxious liquid substances carried in bulk; Annex III relates to harmful substances carried in packaged form; Annexes IV and V relate to sewage and garbage management, respectively; and Annex VI relates to air emissions.

In 2012, the IMO's Marine Environment Protection Committee, or MEPC, adopted by resolution amendments to the International Code for the Construction and Equipment of Ships carrying Dangerous Chemicals in Bulk, or the IBC Code. The provisions of the IBC Code are mandatory under MARPOL and SOLAS. These amendments, which entered into force in June 2014, pertain to revised international certificates of fitness for the carriage of dangerous chemicals in bulk and identifying new products that fall under the IBC Code.

The MARPOL Annex I Condition Assessment Scheme, or CAS, sets out a framework of inspection and verification of the structural condition of certain oil tankers. In 2013, the MEPC adopted by resolution amendments to the CAS. These amendments, which became effective on October 1, 2014, complement inspections of bulk carriers and tankers set forth in the 2011 International Code on the Enhanced Programme of Inspections during Surveys of Bulk Carriers and Oil Tankers, or ESP Code, and enhance the programs of inspections for certain tankers.

Air Emissions

In September of 1997, the IMO adopted Annex VI to MARPOL to address air pollution. Effective May 2005, Annex VI set limits on nitrogen oxide emissions from vessels whose diesel engines were constructed (or underwent major conversions) on or after January 1, 2000. It also prohibits "deliberate emissions" of "ozone depleting substances," defined to include certain halons and chlorofluorocarbons. "Deliberate emissions" are not limited to times when the vessel is at sea; they can, for example, include discharges occurring in the course of the vessel's repair and maintenance. Emissions of "volatile organic compounds" from certain vessels, and the shipboard incineration (from incinerators installed after January 1, 2000) of certain substances (such as polychlorinated biphenyls, PCBs), are also prohibited. Annex VI also includes a global cap on the sulfur content of fuel oil and allows for special areas to be established with more stringent controls of sulfur emissions known as ECAs.

MEPC adopted amendments to Annex VI on October 10, 2008, which entered into force on July 1, 2010. The amended Annex VI seeks to further reduce air pollution by, among other things, implementing a progressive reduction of the amount of sulfur contained in any fuel oil used on board vessels. As of January 1, 2012, the amended Annex VI required that fuel oil contain no more than 3.50% sulfur (from the previous cap of 4.50%). Pursuant to MEPC 70, the amended Annex VI requires that fuel oil contain no more than 0.5% sulfur (from the previous cap of 3.5%) as of January 1, 2020. In MEPC 72, MEPC further agreed to prohibit the carriage of non-compliant fuel after 2020, unless a vessel is fitted with an equivalent arrangement such as a scrubber. As of January 2020, vessels now have to either reduce sulfur from emissions through the installation and use of emission scrubbers or buy fuel with lower sulfur content that is more expensive than standard marine fuel. Consequently, complying with MEPC 70 could result in a significant capital expenditure or a significant increase in the cost of bunkers. We use compliant bunker fuel in our vessels and have not yet ordered and do not currently plan to order any emissions treating systems for fitting on our existing vessels, although we may do so in the future for our current and / or future vessels. While we believe that burning compliant fuel, rather than treating non-compliant fuel, is an appropriate commercial strategy, the net earnings of our vessels may be negatively impacted by a differentiated bunker fuel market in the future and our vessels may not be as attractive to charterers as vessels fitted with exhaust treatment systems.

Sulfur content standards are even stricter within certain ECAs. As of January 1, 2015, vessels operating within an ECA may not use fuel with sulfur content in excess of 0.10%. Amended Annex VI established procedures for designating new ECAs. The Baltic and North Seas, certain coastal areas of North America and the United States Caribbean Sea are all within designated ECAs. In addition, certain ports in China and South Korea are or will become subject to domestic ECAs in those countries. In May 2025 the entire Mediterranean sea will be reclassified as an ECA area. Ocean-going vessels in these areas are subject to stringent emission controls, which may cause us to incur additional costs. If other ECAs are approved by the IMO or other new or more stringent requirements relating to emissions from marine diesel engines or port operations by vessels are adopted by the U.S. Environmental Protection Agency, or the EPA, or the states or other national jurisdictions where we operate, compliance with these regulations could entail significant capital expenditures, operational changes, or otherwise increase the costs of our operations. For example, the amended Annex VI also establishes new tiers of stringent nitrogen oxide emissions standards for new marine engines, depending on their date of installation. The EPA promulgated equivalent (and in some senses stricter) emissions standards in late 2009. At MEPC 70 and MEPC 71, MEPC approved and adopted the North Sea and Baltic Sea as ECAs for nitrogen oxides, effective January 1, 2021.

As of January 1, 2023, MARPOL made mandatory certain measures relating to energy efficiency for vessels. Under these measures, by 2025, all new vessels built must be 30% more energy efficient than those built in 2014. This included the requirement that all new vessels utilize the Energy Efficiency Design Index, or EEDI, and all vessels develop and implement Ship Energy Efficiency Management Plans, or SEEMPs. We are in the process of implementing energy savings measures for our vessels, which will require financial expenditures, but ultimately result in lower fuel costs.

We believe that all our vessels are compliant in all material respects with these regulations that are currently in force. Additional or new conventions, laws and regulations may be adopted that could require the installation of expensive emission control systems and could adversely affect our business, financial condition, cash flows and results of operations.

Ballast Water Management

The IMO adopted the BWM Convention, in February 2004. The BWM Convention's implementing regulations call for a phased introduction of mandatory ballast water exchange requirements, to be replaced in time with mandatory concentration limits. All vessels will also have to carry a ballast water record book and an International Ballast Water Management Certificate. The BWM Convention entered into force 12 months after it was adopted by 30 states, the combined merchant fleets of which represent not less than 35% of the gross tonnage of the world's merchant shipping. On September 8, 2016, this threshold was met (with 52 contracting parties making up 35.14%). Thus, the BWM Convention entered into force on September 8, 2017. However, at MEPC 71, MEPC decided that, while new vessels constructed after September 8, 2017 must comply on delivery with the BWM Convention, implementation of the BWM Convention would be delayed for existing vessels (constructed prior to September 8, 2017) for a further two years. For such existing vessels, installation of ballast water management systems, or BWMS, must take place at the first renewal survey following September 8, 2017 (the date the BWM Convention entered into force). Although requirements with respect to D-2 performance standards relating to mandatory concentration limits will be phased in based on renewal survey dates, all vessels must meet the standards by September 8, 2024. At MEPC 70, MEPC adopted updated "guidelines for approval of ballast water managements systems (G8)". G8 updates previous guidelines concerning procedures to approve BWMS. The G8 guidelines became mandatory through the BWMS Code, which was adopted in MEPC 72 and entered into force in October 2019. MEPC 72 also agreed to develop guidelines for mandatory ballast water sampling to confirm that a vessel's BWMS complies with standards set out in the BWM Convention prior to the vessel receiving its International Ballast Water Management Certificate. Once mid-ocean ballast exchange or ballast water treatment requirements become mandatory, the cost of compliance could increase for ocean carriers and the costs of ballast water treatments may be material. However, many countries already regulate the discharge of ballast water carried by vessels from country to country to prevent the introduction of invasive and harmful species via such discharges. The United States for example, requires vessels entering its waters from another country to conduct mid-ocean ballast exchange, or undertake some alternate measure, and to comply with certain reporting requirements. We believe the costs of such ballast water compliance may be material over time, however, it is difficult to predict the overall impact of such requirements on our operations.

Safety Management System Requirements

The IMO has also adopted SOLAS and the LL Convention, which impose a variety of standards that regulate the design and operational features of vessels. The IMO periodically revises the SOLAS and LL Convention standards. Amendments to SOLAS relating to safe manning of vessels that were adopted in May 2012 entered in force on January 1, 2014. The Convention on Limitation of Liability for Maritime Claims, or LLMC, was recently amended and the amendments went into effect on June 8, 2015. The amendments alter the limits of liability for loss of life or personal injury claims and property claims against vessel owners. We believe that all our vessels are in substantial compliance with SOLAS and LL Convention standards.

Our operations are also subject to environmental standards and requirements under Chapter IX of SOLAS set forth in the ISM Code. The ISM Code requires the owner of a vessel, or any person who has taken responsibility for operation of a vessel, to develop an extensive safety management system that includes, among other things, the adoption of a safety and environmental protection policy setting forth instructions and procedures for operating its vessels safely and describing procedures for responding to emergencies. We rely upon the safety management system that we or our technical managers have developed for compliance with the ISM Code. The failure of a vessel owner or bareboat charterer to comply with the ISM Code may subject such party to increased liability, may decrease available insurance coverage for the affected vessels and may result in a denial of access to, or detention in, certain ports.

The ISM Code requires that vessel operators obtain a safety management certificate for each vessel they operate. This certificate evidences compliance by a vessel's management with the ISM Code requirements for a safety management system. No vessel can obtain a safety management certificate under the ISM Code unless its manager has been awarded a document of compliance, issued by classification societies under the authority of each flag state. We and/or our third-party technical manager have documents of compliance and safety management certificates for all of our vessels for which the certificates are required by the IMO. The document of compliance and safety management certificate are renewed every five years, but the document of compliance is subject to audit verification annually and the safety management certificate at least every 2.5 years.

The flag state, as defined by the United Nations Convention on Law of the Sea, has overall responsibility for implementing and enforcing a broad range of international maritime regulations with respect to all vessels granted the right to fly its flag. The "Shipping Industry Flag State Performance Table" published annually by the International Chamber of Shipping evaluates and reports on flag states based on factors such as ratification, implementation, and enforcement of principal international maritime treaties and regulations, supervision of statutory vessel surveys, and participation at IMO and International Labour Organization, or ILO, meetings. All of our owned vessels are currently flagged in Singapore except one supramax and three handysize bulk carriers that are subject to financing arrangements, *IVS Phoenix*, *IVS Knot*, *IVS Kinglet* and *IVS Magpie*, which are flagged in the Marshall Islands. Singapore flagged vessels have historically received a good assessment in the shipping industry. We recognize the importance of a credible flag state and do not intend to use flags of convenience or flag states with poor performance indicators. Noncompliance with the ISM Code or other IMO regulations may subject the vessel owner or bareboat charterer to increased liability, may lead to decreases in available insurance coverage for affected vessels and may result in the denial of access to, or detention in, some ports. The USCG and European Union authorities have indicated that vessels not in compliance with the ISM Code by the applicable deadlines will be prohibited from trading in U.S. and European Union ports, respectively. Each of our vessels are ISM Code certified. However, there can be no assurance that such certificate will be maintained.

Noncompliance with the ISM Code and other IMO regulations may subject the vessel owner or bareboat charterer to increased liability, may lead to decreases in, or invalidation of, available insurance coverage for affected vessels and may result in the denial of access to, or detention in, some ports.

Pollution Control and Liability Requirements

The IMO has negotiated international conventions that impose liability for oil pollution in international waters and the territorial waters of the signatory to such conventions. Many countries have ratified and follow the liability plan adopted by the IMO and set out in the CLC. Under this convention, and depending on whether the country in which the damage results is a party to the 1992 Protocol to the CLC, a vessel's registered owner is strictly liable for pollution damage caused in the territorial waters of a contracting state by discharge of persistent oil, subject to certain exceptions. The 1992 Protocol changed certain limits on liability, expressed using the International Monetary Fund currency unit of Special Drawing Rights. The limits on liability have since been amended so that the compensation limits on liability were raised. The right to limit liability is forfeited under the CLC where the spill is caused by the vessel owner's actual fault and under the 1992 Protocol where the spill is caused by the vessel owner's intentional or reckless act or omission where the vessel owner knew pollution damage would probably result. The CLC requires vessels covered by it to maintain insurance covering the liability of the owner in a sum equivalent to an owner's liability for a single incident. We believe that our protection and indemnity insurance will cover the liability under the plan adopted by the IMO.

The IMO adopted the International Convention on Civil Liability for Bunker Oil Pollution Damage, or the Bunker Convention, to impose strict liability on vessel owners for pollution damage in jurisdictional waters of ratifying states caused by discharges of bunker fuel. The Bunker Convention requires registered owners of vessels over 1,000 gross tons to maintain insurance for pollution damage in an amount equal to the limits of liability under the applicable national or international limitation regime (but not exceeding the amount calculated in accordance with the Convention on Limitation of Liability for Maritime Claims of 1976, as amended). With respect to non-ratifying states, liability for spills or releases of oil carried as fuel in a vessel's bunkers typically is determined by the national or other domestic laws in the jurisdiction where the events or damages occur.

IMO regulations also require owners and operators of vessels to adopt shipboard oil pollution emergency plans and/or shipboard marine pollution emergency plans for noxious liquid substances in accordance with the guidelines developed by the IMO.

The IMO continues to review and introduce new regulations. It is impossible to predict what additional regulations, if any, may be passed by the IMO and what effect, if any, such regulations may have on our operations.

The U.S. Oil Pollution Act of 1990 and Comprehensive Environmental Response, Compensation and Liability Act

The U.S. Oil Pollution Act of 1990, or OPA, established an extensive regulatory and liability regime for the protection and cleanup of the environment from oil spills. OPA affects all "owners and operators" whose vessels trade in the United States, its territories and possessions or whose vessels operate in United States waters, which includes the United States' territorial sea and its 200 nautical mile exclusive economic zone. The United States has also enacted the Comprehensive Environmental Response, Compensation and Liability Act, or CERCLA, which applies to the discharge of hazardous substances other than oil except in limited circumstances, whether on land or at sea. OPA and CERCLA both define "owner and operator" in the case of a vessel as any person owning, operating or chartering by demise the vessel. OPA applies to oil tankers, as well as non-tanker vessels that carry fuel oil, or bunkers, to power such vessels. CERCLA also applies to our operations.

Under OPA, vessel owners and operators are "responsible parties" and are jointly, severally and strictly liable (unless the spill results solely from the act or omission of a third party, an act of God or an act of war) for all containment and clean-up costs and other damages arising from discharges or threatened discharges of oil from their vessels. OPA defines these other damages broadly to include:

- injury to, destruction or loss of, or loss of use of, natural resources and the costs of assessment thereof;
- injury to, or economic losses resulting from, the destruction of real and personal property;
- net loss of taxes, royalties, rents, fees or net profit revenues resulting from injury, destruction or loss of real or personal property, or natural resources;
- loss of subsistence use of natural resources that are injured, destroyed or lost;
- lost profits or impairment of earning capacity due to injury, destruction or loss of real or personal property or natural resources; and
- net cost of increased or additional public services necessitated by removal activities following a discharge of oil, such as protection from fire, safety or health hazards.

OPA contains statutory caps on liability and damages; such caps do not apply to direct cleanup costs. Effective March 23, 2023, the USCG adjusted the limits of OPA liability for non-tank vessels, edible oil tank vessels, and any oil spill response vessels, to the greater of \$1,300 per gross ton or \$1,076,000 (subject to periodic adjustment for inflation). These limits of liability do not apply if an incident was proximately caused by the violation of an applicable U.S. federal safety, construction or operating regulation by a responsible party (or its agent, employee or a person acting pursuant to a contractual relationship), or a responsible party's gross negligence or willful misconduct. The limitation on liability similarly does not apply if the responsible party fails or refuses to (i) report the incident where the responsible party knows or has reason to know of the incident; (ii) reasonably cooperate and assist as requested in connection with oil removal activities; or (iii) without sufficient cause, comply with an order issued under the Federal Water Pollution Act (Section 311 (c), (e)) or the Intervention on the High Seas Act.

CERCLA contains a similar liability regime whereby owners and operators of vessels are liable for cleanup, removal and remedial costs, as well as damage for injury to, or destruction or loss of, natural resources, including the reasonable costs associated with assessing same, and health assessments or health effects studies. There is no liability if the discharge of a hazardous substance results solely from the act or omission of a third party, an act of God or an act of war. Liability under CERCLA is limited to the greater of \$300 per gross ton or \$5 million for vessels carrying a hazardous substance as cargo and the greater of \$300 per gross ton or \$500,000 for any other vessel. These limits do not apply (rendering the responsible person liable for the total cost of response and damages) if the release or threat of release of a hazardous substance resulted from willful misconduct or negligence, or the primary cause of the release was a violation of applicable safety, construction or operating standards or regulations. The limitation on liability also does not apply if the responsible person fails or refuses to provide all reasonable cooperation and assistance as requested in connection with response activities where the vessel is subject to OPA.

OPA and CERCLA both require owners and operators of vessels to establish and maintain with the USCG evidence of financial responsibility sufficient to meet the maximum amount of liability to which the particular responsible person may be subject. Vessel owners and operators may satisfy their financial responsibility obligations by providing a proof of insurance, a surety bond, qualification as a self-insurer or a guarantee. We comply in all material respects with the USCG's financial responsibility regulations by providing a certificate of responsibility evidencing sufficient self-insurance.

We currently maintain pollution liability coverage insurance in the amount of \$1.0 billion per incident for each of our vessels. If the damages from a catastrophic spill were to exceed our insurance coverage it could have an adverse effect on our business and results of operations.

OPA specifically permits individual states to impose their own liability regimes with regard to oil pollution incidents occurring within their boundaries, provided they accept, at a minimum, the levels of liability established under OPA. Some states have enacted legislation providing for unlimited liability for oil spills. In some cases, states, which have enacted such legislation have not yet issued implementing regulations defining vessel owners' responsibilities under these laws. We comply in all material respects with all existing applicable state regulations in the ports where our vessels call.

Significant oil spills, such as the 2010 *Deepwater Horizon* oil spill in the Gulf of Mexico, may also result in additional legislative or regulatory initiatives, including the raising of liability caps under OPA or more stringent operational requirements. We cannot predict what additional requirements, if any, may be enacted and what effect, if any, such requirements may have on our operations.

Other Environmental Initiatives

The CWA prohibits the discharge of oil or other substances in U.S. navigable waters unless authorized by a duly-issued permit or exemption, and imposes strict liability in the form of penalties for any unauthorized discharges. The CWA also imposes substantial liability for the costs of removal, remediation and damages and complements the remedies available under OPA and CERCLA. In addition, many U.S. states that border a navigable waterway have enacted environmental pollution laws that impose strict liability on a person for removal costs and damages resulting from a discharge of oil or a release of a hazardous substance. These laws may be more stringent than U.S. federal law.

The EPA regulates the discharge of ballast water and other substances in U.S. waters under the CWA. EPA regulations require vessels 79 feet in length or longer (other than commercial fishing and recreational vessels) to comply with a Vessel General Permit, or VGP, that authorizes ballast water discharges and other discharges incidental to the operation of vessels. For a new vessel delivered to an owner or operator after September 19, 2009 to be covered by the VGP, the owner must submit a Notice of Intent, or NOI, at least 30 days before the vessel operates in U.S. waters. The VGP imposes technology and water-quality based effluent limits for certain types of discharges and establishes specific inspection, monitoring, record keeping and reporting requirements to ensure the effluent limits are met. The EPA renewed and revised the VGP, effective December 19, 2013. The VGP now contains numeric ballast water discharge limits for most vessels to reduce the risk of invasive species in U.S. waters and more stringent requirements for exhaust gas scrubbers and requires the use of environmentally acceptable lubricants.

The USCG regulations adopted under the U.S. National Invasive Species Act, or NISA, also impose mandatory ballast water management practices for all vessels equipped with ballast water tanks entering or operating in U.S. waters. As of June 21, 2012, the USCG adopted revised ballast water management regulations that established standards for allowable concentrations of living organisms in ballast water discharged from vessels in U.S. waters. The USCG must approve any technology before it is placed on a vessel.

Notwithstanding the foregoing, as of January 1, 2014, vessels are technically subject to the phasing-in of these standards. As a result, the USCG in the past provided waivers to vessels which could not install the then unapproved ballast water treatment technology, but has begun to deny requests for waivers in light of its recent approval of a handful of technologies. In March 2018 the USCG published guidance on the limited circumstances in which it would authorize extension of a vessel's compliance date and further indicated that extensions will generally not be granted for more than twelve months. The EPA, on the other hand, has taken a different approach to enforcing ballast discharge standards under the VGP. On December 27, 2013, the EPA issued an enforcement response policy in connection with the new VGP in which the EPA indicated that it would take into account the reasons why vessels do not have the requisite technology installed, but will not grant any waivers.

It should also be noted that in October 2015, the Second Circuit Court of Appeals issued a ruling that directed the EPA to redraft the sections of the 2013 VGP that address ballast water. However, the Second Circuit stated that 2013 VGP, which was scheduled to expire in December 2018, will remain in effect until the EPA issues a new VGP.

On December 4, 2018, the Vessel Incidental Discharge Act, or VIDA, was enacted. VIDA establishes a new framework for the regulation of vessel incidental discharges (including ballast water) under the CWA. VIDA requires the EPA to develop performance standards for those discharges within two years of enactment and requires the USCG to develop implementation, compliance, and enforcement regulations within two years of the EPA's promulgation of standards. The new regulations cannot be less stringent than the 2013 VGP or the USCG NISA regulations. Under VIDA, all provisions of the 2013 VGP remain in force and effect until the USCG regulations are finalized. In addition, VIDA requires the USCG to finalize a policy letter within one year that describes ballast water treatment systems approval testing methods and protocols. The EPA proposed Vessel Incidental Standards of Performance in October 2020, a Supplemental Notice of Proposed Rulemaking in October 2023 and is expected to publish the final standards by September 2024, after which the USCG will have two years to publish its implementation, compliance and enforcement regulations. Once the USCG regulations are in effect, subject to certain exceptions in the Pacific Coast and Great Lakes, states and regions cannot develop or enforce more stringent standards unless they petition the EPA and can establish that the revised best management standard would reduce adverse impacts from discharges and is both economically achievable and operationally practical.

Compliance with the EPA and the USCG regulations could require the installation of equipment on our vessels to treat ballast water before it is discharged or the implementation of other port facility disposal arrangements or procedures at potentially substantial cost, or may otherwise restrict our vessels from entering U.S. waters. While we believe that our vessels have been or will be fitted with systems that will comply with the standards, those systems may not be approved. If they are not approved it could have an adverse material impact on our business, financial condition, and results of operations depending on the available ballast water treatment systems and the extent to which existing vessels must be modified to accommodate such systems. In addition, certain states have enacted more stringent discharge standards as conditions to their required certification of the VGP, and can continue to enforce those standards until the USCG VIDA regulations are finalized. Although VIDA clarifies some of the confusion regarding the differing United States regulatory schemes applicable to ballast water, it continues to remain unclear how the ballast water requirements set forth by the EPA, the USCG, and IMO BWM Convention, some of which are in effect and some which are pending, will co-exist.

The U.S. Clean Air Act of 1970, as amended by the Clean Air Act Amendments of 1977 and 1990, or the CAA, requires the EPA to promulgate standards applicable to emissions of volatile organic compounds and other air contaminants. The CAA also requires states to adopt State Implementation Plans, or SIPs, designed to attain national health-based air quality standards in primarily major metropolitan and/or industrial areas. Several SIPs regulate emissions resulting from vessel loading and unloading operations by requiring the installation of vapor control equipment.

European Union Regulations

In October 2009, the European Union amended a directive to impose criminal sanctions for illicit ship-source discharges of polluting substances, including minor discharges, if committed with intent, recklessly or with serious negligence and the discharges individually or in the aggregate result in deterioration of the quality of water. Aiding and abetting the discharge of a polluting substance may also lead to criminal penalties. Member states were required to enact laws or regulations to comply with the directive by the end of 2010. Criminal liability for pollution may result in substantial penalties or fines and increased civil liability claims. The directive applies to all types of vessels, irrespective of their flag, but certain exceptions apply to warships or where human safety or that of the vessel is in danger.

The European Union has adopted several regulations and directives requiring, among other things, more frequent inspections of high-risk vessels, as determined by type, age, flag, and the number of times the vessel has been detained. The European Union also adopted and then extended a ban on substandard vessels and enacted a minimum ban period and a definitive ban for repeated offenses. The regulation also provided the European Union with greater authority and control over classification societies, by imposing more requirements on classification societies and providing for fines or penalty payments for organizations that failed to comply.

The EU Ship Recycling Regulation, or EU SRR, entered into force on December 31, 2013. The EU SRR brings forward the implementation of the provisions contained in the IMO's Hong Kong International Convention for the Safe and Environmentally Sound Recycling of Ships, 2009, or the Hong Kong Convention, which will enter into force on June 26, 2025. The EU SRR aims to prevent, reduce and, to the extent practicable, eliminate accidents, injuries and other adverse effects on human health and the environment caused by ship recycling. The EU SRR aims to ensure that hazardous waste from ship recycling is subject to environmentally sound management and also includes rules to ensure the proper management of hazardous materials on ships.

As of December 31, 2018 all ships not less than 500 gross tonnes and flagged under an EU member state may be recycled only in an EU-approved ship recycling facility. Beginning December 31, 2020, EU-flagged and non-EU-flagged ships calling at EU ports are also required to have onboard a verified inventory of hazardous materials with a statement of compliance issued by a representative organization.

Greenhouse Gas Regulations

Currently, the emissions of greenhouse gases, or GHGs, from international shipping are not subject to the Kyoto Protocol to the United Nations Framework Convention on Climate Change, which entered into force in 2005 and pursuant to which adopting countries have been required to implement national programs to reduce GHG emissions. The 2015 United Nations Convention on Climate Change Conference in Paris resulted in the Paris Agreement, which entered into force on November 4, 2016 and aims to limit global temperature rise below 2 degrees celsius above pre-industrial levels and to pursue efforts to limit temperature increase even further to 1.5 degrees celsius. However, neither the Paris Agreement nor the subsequent 2021 Glasgow Climate Agreement directly limit GHG emissions from vessels.

The IMO has taken a number of measures to address GHG emissions associated with international shipping. As of January 1, 2013, vessels were required to comply with new MEPC mandatory requirements relating to energy efficiency to address GHG emissions from vessels. In addition, MEPC 70 approved a “roadmap” for developing an IMO strategy by 2018 on reduction of GHG emissions from vessels. In April 2018, MEPC 72 adopted an initial strategy to reduce GHG emissions from shipping by at least 50% by 2050 compared to 2008 levels, while pursuing efforts towards phasing them out entirely as “a pathway of CO₂ emissions reduction consistent with the Paris Agreement temperature goals.” In November 2021, MEPC 77 indicated that the IMO’s goal of reducing shipping greenhouse gas emissions 50% by 2050 does not go far enough to address the impact of shipping on climate change and that the MEPC intends to initiate a revision of its GHG targets by 2023. MEPC 80 adopted a revised strategy including a goal of reaching net-zero GHG emissions “close to” 2050, interim goals to reduce GHG emissions from ships by at least 20% (striving for 30%) by 2030 and by at least 70% (striving for 80%) by 2040, and a 2030 target to achieve an uptake of zero and near-zero GHG emissions technologies, fuels and/or energy sources, representing at least 5% (striving for 10%) of the energy used by international shipping.

During MEPC 76 in June 2021, the IMO adopted amendments to MARPOL Annex VI, introducing an Energy Efficiency Design Index for existing ships (EEXI) and Carbon Intensity Indicator (CII). The requirements entered into force on January 1, 2023. Guidelines on calculations, surveys and verification of the EEXI were finalized at MEPC 76. EEXI measures CO₂ emissions per transport work. The calculation of the EEXI follows the calculation of the well-known Energy Efficiency Design Index (EEDI), which applies to new ships and has been in force since 2013. Different vessel efficiency improvement measures to comply with EEXI are possible such as engine power limitation, shaft power limitation, engine derating, propulsion optimization, energy-saving devices.

CII is a new measure based on an operational approach that supports the IMO’s objective of reducing CO₂ emissions per transport work. CII is the operational carbon intensity indicator expressed in grams of CO₂ per deadweight-nautical mile and it is a measure of vessel efficiency of CO₂ emitted when transporting cargo. After the January 1, 2023, each ship should calculate its attained CII every year, based on the annual fuel consumption and annual distance travelled, which is collected under the IMO’s Data Collection System, or DCS. Ships will be given an annual CII rating ranging from “A” to “E,” with the rating thresholds becoming increasingly stringent from 2023 until 2030. Ships that receive ratings of “D” for three consecutive years or “E” for one year must submit a corrective action plan showing how a “C” rating or above will be achieved.

In addition to IMO measures and targets, a number of initiatives and declarations seeking to reduce GHG emissions from the shipping sector were announced at the Glasgow Climate Change Conference of Parties, or COP26. For example, in the Declaration on Zero Emission Shipping, 14 countries committed to work with the IMO to place the shipping sector on a pathway to achieving full decarbonisation by 2050. In the Clydebank Declaration, 22 countries committed to establishing at least six zero-emission shipping routes by 2025. Moreover, the Dhaka-Glasgow Declaration calls for a mandatory GHG tax for the shipping sector to curb carbon emissions.

The European Union has also undertaken or proposed a number of measures to monitor and reduce GHG emissions from the shipping industry. In 2013 the European Commission set out a strategy for progressively integrating maritime emissions into the European Union’s policy for reducing its GHG emissions, with the first step being monitoring, reporting and verification of GHG emissions from large ships calling at European Union ports. Towards this end, in April 2015, a regulation was adopted requiring that large vessels (over 5,000 gross tons) calling at European Union ports from January 2018 collect and publish data on CO₂ emissions and other information. In July 2021, the European Union published proposed legislation to extend its emission trading system (the EU ETS) to the maritime transport sector. Under the proposal, ships over 5,000 gross tonnes that transport cargo to or from European Union ports would be required to purchase emissions allowances equivalent to emissions for all or a half of a covered voyage, depending on whether the voyage was between two European Union ports or included a non-European Union port. The European Union Council and Parliament reached a preliminary agreement in December 2022, and the legislative framework was formally adopted by the European Union Parliament in 2023. Based on the legislative framework, beginning January 2024, shipping companies will be required to purchase and surrender 40% of their intra-European Union voyage emissions (20% for voyages into or out of the European Union), gradually increasing to 100% for intra-European Union voyages (50% for voyages into or out of the European Union) by 2026. In 2023, the European Union also adopted the FuelEU Maritime regulation introducing increasingly stringent limits on the carbon intensity of energy used by vessels beginning 2025, with an aim toward promoting the use of renewable and low-carbon fuels. Similar to the EU ETS proposed framework, the FuelEU Maritime regulation applies to ships over 5,000 gross tonnes and covers 100% of the energy used on board when a ship is at a European Union port and on voyages between European Union ports, and 50% of the energy used on voyages into or out of the European Union. We cannot predict the specific impacts of the EU ETS and the FuelEU Maritime proposal on us and on the shipping industry as a whole at this time.

In the United States, the EPA has issued a finding that GHG endanger the public health and safety, has adopted regulations to limit GHG emissions from certain mobile sources and has proposed regulations to limit GHG emissions from large stationary sources. Although the mobile source emissions regulations do not apply to GHG emissions from vessels, the EPA has received petitions from the California Attorney General and environmental groups to regulate GHG emissions from ocean-going vessels, which petitions have been denied to date. Furthermore, in the United States individual states can also enact environmental regulations. For example, California has introduced a cap-and-trade program for GHG emissions.

Any passage of climate control legislation or other regulatory initiatives by the IMO, European Union, the U.S. or other countries where we operate, or any treaty adopted at the international level to succeed the Kyoto Protocol, the Paris Agreement or the Glasgow Climate Agreement, that restrict emissions of GHG could require us to make significant financial expenditures which we cannot predict with certainty at this time. Even in the absence of climate control legislation, our business may be indirectly affected to the extent that climate change may result in sea level changes or more intense weather events such as those which may present a risk of damage or loss to vessels.

CO₂ Emissions Reporting⁽¹⁾

In April 2018, the IMO's MEPC adopted an initial strategy for the reduction of GHG emissions from ships, setting out a vision to reduce GHG emissions from international shipping and phase them out as soon as possible.

We strive to be a responsible operator in our industry and accordingly we are including certain CO₂ reporting in this annual report. Annual Efficiency Ratio, or AER, is a measure of carbon efficiency using the parameters of fuel consumption, distance travelled, and the design deadweight tonnage of a vessel. Energy Efficiency Operational Indicator, or EEOI, is a tool for measuring the CO₂ emissions in a given time period per unit of transport work performed. AER does not account for the tonnage of cargo actually carried, whereas EEOI does. AER and EEOI metrics are impacted by external factors such as charter speed, vessel operator's instructions and weather, in conjunction with overall market factors such as cargo load sizes and fleet utilization rate. As such, variance in performance can be found in the reported emissions between two periods for the same vessel and between vessels of a similar size and type. Furthermore, there may be variations in methodology used by other companies and consequently it is not always practical to directly compare emissions from different companies. For example, some shipping companies report CO₂ in tons per kilometer rather than tons per nautical mile.

Our reporting methodology substantially is in line with the framework set out within the IMO's Data Collection System initiated in January 2019 and the January 2018 framework for voluntary reporting under the Singapore flag. It is expected that the shipping industry will continue to refine the performance measures for emissions and efficiency over time. The figures reported below represent our initial findings, and in future results may vary as the methodology and performance measures applied by the industry and by us evolve.

The information set forth below was recorded and calculated using Stratum Five "Podium" Performance software. This information is in respect of our wholly owned vessels and vessels in our joint ventures during the relevant period, for the twelve month periods ended December 31, 2023 and 2022.

	<u>2023</u>	<u>2022</u>
General		
Fleet average age mid-period (years)	8.8	7.5
CO ₂ Emissions generated during the period (metric tonnes)	272,880	317,809
Annual Efficiency Ratio for the period (grams CO₂ / deadweight ton-mile)⁽²⁾		
All drybulk vessels	5.93	6.27
Handysize drybulk carriers	7.64	7.86
Supramax / ultramax drybulk carriers	4.65	4.88
Energy Efficiency Operational Indicator for the period (grams CO₂ / cargo ton-mile)⁽³⁾		
All drybulk vessels	9.96	11.33
Handysize drybulk carriers	13.5	14.79
Handysize general cargo	9.34	9.82
Supramax / ultramax drybulk carriers	7.98	8.27

(1) Our emissions data is based on the reporting tools and information reasonably available to Grindrod Shipping and its applicable third-party technical managers. Grindrod Shipping assesses such data from time to time and may adjust and restate data to reflect latest information.

(2) AER is reported in unit grams of CO₂ per deadweight ton-mile and is calculated by dividing (i) mass of fuel consumed by type, converted to equivalent mass CO₂ by (ii) the design deadweight tonnage of the vessel (in metric tons) multiplied by distance travelled, both laden and in ballast (in nautical miles).

- (3) EEOI is reported in unit grams of CO₂ per cargo ton-mile and is calculated by dividing (i) mass of fuel consumed by type, converted to equivalent mass of CO₂ by (ii) cargo carried (in metric tons) multiplied by laden voyage distance (in nautical miles). This calculation is performed as per IMO MEPC.1/Circ.684

International Labour Organization

The International Labour Organization, or ILO, is a specialized agency of the UN with headquarters in Geneva, Switzerland. The ILO has adopted the Maritime Labor Convention 2006, or MLC 2006. A Maritime Labor Certificate and a Declaration of Maritime Labor Compliance will be required to ensure compliance with the MLC 2006 for all vessels above 500 gross tons in international trade. The MLC 2006 came into force on August 20, 2013. Amendments to MLC were adopted in 2014 and 2016. We are in substantial compliance with MLC 2006.

Vessel Security Regulations

Since the terrorist attacks of September 11, 2001, there have been a variety of initiatives intended to enhance vessel security. On November 25, 2002, MTSA came into effect. To implement certain portions of the MTSA, in July 2003, the USCG issued regulations requiring the implementation of certain security requirements aboard vessels operating in waters subject to the jurisdiction of the United States. The regulations also impose requirements on certain ports and facilities, some of which are regulated by the EPA.

Similarly, in December 2002, amendments to SOLAS created a new chapter of the convention dealing specifically with maritime security. The new Chapter XI-2 became effective in July 2004 and imposes various detailed security obligations on vessels and port authorities, and mandates compliance with the ISPS Code. The ISPS Code is designed to enhance the security of ports and vessels against terrorism. After July 1, 2004, to trade internationally, a vessel must attain an International Ship Security Certificate, or ISSC, from a recognized security organization approved by the vessel's flag state. The following are among the various requirements, some of which are found in SOLAS:

- on-board installation of automatic identification systems to provide a means for the automatic transmission of safety-related information from among similarly equipped vessels and shore stations, including information on a vessel's identity, position, course, speed and navigational status;
- on-board installation of vessel security alert systems, which do not sound on the vessel but only alert the authorities on shore;
- the development of a vessel security plan;
- vessel identification number to be permanently marked on a vessel's hull;
- a continuous synopsis record kept onboard showing a vessel's history including the name of the vessel, the state whose flag the vessel is entitled to fly, the date on which the vessel was registered with that state, the vessel's identification number, the port at which the vessel is registered and the name of the registered owner(s) and their registered address; and
- compliance with flag state security certification requirements.

Any vessel operating without a valid certificate may be detained at port until it obtains an International Ship Security Certificate, or ISSC, or it may be expelled from port, or refused entry at port.

The USCG regulations, intended to align with international maritime security standards, exempt non-U.S. vessels from MTSA vessel security measures, provided such vessels have on board a valid ISSC that attests to the vessel's compliance with SOLAS security requirements and the ISPS Code. We or our third-party technical managers, as applicable, implement the various security measures addressed by MTSA, SOLAS and the ISPS Code, and our Fleet complies in all material respects with applicable security requirements.

Inspection by Classification Societies

Every oceangoing vessel must be “classed” by a classification society. The classification society certifies that the vessel is “in class,” signifying that the vessel has been built and maintained in accordance with the rules of the classification society and complies with applicable rules and regulations of the vessel’s country of registry and the international conventions of which that country is a member. In addition, where surveys are required by international conventions and corresponding laws and ordinances of a flag state, the classification society will undertake them on application or by official order, acting on behalf of the authorities concerned.

The classification society also undertakes on request other surveys and checks that are required by regulations and requirements of the flag state. These surveys are subject to agreements made in each individual case and/or to the regulations of the country concerned.

For maintenance of the class certification, regular and extraordinary surveys of hull, machinery, including the electrical plant, and any special equipment classed are required to be performed as follows:

Annual Surveys. For seagoing vessels, annual surveys are conducted for the hull and the machinery, including the electrical plant and where applicable for special equipment classed, at intervals of 12 months from the date of commencement of the class period indicated in the certificate.

Intermediate Surveys. Extended annual surveys are referred to as intermediate surveys and typically are conducted two and one-half years after commissioning and each class renewal. Intermediate surveys may be carried out on the occasion of the second or third annual survey.

Class Renewal Surveys. Class renewal surveys, also known as special surveys, are carried out for the vessel’s hull, machinery, including the electrical plant, and for any special equipment classed, at the intervals indicated by the character of classification for the hull. At the special survey the vessel is drydocked and is thoroughly examined, including audio-gauging to determine the thickness of the steel structures. Should the thickness be found to be less than class requirements, the classification society would prescribe steel renewals. The classification society may grant a one-year grace period for completion of the special survey. Substantial amounts of money may have to be spent for steel renewals to pass a special survey if the vessel experiences excessive wear and tear. In lieu of the special survey every four or five years, depending on whether a grace period was granted, a vessel owner has the option of arranging with the classification society for the vessel’s hull or machinery to be on a continuous survey cycle, in which every part of the vessel would be surveyed within a five-year cycle. Upon a vessel owner’s request, the surveys required for class renewal may be split according to an agreed schedule to extend over the entire period of class. This process is referred to as continuous class renewal.

All areas subject to survey as defined by the classification society are required to be surveyed at least once per class period, unless shorter intervals between surveys are prescribed elsewhere. The period between two subsequent surveys of each area must not exceed five years. Vessels under five years of age can waive drydocking in order to increase available days and decrease capital expenditures, provided the vessel is inspected underwater.

In 2023, the Group amended the drydock strategy so that our vessels are drydocked every 60 months for inspection of the underwater parts and for repairs related to inspections (prior to 2023 most vessels were drydocked every 30 to 36 months). If any defects are found, the classification surveyor will issue a “recommendation” which must be rectified by the vessel owner within prescribed time limits.

Most insurance underwriters make it a condition for insurance coverage that a vessel be certified as “in class” by a classification society which is a member of the International Association of Classification Societies, or the IACS. In 2012, the IACS issued draft harmonized Common Structural Rules, that align with the IMO goals standards, and were adopted in winter 2013. All our vessels are certified as being “in class” by the American Bureau of Shipping, or ABS, Det Norske Veritas, or DNV, Class NK, or NK, and Lloyd’s Register, or LR. All new and secondhand vessels that we acquire must be certified prior to their delivery under our standard purchase contracts and memoranda of agreement. If the vessel is not certified on the date of closing, we generally have no obligation to take delivery of the vessel except in circumstances where the damage is easily remedied, in which case we will take delivery of the vessel and have a claim for damages.

Risk of Loss and Liability Insurance

The operation of any drybulk vessel includes risks such as mechanical and structural failure, hull damage, collision, property loss, cargo loss or damage, business interruption due to political circumstances in foreign countries, piracy, hostilities and labor strikes. In addition, there is always an inherent possibility of marine disaster, including oil spills and other environmental incidents, and the liabilities arising from owning and operating vessels in international trade. OPA, which imposes virtually unlimited liability upon owners, operators and demise charterers of vessels trading in the United States exclusive economic zone for certain oil pollution incidents in the United States, has made liability insurance more expensive for vessel owners and operators trading in the United States market.

We maintain hull and machinery insurance, war risks insurance, protection and indemnity cover, and freight, demurrage and defence cover for our Fleet in amounts that we believe to be prudent to cover day-to-day risks in our operations. We do not maintain insurance for loss of hire or earnings arising out of insured peril events other than limited loss coverage relating to defined war risk events. However, we may not be able to achieve or maintain this level of coverage throughout a vessel's useful life. In addition, while we believe that the insurance coverage that we have obtained is adequate, not all risks can be insured, and there can be no guarantee that any specific claim will be paid, or that we will always be able to obtain adequate insurance coverage at reasonable rates.

Hull and Machinery and War Risks Insurance

We maintain marine hull and machinery and war risks insurance, which will include the risk of actual or constructive total loss, for all of our owned vessels. We also maintain increased value coverage for our vessels. Under this increased value coverage, in the event of total loss of a vessel, we will be able to recover the sum insured under the increased value policy in addition to the sum insured under the hull and machinery policy. Increased value insurance also covers excess liabilities which are not recoverable under our hull and machinery policy by reason of under insurance. Each of our vessels is currently covered up to at least fair market value with deductibles of \$162,500 per vessel per incident.

Protection and Indemnity Insurance

Protection and indemnity insurance is provided by mutual protection and indemnity associations, or P&I Associations, which insure liabilities to third parties in connection with our shipping activities. This includes third-party liability and other related expenses resulting from the injury or death of crew, passengers and other third parties, the loss or damage to cargo, claims arising from collisions with other vessels, damage to other third-party property, pollution arising from oil or other substances and salvage, towing and other related costs, including wreck removal. Our P&I coverage will be subject to and in accordance with the rules of the P&I Association in which the vessel is entered. Protection and indemnity insurance is a form of mutual indemnity insurance, extended by protection and indemnity mutual associations, or clubs. Except for pollution and passenger and crew claims, our coverage is unlimited but restricted to amounts as determined by law including laws pertaining to limitation of liability. Cover for pollution claims are limited to \$1.0 billion and cover for passenger and crew claims are restricted to \$3.0 billion.

Our protection and indemnity insurance coverage for pollution will be \$1.0 billion per vessel per incident. The thirteen P&I Associations that comprise the International Group insure approximately 90% of the world's commercial tonnage and have entered into a pool agreement to reinsure each association's liabilities. Each P&I Association has capped its exposure to this pool agreement at a floating rate that is generally valued at approximately \$6.5 billion. As a member of a P&I Association which is a member of the International Group, we are subject to calls payable to the associations based on the group's claim records as well as the claim records of all other members of the individual associations and members of the pool of P&I Associations comprising the International Group.

Not all risks are insured and not all risks are insurable. The principal insurable risks which nonetheless remain uninsured across our Fleet are "loss of hire" and "strikes," except in cases of loss of hire due to war risk event. Specifically, we do not insure these risks because the costs are regarded as disproportionate. These insurances provide, subject to a deductible, a limited indemnity for hire that would not be receivable by the vessel owner for reasons set forth in the policy. Should a vessel on time charter, where the vessel earns fixed hire day by day, suffer a serious mechanical breakdown, the daily hire will no longer be payable by the charterer for the period of off-hire. Under some circumstances, an event of force majeure may also permit the charterer to terminate the time charter or suspend payment of charter hire. The purpose of the loss of hire insurance is to secure the loss of hire during such periods. In the case of strikes insurance, if a vessel is being paid a fixed sum to perform a voyage and the vessel becomes strike bound at a loading or discharging port, the insurance covers the loss of earnings during such periods.

Permits and Authorizations

We are required by various governmental and quasi-governmental agencies to obtain certain permits, licenses and certificates with respect to our vessels. The kinds of permits, licenses and certificates required depend upon several factors, including the commodity transported, the waters in which the vessel operates, the nationality of the vessel's crew and the age of a vessel. We believe that we have obtained all permits, licenses and certificates currently required to permit our vessels to operate our business as currently conducted. Additional laws and regulations, environmental or otherwise, may be adopted which could limit our ability to do business or increase the cost of us doing business.

Emerging Growth Company

We are an emerging growth company, as defined in the JOBS Act. As such, we are eligible to, and intend to, take advantage of certain exemptions from various reporting requirements that are applicable to public companies that are not emerging growth companies, including, but not limited to, the provisions of the Sarbanes-Oxley Act requiring that our independent registered public accounting firm provide an attestation report on the effectiveness of our internal control over financial reporting; and any rules that may be adopted by the Public Company Accounting Oversight Board requiring mandatory audit firm rotation or a supplement to the auditor's report on the financial statements. We currently prepare our financial statements in accordance with IFRS as issued by the IASB, which do not have separate provisions for publicly traded and private companies. However, in the event we convert to U.S. GAAP in the future while we are still an emerging growth company, we may be able to take advantage of the benefits of Section 107 of the JOBS Act, which provides that an emerging growth company can take advantage of the extended transition period provided in the Securities Act, for complying with new or revised accounting standards. We intend to continue to take advantage of these exemptions until we are no longer an emerging growth company. We will remain an emerging growth company until the earlier of (1) the last day of the fiscal year (a) following the fifth anniversary of the date of our first sale of equity securities pursuant to an effective registration statement under the Securities Act, (b) in which we have total annual gross revenue of at least \$1.07 billion, or (c) in which we are deemed to be a large accelerated filer, which means the market value of our ordinary shares that are held by non-affiliates exceeds \$700 million as of the prior June 30th, and (2) the date on which we have issued more than \$1.0 billion in non-convertible debt during the prior three-year period. See "Item 3. Key Information—Risk Factors—Risks Relating to our Ordinary Shares—The Jumpstart Our Business Startups Act of 2012, or JOBS Act, will allow Grindrod Shipping to postpone the date by which it must comply with some of the laws and regulations intended to protect investors and to reduce the amount of information provided in Grindrod Shipping's reports filed with the SEC, which could undermine investor confidence in Grindrod Shipping and adversely affect the market price of Grindrod Shipping's ordinary shares."

Foreign Private Issuer

We are a "foreign private issuer" as defined by the rules under pursuant to Rule 405 under the Securities Act. Our status as a foreign private issuer exempts us from compliance with certain laws and regulations of the SEC and certain regulations of the NASDAQ, including the proxy rules, the short-swing profits recapture rules of Section 16 of the Exchange Act, and certain governance requirements, such as independent director oversight of the nomination of directors and executive compensation. In addition, we are not required to file annual, quarterly and current reports and financial statements with the SEC as frequently or as promptly as U.S. domestic companies registered under the Exchange Act and we are generally exempt from filing quarterly reports with the SEC. Furthermore, we are not subject to the requirements of Regulation FD (Fair Disclosure) promulgated under the Exchange Act, which restricts the selective disclosure of material information.

We may take advantage of these exemptions for foreign private issuers until such time as we are no longer a foreign private issuer. We are required to determine our status as a foreign private issuer on an annual basis at the end of our second fiscal quarter. We would cease to be a foreign private issuer at such time as more than 50% of our outstanding voting securities are held by U.S. residents and any of the following three circumstances applies: (1) the majority of our executive officers or directors are U.S. citizens or residents; (2) more than 50% of our assets are located in the United States; or (3) our business is administered principally in the United States. See "Item 3. Key Information—Risk Factors—Risks Relating to Our Ordinary Shares—Grindrod Shipping may lose its foreign private issuer status, which would then require it to comply with the Exchange Act's domestic reporting regime and cause Grindrod Shipping to incur additional legal, accounting and other expenses."

Legal Proceedings

We may, from time to time, be involved in litigation and claims arising out of our operations in the normal course of business that may be brought against us, that could have a material adverse effect on our business, financial position, results of operations, cash flows or liquidity. From time to time we may face claims which fall outside the scope of our insurance coverage. In respect of such claims, we purchase FD&D insurance, which is discretionary coverage for the costs of defending or prosecuting such claims (for example, claims of a purely contractual nature, or collection of freight and demurrage). Those claims, even if covered by insurance and/or lacking merit, could result in the expenditure of significant financial and managerial resources.

C. Organizational Structure

Grindrod Shipping is a company incorporated under the laws of Singapore. We directly own two subsidiaries through which business operations are conducted and staff are employed. One is a Singapore company and the other is a South African company. Each of our wholly owned vessels is held through separate, wholly owned subsidiaries of our Singapore subsidiary, each of which is incorporated in Singapore, except two incorporated in the Marshall Islands. Following the acquisition of Taylor Maritime Management Limited and Tamar Ship Management Limited, we have expanded our operations into Hong Kong and the United Kingdom. Please see Exhibit 8.1 to this annual report for a list of our current subsidiaries.

D. Property, Plants and Equipment

We do not own any material real property. We lease office space in several countries where we have staff or operations. Our largest offices are in Singapore, South Africa and the United Kingdom. Our main material assets consist of our vessels which are owned through several subsidiaries and two joint ventures. See “—Organizational Structure” above.

For a description of our Fleet, see “—History and Development of the Company” and “—Business Overview-Our Fleet” above.

ITEM 4A. UNRESOLVED STAFF COMMENTS

None.

ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS

You should read the following management's discussion and analysis and results of operations and financial condition together with our consolidated financial statements, including the notes, and the other financial information appearing elsewhere in this annual report. Certain information contained in this discussion and analysis and elsewhere in this annual report includes forward-looking statements that involve risks and uncertainties. See "Cautionary Statement Regarding Forward-looking Statements" and "Item 3. Key Information—Risk Factors" for a discussion of important factors that could cause actual results to differ materially from the results described in or implied by the forward-looking statements contained in this annual report.

Overview

We are an international shipping company that owns, charters-in and operates a fleet of drybulk carriers. We currently own all of our vessels and we operate in the drybulk carriers business, which is further divided into handysize, supramax/ultramax, and other operating segments. Activities that do not relate to this business segment are accumulated in an "unallocated" segment. We historically operated a tanker business, which was further divided into medium range tankers, small tankers and other segments, however we completed the plan to discontinue the tanker business during December 2021 and have presented the tanker business as a discontinued operation. Prior period figures have been reclassified for the presentation of the tanker business as a discontinued operation.

Our handysize and supramax/ultramax operating fleet consists of 17 owned drybulk carriers and seven long-term chartered-in drybulk carriers. We have 11 handysize drybulk carriers and 13 supramax/ultramax drybulk carriers in our operating fleet with sizes ranging from 28,240 dwt to 64,230 dwt. Our drybulk carriers transport a broad range of major and minor bulk and breakbulk commodities, including ores, coal, grains, forestry products, steel products and fertilizers, along worldwide shipping routes, and are currently employed in pools of similarly sized vessels or in the spot market.

We sold two medium range tankers and one small tanker in 2021 and we sold the remaining medium range tanker in 2022. Our tankers carried petroleum products, which included both clean products, such as petrol, diesel, jet fuel and naphtha, and dirty products, such as heavy fuel oil.

Recent Developments

Vessels

On January 17, 2024, we entered into a contract to sell the 2007-built handysize bulk carrier, *IVS Kingbird*, for \$10.4 million (before costs), effectively a 1.1% premium to carrying value with delivery to her new owners on February 1, 2024. This vessel is unencumbered.

On February 6, 2024, we took delivery of the *HB Imabari*, a handysize bulk carrier built in Japan. We finalized and drew down \$20.2 million in financing with IYO Bank in conjunction with the delivery.

On February 23, 2024, we entered into a contract to sell the 2012-built handysize bulk carrier, *IVS Ibis*, for \$11.7 million (before costs) with delivery to her new owners on March 26, 2024.

On March 11, 2024, we entered into a contract to sell the 2014-built ultramax bulk carrier, *IVS Naruo*, for \$22.5 million (before costs) with delivery to her new owners planned on or before June 30, 2024. We can provide no assurances that the delivery will take place by that time or at all. Following delivery to the new owners, *IVS Naruo* will be chartered-in for 11 to 13 months and has two one-year options to extend the charter with a purchase option available from the end of the second optional year (provided the charter option is exercised) of \$25.0 million.

Dividends

On February 28, 2024, the Company's Board of Directors decided not to declare a quarterly cash dividend.

Loan Agreement

On March 8, 2024, we announced that we entered into a US\$83.0 million reducing revolving credit facility with Nordea Bank ABP, Filial I Norge, as facility agent and security agent, and Nordea Bank ABP, Filial I Norge and Skandinaviska Enskilda Banken AB (Publ), Singapore Branch, as lenders, for the purpose of refinancing the existing \$114.1 million senior secured term loan facility with Crédit Agricole Corporate and Investment Bank and Hamburg Commercial Bank AG. The facility was fully drawn on March 8, 2024.

Components of Our Operating Results

Revenue. Revenue includes vessel revenue, ship sale revenue, and other revenue. Vessel revenue consists of charter hire revenue and freight revenue. Charter hire revenue primarily relates to time charter contracts and freight revenue primarily relates to voyage charter contracts and historically in pool distributions (which consist of distributions to us of net earnings relating to our vessels in pools operated by third parties). Ship sale revenue includes ship sales as well as the sale of bunkers and other consumables relating to ships sold. Other revenue includes management fees and other revenue.

We generate revenue by charging customers for their use of our vessels or for the transportation by us of their drybulk cargoes. Historically, these services generally have been provided by operating our vessels in commercial pools, in the spot market, and on time charters. We also manage our charter rate risk and employment risk by using forward freight arrangements and entering into COAs. The table below illustrates in general the primary distinctions among these different employment arrangements.

	<u>Commercial Pool</u>	<u>Spot Market</u>	<u>Time Charters</u>
Typical contract length	Varies	Varies	Varies
Charter hire rate basis ⁽¹⁾	Varies	Varies	Daily
Voyage expenses	Pool pays	We or customer pays	Customer pays
Vessel operating costs for owned vessels	We pay	We pay	We pay
Charter hire costs for vessels chartered-in by us	We pay	We pay	We pay
Off-hire ⁽²⁾	Pool does not pay	Customer does not pay	Customer does not pay

(1) “Charter hire rate” refers to the basic payment from the charterer for the use of the vessel under time charter.

(2) “Off-hire” refers to the time a vessel is not available for service due primarily to scheduled and unscheduled repairs or drydockings. For time chartered-in vessels, we do not pay the charter hire cost when the vessel is off-hire. And for time chartered-out vessels, the charterer is not obliged to pay us the charter hire when the vessel is off-hire.

Cost of sales. Cost of sales includes voyage expenses which represent the direct costs associated with operating a vessel between loading and discharge at the applicable ports and include pool distributions (which consist of net earnings payable to third-party and joint venture owners of vessels in previous years in the pools we manage), fuel expenses, port expenses, other expenses and freight forward agreements; vessel operating costs, which consist of crew expenses, repairs and maintenance, insurance, and other costs associated with the technical management of the Fleet; charter hire costs, which primarily relates to time charter contracts; depreciation of ships, drydocking and plant and equipment – owned assets; depreciation of ships and ship equipment – right-of-use assets; other expenses, which consist of container expenses, freight expenses, cargo handling, provision for onerous contracts, and other logistic purchases; and cost of ship sale, which consists of cost of sales on sale of ships classified as inventories and cost of sales on sale of bunkers and other consumables sold with a vessel.

Other operating (expense) income. Other operating expense consisted primarily of foreign exchange loss, impairment loss on ships, impairments on intangibles and goodwill, impairment loss on right-of-use assets, impairment loss on the net assets of disposal groups, impairment loss on financial assets for expected credit losses and other operating expenses. Other operating income consists of reversals of impairment loss on ships, reversals of impairment loss on right-of-use assets, reversals of impairment loss on assets under construction, lease income, profit on sale of business, gain on disposal of assets, foreign exchange gain and other income.

Administrative expense. Administrative expense comprise general corporate overhead expenses, including personnel costs, property costs, audit fees, legal and professional fees, and other general administrative expenses. Personnel costs include, among other things, salaries and short- and long-term incentives, pension costs, fringe benefits, travel costs and health insurance.

Share of losses of joint ventures. Share of losses of joint ventures relates to operating profits or losses attributable to our joint ventures. Our joint ventures are accounted for on an equity basis.

Interest income. Interest income primarily relates to interest on loans to joint ventures; bank interests; and other interests.

Interest expense. Interest expense primarily relates to interest on ship loans, interest on loans from related companies and interest on bank and non-bank loans and interest determined under IFRS 16 that relates to leases.

Income tax. Income tax represents the sum of the tax currently payable, reversal of provisions for a tax related legal case and deferred tax. The tax currently payable is based on taxable profit for the year. Deferred tax is recognized on the differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable income.

Factors Affecting Our Results of Operations and Financial Condition

The principal factors which affect our results of operations and financial condition include:

- strength of world economies, in particularly in China and the rest of the Asia-Pacific region;
- cyclicalities in the drybulk industry and volatility of charter rates which is impacted by supply and demand;
- seasonality;
- our ability to successfully compete in the drybulk markets and employ or procure the employment of our vessels at economically attractive rates;
- changes in supply of drybulk vessels;
- the duration of our charter contracts and market conditions when charters expire;
- our decisions relating to vessel acquisitions and disposals and our ability to buy and sell vessels, and to charter-in vessels at prices we deem satisfactory;
- the strength of and growth in the number of our customer relationships;
- an increase in the price of bunker or other market-related increases to components of our costs of sales, including the costs associated with the IMO 2020 regulations limiting sulfur content in fuels;
- depreciation on our vessels and potential impairment charges;
- the amount of time and expense that we spend positioning our vessels and changes in trade routes for a variety of reasons, including as a result of additional trade tariffs imposed by China and the United States;
- loss of operating days through accidents or other damage to our vessels, as well as a result of disruptions along our operating routes;
- the failure of counterparties to fully perform their contracts with us;
- the required maintenance capital expenditures relating to our vessels and other administrative expenses;
- the amount of expense incurred, and time that our vessels spend, in drydock undergoing repairs;
- the age, condition and specifications of our vessels;
- the effective and efficient technical management of our vessels and our vessel operating costs;
- our ability to satisfy the technical, health, safety and compliance standards of our customers;
- our ability to access capital to finance our Fleet, including our ability to pay down our existing credit facilities if the fair market values of our vessels decline;
- our level of debt and related interest expense;
- fluctuations in interest rates, and foreign exchange rates;
- corruption, piracy, militant activities, political instability and terrorism in locations where we may operate;
- losses or provisions for losses on uncollectible revenue;
- the effectiveness of forward freight agreements, bunker swaps and other contracts we may enter into to manage our revenue and expenses and costs in unwinding them;
- the cost and adequacy or otherwise of our insurance coverage;
- fluctuations in foreign currency exchange rates;
- inflation; and

- the effects of global pandemics on our operations and the demand; and trading patterns for drybulk. and the duration of these effects.

Our consolidated financial statements and, unless otherwise indicated, other financial information concerning us included in this annual report, are presented in U.S. dollars. We have prepared our consolidated financial statements in accordance with IFRS as issued by the IASB. Our audited consolidated financial statements presented in this annual report represent the consolidated financial statements of the company as a separate publicly traded company on and subsequent to June 18, 2018.

Critical Accounting Estimates

Our consolidated financial statements and accompanying notes are prepared in accordance with IFRS. In many instances, the application of such principles requires management to make estimates or to apply subjective principles to particular facts and circumstances.

Critical accounting estimates are those that reflect significant judgments of uncertainties and potentially result in materially different results under different assumptions and conditions. Described below are our critical accounting estimates where we believe that had different estimations from the ones we made, would have yielded the most significant differences in our consolidated financial statements.

For more information on critical accounting judgments and key sources of estimation uncertainty, see Note 3 of our consolidated financial statements.

Vessels and depreciation

Owned vessels are measured at cost less accumulated depreciation and adjusted for any accumulated impairment losses or reversals of such losses. Cost comprises acquisition cost and costs directly related to the acquisition up until the time when the asset is ready for use, including interest expense incurred to finance the vessel during that period. The market average useful life of a vessel is estimated to range from 25 to 30 years at which point it would usually be scrapped. Our strategy is to maintain a young fleet compared to the market average. For accounting purposes, we estimate useful life as 15 years from date of delivery for new vessels. Vessels are depreciated on a straight-line basis to an estimated residual value over their useful life.

An increase in the useful life of the vessel or in its residual value would have the effect of decreasing the annual depreciation charge and, in the case of an increased useful life, extending it into later periods. A decrease in the useful life of the vessel or in its residual value would have the effect of increasing the annual depreciation charge.

Impairment and reversals of impairment of Vessels (including owned and right-of-use)

The carrying value of our vessels will not necessarily represent the fair market value of such vessels or the amount we could obtain if we were to sell any of our vessels. Valuations are performed by an independent valuator not connected with the group, who has appropriate qualifications and relevant experience in the valuation of the vessels in the relevant sectors. We also obtain such valuations each quarter on all owned vessels and all chartered-in vessels where there is a purchase option in our Fleet.

The valuations of our vessels can vary depending on the shipyards where they were built and the dates of delivery.

We evaluate the carrying amount of our vessels for events or indicators of potential impairment. We consider if we have contracted to divest the vessel for any reason, business plans such as if a joint venture that owns vessels comes to an end in accordance with its terms or if it no longer fits into our strategic planning and overall market conditions. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Recoverable amount is the higher of fair value less costs of disposal and value in use.

In developing a value in use calculation for a vessel, we make assumptions and estimates about vessels' future performance, with the most significant assumptions relating to (i) charter rates on vessels which are based on management's estimate of the average charter rates over the remaining life of the vessel to 15 years, (ii) off-hire days, which are based on historical off-hire statistics for our Fleet, (iii) operating costs, based on current levels escalated over time based on long-term trends, (iv) drydocking frequency, duration and cost, (v) estimated remaining useful life which is assessed as a total of 15 years from construction and (vi) estimated sale value of that vessel when the vessel reaches 15 years. We apply the U.S. dollar inflation rate to vessel operating costs (not including depreciation). The future cash flows are discounted to their present value using the current fiscal year's discount rate to reflect the time value of money.

Although we believe that the assumptions used to evaluate potential impairment and reversals thereof are reasonable and appropriate, such assumptions are highly subjective. There can be no assurance as to how long long-term charter rates and vessel values (for owned vessels) will remain at their current levels, whether they will improve by any significant degree, or whether they will achieve the forecast charter rates estimated in the value in use calculations. Charter rates may remain at depressed levels for some time, which could adversely affect our revenue and profitability, and future assessments of vessel impairment.

For vessels that we have contracted to sell, the recoverable amount is determined based on estimated selling price less cost to sell, with fair value determined based on the market comparable approach that reflects recent transaction prices for similar vessels, with similar age and specifications. In valuing the vessels, the appraisers take into consideration the prevailing market conditions and make adjustments for differences where necessary before arriving at the most appropriate value for the vessels.

Management monitors developments in the market charter rates in order to assess the appropriateness of the charter rates that are utilized in the impairment analyses.

Based on our impairment analysis, an impairment loss on our ships of \$2.0 million was recognized in “other operating (expense) income” for the year ended December 31, 2023. The impairment loss was largely due to the decision to sell several vessels in the 2023 year and the market value on certain vessels was below the carrying value due to a weaker dry bulk market in 2023.

Fair value of acquired businesses and impairment of goodwill

Arising from the acquisition of Tamar Ship Management Limited and Taylor Maritime Management Limited, the Group is required to determine the fair value of the earn-out consideration at acquisition and reporting date. Management has made certain key assumptions namely, number of ships under management in the next two years, and probability of the occurrence of a change in buyer control event. The earn-out consideration will be adjusted downwards if the number of ships under management is less than 25. The occurrence in buyer control event will result in a 20% premium on the earn-out consideration. A change in these inputs might result in a significantly higher or lower fair value measurement of the earn-out consideration.

Additionally, as part of the acquisition, the Group has separately identified contractual customer relationships as an intangible asset which has been recognized at its fair value. The determination of fair value is based on multi-period excess earnings method valuation technique which is based on these key assumptions: discounted cash flow, estimated life cycle and customer attrition rates. A change in these inputs might result in a significantly higher or lower fair value measurement of the contractual customer relationships which will directly impact the goodwill recognized from these acquisitions. In connection to this, goodwill arising from these acquisitions have been tested for impairment at reporting date. The recoverable amount of goodwill has been determined based on its value in use. The value in use calculations requires the Group to estimate the future cash flows expected to arise from the two cash generating units, long-term growth rates and discount rates. The results of the impairment review undertaken at December 31, 2023 on the Group’s goodwill indicated that no impairment charge was necessary.

Results of Operations

Year Ended December 31, 2023 Compared to the Year Ended December 31, 2022

Certain financial data on a consolidated basis and for our key segments was as follows for the years ended December 31, 2023 and 2022. This information was derived from our consolidated financial statements for the respective periods.

Consolidated Results of Operations

(In thousands of U.S. dollars, other than per share data)	Year ended December 31,	
	2023	2022
Revenue	\$	\$
Vessel and other	228,991	430,479
Ship sales	158,105	29,981
	387,096	460,460
Cost of sales		
Voyage expenses	(74,614)	(91,104)
Vessel operating costs	(43,001)	(46,901)
Charter hire costs	(26,952)	(58,926)
Depreciation of ships, drydocking and plant and equipment– owned assets	(24,824)	(30,498)
Depreciation of ships and ship equipment – right-of-use assets	(30,343)	(35,676)
Other expenses	(555)	(696)
Cost of ship sale	(147,440)	(29,897)
Gross profit	39,367	166,762
Other operating (expense) income	(1,352)	341
Administrative expense	(32,653)	(48,069)
Share of loss of joint ventures	-	(5)
Interest income	2,798	2,228
Interest expense	(17,099)	(17,133)
(Loss) profit before taxation	(8,939)	104,124
Income tax expense	(683)	(757)
(Loss) profit for the period	(9,622)	103,367
(Loss) profit per share attributable to owners of the Company:		
Basic	\$ (0.49)	\$ 5.45
Diluted	\$ (0.49)	\$ 5.45

Segment Results of Operations^(*)

(In thousands of U.S. dollars)	Year ended December 31,	
	2023	2022
<u>Drybulk Carriers Business</u>		
Handysize Segment		
Revenue	\$ 151,768	\$ 159,934
Cost of sales	(142,522)	(93,418)
Gross Profit	9,246	66,516
Supramax/Ultramax Segment		
Revenue	\$ 232,500	\$ 268,463
Cost of sales	(208,225)	(172,588)
Gross Profit	24,275	95,875

* Segment results of operations include the impact of the proportionate share of joint ventures, which differs from the statements of profit or loss in our consolidated financial statements which account for our investments in joint ventures under the equity method.

Set forth below are selected historical and statistical data of our operating fleet for the years ended December 31, 2023 and 2022 that we believe may be useful in better understanding our operating fleet's financial position and results of operations.

(In thousands of U.S. dollars)	Year ended	
	December 31,	
	2023	2022
<u>Drybulk Carriers Business</u>		
Handysize Segment		
Calendar days ⁽¹⁾	6,196	6,091
Available days ⁽²⁾	6,124	5,980
Operating days ⁽³⁾	6,044	5,826
Owned fleet operating days ⁽⁴⁾	4,776	5,210
Long-term charter-in days ⁽⁵⁾	203	-
Short-term charter-in days ⁽⁶⁾	1,065	616
Fleet utilization ⁽⁷⁾	98.7%	97.4%
TCE per day ⁽⁸⁾	\$ 10,351	\$ 22,115
Vessel operating costs per day ⁽⁹⁾	\$ 5,841	\$ 5,776
Supramax/Ultramax Segment		
Calendar days ⁽¹⁾	6,573	8,210
Available days ⁽²⁾	6,496	8,143
Operating days ⁽³⁾	6,390	8,063
Owned fleet operating days ⁽⁴⁾	2,930	3,345
Long-term charter-in days ⁽⁵⁾	2,349	2,343
Short-term charter-in days ⁽⁶⁾	1,111	2,375
Fleet utilization ⁽⁷⁾	98.4%	99.0%
TCE per day ⁽⁸⁾	\$ 13,908	\$ 25,788
Vessel operating costs per day ⁽⁹⁾	\$ 5,616	\$ 5,297

(1) *Calendar days*: total calendar days the vessels were in our possession for the relevant period.

(2) *Available days*: total number of calendar days a vessel is in our possession for the relevant period after subtracting off-hire days for scheduled drydocking and special surveys. We use available days to measure the number of days in a relevant period during which vessels should be available for generating revenue.

(3) *Operating days*: the number of available days in the relevant period a vessel is controlled by us after subtracting the aggregate number of days that the vessel is off-hire due to a reason other than scheduled drydocking and special surveys, including unforeseen circumstances. We use operating days to measure the aggregate number of days in a relevant period during which vessels are actually available to generate revenue.

(4) *Owned fleet operating days*: the number of operating days in which our owned fleet is operating for the relevant period.

(5) *Long-term charter-in days*: the number of operating days for which our long-term charter-in fleet is operating for the relevant period. We regard chartered-in vessels as long-term charters if the period of the charter that we initially commit to is 12 months or more. Once we have included such chartered-in vessels in our Fleet, we will continue to regard them as part of our Fleet until the end of their chartered-in period, including any period that the charter has been extended under an option, even if at a given time the remaining period of their charter may be less than 12 months.

(6) *Short-term charter-in days*: the number of operating days for which we have chartered-in third party vessels for durations of less than one year for the relevant period.

(7) *Fleet utilization*: the percentage of time that vessels are available for generating revenue, determined by dividing the number of operating days during a relevant period by the number of available days during that period. We use fleet utilization to measure a company's efficiency in employing its vessels.

(8) *TCE per day*: vessel revenue less voyage expenses during a relevant period divided by the number of operating days during the period. The number of operating days used to calculate TCE revenue per day includes the proportionate share of our joint ventures' operating days and includes charter-in days. See "—Non-GAAP Financial Measures" below for a discussion of TCE revenue and a reconciliation of revenue to TCE revenue.

(9) *Vessel operating costs per day*: vessel operating costs per day represents vessel operating costs divided by the number of calendar days for owned vessels. The vessel operating costs and the number of calendar days used to calculate vessel operating costs per day includes the proportionate share of our joint ventures' vessel operating costs and calendar days and excludes charter-in costs and charter-in days. See “—Non-GAAP Financial Measures” below for a discussion of vessel operating costs per day.

Revenue. Revenue decreased by \$73.4 million, or approximately 15.9%, from \$460.5 million for the year ended December 31, 2022 to \$387.1 million for the year ended December 31, 2023. The decrease in revenue was primarily due to weakening market conditions in the drybulk business partially offset by an increase in ship sale revenue. The largest component of revenue is vessel revenue. Vessel revenue decreased by \$204.0 million, or approximately 47.4%, from \$430.0 million for the year ended December 31, 2022 to \$226.0 million for the year ended December 31, 2023, respectively. The decrease in vessel revenue was primarily due to a decrease in the operating days from the sale of a number of owned vessels, and a decrease in the average spot rate during the year as the markets weakened.

Drybulk Business Revenue and Vessel Revenue

In the drybulk business, our handysize total revenue decreased by \$8.1 million, or approximately 5.1%, from \$159.9 million for the year ended December 31, 2022 to \$151.8 million for the year ended December 31, 2023. The handysize business experienced a decrease in the spot rates due to the decrease in the demand for drybulk tonnage, partially offset by the increase in ship sale revenue due to the sale of five handysize vessels in 2023, compared to no sales in this segment in 2022. The supramax/ultramax total revenue decreased by \$36.0 million, or approximately 13.4%, from \$268.5 million for the year ended December 31, 2022 to \$232.5 million for the year ended December 31, 2023. The decrease in the supramax/ultramax total revenue was primarily due to the decrease in the spot rates in 2022 due to a decrease in the demand for drybulk tonnage, partially offset by the increase in ship sale revenue due to the sale of four supramax/ultramax vessels in 2023, compared to no sales in this segment in 2022.

Our handysize vessel revenue decreased by \$71.6 million, or approximately 44.9%, from \$159.5 million for the year ended December 31, 2022 to \$87.9 million for the year ended December 31, 2023. The decrease in 2023 was primarily due to the same reasons set forth in the above paragraph. Our supramax/ultramax vessel revenue decreased by \$130.3 million, or approximately 48.5%, from \$268.4 million for the year ended December 31, 2022 to \$138.1 million for the year ended December 31, 2023. The decrease in 2023 was primarily due to the same reasons set forth in the above paragraph.

Drybulk Business TCE Revenue

Handysize TCE per day decreased by \$11,764 per day, or approximately 53.2%, from \$22,115 per day for the year ended December 31, 2022 to \$10,351 per day for the year ended December 31, 2023 primarily due to a decrease in the handysize spot market rates.

Supramax/ultramax TCE per day decreased by \$11,880 per day, or approximately 46.1%, from \$25,788 per day for the year ended December 31, 2022 to \$13,908 per day for the year ended December 31, 2023 primarily due to a decrease in the supramax/ultramax spot market rates.

Steel output and iron ore imports into China declined and congestion in the ports improved which affected the demand and availability of tonnage and resulted in lower spot rates in the drybulk markets when compared to 2022.

Cost of sales. Total cost of sales increased by \$54.0 million, or approximately 18.4%, from \$293.7 million for the year ended December 31, 2022 to \$347.7 million for the year ended December 31, 2023, mainly as a result of the increase in cost of ship sales. The largest component of cost of sales is voyage expenses, which decreased by \$16.5 million from \$91.1 million for the year ended December 31, 2022 to \$74.6 million for the year ended December 31, 2023. This decrease in voyage expenses was primarily due to the conclusion of nine vessel sales during 2023 compared to no sales in Handysize and Supramax/ultramax segments in 2022, partially offset by decreased returns on forward freight agreements used to hedge against volatile spot rates. Charter hire costs decreased by \$31.9 million from \$58.9 million for the year ended December 31, 2022 to \$27.0 million for the year ended December 31, 2023. This decrease was due to a reduction of the short-term operating days as the demand for drybulk cargo decreased. Vessel operating costs decreased by \$3.9 million from \$46.9 million in the year to December 31, 2022 to \$43.0 million in the year to December 31, 2023. The decrease was primarily due to the decreased number of owned vessels following the sale of five handysize vessels and four supramax/ultramax vessels during 2023; partially offset by additional costs incurred for repairs on older vessels, higher lube oil cost and additional crew required to perform ongoing repairs while we transition away from two and a half year intermediary drydocks to five year drydocks, reducing capital expenditure. Depreciation of ships, dry-docking and plant and equipment – owned assets decreased by \$5.7 million from \$30.5 million in the year to December 31, 2022, to \$24.8 million in the year to December 31, 2023. The main reason for this decrease was the vessel sales executed during 2023. Depreciation of ships and ship equipment – right-of-use assets decreased by \$5.4 million from \$35.7 million in the year to December 31, 2022 to \$30.3 million in the year to December 31, 2023 as a purchase option was exercised last year reducing the right -of-use assets and one of the charters was indexed-linked and decreased in 2023 in line with the market. Other expenses remained relatively flat from \$0.7 million in the year to December 31, 2022, to \$0.6 million in the year to December 31, 2023. Cost of ship sale increased by \$117.5 million from \$29.9 million in the year to December 31, 2022 to \$147.4 million in the year to December 31, 2023. This increase is due to the sale of a medium range tanker (included in the Other segment under a bareboat charter) in 2022 compared to nine ship sales in 2023.

Drybulk Business Cost of Sales

In the drybulk business, our handysize segment cost of sales increased by \$49.1 million, or approximately 52.6%, from \$93.4 million for the year ended December 31, 2022, to \$142.5 million for the year ended December 31, 2023. This increase was primarily due to increased cost of ship sales and an increase in charter hire costs, partially offset by a decrease in voyage expenses, vessel operating costs and depreciation of owned vessels. Our handysize segment voyage expenses decreased by \$5.3 million, or approximately 17.3%, from \$30.7 million for the year ended December 31, 2022, to \$25.4 million for the year ended December 31, 2023. This decrease was primarily due to a decrease in the number of voyages due to the sale of vessels. The charter hire costs in the handysize segment increased by \$1.2 million, or approximately 9.9%, from \$12.1 million for the year ended December 31, 2022, to \$13.3 million for the year ended December 31, 2023 due to the charter hire costs to charter back a vessel that was sold part way through 2023. Our handysize vessel operating costs decreased by \$2.8 million, or approximately 8.9%, from \$31.6 million for the year ended December 31, 2022, to \$28.8 million for the year ended December 31, 2023. The decrease was primarily due to the reduced number of vessels due to ship sales during the year, partially offset by increasing repair costs for some of the aging handysize vessels, increase lube oil costs and additional crew required to perform ongoing repairs while we transition away from two and a half year intermediary drydocks to five year drydocks, reducing capital expenditure.

Our supramax/ultramax segment cost of sales increased by \$35.6 million, or approximately 20.6%, from \$172.6 million for the year ended December 31, 2022 to \$208.2 million for the year ended December 31, 2023. This increase was primarily due to increased cost of ship sales and a proportional decrease in voyage expenses, vessel operating costs and depreciation of owned vessels, and decreasing charter hire costs due to reducing demand for drybulk cargo which reduced the need to supplement the fleet with short-term operating days. Our supramax/ultramax segment voyage expenses decreased by \$11.1 million, or approximately 18.4%, from \$60.4 million for the year ended December 31, 2022, to \$49.3 million for the year ended December 31, 2023. This decrease was primarily due to a lower number of operating days. The charter hire costs in the supramax/ultramax segment decreased by \$33.2 million, or approximately 70.9%, from \$46.8 million for the year ended December 31, 2022, to \$13.6 million for the year ended December 31, 2023. The decrease was due to a decrease in short-term chartered vessels as demand for drybulk cargoes decreased. Our supramax/ultramax vessel operating costs decreased by \$1.3 million, or approximately 7.1%, from \$18.2 million for the year ended December 31, 2022, to \$16.9 million for the year ended December 31, 2023. The decrease was primarily due to the reduced number of vessels due to ship sales during the year, partially offset by increased lube oil costs and additional crew required to perform ongoing repairs while we transition away from two and a half year intermediary drydocks to five year drydocks, reducing capital expenditure.

Drybulk Business Vessel Operating Costs Per Day

Handysize vessel operating costs per day increased by \$65, or approximately 1.1%, from \$5,776 per day for the year ended December 31, 2022 to \$5,841 per day for the year ended December 31, 2023.

Supramax/ultramax vessel operating costs per day increased by \$319, or approximately 6.0%, from \$5,297 per day for the year ended December 31, 2022 to \$5,616 per day for the year ended December 31, 2023.

These increases were primarily due to increased lube oil costs, increasing repair costs for some of the aging handysize vessels and additional crew required to perform ongoing repairs while we transition away from two and a half year intermediary drydocks to five year drydocks, reducing capital expenditure.

During 2022 and 2023, the post pandemic effects and inflationary economy continued to have a negative impact on crew repatriation and logistics with expensive flights for crew and the cost of transporting spares to vessels. The lack of availability of the spares required our technical department to hold increased quantities of stock on board the vessels.

Gross profit. Gross profit decreased by \$127.4 million, or 76.4%, from \$166.8 million for the year ended December 31, 2022 to \$39.4 million for the year ended December 31, 2023 primarily for the reasons described above.

Other operating (expense) income. Other operating (expense) income decreased by \$1.7 million from an income of \$0.3 million recorded in the year ended December 31, 2022, to an expense of \$1.4 million recorded in the year ended December 31, 2023. For the year ended December 31, 2023, we recorded impairment losses on vessels of \$2.0 million, the reversal of impairment losses on assets under construction of \$0.3 million and lease revenue of \$0.3 million. In the year ended December 31, 2022, we recorded the reversal of impairment losses on vessels of \$1.7 million and the impairment loss on a right-of-use ship of \$1.0 million. We recorded a foreign exchange loss of \$0.2 million for the year ended December 31, 2023 and \$0.5 million for the year ended December 31, 2022 as a result of unrealized and realized revaluations of foreign currency bank balances, vendor balances and customer balances at period end.

Administrative expense. Administrative expense decreased by \$15.5 million, or approximately 32.2%, from \$48.1 million for the year ended December 31, 2022 to \$32.6 million for the year ended December 31, 2023 primarily due to the fees associated with the offer to shareholders to purchase their shares in the prior year of \$10.3 million and the settlement of the forfeitable share plan that was terminated as part of the transaction agreement of \$8.1 million, which was further decreased by a lower staff incentive accrual in the current year.

Interest income. Interest income increased by \$0.6 million from \$2.2 million for the year ended December 31, 2022 to \$2.8 million for the year ended December 31, 2023. Interest increased for the year ended December 31, 2023 due to higher cash balances and higher interest rates, as well as interest earned on the Other investments.

Interest expense. Interest expense remained relatively flat from \$17.1 million for the year ended December 31, 2022 to \$17.1 million for the year ended December 31, 2023. Interest expense on bank loans decreased by \$0.2 million from \$14.1 million for the year ended December 31, 2022 to \$13.9 million for the year ended December 31, 2023. Interest expense on bank loans reflect the payment of interest on debt that principally funds our vessels. Our bank loans outstanding decreased by \$56.8 million from \$199.0 million as at December 31, 2022 to \$142.2 million as at December 31, 2023 primary due to quarterly repayments and repayment due to ship sales. The weighted average effective interest rate on our outstanding debt increased from 8.16% in 2022 to 9.44% in 2023. The increase in the weighted average effective interest rate was primarily due to the increase in Term SOFR as a consequence of the rising inflation.

Income tax expense. Income tax expense for the year decreased from \$0.8 million for the year ended December 31, 2022 to \$0.7 million for the year ended December 31, 2022.

(Loss) profit for the year. Our (loss) profit for the year ended December 31, 2023, decreased to a loss of \$9.6 million from a profit of \$103.4 million for the year ended December 31, 2022 for the same reasons set forth above.

Year Ended December 31, 2022 Compared to the Year Ended December 31, 2021

Certain financial data on a consolidated basis and for our key segments was as follows for the years ended December 31, 2022 and 2021. This information was derived from our consolidated financial statements for the respective periods.

Consolidated Results of Operations

(In thousands of U.S. dollars)	Year Ended December 31,	
	2022	2021
Continuing operations		
Revenue	\$	\$
Vessel and other	430,479	455,839
Ship sales	29,981	-
	<u>460,460</u>	<u>455,839</u>
Cost of sales		
Voyage expenses	(91,104)	(96,964)
Vessel operating costs	(46,901)	(43,958)
Charter hire costs	(58,926)	(75,381)
Depreciation of ships, drydocking and plant and equipment - owned assets	(30,498)	(25,866)
Depreciation of ships and ship equipment – right-of-use assets	(35,676)	(34,898)
Other expenses	(696)	(1,875)
Cost of ship sale	(29,897)	-
	<u>166,762</u>	<u>176,897</u>
Gross profit	166,762	176,897
Other operating income	341	3,849
Administrative expense	(48,069)	(36,089)
Share of losses of joint ventures	(5)	(31)
Interest income	2,228	201
Interest expense	(17,133)	(12,298)
	<u>104,124</u>	<u>132,529</u>
Profit (loss) before taxation	104,124	132,529
Income tax (expense) benefit	(757)	118
Profit (loss) for the year from continuing operations	\$ 103,367	\$ 132,647
Discontinued operation		
Loss for the year from discontinued operation	-	(3,165)
Profit for the year	<u><u>103,367</u></u>	<u><u>129,482</u></u>
Profit for the period attributable to:		
Owners of the company		
Continuing operations	103,367	122,090
Discontinued operation	-	(3,195)
Non-controlling interests	-	10,557
	<u><u>103,367</u></u>	<u><u>129,482</u></u>

Segment Results of Operations^(*)

(In thousands of U.S. dollars)	Year Ended December 31,	
	2022	2021
<u>Drybulk Carriers Business</u>		
Handysize Segment		
Revenue	\$ 159,934	\$ 158,210
Cost of Sales	(93,418)	(84,231)
Gross profit (loss)	<u>66,516</u>	<u>73,979</u>
Supramax/ultramax Segment		
Revenue	\$ 268,463	\$ 292,257
Cost of Sales	(172,588)	(195,811)
Gross profit (loss)	<u>95,875</u>	<u>96,446</u>

* Segment results of operations include the impact of the proportionate share of joint ventures, which differs from the statements of profit or loss in our consolidated financial statements which account for our investments in joint ventures under the equity method.

Set forth below are selected historical and statistical data of our operating fleet for the years ended December 31, 2022 and 2021 that we believe may be useful in better understanding our operating fleet's financial position and results of operations.

	Year Ended December 31,	
	2022	2021
<u>Drybulk Carriers Business</u>		
Handysize Segment		
Calendar days ⁽²⁾	6,091	6,375
Available days ⁽³⁾	5,980	6,239
Operating days ⁽⁴⁾	5,826	6,115
Owned fleet operating days ⁽⁵⁾	5,210	5,215
Short-term charter-in days ⁽⁷⁾	616	900
Fleet utilization ⁽⁸⁾	97.4%	98.0%
TCE per day ⁽⁹⁾	\$ 22,115	\$ 21,336
Vessel operating costs per day ⁽¹⁰⁾	\$ 5,776	\$ 5,670
Supramax/ultramax Segment		
Calendar days ⁽²⁾	8,210	9,652
Available days ⁽³⁾	8,143	9,555
Operating days ⁽⁴⁾	8,063	9,429
Owned fleet operating days ⁽⁵⁾	3,345	2,943
Long-term charter-in days ⁽⁶⁾	2,343	2,674
Short-term charter-in days ⁽⁷⁾	2,375	3,812
Fleet utilization ⁽⁸⁾	99.0%	98.7%
TCE per day ⁽⁹⁾	\$ 25,788	\$ 23,608
Vessel operating costs per day ⁽¹⁰⁾	\$ 5,297	\$ 5,223

(1) *Calendar days*: total calendar days the vessels were in our possession for the relevant period. Comparability of the calendar days are affected by the consolidation of the IVS Bulk vessels since February 2020.

(2) *Available days*: total number of calendar days a vessel is in our possession for the relevant period after subtracting off-hire days for scheduled drydocking and special surveys. We use available days to measure the number of days in a relevant period during which vessels should be available for generating revenue. Comparability of the available days are affected by the consolidation of the IVS Bulk vessels since February 2020.

(3) *Operating days*: the number of available days in the relevant period a vessel is controlled by us after subtracting the aggregate number of days that the vessel is off-hire due to a reason other than scheduled drydocking and special surveys, including unforeseen circumstances. We use operating days to measure the aggregate number of days in a relevant period during which vessels are actually available to generate revenue. Comparability of the operating days are affected by the consolidation of the IVS Bulk vessels since February 2020.

- (4) *Owned fleet operating days*: the number of operating days in which our owned fleet is operating for the relevant period.
- (5) *Long-term charter-in days*: the number of operating days for which our long-term charter-in fleet is operating for the relevant period. We regard chartered-in vessels as long-term charters if the period of the charter that we initially commit to is 12 months or more. Once we have included such chartered-in vessels in our Fleet, we will continue to regard them as part of our Fleet until the end of their chartered-in period, including any period that the charter has been extended under an option, even if at a given time the remaining period of their charter may be less than 12 months.
- (6) *Short-term charter-in days*: the number of operating days for which we have chartered-in third party vessels for durations of less than one year for the relevant period.
- (7) *Fleet utilization*: the percentage of time that vessels are available for generating revenue, determined by dividing the number of operating days during a relevant period by the number of available days during that period. We use fleet utilization to measure a company's efficiency in employing its vessels.
- (8) *TCE per day*: vessel revenue less voyage expenses during a relevant period divided by the number of operating days during the period. The number of operating days used to calculate TCE revenue per day includes the proportionate share of our joint ventures' operating days and includes charter-in days. See “—Non-GAAP Financial Measures” below for a discussion of TCE revenue and a reconciliation of revenue to TCE revenue.
- (9) *Vessel operating costs per day*: vessel operating costs per day represents vessel operating costs divided by the number of calendar days for owned vessels. The vessel operating costs and the number of calendar days used to calculate vessel operating costs per day includes the proportionate share of our joint ventures' vessel operating costs and calendar days and excludes charter-in costs and charter-in days. See “—Non-GAAP Financial Measures” below for a discussion of vessel operating costs per day.

We completed the plan to discontinue the medium range and small tanker segments during December 2021 and have presented the tanker business as a discontinued operation. We are now focused on the drybulk business which is presented as the continuing operations. Prior period figures have been reclassified to represent the change in our strategy.

Continuing Operations

Revenue. Revenue increased by \$4.7 million, or approximately 1.0%, from \$455.8 million for the year ended December 31, 2021 to \$460.5 million for the year ended December 31, 2022. The increase in revenue was primarily due to an increase in ship sale revenue partially offset by a decrease in vessel revenue which is the largest component of revenue. The largest component of revenue is vessel revenue. Vessel revenue decreased by \$25.3 million, or approximately 5.6%, from \$455.3 million for the year ended December 31, 2021 to \$430.0 million for the year ended December 31, 2022, respectively. The decrease in vessel revenue was primarily due to a decrease in the operating days due to the redelivery of a number of short-term chartered-in vessels, partially offset by an increase in the average spot rate during the year.

Drybulk Business Revenue and Vessel Revenue

In the drybulk business, our handysize total revenue increased by \$1.7 million, or approximately 1.1%, from \$158.2 million for the year ended December 31, 2021 to \$159.9 million for the year ended December 31, 2022. The handysize business experienced an increase in the spot rates due to the increase in the demand for drybulk tonnage, partially offset by the decrease in the number of short-term operating days. The supramax/ultramax total revenue decreased by \$23.8 million, or approximately 8.1%, from \$292.3 million for the year ended December 31, 2021 to \$268.5 million for the year ended December 31, 2022. The decrease in the supramax/ultramax total revenue was primarily due to the decrease in the operating days as a result of the redelivery of a number of short-term chartered-in vessels with extension options that were chartered-in part way through 2020 at rates below the spot market, partially offset by an increase in the spot rates in 2022 due to an increase in the demand for drybulk tonnage.

Our handysize vessel revenue increased by \$1.8 million, or approximately 1.1%, from \$157.7 million for the year ended December 31, 2021 to \$159.5 million for the year ended December 31, 2022. The increase in 2022 was primarily due to the same reasons set forth in the above paragraph. Our supramax/ultramax vessel revenue decreased by \$23.8 million, or approximately 8.1%, from \$292.2 million for the year ended December 31, 2021 to \$268.4 million for the year ended December 31, 2022. The decrease in 2022 was primarily due to the same reasons set forth in the above paragraph.

Drybulk Business TCE Revenue

Handysize TCE per day increased by \$779 per day, or approximately 3.7%, from \$21,336 per day for the year ended December 31, 2021 to \$22,115 per day for the year ended December 31, 2022 primarily due to an increase in the handysize spot market rates.

Supramax/ultramax TCE per day increased by \$2,180 per day, or approximately 9.2%, from \$23,608 per day for the year ended December 31, 2021 to \$25,788 per day for the year ended December 31, 2021 primarily due to an increase in the supramax/ultramax spot market rates.

A demand for commodities and therefore drybulk tonnage, together with port disruptions brought about by China's zero-COVID policy affected the available tonnage in the first half of 2022 and resulted in higher spot rates in the drybulk markets when compared to 2021. The rates decreased in the second half of 2022 as steel output and iron ore imports into China declined which was further affected by the inability of Australia and Brazil to supply the forecast volumes.

Cost of sales. Total cost of sales increased by \$14.8 million, or approximately 5.3%, from \$278.9 million for the year ended December 31, 2021 to \$293.7 million for the year ended December 31, 2022, mainly as a result of the increase in cost of ship sales. The largest component of cost of sales is voyage expenses, which decreased by \$5.9 million from \$97.0 million for the year ended December 31, 2021 to \$91.1 million for the year ended December 31, 2022. This decrease in voyage expenses was primarily due to a decrease of US\$3.4 million in pool distributions to third party pool participants in 2022 due to a smaller number of third party participants and increased returns of \$14.9 million on forward freight agreements used to hedge against volatile spot rates, offset by increased fuel costs of \$16.8 million. The increased fuel costs were partially offset by the decreasing number of freight voyages in 2022 which reduced the quantity of fuel purchased. Charter hire costs decreased by \$16.5 million from \$75.4 million for the year ended December 31, 2021 to \$58.9 million for the year ended December 31, 2022. This decrease was due to the redelivery of the additional short-term vessels chartered-in at the end of 2020 and redelivered towards the end of 2021 and beginning of 2022, which resulted in the reduction of the short-term operating days. Vessel operating costs increased by \$2.9 million from \$44.0 million in the year to December 31, 2021 to \$46.9 million in the year to December 31, 2022. The increase was primarily due to the increased number of owned supramax/ultramax operating days due to the acquisition of a long-term chartered-in vessel part way through 2021 and the exercising of a purchase option on a second chartered-in vessel in 2022 and additional costs incurred for repairs on older vessels. Depreciation of ships, dry-docking and plant and equipment – owned assets increased by \$4.6 million from \$25.9 million in the year to December 31, 2021, to \$30.5 million in the year to December 31, 2022. The main reason for this increase was the acquisition of a supramax vessel part way through 2021, the exercising of a purchase option on a supramax vessel part way through 2022 and the reversal of an impairment loss on a handysize vessel, partially offset by the sale of a medium range tanker (included in the Other segment under a bareboat charter) in 2022. Depreciation of ships and ship equipment – right-of-use assets remaining relatively flat with an increase of \$0.8 million from \$34.9 million in the year to December 31, 2021 to \$35.7 million in the year to December 31, 2022. Other expenses decreased by \$1.2 million from \$1.9 million in the year to December 31, 2021, to \$0.7 million in the year to December 31, 2022. Cost of ship sale increased by \$29.9 million from \$0 million in the year to December 31, 2021 to \$29.9 million in the year to December 31, 2022. This increase is due to the sale of a medium range tanker (included in the Other segment under a bareboat charter) compared to no ship sales in 2021.

Drybulk Business Cost of Sales

In the drybulk business, our handysize segment cost of sales increased by \$9.2 million, or approximately 10.9%, from \$84.2 million for the year ended December 31, 2021, to \$93.4 million for the year ended December 31, 2022. This increase was primarily due to increased voyage expenses, depreciation of owned vessels and rising operating expenses as described below. Our handysize segment voyage expenses increased by \$3.5 million, or approximately 12.9%, from \$27.2 million for the year ended December 31, 2021, to \$30.7 million for the year ended December 31, 2022. This increase was primarily due to an increase in the number of voyages and an increase in the value of the 2022 pool distribution to third party participants due to higher earnings. The charter hire costs in the handysize segment remained relatively flat with a small increase of \$0.3 million, or approximately 2.5%, from \$11.8 million for the year ended December 31, 2021, to \$12.1 million for the year ended December 31, 2022. Our handysize vessel operating costs increased by \$0.6 million, or approximately 1.9%, from \$31.0 million for the year ended December 31, 2021, to \$31.6 million for the year ended December 31, 2022. The increase was primarily due to increasing repair costs for some of the aging handysize vessels and increased crew repatriation costs due to increased flight costs, quarantine requirements and related expenses.

Our supramax/ultramax segment cost of sales decreased by \$23.2 million, or approximately 11.8%, from \$195.8 million for the year ended December 31, 2021 to \$172.6 million for the year ended December 31, 2022. This decrease was primarily due to decreased charter hire costs and decreased voyage expenses as described below, partially offset by an increase in depreciation of owned vessels due to the acquisition of a vessel in 2021 and 2022 and increased depreciation on right-of-use assets due to the extension and capitalisation of certain short-term charters. Our supramax/ultramax segment voyage expenses decreased by \$9.2 million, or approximately 13.2%, from \$69.6 million for the year ended December 31, 2021, to \$60.4 million for the year ended December 31, 2022. This decrease was primarily due to a lower number of operating days following the redelivery of the short-term chartered-in vessels and therefore a lower number of voyages in 2022. The charter hire costs in the supramax/ultramax segment decreased by \$16.8 million, or approximately 26.4%, from \$63.6 million for the year ended December 31, 2021, to \$46.8 million for the year ended December 31, 2022. The decrease was due to the redelivery of several short-term chartered-in vessels that were contracted towards the end of 2020 (with extension periods) at rates that were below the current spot market. Our supramax/ultramax vessel operating costs increased by \$2.4 million, or approximately 15.2%, from \$15.8 million for the year ended December 31, 2021, to \$18.2 million for the year ended December 31, 2022. The increase was primarily due to the acquisition of a vessel partway through 2021 and 2022 and increased crew repatriation costs due to increased flight costs, quarantine requirements and related expenses.

Drybulk Business Vessel Operating Costs Per Day

Handysize vessel operating costs per day increased by \$106, or approximately 1.9%, from \$5,670 per day for the year ended December 31, 2021 to \$5,776 per day for the year ended December 31, 2022.

Supramax/ultramax vessel operating costs per day increased by \$74, or approximately 1.4%, from \$5,223 per day for the year ended December 31, 2021 to \$5,297 per day for the year ended December 31, 2022.

These increases were primarily due to increased crew repatriation costs partly as a result of increased flight costs, quarantine requirements and related expenses.

During 2021 and 2022, the effects of the pandemic continued to have a negative impact on crew repatriation as we experienced continuing testing requirements and resulting quarantine costs and limited, expensive flights for necessary crew repatriation. In addition, logistics, the cost of supplying spares to vessels and the lack of availability of the spares required our technical department to hold increased quantities of stock on board the vessels.

Gross profit. Gross profit decreased by \$10.1 million, or 5.7%, from \$176.9 million for the year ended December 31, 2021 to \$166.8 million for the year ended December 31, 2021 primarily for the reasons described above.

Other operating income. Other operating income decreased by \$3.5 million from \$3.8 million recorded in the year ended December 31, 2021, to \$0.3 million recorded in the year ended December 31, 2022. In the year ended December 31, 2022, we recorded the reversal of impairment losses on vessels of \$1.7 million and the impairment loss on a right-of-use ship of \$1.0 million. For the year ended December 31, 2021, we recorded the reversal of impairment losses on vessels of \$3.6 million, the reversal of impairment losses on right-of-use ships of \$1.0 million and an impairment loss on goodwill and intangibles of \$1.0 million. We recorded a foreign exchange loss of \$0.5 million for the year ended December 31, 2022 and we incurred a foreign exchange gain of \$0.1 million for the year ended December 31, 2021 as a result of unrealized and realized revaluations of foreign currency bank balances, vendor balances and customer balances at period end.

Administrative expense. Administrative expense increased by \$12.0 million, or approximately 33.2%, from \$36.1 million for the year ended December 31, 2021 to \$48.1 million for the year ended December 31, 2022 primarily due to the fees associated with the offer to shareholders to purchase their shares during the current year of \$10.3 million and the settlement of the forfeitable share plan awards as part of the transaction agreement of \$4.8 million, which was partially offset by a lower staff incentive accrual.

Interest income. Interest income increased by \$2.0 million from \$0.2 million for the year ended December 31, 2021 to \$2.2 million for the year ended December 31, 2022. Interest increased for the year ended December 31, 2022 due to higher cash balances and higher interest rates, as well as interest earned on the Other investments.

Interest expense. Interest expense increased by \$4.8 million from \$12.3 million for the year ended December 31, 2021 to \$17.1 million for the year ended December 31, 2022, primarily due to the increase in interest rates. Interest expense on bank loans increased by \$7.9 million from \$6.2 million for the year ended December 31, 2021 to \$14.1 million for the year ended December 31, 2022. Interest expense on bank loans reflect the payment of interest on debt that principally funds our vessels. Our bank loans outstanding decreased by \$46.7 million from \$245.7 million as at December 31, 2021 to \$199.0 million as at December 31, 2022 primary due to quarterly repayments and repayment due to ship sales. The weighted average effective interest rate on our outstanding debt increased substantially from 3.82% in 2021 to 8.16% in 2022. The increase in the weighted average effective interest rate was primarily due to the increase in LIBOR as a consequence of the rising inflation.

Income tax (expense) benefit. Income tax (expense) benefit for the year decreased from a benefit of \$0.1 million for the year ended December 31, 2021 to an expense of \$0.8 million for the year ended December 31, 2022.

Profit for the year on continuing operations. Our profit for the year ended December 31, 2022, decreased to \$103.4 million from \$132.6 million for the year ended December 31, 2021 for the same reasons set forth above.

Continuing and Discontinued Operations

Profit for the year. Our profit for the year ended December 31, 2022, decreased to \$103.4 million from \$129.5 million for the year ended December 31, 2021 for the same reasons set forth above.

Non-GAAP Financial Measures

The financial information included in this annual report includes certain “non-GAAP financial measures” as such term is defined in SEC regulations governing the use of non-GAAP financial measures. Generally, a non-GAAP financial measure is a numerical measure of a company’s operating performance, financial position or cash flows that excludes or includes amounts that are included in, or excluded from, the most directly comparable measure calculated and presented in accordance with IFRS. For example, non-GAAP financial measures may exclude the impact of certain unique and/or non-operating items such as acquisitions, divestitures, restructuring charges, large write-offs or items outside of management’s control. Management believes that the non-GAAP financial measures described below provide investors and analysts useful insight into our financial position and operating performance.

TCE Revenue and TCE per day. TCE revenue is defined as vessel revenue less voyage expenses. Such TCE revenue, divided by the number of our operating days during the period, is TCE per day. Vessel revenue and voyage expenses as reported for our operating segments include a proportionate share of vessel revenue and voyage expenses attributable to our joint ventures based on our proportionate ownership of the joint ventures for the period the joint venture existed during a relevant period. The number of operating days used to calculate TCE per day also includes the proportionate share of our joint ventures’ operating days for the period the joint venture existed during in a relevant period and also includes charter-in days.

TCE per day is a common shipping industry performance measure used primarily to compare daily earnings generated by vessels on time charters with daily earnings generated by vessels on voyage charters, because charter hire rates for vessels on voyage charters have to cover voyage costs and are generally not expressed in per-day amounts while charter hire rates for vessels on time charters do not cover voyage costs and generally are expressed in per day amounts.

Below is a reconciliation from revenue to TCE revenue for the years ended December 31, 2023, 2022, and 2021.

(In thousands of U.S. dollars)	Year Ended December 31,								
	2023			2022			2021		
	Revenue	Voyage Expenses	TCE Revenue	Revenue	Voyage Expenses	TCE Revenue	Revenue	Voyage Expenses	TCE Revenue
Vessel revenue									
Handysize	87,918	(25,355)	62,563	159,524	(30,683)	128,841	157,707	(27,235)	130,472
Supramax/ultramax	138,128	(49,259)	88,869	268,352	(60,420)	207,932	292,179	(69,600)	222,579
Other	-			2,082			5,372		
Ship sale revenue	158,105			29,981			-		
Other revenue	2,945			521			581		
Adjustments ^(*)	-			-			-		
Revenue	<u>387,096</u>			<u>460,460</u>			<u>455,839</u>		

* Vessel revenue earned and voyage expenses incurred by the joint-ventures are included within the operating segment information on a proportionate consolidation basis for the period the joint venture existed during the relevant period. Accordingly, joint-ventures’ proportionate financial information are adjusted out to reconcile to the consolidated financial statements.

Vessel operating costs per day. Vessel operating costs per day represents vessel operating costs divided by the number of calendar days for owned vessels during the period. The vessel operating costs and the number of calendar days used to calculate vessel operating costs per day includes the proportionate share of our joint ventures’ vessel operating costs and calendar days for the period the joint venture existed during the relevant period and excludes charter-in costs and charter-in days.

Vessel operating costs per day is a non-GAAP performance measure commonly used in the shipping industry to provide an understanding of the daily technical management costs relating to the running of owned vessels.

EBITDA and Adjusted EBITDA. EBITDA is defined as earnings before income tax (expense) benefit, interest income, interest expense, share of losses of joint ventures and depreciation and amortization. Adjusted EBITDA is EBITDA adjusted to exclude the items set forth in the table below, which represent certain non-recurring, non-operating or other items that we believe are not indicative of the ongoing performance of our core operations.

EBITDA and Adjusted EBITDA are used by analysts in the shipping industry as common performance measures to compare results across peers. EBITDA and Adjusted EBITDA are not items recognized by IFRS, and should not be considered in isolation or used as alternatives to loss for the period or any other indicator of our operating performance.

Our presentation of EBITDA and Adjusted EBITDA is intended to supplement investors' understanding of our operating performance by providing information regarding our ongoing performance that exclude items we believe do not directly affect our core operations and enhancing the comparability of our ongoing performance across periods. Our management considers EBITDA and Adjusted EBITDA to be useful to investors because such performance measures provide information regarding the profitability of our core operations and facilitate comparison of our operating performance to the operating performance of our peers. Additionally, our management uses EBITDA and Adjusted EBITDA as measures when reviewing our operating performance. While we believe these measures are useful to investors, the definitions of EBITDA and Adjusted EBITDA used by us may not be comparable to similar measures used by other companies.

The table below presents the reconciliation between profit (loss) for the year from continuing operations to EBITDA from continuing operations and Adjusted EBITDA from continuing operations for the years ended December 31, 2023, 2022 and 2021:

(In thousands of U.S. dollars)	Year Ended December 31,		
	2023	2022	2021
(Loss) profit for the period from continuing operations	\$ (9,622)	\$ 103,367	\$ 132,647
Adjusted for:			
Income tax expense (benefit)	683	757	(118)
Interest income	(2,798)	(2,228)	(201)
Interest expense	17,099	17,133	12,298
Share of losses of joint ventures	-	5	31
Depreciation and amortization	57,654	67,275	61,919
EBITDA from continuing operations	\$ 63,016	\$ 186,309	\$ 206,576
Adjusted for			
Impairment (Reversal of) loss recognized on ships	2,000	(1,707)	(3,557)
Impairment loss (Reversal of) recognized on right-of-use assets	-	985	(1,046)
Impairment loss recognized on goodwill and intangibles	-	-	965
Reversal of impairment loss recognized on assets under construction	(310)	-	-
Share based compensation	-	8,134	3,330
Secondary registration and offering related expenses	-	-	633
Tender offer and related expenses	-	10,307	-
ADJUSTED EBITDA from continuing operations	\$ 64,706	\$ 204,028	\$ 206,901

Adjusted net income (loss) and Adjusted Earnings (loss) per share. Adjusted net income (loss) is defined as Profit (loss) for the period attributable to the owners of the Company adjusted for (reversal of) impairment loss recognized on ships, impairment loss recognized on goodwill and intangibles, impairment loss (reversal of) recognized on right-of-use assets, impairment loss on net disposal group, loss on disposal of business, share based compensation and non-recurring expenditure. Adjusted Earnings (loss) per share represents this figure divided by the weighted average number of ordinary shares outstanding for the period.

Adjusted net income (loss) is used by management for forecasting, making operational and strategic decisions, and evaluating current company performance. It is also one of the inputs used to calculate the variable amount that will be returned to shareholders in the form of quarterly dividends and/or share repurchases. Adjusted net income (loss) is not recognized by IFRS and should not be considered in isolation or used as alternatives to profit (loss) for the period or any other indicator of our operating performance.

Our presentation of Adjusted net income (loss) is intended to supplement investors' understanding of our operating performance by providing information regarding our ongoing performance that exclude items we believe do not directly affect our core operations and enhancing the comparability of our ongoing performance across periods. We consider Adjusted net income (loss) to be useful to management and investors because it eliminates items that are unrelated to the overall operating performance and that may vary significantly from period to period. Identifying these elements will facilitate comparison of our operating performance to the operating performance of our peers. The definitions of Adjusted net income (loss) used by us may not be comparable to similar measures used by other companies.

The table below presents the reconciliation between Profit (loss) for the period attributable to the owners of the Company for continuing operations to Adjusted net income (loss) for the years ended December 31, 2023, 2022 and 2021:

(In thousands of U.S. dollars, other than per share data)	Year Ended December 31,		
	2023	2022	2021
Profit (loss) for the period attributable to owners of the Company for continuing operations	\$ (9,622)	\$ 103,367	\$ 122,090
Adjusted for:			
Impairment (reversal of) loss recognized on ships	2,000	(1,707)	(3,557)
Impairment loss recognized on goodwill and intangibles	-	-	965
Impairment loss (reversal of) recognized on right-of-use assets	-	985	(1,046)
Reversal of impairment loss recognized on right-of-use assets	(310)		
Share based compensation	-	8,134	3,330
Secondary registration and offering related expenses	-	-	633
Tender offer and related expenses	-	10,307	-
Adjusted net income (loss) for continuing operations	(7,932)	121,086	122,415
Weighted average number of shares on which profit/(loss) per share has been calculated	19,524,087	18,949,972	19,150,787
Effect of dilutive potential ordinary shares	-	-	861,168
Weighted average number of ordinary shares for the purpose of calculating diluted profit/(loss) per share	19,524,087	18,949,972	20,011,955
Basic profit (loss) per share for continuing operations	\$ (0.49)	\$ 5.45	\$ 6.38
Diluted profit (loss) per share for continuing operations	\$ (0.49)	\$ 5.45	\$ 6.10
Basic Adjusted earnings (loss) per share for continuing operations	\$ (0.41)	\$ 6.39	\$ 6.39
Diluted Adjusted earnings (loss) per share for continuing operations	\$ (0.41)	\$ 6.39	\$ 6.12

Headline earnings (loss) and Headline earnings (loss) per share. The JSE requires that we calculate and publicly disclose Headline earnings (loss) per share and diluted Headline earnings (loss) per share. Headline earnings (loss) per share is calculated using net income which has been determined based on IFRS. Accordingly, this may differ to the Headline earnings (loss) per share calculation of other companies listed on the JSE because such companies may report their financial results under a different financial reporting framework such as U.S. GAAP.

Headline earnings (loss) for the period represents Profit (loss) for the period attributable to owners of the Company adjusted for the re-measurements that are more closely aligned to the operating or trading results as set forth below, and Headline earnings (loss) per share represents this figure divided by the weighted average number of ordinary shares outstanding for the period.

The table below presents a reconciliation between Profit (loss) for the year to Headline earnings (loss) for the years ended December 31, 2023, 2022 and 2021:

(In thousands of U.S. dollars, other than per share data)	Year ended December 31,		
	2023	2022	2021
Profit (loss) for the period attributable to owners of the Company	\$ (9,622)	\$ 103,367	\$ 118,925
Adjusted for:			
Impairment loss (Reversal of) recognized on ships	2,000	(1,707)	(3,557)
Impairment loss (reversal of) recognized on right-of-use assets	-	(985)	(1,046)
Impairment loss recognized on goodwill and intangibles	-	-	965
Impairment loss recognized on assets of disposal group	-	-	2,551
Impairment loss recognized on office equipment, furniture and fittings and motor vehicles	-	-	1
Reversal of impairment loss recognized on assets of disposal group	(310)	-	-
Loss on disposals of business	-	-	26
Headline earnings (loss)	\$ (7,932)	\$ 102,645	\$ 117,865
Weighted average number of shares on which profit (loss) per share has been calculated	19,524,087	18,949,972	19,150,787
Effect of dilutive potential ordinary shares	-	-	861,168
Weighted average number of ordinary shares for the purpose of calculating diluted profit (loss) per share	<u>19,524,087</u>	<u>18,949,972</u>	<u>20,011,955</u>
Basic profit (loss) per share	\$ (0.49)	\$ 5.45	\$ 6.21
Diluted profit (loss) per share	\$ (0.49)	\$ 5.45	\$ 5.94
Basic headline earnings (loss) per share	\$ (0.41)	\$ 5.42	\$ 6.15
Diluted headline earnings (loss) per share	\$ (0.41)	\$ 5.42	\$ 5.89

Liquidity and Capital Resources

Overview

We operate in a capital intensive industry. Our primary short-term liquidity needs relate to working capital requirements relating to voyages in progress, corporate overhead, payments of interest, quarterly principal payments under our credit facilities, dividend payments, share repurchases, exercising of purchase options in long-term charter contracts and any balloon payments on loans coming due in the next 12 months, while our long-term liquidity needs are expected to primarily relate to drydock payments, installment payments on new building construction contracts, investment in new and secondhand vessels, exercising of purchase options in long-term charter contracts and final balloon payments relating to our credit facilities. We anticipate that our primary sources of funds for our short-term liquidity needs will be cash flows from operations, which includes proceeds from the sale of vessels and borrowings. Generally, our long-term sources of funds will be from cash from operations, long-term borrowings and other debt or equity financings.

We have options to acquire three vessels, the *IVS Naruo*, the *IVS Pebble Beach* and the *IVS Atsugi* that have or are expected to first enter into the exercise periods under their respective charter parties in December 2020, September 2022 and January 2023 respectively. As of the date of this annual report, we have exercised the purchase option on the *IVS Naruo* with delivery expected to take place on or before June 30, 2024. See “Item 4. Information on the Company—Business Overview—Our Fleet”. The prices of these purchase options range from approximately \$12.0 million to \$23.8 million, subject to exchange rates and adjustments, where an option is exercisable on more than one date, based on the remaining time balance of the charter. In each case, such purchase option is subject to certain other adjustments and conditions and will expire at the completion of the applicable time charter.

In 2021 we experienced a significant increase in demand for drybulk tonnage which, together with the reduced supply of new vessels into the market and increased port congestion, resulted in a strong spot market. These favorable conditions continued through the first half of 2022 and the increased earnings improved liquidity and strengthened our balance sheet providing us with sufficient free cash to pay dividends, repurchase shares, expand our Fleet and to reduce our debt obligation. On December 5, 2022, we paid a special dividend of \$97.0 million in terms of the Transaction Implementation Agreement between ourselves and Taylor Maritime Investments Limited following a successful conclusion of the voluntary cash offer for all the issued ordinary shares of the company. The Company started to experience lower rates on time and voyage charters towards the end of 2022 that has persisted through 2023. The decline in the market has impacted the liquidity; although the sale of older and less efficient vessels has enabled us to improve our fleet profile as well as provide funding to the capital reduction that was paid out in two tranches in October 2023 and December 2023.

We manage liquidity risk by monitoring forecast and actual cash flows and ensuring that adequate borrowing facilities are maintained. Our management may, from time to time, at their discretion raise or borrow monies for our requirements as they deem fit. There are measures in place to preserve cash, maintain adequate financing to meet our obligations and comply with existing loan covenants imposed by the banks. The covenant levels are monitored continuously to identify any potential covenant issues so that solutions such as waivers or modifications to the loan covenants to obtain more favorable terms can be implemented in advance. We may seek to accomplish any of these independently or in conjunction with one or more of these actions. Based on the 12 months cash flow forecast prepared by management from the date of this annual report, our Board of Directors has no reason to believe that we will not continue as a going concern and has assessed that there is no material uncertainty related to these conditions and there is no substantial doubt about our ability to continue as a going concern. We have plans in place to sell certain vessels, exercise certain purchase options, repay certain loans, protect existing covenants on term loans and maintain adequate liquidity.

Cash Flow Discussion

The following table presents cash flow information for each of the years ended December 31, 2023, 2022 and 2021.

(In thousands of U.S. dollars)	Year Ended December 31,		
	2023	2022	2021
Net cash flows generated from operating activities ⁽¹⁾	\$ 155,123	\$ 186,029	\$ 204,852
Net cash generated from investing activities	1,200	98	1,066
Net cash flows used in financing activities	(147,450)	(243,142)	(139,076)
Net (decrease) increase in cash and cash equivalents	8,873	(57,015)	66,842
Cash and cash equivalents, beginning of year	45,561	104,243	37,942
Effect of exchange rate changes on the balance of cash held in foreign currencies	(205)	(667)	(541)
Cash and cash equivalents, end of year	\$ 55,229	\$ 46,561	\$ 104,243

(1) Net cash flows generated from operating activities includes capital expenditure on ships of \$38,076,000, \$9,306,000 and \$33,455,000 and proceeds from disposal of ships of \$152,011,000, \$29,509,000 and \$47,819,000 for the years ended December 31, 2023, 2022 and 2021.

Net cash flows generated from operating activities. Net cash flows generated from operating activities decreased by \$30.9 million due to an inflow of \$155.1 million for the year ended December 31, 2023 as compared to an inflow of \$186.0 million for the year ended December 31, 2022, primarily due to an decrease in cash generated through operating activities of \$139.7 million as a result of the weaker drybulk markets in 2023, an increase in capital expenditure on vessels of \$28.8 million, a net increase in interest paid of \$1.8 million and an increase in income tax paid of \$2.3 million, partially offset by an increase in proceeds on the sale of ships of \$122.5 million and positive movements in working capital of \$19.2 million.

Net cash flows generated from operating activities was \$155.1 million for the year ended December 31, 2023, \$186.0 million for the year ended December 31, 2022 and \$204.9 million for the year ended December 31, 2021. Net cash flows generated from operating activities for year ended December 31, 2023 include capital expenditure on vessels of \$38.1 million and proceeds from vessel sales of \$152.0 million. Net cash flows generated from operating activities for the year ended December 31, 2022 include capital expenditure on vessels of \$9.3 million and proceeds from vessel sales of \$29.5 million. Net cash flows generated from operating activities for the year ended December 31, 2021 include capital expenditure on vessels of \$33.5 million and proceeds from vessel sales of \$47.8 million.

Net cash flows generated from operating activities decreased by \$18.9 million due to an inflow of \$186.0 million for the year ended December 31, 2022 as compared to an inflow of \$204.9 million for the year ended December 31, 2021, primarily due to a decrease in proceeds on the sale of ships of \$18.3 million, a decrease in cash generated through operating activities of \$12.6 million as a result of the decrease in operating days, negative movements in working capital of \$11.2 million and an increase in interest paid of \$2.9 million due to increasing interest rates, partially offset by an decrease in capital expenditure on vessels of \$24.1 million and an increase in interest received of \$1.6 million.

Net cash generated from investing activities. Net cash flows from investing activities were \$1.2 million for the year ended December 31, 2023, \$0.1 million and \$1.1 million for the year ended December 31, 2022 and 2021, respectively. Net cash generated from investing activities in the year ended December 31, 2023 were comprised of net cash from the acquisition of subsidiaries of \$2.0 million that were offset by the acquisition of plant and equipment of \$0.6 million and intangible assets of \$0.2 million. Net cash generated from investing activities in the year ended December 31, 2022 were relatively immaterial receipts from the sale of plant and equipment of \$0.3 million that were offset by purchases of plant and equipment of \$0.1 million and intangible assets of \$0.1 million. Net cash generated from investing activities in the year ended December 31, 2021 were relatively immaterial receipts from a joint venture loan of \$0.8 million and dividends received from a joint venture of \$0.2 million.

Net cash flows from investing activities increased by \$1.1 million for the year ended December 31, 2023 compared to the year ended December 31, 2022 primarily due to the net cash acquired in the purchase of subsidiaries of \$2.0 million that was offset by the purchase of minor assets and intangibles compared to the immaterial receipts from the sale of minor assets in the previous year. Net cash flows from investing activities decreased by \$1.0 million for the year ended December 31, 2022 compared to the year ended December 31, 2021 primarily due to the repayment of joint venture loans of \$0.8 million received in 2021 compared to net minor purchases and sales of plant and equipment in the previous year.

Net cash flows used in financing activities. Net cash flows used in financing activities were \$147.5 million for the year ended December 31, 2023, \$243.1 million for the year ended December 31, 2022 and \$139.1 million for the year ended December 31, 2021. Net cash flows used in financing activities in the year ended December 31, 2023 were primarily impacted by the repayment of \$56.9 million in existing debt, the repayment of \$58.3 million in lease liabilities and capital repaid of \$32.4 million. Net cash flows used in financing activities in the year ended December 31, 2022 were primarily impacted by the repayment of \$49.9 million in existing debt, the repayment of \$56.9 million in lease liabilities and dividends paid of \$135.9 million. Net cash flows used in financing activities in the year ended December 31, 2021 were primarily impacted by the repayment of \$82.1 million in existing debt, the acquisition of the non-controlling interest in IVS Bulk of \$46.6 million, the repayment of \$36.0 million in lease liabilities, dividends paid of \$13.6 million and the acquisition of treasury shares of \$11.9 million, offset by a net inflow of \$48.0 million from the incurrence of new debt and the release of restricted cash of \$3.1 million.

Net cash flows used in financing activities decreased by \$95.7 million from an outflow of \$243.1 million for the year ended December 31, 2022 to an outflow of \$147.5 million for the year ended December 31, 2023 primarily due to decreased dividend payments of \$134.7 and a decrease in restricted cash of \$1.8 million, offset by an increase in the repayment of the principal portion of long-term interest-bearing debt of \$7.0 million and an increase in the repayments on lease liabilities of \$1.4 million and an increase in capital repayments of \$32.4 million.

Net cash flows used in financing activities increased by \$104.1 million from an outflow of \$139.1 million for the year ended December 31, 2021 to an outflow of \$243.1 million for the year ended December 31, 2022 primarily due increased dividend payments of \$122.3 million, a decrease in the long-term interest bearing debt raised of \$48.0 million and an increase in the repayments on lease liabilities of \$20.9 million, partially offset by a decrease in the acquisition of the non-controlling interest in IVS Bulk of \$46.6 million, the acquisition of treasury shares in 2021 of \$11.9 million, and a decrease in the repayment of the principal portion of long-term interest-bearing debt of \$32.3 million.

Restricted cash. The above cash flow figures in this “Cash Flow Discussion” exclude restricted cash of \$8.7 million which is pledged to certain banks to secure loans and other credit facilities. As of December 31, 2023, we had cash and bank balances (including restricted cash) of \$63.9 million.

Capital Expenditures

We make capital expenditures from time to time in connection with drydocking activities and maintenance in the ordinary course and in order to comply with environmental and other governmental regulations and in connection with our vessel acquisitions. We may in the future enter into newbuilding contracts or contracts to acquire newbuildings, or resale contracts, or to acquire second hand vessels.

On May 10, 2022, we exercised the purchase option on the chartered-in 2015-built supramax bulk carrier, *IVS Pinehurst*, for an amount of \$18.0 million with delivery on June 18, 2022. The vessel remained chartered-in at her original contract rate until delivery.

On May 25, 2023, we exercised the purchase option on the chartered-in 2016-built supramax bulk carrier, *IVS Hayakita*, with delivery on September 25, 2023. The vessel remained chartered-in at her original contract rate until delivery.

On July 18, 2023, we entered into a contract to purchase the 2024-built handysize bulk carrier newbuilding for a price of \$33.8 million (before costs) from Good Viscount (MI) Ltd (a wholly owned subsidiary of our parent company). We took delivery of the handysize bulk carrier on February 6, 2024.

On July 24, 2023, we entered into a contract to purchase the 2011-built handysize bulk carrier, *IVS Merlin*, for a price of \$15.0 million (before costs) from Billy (MI) Ltd (a wholly owned subsidiary of our parent company). We took delivery of the handysize bulk carrier on July 28, 2023.

On October 3, 2023, we announced that the completion conditions included in the two sale and purchase agreements for the acquisition of the entire issued share capital of Tamar Ship Management Limited and Taylor Maritime Management Limited had been met. The acquisition became legally effective on October 3, 2023.

On November 13, 2023, we exercised the purchase option on the 2014-built supramax bulk carrier *IVS Naruo* for approximately \$12.0 million with delivery expected to take place on or before June 30, 2024. The acquisition of this vessel will be funded by the proceeds of previous vessel sales and available working capital.

In addition to acquisitions that we may undertake in future periods, we will incur additional expenditures due to drydockings for our Fleet. The location of the drydock will be decided when the vessel is scheduled to drydock. We estimate our drydocking costs, including capitalized costs incurred during drydocking related to vessels and vessel equipment, and scheduled off-hire days for our Fleet through 2024 and 2025 to be:

Year	Estimated Drydocking Cost (U.S. dollars)	Estimated Off-hire Days
2024	\$ 5.8 million	117.00 days
2025	\$ 5.0 million	90.00 days

Actual costs will vary based on various factors, including where the drydockings are actually performed. We expect to fund these costs with cash from operations. These costs do not include drydock expense items that are reflected in vessel operating costs or costs associated with the installation of ballast water treatment systems.

Actual length of drydocking will vary based on the condition of the vessel, yard schedules and other factors. Higher repairs and maintenance expenses during drydocking for vessels which are over 15 years old typically result in a higher number of off-hire days depending on the condition of the vessel.

For the years ended December 31, 2023, 2022 and 2021, we incurred a total of \$7.9 million, \$7.2 million, and \$8.8 million of drydocking costs, respectively, excluding costs incurred during drydocking that were capitalized to vessel assets or vessel equipment.

During 2023, nine of our vessels completed their scheduled drydockings. We estimate that ten of our vessels will be drydocked in 2024 and five of our vessels will be drydocked in 2025.

Description of Indebtedness

Below is a summary of our significant debt obligations.

Loan Agreements

\$100.0 Million Senior Secured Credit Facility

On May 8, 2018, GSPL entered into a \$100.0 million senior secured credit facility that was fully repaid on May 15, 2023.

\$114.1 Million Senior Secured Credit Facility (increased to \$120.0 Million)

On February 10, 2020, Grindrod Shipping and IVS Bulk, as joint and several borrowers, entered into a \$114.1 million senior secured term loan facility with Credit Agricole Corporate and Investment Bank and Hamburg Commercial Bank AG relating to all of the vessels owned by the subsidiaries of IVS Bulk, other than the *IVS North Berwick*, being a total of 11 drybulk vessels. The facility was drawn in full on February 13, 2020, for the purpose of refinancing the existing indebtedness of the IVS Bulk subsidiaries, other than the subsidiary that owns the *IVS North Berwick*, refinancing other indebtedness of IVS Bulk and for general corporate purposes. The facility bears interest at LIBOR plus a margin of 3.10% per annum and matures on February 13, 2025. The facility is secured by, among other things, (a) first priority mortgage over each of the 11 vessels owned by IVS Bulk's subsidiaries other than the *IVS North Berwick*, (b) a guarantee from each of the IVS Bulk subsidiaries other than the subsidiary that owns the *IVS North Berwick*, and (c) security over the shares in the IVS Bulk subsidiaries other than the subsidiary owning the *IVS North Berwick*. Grindrod Shipping has provided an undertaking to Sankaty, the other shareholder in IVS Bulk, that Grindrod Shipping will not directly borrow under this facility, and to the extent Grindrod Shipping has not borrowed under this facility but are nevertheless required, as a joint and several borrower, to make payments to the lenders, Sankaty has provided Grindrod Shipping with an indemnity for its share of such payment, so that as between us and Sankaty the net payment is borne in proportion to each of our shareholding in IVS Bulk. On December 29, 2020, the parties to the facility agreement entered into an amendment the purpose of which was to provide relief on the book value net worth covenant, the debt to market adjusted tangible fixed asset ratio and the working capital covenant as set out further in “—Loan Covenants” below. On September 10, 2021, the parties to the facility agreement entered into an amendment and restatement agreement the purpose of which was to increase the size of the facility to \$120.0 million (increasing the amount then available for drawdown by \$23.0 million). On June 1, 2023, the parties to the facility agreement entered into an amendment and restatement agreement the purpose of which was to convert the interest rate from LIBOR to Term SOFR. The covenants applicable to this facility described in “—Loan Covenants” below. As of December 31, 2023, \$63.6 million was outstanding on this facility. On March 8, 2024, the proceeds of the \$83.0 Million Senior Secured Credit Facility were used to settle this facility and as of March 27, 2024, this facility was fully repaid.

\$13.1 Million Senior Secured Credit Facility

On January 31, 2020, IVS Bulk and its subsidiary that owns the drybulk vessel the *IVS North Berwick* entered into a \$13.1 million senior secured term loan facility with Showa Leasing Co., Ltd. relating to the *IVS North Berwick*. The facility was drawn in full on February 13, 2020, the proceeds of which were used primarily to refinance the existing indebtedness of the IVS Bulk subsidiary that owns the *IVS North Berwick*. The facility bears interest at LIBOR plus a margin of 2.75% per annum and matures on February 13, 2025. The facility is secured by, among other things (a) first priority mortgage over the *IVS North Berwick*, (b) a guarantee from IVS Bulk, and (c) security over the shares in the IVS Bulk subsidiary owning the *IVS North Berwick*. On August 14, 2023, the parties to the facility agreement entered into an amendment and restatement agreement the purpose of which was to transition the interest rate from LIBOR to Term SOFR. As of December 31, 2023, \$9.1 million was outstanding on this facility.

Combined \$31.4 Million Senior Secured Credit Facility

On July 29, 2019, each of the subsidiaries owning *IVS Okudogo* and *IVS Prestwick*, entered into a separate term loan facility, as borrower, with The IYO Bank, each for an amount up to approximately \$15.7 million, the proceeds of which were used to finance a portion of the purchase price of *IVS Okudogo* on her delivery on August 8, 2019, and of *IVS Prestwick*, on her delivery on September 26, 2019, respectively. Grindrod Shipping is a party, as guarantor, to each of these agreements. On August 27, 2019, the respective parties to each of these two facilities entered into an addendum to the relevant facility agreement, in each case to clarify matters relating to the balloon payment. The facilities each have a seven-year term, are repayable in quarterly instalments with a balloon payment at the end of the repayment schedule, bear interest at a rate of LIBOR plus 2.00% per annum and are secured by, amongst other security, a mortgage over the relevant vessel and, in each case, a mortgage over the vessel *IVS Ibis* and a guarantee by Grindrod Shipping. On March 16, 2023, the parties to the facility agreement entered into an amendment and restatement agreement the purpose of which was to transition the interest rate from LIBOR to Term SOFR. As of December 31, 2023, a total of \$22.6 million was outstanding on these facilities.

Other Borrowings

GSPL has other borrowings that relate to \$64.0 million in financing arrangements entered into with third parties with respect to four of the vessels we regard as owned, namely *IVS Knot*, *IVS Kinglet*, *IVS Magpie* and *IVS Phoenix*. The arrangements commenced on June 26, 2019, September 19, 2019, November 20, 2019 and September 16, 2021, respectively, the loans are payable monthly in advance and bear interest at a rate of LIBOR plus 1.7% per annum and LIBOR plus 1.75%. During June 2023, the parties to the facility agreements entered into addendums the purpose of which was to transition the interest rate from LIBOR to Term SOFR. The loans mature on June 25, 2030, October 18, 2031, November 19, 2031 and August 16, 2036. As of December 31, 2023, the outstanding balances in relation to these borrowings was \$46.9 million.

\$20.2 Million Senior Secured Credit Facility

On February 2, 2024, the subsidiary owning *HB Imabari*, entered into a separate term loan facility, as borrower, with The IYO Bank, for an amount up to approximately \$20.2 million, the proceeds of which were used to finance a portion of the purchase price of *HB Imabari* on her delivery on February 6, 2024. Grindrod Shipping is a party, as guarantor, to the agreement. The facility has a seven-year term, is repayable in quarterly instalments with a balloon payment at the end of the repayment schedule, bear interest at a rate of

Term SOFR plus 2.35% per annum and are secured by, amongst other security, a mortgage over the relevant vessel and a guarantee by Grindrod Shipping. As the subsidiary drew down on this facility subsequent to year end, as of December 31, 2023 there was nil outstanding under this facility. As of March 27, 2024, the full principal amount of \$20.2 million was outstanding on this facility.

\$83.0 Million Senior Secured Credit Facility

On February 29, 2024, Grindrod Shipping, as parent guarantor and GSPL as borrower entered into a \$83.0 million senior secured revolving loan facility with Nordea Bank ABP, Filial I Norge as facility agent and security agent and Nordea Bank ABP, Filial I Norge (“Nordea”) and Skandinaviska Enskilda Banken AB (Publ), Singapore Branch (“SEB”) as lenders relating to eight vessels. The facility has an additional \$30.0 million that can be accessed as an accordion facility during the 36 months prior to the facility maturing. The facility was drawn in full on March 8, 2024, for the purpose of refinancing the existing indebtedness (the \$114.1 Million Senior Secured Credit Facility as described above). The facility bears interest at Term SOFR plus a margin of 2.65% per annum and matures on March 7, 2028. The facility is secured by, among other things, (a) first priority mortgage over each of the eight vessels owned by the relevant GSPL subsidiaries, (b) a guarantee from each of the relevant GSPL subsidiaries (namely *IVS Phinda*, *IVS Sparrowhawk*, *IVS Thanda*, *IVS Tembe*, *IVS Sunbird*, *IVS Wentworth*, *IVS Swinley Forest* and *IVS Gleneagles*), and (c) security over the shares in the relevant GSPL subsidiaries. The covenants applicable to this facility are described in “—Loan Covenants” below. As GSPL drew down on this facility subsequent to year end, as of December 31, 2023 there was nil outstanding under this facility. As of March 27, 2024, the full principal amount of \$83.0 million was outstanding on this facility.

Loan Covenants

On June 28, 2019, the parties to the relevant agreements entered into amendments to our \$100.0 million senior secured credit facility, the purpose of which was to lower the amount of the minimum book value net worth covenant, introduce a new working capital covenant and clarify, for purposes of calculating financial covenants, the treatment of assets and liabilities that has been reflected in our financial statements from January 1, 2019 as a consequence of the adoption of IFRS 16. On April 16, 2020, the parties to the relevant agreements entered into further amendments to our \$100.0 million senior secured credit facility, the purpose of which was to amend the definitions of consolidated current assets and consolidated current liabilities for purposes of the working capital covenant described below, in each case such that the determination of the consolidated current assets and consolidated current liabilities of Grindrod Shipping excludes any adjustments made for IFRS 16. Further, in respect of these facilities, the lenders agreed to the following covenant amendments during 2020:

- the reduction of the cash covenant to be tested as at June 30, 2020 and September 30, 2020 from \$30 million to \$20 million; and
- the determination of current liabilities will exclude the amount owed under the \$35.8 million senior secured credit facility for purposes of testing, as at June 30, 2020 and September 30, 2020, the covenant that requires our current assets to exceed our current liabilities.

On December 29, 2020 and December 31, 2020, the parties to the relevant agreements entered into further amendments to our \$114.1 million senior secured credit facility in which the lenders agreed to the following covenant amendments:

- the book value net worth for the purposes of testing, as at December 31, 2020 shall not be lower than US\$225 million;
- the ratio of debt to market adjusted tangible fixed assets for the purposes of testing, as at December 31, 2020 shall be not more than 80%;
- the determination of current liabilities shall exclude the amount owed to the \$35.8 million senior secured credit facility for purposes of testing, as at December 31, 2020, the working capital covenant that requires our current assets to exceed our current liabilities.

On December 29, 2020 and June 7, 2021, the parties to the relevant agreements entered into further amendments to our \$114.1 million senior secured credit facility in which the lenders agreed to the following covenant amendments:

- the book value net worth for the purposes of testing, as at January 1, 2021 and thereafter shall not be lower than US\$200 million;

On September 10, 2021, the parties to the relevant agreements entered into an amendment and restatement agreement to our \$114.1 million senior secured credit facility to increase the amount of the facility and as the IVS Bulk group was 100% owned by the Group, to remove the financial covenant requirement for the consolidated group of IVS Bulk and its subsidiaries.

The \$114.1 million senior secured credit facility described above contained, among other conditions and obligations, the following amended financial covenants the most stringent of which require us and our subsidiaries, to maintain on a consolidated basis:

- book value net worth of the lower of (a) the aggregate of \$200 million from January 1, 2021 thereafter plus 25% of the amount of positive retained earnings plus 50% of each capital raise and (b) \$275 million. For purposes of the forgoing, “positive retained earnings” means the positive retained earnings of Grindrod Shipping and its subsidiaries on a consolidated basis tested bi-annually at each June 30 and December 31, and “capital raise” means the dollar amount (or equivalent amount in dollars) of the proceeds of any equity capital raised by Grindrod Shipping (without giving effect to any capital raised by its subsidiaries), as evidenced in the latest accounts as of each June 30 or December 31;
- cash and cash equivalents (which may, depending on the facility, include cash restricted in certain security accounts) of not less than \$30 million;
- a ratio of debt to market adjusted tangible fixed assets of not more than 75%. For purposes of the foregoing, the definition of “debt” excludes lease obligations recognized under IFRS 16 and the definition of “tangible fixed assets” excludes right-of-use assets relating to ships; and
- positive working capital, such that consolidated current assets (excluding any adjustments made for IFRS 16) must exceed the consolidated current liabilities (excluding any adjustments for IFRS 16) as evidenced in the latest accounts as of each June 30 and December 31.

Further, the credit facilities referred to above contained provisions requiring a minimum value of the collateral for each relevant facility, such that the aggregate fair market value of the vessels securing the relevant facility plus any additional security securing that facility divided by the relevant debt amount results in at least a specified minimum amount (depending on the relevant facility agreement and the type and age of the vessels securing the loan), with the relevant minimum amount ranging between 125% and 135%.

The credit facilities referred to above also contain, among other conditions, restrictive covenants which could or would restrict our ability, amongst other restrictions, to:

- incur additional indebtedness on the relevant vessels securing that facility;
- sell any collateral vessel (unless a corresponding amount under the relevant facility were prepaid in accordance with its terms);
- upon the happening of an event of default or potential event of default, make additional investments or acquisitions;
- upon the happening of an event of default or potential event of default, pay dividends; or
- effect a change of ownership or control of the relevant borrower group under each facility.

A violation of any of the financial or restrictive covenants, or various other provisions, contained in the credit facilities described above and under “—Off-Balance Sheet Arrangements” below may constitute an event of default under the relevant credit facility, which, unless cured (if permitted, and capable of being cured), or waived or modified by the relevant banks, provides those banks with the right to, among other things (and as the case may be), require the relevant borrowers or other obligors to post additional collateral, enhance their equity and liquidity, increase the interest payable, pay down the relevant indebtedness to a level where compliance with relevant loan covenants are met, sell vessels, reclassify indebtedness as current liabilities, accelerate indebtedness, enforce security on fleet vessels and the other assets securing the credit facilities, and make demand under guarantees, which would impair our ability to continue to conduct our business.

Furthermore, the credit facilities contain cross-default provisions. A cross-default provision in one facility means that an event of default under one or more other facilities could, subject to any applicable thresholds, result in an event of default occurring under the first facility. Because of the presence of cross-default provisions in the facilities, the refusal of the lenders under any credit facilities to grant or extend a waiver could result in certain indebtedness being accelerated, even if the other lenders under the other credit facilities have waived defaults under their respective credit facilities. If any of our secured indebtedness is accelerated in full or in part, it could be difficult in the current financing environment for us to refinance the relevant debt or obtain additional financing in such circumstances and we could lose vessels and other assets securing the credit facilities if the lenders foreclose their security, which would adversely affect our ability to conduct our business.

Moreover, in connection with any waivers of or amendments to the credit facilities that have been obtained, or may be obtained in the future, the banks may impose additional operating and financial restrictions or modify the terms of the existing credit facilities. These restrictions may further restrict our ability to, among other things, pay dividends, make capital expenditures or incur additional indebtedness, including through the issuance of guarantees. In addition, the banks may require the payment of additional fees, require prepayment of a portion of the indebtedness owed to them, accelerate the amortization schedule for facility indebtedness and increase the interest rates charged on outstanding indebtedness.

As of December 31, 2023, Grindrod Shipping, GSPL, the borrowers and the other GSPL subsidiaries were in compliance with all of the financial and restrictive covenants contained in our credit facilities.

See Note 24 to our consolidated financial statements for further details regarding the credit facilities.

Loan Financial Covenants after March 8, 2024

After the refinancing and drawdown of the 2024 \$83.0 Million Senior Secured Credit Facility, the financial covenants described above were replaced with the following financial covenants, under which, on a consolidated basis, the Group must maintain:

- Cash and cash equivalents that is the higher of (a) \$500,000 per owned vessel and (b) 5% of interest-bearing debt;
- The Adjusted Equity shall be no less than (a) 40% of the sum of the liabilities and Adjusted Equity and (b) \$175,000,000; and
- Positive Working Capital.

Adjusted Equity means the total equity presented in the most recent consolidated financial statements and/or management accounts delivered to the Facility Agent pursuant to the Facility Agreement by adjusting the vessels' book values to their current market values obtained through Approved Valuers (as defined therein).

All other provisions, restrictive covenants and undertakings as described above remain relevant to the new facility.

Trend Information

Our results of operations depend primarily on the charter hire rates that we are able to realize for our vessels, which depend on demand and supply dynamics characterizing the drybulk market at any given time. For other trends affecting our business, please see other discussions under “—Factors Affecting our Results of Operations and Financial Condition” above.

Off Balance Sheet Arrangements

Charter Hire Obligations

We are committed to make certain charter hire payments to third parties for chartered-in vessels. IFRS 16 requires us to recognize, on a discounted basis, the rights and obligations created by the commitment to lease assets on the balance sheet. Leases with term of lease less than 12 months or of low value would be considered as off balance sheet arrangements.

Please see “—Contractual Obligations and Contingencies” below for these and our other contractual obligations and commitments.

Contractual Obligations and Contingencies

Our contractual obligations and commercial commitments consist primarily of long-term debt, time charter agreements, capital expenditure on vessels and, from time to time, newbuilding commitments.

The following table summarizes our contractual obligations as of December 31, 2023:

(In thousands of U.S. dollars)	Payments Due by Period				
	Total	Less Than 1 Year	1–3 Years	3–5 Years	More than 5 Years
Secured bank loans and other borrowings ⁽¹⁾	142,217	18,578	91,582	9,976	22,081
Interest on secured bank loans and other borrowings ⁽²⁾	29,309	9,995	9,392	4,093	5,829
Capital expenditure on vessels ⁽¹⁾	17,869	17,869	-	-	-
Time charter agreements	4,763	4,763	-	-	-
Lease liabilities ⁽³⁾	33,805	32,432	1,373	-	-
Total contractual obligations	227,963	83,637	102,347	14,069	27,910

(1) These obligations are disclosed in Notes 24 and 40 of the consolidated financial statements.

(2) Interest is based on Term SOFR assumption of 5.4% per annum for secured bank loans and other borrowings.

(3) Include obligations under certain time charter agreements. Please see Note 23 of the consolidated financial statements.

Recent Accounting Pronouncements

For recent accounting pronouncements that we have evaluated and determined to have an impact on our consolidated financial statements, see Note 9 to our consolidated financial statements.

ITEM 6. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

Directors

The table below details the names of, and information about, the directors of Grindrod Shipping. At our next annual general meeting, Messrs Klemme and Schaar will retire from office pursuant to Regulation 101 of the Constitution of the Company and will be eligible to and, we expect, will stand for re-election.

Name	Age	Position	Term Expires
Rebecca Brosnan	44	Director	Annual General Meeting, by rotation
Edward Buttery ⁽¹⁾	39	Director	
Gordon French	59	Director	Annual General Meeting, by rotation
Alan Hatton	46	Director	Annual General Meeting, by rotation
Charles Maltby	52	Director	Resigned effective on December 31, 2023
Kurt Klemme ⁽²⁾	55	Director	Next Annual General Meeting, by rotation
Cullen Schaar ⁽²⁾	40	Director	Next Annual General Meeting, by rotation
Paul Over	67	Director	Annual General Meeting, by rotation
Stephen Griffiths	63	Director	Retirement effective on March 31, 2023
John Herholdt	75	Director	Retirement effective on March 31, 2023
Quah Ban Huat	57	Director	Retirement effective on March 31, 2023

- (1) Mr. Buttery will serve as Director so long as he holds the position as Chief Executive Officer of the Company.
- (2) At each Annual General Meeting subsequent to the first Annual General Meeting, one-third of the directors for the time being (or, if their number is not a multiple of three the number nearest to one-third) shall retire from office by rotation. The directors to retire in every year shall be those, subject to retirement by rotation, who have been longest in office since their last re-election or appointment and so that as between persons who became or were last re-elected directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by lot. A retiring director shall be eligible for re-election. Messrs. Klemme and Schaar will retire by rotation pursuant to Regulation 101 of the Company's Constitution in the next Annual General Meeting.

Rebecca Brosnan has served as a member of our board of directors since December 6, 2022 and is a member of the Audit and Risk Committee. Ms. Brosnan has over 20 years of experience in investment banking, financial markets, commodities and currently serves as the IFC Nominated Director on the Board of the City Bank, a listed commercial bank in Bangladesh. Previously, Ms. Brosnan was the Chief Financial Officer & Head of Strategy of Diginex, the COO & CFO of Mother's Choice and Head of Asia Commodities and Head of Strategy at the Hong Kong Stock Exchange.

Edward Buttery was appointed as the new Chief Executive Officer of the Company effective on April 1, 2023. He previously served as a member of our board of directors and as a member of the Compensation and Nomination Committee from December 6, 2022 to March 31, 2023. Mr. Buttery is the Founder, Chief Executive Officer and Executive Director of Taylor Maritime Investments Limited and has extensive experience in the shipping and maritime finance fields over the last 18 years. Prior to Taylor, Mr. Buttery was a Chartering Manager at Pacific Basin, Deputy COO of Asia Maritime Pacific, and a member of the ship finance team at Nordea Bank.

Gordon French has served as a member of our board of directors since March 20, 2023 and is a member of the Audit and Risk Committee and Compensation and Nomination Committee. Mr. French was appointed as the Audit and Risk Committee Chairman effective on April 1, 2023. Mr. French was the Head of Global Banking and Markets for Asia-Pacific at HSBC based in Hong Kong responsible for all Global Banking and Market's businesses in the region: Global Banking, Global Markets, Securities Services, Global Liquidity and Cash Management and Balance Sheet Management. Having served 33 years, Mr. French retired from his role at HSBC at the end of 2020. He represented HSBC on various regulatory and exchange committees and he was also the inaugural Chairman of HSBC Bank (Singapore) Limited from April 2016 to June 2017.

Alan Hatton has served as a member of our board of directors since December 14, 2022. Mr. Hatton has over 16 years of leadership experience in the maritime industry and is currently the Managing Director of Foreguard Shipping, a privately-owned ship owner and operator of vessels in the chemical, offshore and gas sectors. Mr. Hatton started his career as an M&A banker at DrKW and Lazard and subsequently held CEO positions at publicly listed and private ship owning and operating companies. Mr. Hatton holds a B.Sc. and M.Sc. from the London School of Economics and Political Science, has completed the Copenhagen Business School Blue Board Leadership Program (2023-2024) and is a Singapore Institute of Directors Senior Accredited Director

Kurt Klemme has served as a member of our board of directors since December 6, 2022 and is the Chairman of the Board of Directors, member of the Audit and Risk Committee and member of the Compensation and Nomination Committee. Dr. Klemme has nearly 26 years of experience in the shipping industry and is presently the Managing Director of Reederei Nord GmbH Germany and Group Managing Director of the international Reederei Nord Holdings. He has worked in a variety of leadership positions with the group during the past 20 years. Currently, he is also Chairman of the German Shipowners' Defence Association.

Paul Over has served as a member of our board of directors since February 17, 2022 and is based in Hong Kong. Paul Over joined the London shipbroking company of Eggar Forrester Ltd in 1976 after being at sea with Kristian Jebsen A/S. He then joined Jardine, Matheson & Co., Limited, working first for their London based shipbroking company, Howe Robinson, before transferring to Hong Kong in 1980 to the ship owning division of the group. He left Jardines in 1984 to join the Continental Grain Company in Hong Kong where he was responsible for their Far East and Australian freight activities. Mr. Over joined Pacific Basin on its inception in 1987 as a founder and subsequent COO of the listed entity before retiring from that position in 2007. He held positions as independent non-executive director within the Baltic Exchange as a Director, Vice Chairman of the main company and as Chairman of its Freight Futures subsidiary Baltic Exchange Derivatives Trading Ltd. He also held independent non-executive director positions with Carisbrooke Shipping Ltd., Runciman Investments Ltd., Epic Gas Pte. Ltd., the London P&I Club, Asia Maritime Pacific of Hong Kong and has retired as an independent non-executive director of Taylor Maritime (HK) Ltd on October 3, 2023. He is currently a director on the members' committee of the UK P&I Club.

Cullen Schaar has served as a member of our board of directors since December 6, 2022 and is a member of the Compensation and Nomination Committee since February 10, 2023. Mr. Schaar was appointed as the new Compensation and Nomination Committee Chairman effective on April 1, 2023. Mr. Schaar has over 16 years of experience investing in the maritime industry and is a private investor in the finance, energy, and transportation sectors. Prior to that, Mr. Schaar was President of Indigena Capital LP, Interim Chief Financial Officer and Director of Epic Gas Ltd, and an investment professional at Jefferies Financial Group, Inc.

Senior Management

The table below details the names of, and information about, the individuals who serve as Executive Officers:

Name	Age	Position
Edward Buttery ⁽¹⁾	39	Chief Executive Officer

(1) Edward Buttery was appointed as Chief Executive Officer on April 1, 2023.

The business address of the persons noted above is Grindrod Shipping's executive office at 1 Temasek Avenue, #10-02 Millenia Tower, Singapore 039192.

Compensation of Directors and Senior Management

We paid an aggregate cash compensation of \$1.5 million to our Executive Officers and non-executive directors in 2023. For the year ended December 31, 2023, each non-executive director, other than the chairman of the board, was compensated with a fee of \$85,000 for his or her services as one of our directors and an additional fee of \$40,000 for his or her services as chairman of one of the board committees or an additional fee of \$15,000 for his or her services as a member of one of the board committees; the chairman of the board receives a total annual fee of \$175,000 for his or her services, inclusive of any such services as a director and as a committee chairman or member. To support the Company in its efforts to reduce its general and administrative expenses, the Board of Directors adopted the compensation and nomination committee's recommendation and will seek shareholders' approval at the next annual general meeting to reduce the non-executive directors' remuneration for the year ending December 31, 2024 by twenty percent to: (i) total all-inclusive Chairman's fee of US\$140,000; (ii) Director's fee of US\$68,000; (iii) Committee Chairman's fee of US\$32,000; and (iv) Committee member's fee of US\$12,000.

Our Executive Officers are remunerated in accordance with their contracts of employment. In addition, Executive Officers were eligible for variable compensation under our forfeitable share plan for achieving company-wide objectives and for their individual contribution to our results and objectives. In 2018 we granted awards of 743,000 forfeitable ordinary shares with a value of \$7.6 million to our employees, including our Chief Executive Officer and our Chief Financial Officer. In respect of these awards, \$3.2 million, \$1.5 million and \$0.8 million was expensed in our 2019, 2020 and 2021 statement of profit or loss and other comprehensive income, respectively, and further expenses in respect of these awards will be recorded in subsequent financial periods pro rata to the vesting period. Included in the 2018 awards of 743,000 forfeitable ordinary shares are 180,000 and 100,000 forfeitable ordinary shares that we awarded to our Chief Executive Officer and our Chief Financial Officer, respectively, and which, in each case, vested in three equal tranches, on March 1, 2020, March 1, 2021 and 2022. During 2019, awards of 15,000 ordinary shares were forfeited by employees.

In 2020 we granted awards of 225,000 forfeitable ordinary shares with a value of \$0.7 million to our employees, including our Chief Executive Officer and our Chief Financial Officer. In respect of these awards, \$0.3 million and \$0.2 million were expensed in our 2020 and 2021 statement of profit or loss and other comprehensive income, and further expenses in respect of this new tranche of awards will be recorded in subsequent financial periods pro rata to the vesting period. Included in the 2020 awards of 225,000 forfeitable ordinary shares are 73,000 and 37,000 forfeitable ordinary shares that we awarded to our Chief Executive Officer and our Chief Financial Officer, respectively. The Chief Executive Officer's awards vested in two equal tranches, on March 1, 2021 and 2022 whilst the Chief Financial Officer's awards will vest in three equal tranches, the first and second having vested on March 1, 2021 and 2022 and the subsequent vesting on March 1, 2023. During 2020, awards of 20,000 ordinary shares were forfeited by employees from the grant of 2020 awards and awards of 40,000 were forfeited from the grant of the 2018 awards.

In 2021 we granted awards of 516,000 forfeitable ordinary shares with a value of \$6.1 million to our employees, including our Chief Executive Officer and our Chief Financial Officer. In respect of these awards, \$2.3 million was expensed in our 2021 statement of profit or loss and other comprehensive income, and further expenses in respect of this new tranche of awards will be recorded in subsequent financial periods pro rata to the vesting period. Included in the 2021 awards of 516,000 forfeitable ordinary shares are 160,000 and 80,000 forfeitable ordinary shares that we awarded to our Chief Executive Officer and our Chief Financial Officer, respectively. The Chief Executive Officer's and the Chief Financial Officer's awards will vest in three equal tranches, the first having vested on March 1, 2022 and the subsequent vesting on March 1, 2023 and 2024. During 2021, awards of 1,334 ordinary shares were forfeited from the grant of the 2018 awards.

In 2022 we granted awards of 179,300 forfeitable ordinary shares with a value of \$4.6 million to our employees, including our Chief Financial Officer and Interim Chief Executive Officer. In respect of these awards, \$2.139 million was expensed in our 2022 statement of profit or loss and other comprehensive income, and further expenses in respect of this new tranche of awards will be recorded in subsequent financial periods pro rata to the vesting period. Included in the 2022 awards of 179,300 forfeitable ordinary shares are 35,000 forfeitable ordinary shares that we awarded to our Chief Financial Officer and Interim Chief Executive Officer. The Chief Financial Officer and Interim Chief Executive Officer's awards was to vest in three equal tranches, on March 1, 2024, 2025 and 2026; but were all accelerated to vest under the Awards Election Opportunity due to the tender offer from Taylor Maritime Investments Ltd. During 2022, awards of 106,667 ordinary shares were forfeited from the grant of the FSP awards in 2021.

The following description is only a summary of the material provisions of the forfeitable share plan, which is included as an exhibit to this annual report. We adopted the forfeitable share plan to provide selected employees with the opportunity to receive compensatory equity awards of our ordinary shares and to serve as a retention mechanism and recruitment tool. The forfeitable share plan also provided participants with the opportunity to share in the success of the company and aligns forfeitable share plan participant interests with the interests of our shareholders. The forfeitable share plan was administered by the compensation and nomination committee. Participants received grants of forfeitable ordinary shares, subject to applicable time and/or performance vesting conditions and other terms, that settled in ordinary shares when vested and were forfeited, in part in or in full, upon certain termination of employment events if not previously vested. Under the terms of the forfeitable share plan, the aggregate number of ordinary shares that may be granted and not yet vested under the forfeitable share plan at any one time shall not exceed 5% of the number of shares in issue (excluding treasury shares) as determined in reference to the day preceding the award.

Executive Officers were eligible for variable compensation under our forfeitable share plan for achieving company-wide objectives and for their individual contribution to our results and objectives. The forfeitable share plan award was settled on November 29, 2022 upon the Company's acceptance of the tender offer from Taylor Maritime Investments Limited. The forfeitable share plan has since been terminated.

The new policy on recovery of erroneously awarded compensation (the "Policy") was adopted by the board on November 28, 2023 and all executive officers and directors of our wholly-owned subsidiary, Grindrod Shipping Pte. Ltd. have acknowledged acceptance of the Policy.

Board Practices

Grindrod Shipping's board of directors comprises seven directors, including five independent non-executive members, as determined in accordance with the prevailing Code of Corporate Governance issued by the Monetary Authority of Singapore, which is the 2018 Singapore Corporate Governance Code. Each of Grindrod Shipping's directors is elected by Grindrod Shipping's shareholders or appointed by the directors pursuant to Grindrod Shipping's constitution. In addition, Mr. Over served as a director of Taylor Maritime (HK) Limited until October 3, 2023. To the extent that Mr. Over's service as a member of the board of directors of Taylor Maritime (HK) Limited, presents a conflict of interest with respect to any matters involving us, Mr. Over has agreed to inform our board of directors of any such conflict and recuse himself from any proceedings or vote relating to such matters. In addition, Mr. Buttery is currently both the Chief Executive Officer and a director of Taylor Maritime Investments Limited. To the extent that Mr. Buttery's service as a member of the board of directors of Taylor Maritime Investments Limited and as its Chief Executive Officer present a conflict of interest with respect to any matters involving us, Mr. Buttery has agreed that he must, as soon as is practicable after he is aware of such interest, declare the nature of his interest at a board meeting or send a written notice to the company containing details on the nature, character and extent of his interest in the transaction or proposed transaction with the Company; and also recuse himself from any proceedings or vote relating to such matters.

At our first annual general meeting, which was held on May 29, 2019, all of the directors, other than the Chief Executive Officer and the Chief Financial Officer, retired from office and were eligible to and stood for re-election. At each subsequent annual general meeting, one-third of the directors then in office, or if their number is not a multiple of three, the number nearest to one-third, shall retire from office by rotation, provided no director holding office as Chief Executive Officer or Chief Financial Officer shall be subject to retirement by rotation or be taken into account in determining the number of directors to retire. In addition, any director who has been appointed by the directors to fill a vacancy during any given year will be required to retire from office at the next annual general meeting and shall be eligible for re-election at such meeting. Directors holding office as Chief Executive Officer or Chief Financial Officer shall resign from their directorship upon no longer holding such positions.

The directors to retire by rotation in every year shall be those who have been longest serving in office since their last re-election or appointment. Where directors were re-elected or appointed on the same day, those to retire shall be agreed amongst themselves or be determined by lot.

A director shall vacate his office upon his resignation, removal, bankruptcy, becoming mentally disordered or disqualification. A director may only be removed from office by or according to resolution of the shareholders.

No director is entitled to any severance benefits on termination of his or her service as a director.

Grindrod Shipping has established two committees of the board of directors: the audit and risk committee and the compensation and nomination committee.

Audit and Risk Committee

The members of the audit and risk committee are Messrs. French(chairman), Klemme; and Ms. Brosnan. The audit and risk committee, among other things, oversees our financial reporting, risk management, related party transactions and internal controls (in relation to financial, operational, compliance and information technology controls), engages our external auditors and oversees our internal audit activities, tax policies and effectiveness of our legal and compliance systems.

Compensation and Nomination Committee

The members of the compensation and nomination committee are Messrs. Schaar (chairman), French and Klemme. The compensation and nomination committee oversees our compensation policy and the executive compensation policy, approves awards of stock based incentives, approves the individual package of the chief executive officer, reviews and monitors the nomination and appointment process and composition of the board of directors and succession planning of the board, the committees of the board of directors and the performance of the board.

Corporate Governance Practices

Pursuant to an exception under NASDAQ listing standards available to foreign private issuers, we are not required to comply with many of the corporate governance practices followed by U.S. companies under the NASDAQ listing standards. Accordingly, we are exempt from many of NASDAQ's corporate governance practices. We are incorporated under the laws of Singapore and have elected to voluntarily comply with the relevant guidelines of the 2018 Singapore Corporate Governance Code. In connection with the listing of our ordinary shares on NASDAQ, we certified to NASDAQ that our corporate governance practices are in compliance with, and are not prohibited by, Singapore law. We also agreed or elected to comply with certain JSE corporate governance requirements in addition to complying with the applicable Singapore Corporate Governance Code and NASDAQ listing standards. Set forth below is a list of the significant differences between our corporate governance practices and NASDAQ listing standards applicable to listed U.S. companies.

Independence of Directors. NASDAQ requires that a U.S.-listed company maintain a majority of independent directors. Our board of directors consists of seven directors, three of whom are the members of our audit and risk committee and are considered “independent” under Rule 10A-3 promulgated under the Exchange Act as it applies to us under the rules of NASDAQ. Under the 2018 Singapore Corporate Governance Code, only one-third of our board of directors is required to be independent if the chairman of our board of directors is independent. However, the determination of independence under the 2018 Singapore Corporate Governance Code is different from NASDAQ standards. Under the 2018 Singapore Corporate Governance Code, five of our directors, Messrs. Klemme (Chairman), French, Hatton, Schaar and Ms. Brosnan are considered independent.

Compensation and Nomination Committee. NASDAQ requires that a U.S.-listed company have a compensation committee consisting only of independent directors and that director nominees be selected or recommended for the board’s selection by either a vote in which only independent directors participate or a nominations committee comprised solely of independent directors. Under the 2018 Singapore Corporate Governance Code, a company’s remuneration committee and nominating committee, which we combine as our compensation and nomination committee, are not required to consist entirely of independent directors. The 2018 Singapore Corporate Governance Code requires each of these committees be comprised of at least three directors, a majority of whom should be independent (including the chairman or chairmen of such committee or committees), and that all members of the remuneration committee be non-executive directors. Our compensation and nomination committee currently consists of Messrs. Schaar, French and Klemme, all of whom are independent and non-executive directors under the 2018 Singapore Corporate Governance Code.

Audit and Risk Committee. NASDAQ requires that a U.S.-listed company have an audit committee comprised of at least three members, all of whom shall be entirely independent directors. The 2018 Singapore Corporate Governance Code requires an audit committee to be comprised of at least three directors, a majority of whom should be independent (including the chairman of such committee), and that all members of the audit committee be non-executive directors. Our audit and risk committee currently consists of Messrs. French, Klemme and Ms. Brosnan, all of whom are independent and non-executive directors under the 2018 Singapore Corporate Governance Code and “independent” under Rule 10A-3 promulgated under the Exchange Act.

Executive Sessions. NASDAQ requires that the independent directors of a U.S. listed company have regularly scheduled meetings at which only independent directors are present, or executive sessions. The 2018 Singapore Corporate Governance Code provides that the independent directors should meet periodically without the presence of the other directors.

Quorum. NASDAQ requires that a U.S.-listed company’s bylaws provide for a quorum of at least 33 1/3 percent of the outstanding shares of the company’s common voting stock. Our constitution provides that shareholders holding an aggregate not less than 15 percent of the issued and fully paid shares in the capital of the company, present in person or by proxy, shall be a quorum. The 2018 Singapore Corporate Governance Code does not prescribe a quorum requirement.

Employees

As of December 31, 2023, we had approximately 1,015 employees, of which approximately 861 seagoing staff serve on the vessels that we manage and 154 provide general management, financial management, and commercial and technical management to the vessels that we manage. Our seafarers are represented by collective bargaining agreements but we have not experienced a work stoppage in the past few years. Seafarers employed by our vessel managers are unionized under various jurisdictions and are employed under various collective bargaining agreements which does expose us to a risk of potential labor unrest at times when those collective bargaining agreements are being re-negotiated.

Share Ownership of Directors and Executive Officers

The following sets forth, to the knowledge of Grindrod Shipping’s management, the total amount of ordinary shares directly or indirectly owned by Grindrod Shipping’s current Directors based on 19,685,590 ordinary shares outstanding as of March 26, 2024.

Holder⁽¹⁾	Direct interest in Grindrod Shipping Ordinary Shares	Direct Percentage Ownership	Indirect interest in Grindrod Shipping Ordinary Shares	Indirect Percentage Ownership
Edward Buttery ⁽²⁾	-	-	30,144	*

* Less than 1%

(1) No other directors or executive officers of the Company own any shares in the Company.

(2) Edward Buttery has a direct interest of 615,000 ordinary shares in Taylor Maritime Investments Ltd.; his indirect interest in the Company is proportionate to Good Falkirk (MI) Ltd. 82.33% shareholdings in the issued share capital of the Company.

ITEM 7. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

Major Shareholders

Good Falkirk (MI) Limited acquired more than 50% of our outstanding ordinary shares in November 2022; and this resulted in a change in control of Grindrod Shipping with Good Falkirk (MI) Limited as the controlling shareholder of Grindrod Shipping.

A list of the individuals and organizations holding, to the knowledge of Grindrod Shipping's management, directly or indirectly, 5% or more of our issued share capital, as of the latest practicable date, is set forth below.

Beneficial owner	Ordinary shares beneficially owned as of	
	March 26, 2024	
	Grindrod Shipping Ordinary Shares	Percentage Ownership⁽¹⁾
Good Falkirk (MI) Limited	16,206,365	82.33%

(1) Percentage amounts based on 19,685,590 ordinary shares outstanding (excluding treasury shares) as of March 26, 2024. It is to be noted that Good Falkirk (MI) Limited does not hold voting rights which are different from those that are held by Grindrod Shipping's other shareholders.

None of the above shareholders hold voting rights which are different from those that are held by Grindrod Shipping's other shareholders.

Register of Members

Grindrod Shipping's ordinary shares trade in the United States on NASDAQ under the symbol "GRIN". The principal non-United States trading market for the ordinary shares of Grindrod Shipping is the JSE, on which the ordinary shares trade on the main board of the JSE, with a share code of GSH and under the abbreviated name GRINSHIP. Since Grindrod Shipping is a Singapore company, a principal register of members is maintained by Grindrod Shipping in Singapore. In addition, Continental Stock Transfer & Trust Company acts as Grindrod Shipping's transfer agent and maintains Grindrod Shipping's branch register of members, which is located in the United States. In South Africa, Computershare (Pty) Ltd acts as the administrative depository agent and maintains an administrative depository register reflecting the dematerialised shares trading on the JSE. All Grindrod Shipping ordinary shares reflected on the South African administrative depository register are held electronically through the Strate System at all times. See "Item 10. Additional Information—General" for additional information about the Singapore register, branch register and shareholder rights.

As of December 31, 2023, Cede & Co, a nominee of The Depository Trust Company, is the record holder of 19,472,008 ordinary shares and with Taylor Maritime Group Limited and Temeraire Holding (MI) Limited as record holders of 138,828 ordinary shares and 74,754 ordinary shares respectively. As of March 10, 2024 the ordinary shares held by Cede & Co. include 2,825,546, or 14.35% (based on 19,685,590 ordinary shares outstanding, excluding treasury shares), ordinary shares held by the Depository Trust Company Participants in the United States, excluding the 16,206,365 ordinary shares held by Good Falkirk (MI) Limited.

Related Party Transactions

For a description of all of our Related Party Transactions, see also Note 5 (Related Party Transactions) to the consolidated financial statements.

For a description of our material joint ventures, see "Item 4. Information on the Company—Business Overview—Our Joint Ventures".

For a description of our financing arrangements with certain of our joint ventures, see "Item 4. Information on the Company—Business Overview—Our Joint Ventures", "Item 5. Operating and Financial Review and Prospects—Off Balance Sheet Arrangements" and Notes 10 to our consolidated financial statements.

For further information on the TMI Offer and risks relating to TMI's control of the Company, see "Item 4. History and Development of the Company—History and Development of the Company" and "Item 3. Key Information—Risk Factors—Taylor Maritime Investments Limited indirectly controls us and its interests may conflict with ours or yours in the future."

Significant transactions during the year

On July 18, 2023, the Group acquired a contract for a ship under construction from a subsidiary of TMI. The acquisition was at an agreed price of \$33.75 million (before costs), consistent with two independent broker valuations obtained in connection with this transaction, and was unanimously approved by the disinterested members of the Board of Directors.

On July 28, 2023, the Group acquired a ship from a subsidiary of TMI. The acquisition was at an agreed price of \$15.0 million (before costs), consistent with three independent broker valuations obtained in connection with the transaction, and was unanimously approved by the disinterested members of the Board of Directors.

On October 3, 2023, pursuant to two sale and purchase agreements (the "Ship Management Sale and Purchase Agreements") dated September 25, 2023, the Group acquired the entire issued share capital of Tamar Ship Management Limited and Taylor Maritime Management Limited (the "Acquired Companies") from related parties of TMI (in the case of Taylor Maritime Management Limited, from Taylor Maritime Group Limited and, in the case of Tamar Ship Management Limited, from Taylor Maritime Group Limited and Temeraire Holding (MI) Limited), obtaining control of both companies. Two non-independent directors recused themselves from all deliberations on these acquisitions and a working committee of three independent non-executive directors was formed to assess the acquisitions. Tamar Ship Management Limited is a technical ship management company and Taylor Maritime Management Limited is a commercial and operational ship management company. Under the terms of the transaction, Grindrod Shipping Pte. Ltd. and Island View Ship Management Pte. Ltd. acquired all of the shares of the Acquired Companies for a total consideration of approximately \$11.75 million via (i) a completion cash amount of \$2.0 million (subject to usual working capital and indebtedness adjustments of \$0.2 million), (ii) an allotment and issuance of completion consideration shares of approximately \$1.95 million, (iii) an issuance of consideration shares at the first anniversary of the completion date of up to approximately \$3.9 million (subject to certain earn-out related conditions), and (iv) an issuance of consideration shares at the second anniversary of the completion date of up to approximately \$3.9 million (subject to certain earn-out related conditions). The aggregate maximum value of the consideration for the acquisition will not exceed \$13.5 million. Grindrod Shipping intends to finance the transaction with a combination of cash on hand and allotment of new Grindrod Shipping ordinary shares over the two years from completion. The number of consideration shares issuable is calculated based on the volume weighted average price on both NASDAQ and the Johannesburg Stock Exchange, plus 7.5 percent premium over a three month period prior to the date of entry of Ship Management Sale and Purchase Agreements. At the discretion of the Board of Directors, in lieu of new share issuances, there is an option for any portion of the first year and second year consideration amounts to be paid in cash, at an increase of 1.10 times and 1.20 times, respectively. The Ship Management Sale and Purchase Agreements contain customary warranties and covenants of the parties and, in connection with the acquisition, each seller will be subject to limited non-compete and non-solicitation covenants with regard to Grindrod Shipping and its subsidiaries for two years from the completion date.

Interests of Experts and Counsel

Not applicable.

ITEM 8. FINANCIAL INFORMATION

Reference is made to Item 18 for a list of all financial statements filed as part of this annual report. For information on legal proceedings, please refer to “Item 4. Information on the Company—Business Overview—Legal Proceedings”.

Dividend Policy and Dividend Distributions

We intend, subject to operating needs and other circumstances, to return approximately 30% of our adjusted net income (adjusted for extraordinary items) to shareholders through a combination of quarterly dividends and/or share repurchases. The Company intends to pay a minimum quarterly base dividend of \$0.03 per share and an additional variable component, that will consist of additional dividends and/or share repurchases. We expect that the return to shareholders will be primarily in the form of dividends, though the Company retains the right to adjust the allocation to maximize value to shareholders based on market conditions, share price levels, share liquidity, and other related matters.

The declaration and payment of dividends, if any, are subject to the discretion of our board of directors. The timing and amount of any dividends declared will depend on, among other things: (i) our earnings, financial condition and cash requirements and available sources of liquidity, (ii) decisions in relation to our growth and leverage strategies, (iii) provisions of Singapore law governing the payment of dividends, (iv) restrictive covenants in our existing and future debt instruments and (v) global financial conditions. Our board of directors may review and amend our dividend policy from time to time and we may stop paying dividends at any time and cannot assure you that we will pay any dividends, including any minimum quarterly base dividend amount, in the future or of the amount of any such dividends. We are currently evaluating the dividend distribution for the first quarter of 2024 and there is no assurance at this time that a dividend will be paid. For the avoidance of doubt, the payment of any dividends is not guaranteed, and the payment of dividend is subject at all times to the requirements and restrictions set out in the Company’s Constitution and Singapore Companies Act 1967. See “Item 3. Key Information—Risk Factors—Grindrod Shipping may not have sufficient distributable profits to pay dividends or otherwise distribute cash or assets to shareholders” and “Item 10. Additional Information—Dividends”.

Significant Changes

Please refer to “Item 5. Operating and Financial Review and Prospects—Recent Developments”.

ITEM 9. THE OFFER AND LISTING

Offer and Listing Details

The ordinary shares of Grindrod Shipping are listed on NASDAQ under the symbol “GRIN” and on the JSE under the symbol “GSH”.

Plan of Distribution

Not applicable.

Markets

The ordinary shares of Grindrod Shipping are listed on NASDAQ under the symbol “GRIN” and on the JSE under the symbol “GSH”.

Selling Shareholders

Not applicable.

Dilution

Not applicable.

Expenses of the Issue

Not applicable

ITEM 10. ADDITIONAL INFORMATION

General

For the purposes of this section, references to “shareholders” mean those shareholders whose names and number of shares are entered in Grindrod Shipping’s principal or branch register of members. Only persons who are registered in Grindrod Shipping’s principal or branch register of members are recognized under Singapore law as shareholders of Grindrod Shipping with legal standing to institute shareholder actions against Grindrod Shipping or otherwise seek to enforce their rights as shareholders. Grindrod Shipping’s branch register of members is maintained by its transfer agent, Continental Stock Transfer & Trust Company, located in the United States. In South Africa, Computershare (Pty) Ltd maintains an administrative depository register to facilitate trading on the JSE.

The ordinary shares of Grindrod Shipping are held through The Depository Trust Company, or DTC. Accordingly, DTC, or its nominee, Cede & Co., is the shareholder of record registered in Grindrod Shipping’s branch register of members. The beneficial interests in the ordinary shares are reflected in position listings of the DTC participants for shares held through DTC or its nominee (for shareholders trading on NASDAQ) and on the administrative depository register located in South Africa (for shareholders trading on the JSE). Non-South Africa residents (and those South Africa residents complying with applicable exchange control regulations) are able to reposition their Grindrod Shipping ordinary shares reflected in the administrative depository register located in South Africa to an account with a U.S. broker-dealer that is a DTC participant. Shareholders who wish to reposition their Grindrod Shipping ordinary shares to an account with a U.S. broker-dealer should contact their South African broker or CSDP for more information about repositioning their ordinary shares between the South African administrative depository register and an account with a U.S. broker-dealer that is a DTC participant.

A holder of dematerialised interests in Grindrod Shipping’s shares may become a registered shareholder by exchanging its interest in the shares for certificated shares (if requested) and being registered in Grindrod Shipping’s register of members. The procedures by which a holder of dematerialised interests may exchange such interests for certificated shares (if requested) are determined by DTC and Continental Stock Transfer & Trust Company, in accordance with their internal policies and guidelines regulating the withdrawal and exchange of dematerialised interests for certificated shares (if requested), and following such an exchange Continental Stock Transfer & Trust Company will perform the procedures to register the shareholder in the branch register.

Shares may only be traded on the JSE in electronic form as dematerialised shares and trade for electronic settlement in terms of the Strate System (an electronic custody, clearing and settlement environment, managed by Strate), for all share transactions concluded on the JSE and off-market (and in terms of which transactions in securities are settled and transfers of beneficial ownership in securities are recorded electronically). Dematerialised shares are shares that have been dematerialised (the process whereby physical share certificates are replaced with electronic records evidencing ownership of shares for the purpose of Strate). Accordingly, all beneficial holders of Grindrod Shipping’s ordinary shares reflected on the South African administrative depository register must appoint a CSDP for shares traded on the JSE, directly or through a broker, to hold the dematerialised Grindrod Shipping shares on their behalf.

If (a) the name of any person is without sufficient cause entered in or omitted from the register of members; or (b) default is made or there is unnecessary delay in entering in the register of members the fact of any person having ceased to be a member, the person aggrieved or any member of the company or the company, may apply to the Singapore courts for rectification of the register of members. The Singapore courts may either refuse the application or order rectification of the register of members, and may direct the company to pay any damages sustained by any party to the application. The Singapore courts will not entertain any application for the rectification of a register of members in respect of an entry which was made in the register of members more than 30 years before the date of the application.

Share Capital

Not applicable.

Constitution

The description of our constitution under “[Item 10. Additional Information—Constitution](#)” contained in the Registration Statement is incorporated by reference in this annual report.

Comparison of Shareholder Rights

The comparison of shareholders rights under “[Item 10. Additional Information—Comparison of Shareholder Rights](#)” contained in the Registration Statement is incorporated by reference in this annual report.

Material Contracts

Joint Venture Agreements

For a description of our material joint ventures, see “Item 4. Information on the Company—Business Overview—Our Joint Ventures”.

Loan Agreements

For a description of our material loan agreements, see “Item 5. Operating and Financial Review and Prospects—Liquidity and Capital Resources—Loan Agreements”.

Exchange Controls

South Africa

Exchange controls in South Africa are administered by the South African Reserve Bank, or SARB, in terms of the Exchange Control Regulations, 1961, and regulate transactions involving South African residents. The purpose of exchange controls is to mitigate the decline of foreign capital reserves in South Africa. We expect that South African exchange controls will continue to operate in the foreseeable future. The Government of South Africa has, however, committed itself to relaxing exchange controls gradually and significant relaxation has occurred in recent years. See “Item 10. Additional Information—General” in this Annual Report.

Residents of the CMA

Residents in the CMA (comprising South Africa, the Republic of Namibia, the Kingdom of Lesotho and the Kingdom of Swaziland) or offshore subsidiaries of a resident in the CMA may not reposition their ordinary shares from the South African administrative depository register to an account with a U.S. broker-dealer or otherwise beneficially own or hold any Grindrod Shipping ordinary shares whether through a U.S. broker-dealer or directly on the principal or branch register unless specific approval has been obtained from the SARB by such persons for any subscription, purchase or beneficial holding or ownership, or as otherwise permitted under the South African Exchange Control Regulations or the rulings promulgated thereunder.

Singapore

There are no exchange control restrictions in effect in Singapore.

Taxation

Material U.S. Federal Income Tax Considerations

The following is a discussion of the material U.S. federal income tax considerations applicable to us and to beneficial owners of our ordinary shares. This discussion is based upon provisions of the Code, the Treasury regulations promulgated under the Code, as amended, or the Treasury regulations, and administrative rulings and court decisions, all as in effect or in existence on the date of this annual report and all of which are subject to change or differing interpretations, possibly with retroactive effect. Any such change could result in U.S. federal income tax consequences that are materially different from those described below. Moreover, any change after the date of this annual report in any of the factual matters set forth in this filing or in our or our subsidiaries’ conduct, practices or activities may affect the considerations discussed below. We are under no obligation to update the discussion to reflect future changes in law or changes in any of the foregoing factual matters that may later come to our attention.

This discussion is for general information purposes only, does not purport to be a comprehensive description of all of the U.S. federal income tax considerations applicable to us or beneficial owners of ordinary shares and does not address any tax laws other than U.S. federal income tax laws. Potential investors are encouraged to consult their tax advisers concerning the overall tax consequences arising in their own particular situations under U.S. federal, state, local and non-U.S. laws. The conclusions expressed in this discussion are not binding on the IRS or any court, and there is no assurance that the IRS or a court would not reach a contrary conclusion. No ruling from the IRS or opinion of counsel has been obtained or will be requested regarding any matter affecting us or prospective holders of our ordinary shares.

Treatment as a Corporation

We are treated as a non-U.S. corporation for U.S. federal income tax purposes. As such, we are subject to U.S. federal income tax on our income to the extent it is from sources within the United States or is Effectively Connected Income as discussed below. U.S. Holders (as defined below) are not directly subject to U.S. federal income tax on their shares of our income, but rather will be subject to U.S. federal income tax on distributions received from us and dispositions of ordinary shares as described below.

Taxation of Operating Income

Under the Code, income derived from, or in connection with, the use (or hiring or leasing for use) of a vessel, or the performance of services directly related to the use of a vessel, is treated as “Transportation Income.” Transportation Income that is attributable to transportation that either begins or ends, but that does not both begin and end, in the United States is considered to be 50% derived from sources within the United States, or U.S. Source International Transportation Income. Transportation Income attributable to transportation that both begins and ends in the United States is considered to be 100% derived from sources within the United States, or U.S. Source Domestic Transportation Income. Transportation Income that is attributable to transportation exclusively between non-U.S. destinations is considered to be 100% derived from sources outside the United States. Transportation Income derived from sources outside the United States generally is not subject to U.S. federal income tax.

We expect that we and our subsidiaries will earn income that will constitute Transportation Income. We do not expect us or our subsidiaries to earn U.S. Source Domestic Transportation Income. However, certain of our and our subsidiaries’ activities could give rise to U.S. Source International Transportation Income, and future expansion of or changes in our and our subsidiaries’ operations could result in an increase in the amount thereof, which generally would be subject to U.S. federal income taxation, unless the Section 883 Exemption applied. Based on our current plans and expectations regarding our and our subsidiaries’ organization and operations, we expect that only a relatively small portion of our and our subsidiaries’ gross Transportation Income will likely constitute U.S. Source International Transportation Income and, if the Section 883 Exemption were not to apply, we expect that the effective rate of U.S. federal income tax on our and our subsidiaries’ gross Transportation Income would be less than 1%.

The Section 883 Exemption

In general, the Section 883 Exemption provides that if a non-U.S. corporation satisfies the requirements of Section 883 of the Code and the Treasury regulations thereunder, or the Section 883 Regulations, it will not be subject to the net basis and branch profit taxes or the 4% gross basis tax described below on its U.S. Source International Transportation Income, including any U.S. Source International Transportation Income it derives from participation in a pool, partnership or other joint venture arrangement that satisfies the requirements of the Section 883 Regulations. The Section 883 Exemption applies only to U.S. Source International Transportation Income and does not apply to U.S. Source Domestic Transportation Income. The Section 883 Exemption applies separately to us and each of our subsidiaries that is treated as a corporation for U.S. federal income tax purposes and earns U.S. Source International Transportation Income (which we refer to below as our “applicable subsidiaries”).

We and our applicable subsidiaries will qualify for the Section 883 Exemption if, among other matters, we and our applicable subsidiaries meet the following three requirements:

- We and each of our applicable subsidiaries are organized in a jurisdiction outside the United States that grants an equivalent exemption from tax to corporations organized in the United States with respect to the types of U.S. Source International Transportation Income that we earn, or an Equivalent Exemption;
- We and each of our applicable subsidiaries satisfy the Qualified Shareholder Stock Ownership Test (as described below); and
- We and each of our applicable subsidiaries meet certain substantiation, reporting and other requirements.

We are organized under the laws of Singapore and our applicable subsidiaries are organized under the laws of Singapore, South Africa, Hong Kong, the Isle of Man and the Marshall Islands. The U.S. Treasury Department has recognized each of these jurisdictions as a jurisdiction that grants an Equivalent Exemption with respect to the type of U.S. Source International Transportation Income that we or our applicable subsidiaries generally expect to earn. Consequently, our and our applicable subsidiaries’ U.S. Source International Transportation Income should be exempt from U.S. federal income taxation provided we and our applicable subsidiaries meet the Qualified Shareholder Stock Ownership Test and we and our applicable subsidiaries satisfy certain substantiation, reporting and other requirements.

Qualified Shareholder Stock Ownership Test

A non-U.S. corporation will qualify for the Section 883 Exemption if it is able to satisfy the Qualified Shareholder Stock Ownership Test. The Qualified Shareholder Stock Ownership Test generally is satisfied if more than 50% of the value of the outstanding equity interests in the non-U.S. corporation is owned, or treated as owned after applying certain attribution rules, for at least half of the number of days in the taxable year by:

- individual residents of jurisdictions that grant an Equivalent Exemption;

- non-U.S. corporations organized in jurisdictions that grant an Equivalent Exemption provided that the equity interests in such non-U.S. corporations are “primarily traded” and “regularly traded” on an established securities market either in the United States or in a jurisdiction outside the United States that grants an Equivalent Exemption and are not considered to be “closely held” under specific rules in the Section 883 Regulations, which we refer to as the “Publicly Traded Test”; or
- certain other qualified persons described in the Section 883 Regulations, or collectively, the Qualified Shareholders.

It is uncertain whether we will qualify for the Section 883 Exemption for any taxable year. We presently expect to be able to satisfy the Qualified Shareholder Stock Ownership Test for any taxable year in which TMI directly or indirectly owns more than 50% of the value of our outstanding equity interests for at least half of the number of days in such taxable year, meets the Publicly Traded Test and provides us with certification of its Qualified Shareholder status. TMI has indirectly owned more than 50% of the value of our outstanding equity interests from the beginning of our 2023 taxable year through the date of this annual report. TMI has indirectly owned more than 50% of the value of our outstanding equity interests from the beginning of our 2023 taxable year through the date of this annual report. TMI has indicated to us that it presently meets the Publicly Traded Test and has agreed to provide us with certification of its Qualified Shareholder status. We will also be required to obtain an ownership statement from each intermediary entity between us and TMI. Given the factual nature of the issues involved and legal and practical uncertainties (including our reliance on TMI’s Qualified Shareholder status, which is outside of our control), we can give no assurances as to our or our applicable subsidiaries’ qualification for the Section 883 Exemption for any taxable year. Furthermore, our board of directors could determine that it is in our best interests to take an action that would result in our and our applicable subsidiaries not being able to qualify for the Section 883 Exemption in the future. There can be no assurance that we or any of our applicable subsidiaries will qualify for the Section 883 Exemption for any taxable year.

The Net Basis Tax and Branch Profits Tax

If we or our subsidiaries earn U.S. Source International Transportation Income and the Section 883 Exemption does not apply, the U.S. source portion of such income may be treated as Effectively Connected Income if we or any of our subsidiaries have a fixed place of business in the United States and substantially all of our or any such subsidiary’s U.S. Source International Transportation Income is attributable to regularly scheduled transportation or, in the case of bareboat charter income, is attributable to a fixed place of business in the United States. Based on our and our subsidiaries’ current operations, none of our or our subsidiaries’ potential U.S. Source International Transportation Income is attributable to regularly scheduled transportation or is received pursuant to bareboat charters, nor do we or any of our subsidiaries have a fixed place of business in the United States. As a result, we do not anticipate that any of our or our subsidiaries’ U.S. Source International Transportation Income will be treated as Effectively Connected Income. However, there is no assurance that we or any of our subsidiaries will not have a fixed place of business in the United States or that we or any of our subsidiaries will not earn substantially all of its U.S. Source International Transportation Income pursuant to regularly scheduled transportation or bareboat charters attributable to a fixed place of business in the United States in the future, which would result in such income being treated as Effectively Connected Income. In addition, any U.S. Source Domestic Transportation Income generally will be treated as Effectively Connected Income.

Any income we or our subsidiaries earn that is treated as Effectively Connected Income would be subject to U.S. federal corporate income tax (presently imposed at a 21% rate) as well as branch profits tax (presently imposed under Section 884 of the Code at a 30% rate on effectively connected earnings). In addition, a 30% branch interest tax could be imposed on certain interest paid or deemed paid by us or our subsidiaries.

On the sale of a vessel that has produced Effectively Connected Income, we or our subsidiaries could be subject to the net basis corporate income tax as well as branch profits tax with respect to the gain recognized up to the amount of certain prior deductions for depreciation that reduced Effectively Connected Income. Otherwise, we and our subsidiaries would not be subject to U.S. federal income tax with respect to gain realized on the sale of a vessel, provided the sale is considered to occur outside of the United States (as determined under U.S. tax principles) and the gain is not attributable to an office or other fixed place of business maintained by us or our subsidiaries in the United States under U.S. federal income tax principles.

The 4% Gross Basis Tax

If the Section 883 Exemption does not apply and the net basis tax does not apply, we and our subsidiaries would be subject to a 4% U.S. federal income tax on our U.S. Source International Transportation Income, without benefit of deductions.

U.S. Federal Income Taxation of U.S. Holders

The following is a discussion of the material U.S. federal income tax considerations that may be relevant to beneficial owners of our ordinary shares.

The following discussion applies only to beneficial owners of our ordinary shares that own the ordinary shares as “capital assets” (generally, property held for investment purposes). The following discussion does not address all aspects of U.S. federal income taxation which may be important to particular beneficial owners of our ordinary shares in light of their individual circumstances, such as (i) beneficial owners of our ordinary shares subject to special tax rules (e.g., banks or other financial institutions, real estate investment trusts, regulated investment companies, insurance companies, broker-dealers, traders that elect to mark-to-market for U.S. federal income tax purposes, tax-exempt organizations and retirement plans, individual retirement accounts and tax-deferred accounts, or former citizens or long-term residents of the United States) or to beneficial owners that will hold the ordinary shares as part of a straddle, hedge, conversion, constructive sale, or other integrated transaction for U.S. federal income tax purposes, (ii) partnerships or other entities classified as partnerships for U.S. federal income tax purposes or their partners, (iii) U.S. Holders (as defined below) that have a functional currency other than the U.S. dollar or that transact in ordinary shares in a currency other than U.S. dollars, or (iv) beneficial owners of ordinary shares that own 2% or more (by vote or value) of our ordinary shares, all of whom may be subject to tax rules that differ significantly from those summarized below. This discussion does not contain information regarding any state or local, estate, gift or alternative minimum tax considerations concerning the ownership or disposition of our ordinary shares.

If a partnership or other entity classified as a partnership for U.S. federal income tax purposes holds our ordinary shares, the tax treatment of its partners generally will depend upon the status of the partner, the activities of the partnership and certain determinations made at the partner level. If you are a partner in a partnership holding our ordinary shares, you should consult your own tax advisor regarding the tax consequences to you of the partnership’s ownership of our ordinary shares.

U.S. Holders that use an accrual method of accounting for U.S. federal income tax purposes generally are required to include certain amounts in income no later than the time such amounts are reflected on certain applicable financial statements. The application of this rule may require the accrual of income earlier than would be the case under the general U.S. federal income tax rules described below. U.S. Holders that use an accrual method of accounting for U.S. federal income tax purposes should consult with their tax advisors regarding the potential applicability of this rule to their particular situation.

Each prospective beneficial owner of our ordinary shares should consult its own tax advisor regarding the U.S. federal, state, local, and other tax consequences of the ownership or disposition of our ordinary shares.

As used in this annual report, the term “U.S. Holder” means a beneficial owner of our ordinary shares that:

- is an individual U.S. citizen or resident (as determined for U.S. federal income tax purposes);
- a corporation (or other entity that is classified as a corporation for U.S. federal income tax purposes) organized under the laws of the United States, any state thereof or the District of Columbia;
- an estate the income of which is subject to U.S. federal income taxation regardless of its source; or
- a trust if (i) a court within the United States is able to exercise primary supervision over the administration of the trust and one or more “United States persons” (as defined in the Code) have the authority to control all substantial decisions of the trust or (ii) the trust has a valid election in effect under current Treasury regulations to be treated as a “United States person.”

Distributions

Subject to the discussion below of the rules applicable to a PFIC, any distributions to a U.S. Holder made by us with respect to our ordinary shares generally will constitute dividends, which will be taxable as ordinary income or “qualified dividend income” as described in more detail below, to the extent of our current and accumulated earnings and profits, as determined under U.S. federal income tax principles. We do not intend to compute (or to provide U.S. Holders with information necessary to compute) earnings and profits under U.S. federal income tax principles. Accordingly, U.S. Holders generally should expect to treat all distributions on the ordinary shares as taxable dividends. U.S. Holders that are corporations generally will not be entitled to claim a dividend received deduction with respect to distributions they receive from us. Dividends received with respect to the ordinary shares will be treated as foreign source income and generally will be treated as “passive category income” for U.S. foreign tax credit purposes.

Dividends received with respect to our ordinary shares by a U.S. Holder who is an individual, trust or estate, or a non-corporate U.S. Holder, generally will be treated as “qualified dividend income” that is taxable to such non-corporate U.S. Holder at preferential long-term capital gain tax rates, provided that: (i) our ordinary shares are traded on an “established securities market” in the United States (such as the NASDAQ, where our ordinary shares are presently traded) and are “readily tradeable” on such an exchange; (ii) we are not a PFIC for the taxable year during which the dividend is paid or the immediately preceding taxable year (which we do not believe we are, have been or will be, as discussed below); (iii) the non-corporate U.S. Holder has owned the ordinary shares for more than 60 days during the 121-day period beginning 60 days before the date on which the ordinary shares become ex-dividend (and has not entered into certain risk limiting transactions with respect to such ordinary shares); and (iv) the non-corporate U.S. Holder is not under an obligation to make related payments with respect to positions in substantially similar or related property. If a dividend is treated as qualified dividend income, the amount of the dividend taken into account for purposes of calculating the foreign tax credit limitation generally will be reduced to appropriately take into account the tax rate differential between the reduced rate of tax applicable to qualified dividend income and the highest rate of tax normally applicable to dividends. Any dividends paid on our ordinary shares that are not treated as qualified dividend income will be taxed as ordinary income to a non-corporate U.S. Holder. In addition, a 3.8% tax may apply to certain investment income. See “—Medicare Tax” below.

Special rules may apply to any amounts received in respect of our ordinary shares that are treated as “extraordinary dividends.” In general, an extraordinary dividend is a dividend with respect to an ordinary share that is equal to or in excess of 10% of a U.S. Holder’s adjusted tax basis (or fair market value upon the U.S. Holder’s election) in such ordinary share. In addition, extraordinary dividends include dividends received within a one-year period that, in the aggregate, equal or exceed 20% of a U.S. Holder’s adjusted tax basis (or fair market value) in an ordinary share. If we pay an “extraordinary dividend” on our ordinary shares that is treated as “qualified dividend income,” then any loss recognized by a non-corporate U.S. Holder from the sale or exchange of such ordinary shares will be treated as long-term capital loss to the extent of the amount of such dividend.

Sale, Exchange or Other Disposition of Ordinary Shares

Subject to the discussion of the PFIC rules below, a U.S. Holder generally will recognize capital gain or loss upon a sale, exchange or other disposition of our ordinary shares in an amount equal to the difference between the amount realized by the U.S. Holder from such sale, exchange or other disposition and the U.S. Holder’s adjusted tax basis in such ordinary shares. The U.S. Holder’s initial tax basis in the ordinary shares generally will be the U.S. Holder’s purchase price for the ordinary shares. Such gain or loss will be treated as long-term capital gain or loss if the U.S. Holder’s holding period is greater than one year at the time of the sale, exchange or other disposition.

A corporate U.S. Holder’s capital gains, long-term and short-term, are taxed at ordinary income tax rates. If a corporate U.S. Holder recognizes a loss upon the disposition of our ordinary shares, such U.S. Holder is limited to using the loss to offset other capital gain. If a corporate U.S. Holder has no other capital gain in the tax year of the loss, it may carry the capital loss back three years and forward five years.

Long-term capital gains of non-corporate U.S. Holders are subject to the favorable tax rate of a maximum of 20%. In addition, a 3.8% tax may apply to certain investment income. See “—Medicare Tax” below. A non-corporate U.S. Holder may deduct a capital loss resulting from a disposition of our ordinary shares to the extent of capital gains plus up to \$3,000 (\$1,500 for married individuals filing separate tax returns) annually and may carry forward a capital loss indefinitely.

PFIC Status and Significant Tax Consequences

In general, we will be treated as a PFIC with respect to a U.S. Holder if, for any taxable year in which the holder holds our ordinary shares, either:

- at least 75% of our gross income for such taxable year consists of passive income (e.g., dividends, interest, capital gains and rents derived other than in the active conduct of a rental business), or
- at least 50% of the average value of the assets held by us (based on an average of the quarterly values of the assets during a taxable year) produce, or are held for the production of, passive income.

Income earned, or deemed earned, by us in connection with the performance of services would not constitute passive income. By contrast, rental income generally would constitute “passive income” unless we were treated as deriving our rental income in the active conduct of a trade or business under the applicable rules. The PFIC provisions contain a look-through rule under which we will be treated as earning directly our proportionate share of any income, and owning directly our proportionate share of any assets, of another corporation if we own at least 25% of the value of the stock of such other corporation.

Based on our current and projected, income, assets and methods of operations, we believe that we should not be treated as a PFIC for our current taxable year and we expect that we should not become a PFIC for the foreseeable future. In this regard, we believe that the income we receive from time and voyage chartering activities should constitute services income, rather than rental income. Consequently, we believe that such income should not constitute passive income and the assets engaged in generating such income should not be treated as passive assets and, so long as our income from time and voyage charters exceeds 25% of our gross income for each taxable year after our initial taxable year and the value of our vessels contracted under time and voyage charters exceeds 50% of the average value of our assets for each taxable year after our initial taxable year, we should not be a PFIC.

We expect that substantially all of the vessels in our Fleet will be engaged in time or voyage chartering activities and intend to treat our income from those activities as non-passive income, and the vessels engaged in those activities as non-passive assets, for PFIC purposes. We believe that there is a significant amount of legal authority consisting of the Code, legislative history, IRS pronouncements and administrative rulings supporting our position that the income from time and voyage chartering activities constitutes services income (rather than rental income). There is, however, no direct legal authority under the PFIC rules addressing whether income from time chartering activities is services income or rental income. Moreover, in a case not interpreting the PFIC rules, *Tidewater Inc. v. United States*, 565 F.3d 299 (5th Cir. 2009), the Fifth Circuit held that the vessel time charters at issue generated predominantly rental income rather than services income. However, the IRS stated in an Action on Decision (AOD 2010-001) that it disagrees with, and will not acquiesce to, the way that the rental versus services framework was applied to the facts in the *Tidewater* decision, and in its discussion stated that the time charters at issue in *Tidewater* would be treated as producing services income for PFIC purposes. The IRS's AOD, however, is an administrative action that cannot be relied upon or otherwise cited as precedent by taxpayers.

The determination of whether we are a PFIC in any taxable year is fact specific and will depend upon the portion of our assets (including goodwill) and income that are characterized as passive under the PFIC rules and other factors, some of which may be beyond our control. In particular, because the total value of our assets for purposes of the asset test described above will generally be calculated using the market price of our ordinary shares, our PFIC status may depend in large part on the market price of our ordinary shares. Accordingly, fluctuations in the market price of the ordinary shares may cause us to become a PFIC. In addition, the composition of our income and assets will be affected by how, and how quickly, we use the cash generated by our business operations and any net proceeds that we receive from any future financing or capital transactions. The PFIC determination also depends on the application of complex U.S. federal income tax rules concerning the classification of our assets and income for this purpose, and these rules are uncertain in some respects. Further, the PFIC determination is made annually and our circumstances or the nature of our operations may change. Accordingly, there can be no assurance that we will not be classified as a PFIC for the current taxable year or any future taxable year, and no ruling from the IRS or opinion of counsel has been issued or has been or will be sought with respect to our potential status as a PFIC.

If we were treated as a PFIC for any taxable year in which a U.S. Holder owned our ordinary shares, the U.S. Holder generally would be subject to special tax rules resulting in increased tax liability with respect to any "excess distribution" the U.S. Holder receives on, and any gain the U.S. Holder realizes from a sale or other disposition (including a pledge) of, our ordinary shares, unless a "mark-to-market" election is available and a U.S. Holder makes such election with respect to the ordinary shares, as discussed below. In addition, if we were treated as a PFIC for any taxable year in which a U.S. Holder owned our ordinary shares, the U.S. Holder would be required to file IRS Form 8621 with the U.S. Holder's U.S. federal income tax return for each year to report the U.S. Holder's ownership of such ordinary shares. Substantial penalties apply to any failure to timely file IRS Form 8621, unless the failure is shown to be due to reasonable cause and not due to willful neglect. In the event a U.S. Holder does not file IRS Form 8621, the statute of limitations on the assessment and collection of U.S. federal income taxes of such U.S. Holder for the related tax year will not close before the date which is three years after the date on which such report is filed. A U.S. Holder would not be able to make a "qualified electing fund" election as we do not expect to provide the information necessary for U.S. Holders to make "qualified electing fund" elections.

Taxation of U.S. Holders Making a "Mark-to-Market" Election

If we were to be treated as a PFIC for any taxable year and our ordinary shares were treated as "marketable stock" for purposes of these rules, then a U.S. Holder would be allowed to make a "mark-to-market" election with respect to our ordinary shares, provided the U.S. Holder completes and files IRS Form 8621 in accordance with the relevant instructions and related Treasury regulations. If that election is made, the U.S. Holder generally would include as ordinary income in each taxable year the excess, if any, of the fair market value of the U.S. Holder's ordinary shares at the end of the taxable year over the U.S. Holder's adjusted tax basis in the ordinary shares. The U.S. Holder also would be permitted an ordinary loss in respect of the excess, if any, of the U.S. Holder's adjusted tax basis in the ordinary shares over the fair market value thereof at the end of the taxable year, but only to the extent of the net amount previously included in income as a result of the mark-to-market election. A U.S. Holder's tax basis in the U.S. Holder's ordinary shares would be adjusted to reflect any such income or loss recognized. Gain recognized on the sale, exchange or other disposition of our ordinary shares would be treated as ordinary income, and any loss recognized on the sale, exchange or other disposition of the ordinary shares would be treated as ordinary loss to the extent that such loss does not exceed the net mark-to-market gains previously included in income by the U.S. Holder. A mark-to-market election would not apply to our ordinary shares owned by a U.S. Holder in any taxable year during which we are not a PFIC, but would remain in effect with respect to any subsequent taxable year for which we are a PFIC, unless our ordinary shares are no longer treated as "marketable stock" or the IRS consents to the revocation of the election.

A “mark-to-market” election may itself have negative tax consequences to a U.S. Holder and would not mitigate any negative tax consequences with respect to PFICs directly or indirectly owned by us. In addition, even if a U.S. Holder makes a “mark-to-market” election for one of our taxable years, if we were a PFIC for a prior taxable during which the U.S. Holder owned our ordinary shares and for which the U.S. Holder did not make a timely mark-to-market election, the U.S. Holder would also be subject to the more adverse rules described below under “Taxation of U.S. Holders Not Making a Timely Mark-to-Market Election.” U.S. holders should consult with their tax advisers regarding the availability and advisability making a mark-to-market election with respect to the ordinary shares.

Taxation of U.S. Holders Not Making a Timely Mark-to-Market Election

If we were to be treated as a PFIC for any taxable year, a U.S. Holder who does not make a timely “mark-to-market” election for that year (i.e., the taxable year in which the U.S. Holder’s holding period commences), whom we refer to as a “Non-Electing Holder,” would be subject to special rules resulting in increased tax liability with respect to (1) any excess distribution (i.e., the portion of any distributions received by the Non-Electing Holder on our ordinary shares in a taxable year in excess of 125% of the average annual distributions received by the Non-Electing Holder in the three preceding taxable years, or, if shorter, the Non-Electing Holder’s holding period for the ordinary shares), and (2) any gain realized on the sale, exchange or other disposition of our ordinary shares. Under these special rules:

- the excess distribution and any gain would be allocated ratably over the Non-Electing Holder’s aggregate holding period for the ordinary shares;
- the amount allocated to the current taxable year and any year prior to the year we were first treated as a PFIC with respect to the Non-Electing Holder would be taxed as ordinary income; and
- the amount allocated to each of the other taxable years would be subject to tax at the highest rate of tax in effect for the applicable class of taxpayer for that year, and an interest charge for the deemed deferral benefit would be imposed with respect to the resulting tax attributable to each such other taxable year.

In addition, if we were to be treated as a PFIC, a U.S. Holder would be treated as owning a proportionate amount of any shares that we own, directly or indirectly by application of certain attribution rules, in other PFICs (including any of our subsidiaries, if they are PFICs) and would be subject to the PFIC rules on a separate basis with respect to its indirect interests in any such PFICs. If we were treated as a PFIC for any taxable year and a Non-Electing Holder who is an individual dies while owning our ordinary shares, such holder’s successor generally would not receive a step-up in tax basis with respect to such ordinary shares.

Medicare Tax

A U.S. Holder that is an individual or estate, or a trust that does not fall into a special class of trusts that is exempt from such tax, will generally be subject to a 3.8% tax on the lesser of (i) the U.S. Holder’s “net investment income” for a taxable year and (ii) the excess of the U.S. Holder’s modified adjusted gross income for such taxable year over \$200,000 (\$250,000 in the case of joint filers). For these purposes, “net investment income” will generally include dividends paid with respect to our ordinary shares and net gain attributable to the disposition of our ordinary shares not held in connection with certain trades or businesses, but will be reduced by any deductions properly allocable to such income or net gain.

U.S. Federal Income Taxation of Non-U.S. Holders

A beneficial owner of our ordinary shares (other than a partnership or an entity or arrangement treated as a partnership for U.S. federal income tax purposes) that is not a U.S. Holder is a “Non-U.S. Holder.”

Distributions

Distributions we pay to a Non-U.S. Holder will not be subject to U.S. federal income tax or withholding tax if the Non-U.S. Holder is not engaged in a U.S. trade or business. If the Non-U.S. Holder is engaged in a U.S. trade or business, our distributions will be subject to U.S. federal income tax to the extent they constitute income effectively connected with the Non-U.S. Holder’s U.S. trade or business (and a corporate Non-U.S. Holder may also be subject to U.S. federal branch profits tax). However, distributions paid to a Non-U.S. Holder who is engaged in a trade or business may be exempt from taxation under an income tax treaty if the income arising from the distribution is not attributable to a U.S. permanent establishment maintained by the Non-U.S. Holder.

Disposition of Ordinary Shares

In general, a Non-U.S. Holder will not be subject to U.S. federal income tax or withholding tax on any gain resulting from the disposition of our ordinary shares provided the Non-U.S. Holder is not engaged in a U.S. trade or business. A Non-U.S. Holder that is engaged in a U.S. trade or business will be subject to U.S. federal income tax in the event the gain from the disposition of ordinary shares is Effectively Connected Income (provided, in the case of a Non-U.S. Holder entitled to the benefits of an income tax treaty with the United States, such gain also is attributable to a U.S. permanent establishment). However, even if not engaged in a U.S. trade or business, individual Non-U.S. Holders may be subject to tax on gain resulting from the disposition of our ordinary shares if they are present in the United States for 183 days or more during the taxable year in which those ordinary shares are disposed (but not considered U.S. residents under specific U.S. federal income tax rules) and meet certain other requirements.

Backup Withholding and Information Reporting

In general, payments to a non-corporate U.S. Holder of distributions or the proceeds of a disposition of ordinary shares may be subject to information reporting. These payments to a non-corporate U.S. Holder also may be subject to backup withholding, if the non-corporate U.S. Holder:

- fails to provide an accurate taxpayer identification number;
- is notified by the IRS that it has failed to report all interest or corporate distributions required to be reported on his U.S. federal income tax returns; or
- in certain circumstances, fails to comply with applicable certification requirements.

A U.S. Holder generally is required to certify its compliance with the backup withholding rules on IRS Form W-9.

Non-U.S. Holders may be required to establish their exemption from information reporting and backup withholding by certifying their status on IRS Form W-8BEN, W-8BEN-E, W-8ECI or W-8IMY, as applicable.

Backup withholding is not an additional tax. Rather, a shareholder generally may obtain a credit for any amount withheld against its liability for U.S. federal income tax (and obtain a refund of any amounts withheld in excess of such liability) by filing a U.S. federal income tax return with the IRS.

Individual U.S. Holders (and to the extent specified in applicable Treasury regulations, certain individual Non-U.S. Holders and certain U.S. Holders that are entities) that hold “specified foreign financial assets,” including our ordinary shares, whose aggregate value exceeds \$75,000 at any time during the taxable year or \$50,000 on the last day of the taxable year (or such higher amounts as prescribed by applicable Treasury regulations) are required to file a report on IRS Form 8938 with information relating to the assets for each such taxable year. Specified foreign financial assets would include, among other things, our ordinary shares, unless such ordinary shares are held in an account maintained by a U.S. “financial institution” (as defined). Substantial penalties apply to any failure to timely file IRS Form 8938, unless the failure is shown to be due to reasonable cause and not due to willful neglect. Additionally, in the event an individual U.S. Holder (and to the extent specified in applicable Treasury regulations, an individual Non-U.S. Holder or a U.S. entity) that is required to file IRS Form 8938 does not file such form, the statute of limitations on the assessment and collection of U.S. federal income taxes of such holder for the related tax year may not close until three years after the date that the required information is filed. U.S. Holders (including U.S. entities) and Non-U.S. Holders should consult their own tax advisors regarding their reporting obligations.

South African Tax Considerations

The following is a summary of the material South African income tax consequences for South African tax resident shareholders who are resident for tax purposes in South Africa in relation to the acquisition, ownership and disposal of our ordinary shares, based on current South African law and South African Revenue Service, or SARS, practice as at the date of this document.

This summary is of a general nature only and is not intended to be legal or tax advice to any particular shareholder. This summary is not exhaustive of all South African income tax considerations. Accordingly, shareholders should consult their own tax advisors as to the tax consequences under the tax laws of the country of which they are resident or otherwise subject to tax.

As used in this annual report, the term “SA Tax Resident Shareholder” means a beneficial owner of Grindrod Shipping ordinary shares that is a “resident” as defined in the South African Income Tax Act, No. 58 of 1962, or the Income Tax Act.

Consequently, the term “Non SA Tax Resident Shareholder” means a beneficial owner of Grindrod Shipping ordinary shares that does not meet the requirements to be a “resident” as defined in terms of the Income Tax Act.

This summary only addresses the South African tax consequences for SA Tax Resident Shareholders who hold their ordinary shares as capital assets and does not address the tax consequences which may be relevant to other categories of shareholders such as share dealers. Moreover, certain categories of shareholders, including those carrying on certain financial activities, those subject to specific tax regimes or benefiting from certain reliefs or exemptions, those connected with the Company and those for whom the shares are employment related securities, may be subject to special rules and this summary does not apply to such shareholders.

This summary only addresses the South African tax consequences for SA Tax Resident Shareholders who are shareholders of our ordinary shares registered on the South African administrative depository register.

For purposes of this summary it is understood that Grindrod Shipping is incorporated and tax resident (i.e. has its place of effective management), in Singapore.

Exchange Control

SA Tax Resident Shareholders who choose to reposition their interest into an account with a U.S. broker dealer will need to apply for approval from the Financial Surveillance Department of the South African Reserve Bank, or Fin Surv, through their authorised dealer.

SA Tax Resident Shareholders who are individuals can apply to the extent of their available portion of their single discretionary allowance and foreign capital allowance. If their investment in the ordinary shares registered on the U.S. branch register will exceed these allowances (or the available portion thereof) they will need to apply to Fin Surv for approval through their authorised dealer, which application must be accompanied by a SARS tax compliance status verification result in the form of a Tax Compliance Status personal identification number (PIN) letter issued by SARS.

SA Tax Resident Shareholders that are corporates will also need to apply for approval from an authorised dealer or Fin Surv, as the case may be, to hold our ordinary shares as part of their foreign portfolio investment allowance, provided they do not hold more than 10% of our ordinary shares.

Repositioning of ordinary shares on register located in South Africa to an account with a U.S. broker-dealer

A deemed disposal and reacquisition for an amount equal to the market value of that security will be triggered where a SA Tax Resident Shareholder (applying only to a natural person or a trust that is a resident) chooses to reposition their ordinary shares reflected in the administrative depository register located in South Africa to an account with a U.S. broker-dealer. The deemed disposal and reacquisition will be deemed to take place on the day that the security is registered on the U.S. branch register.

Please refer to “*Taxation of Capital Gains*” below in respect of the South African tax consequences of the deemed disposal for SA Tax Resident Shareholders which are natural persons or trusts.

Controlled Foreign Company, or CFC

Notably, a controlled foreign company is a non-South African company in which more than 50% of the participation rights or voting rights are directly or indirectly held / exercisable by SA Tax Resident Shareholders who are not headquarter companies. Grindrod Shipping as at the date of this document does not constitute a CFC.

Taxation of Dividends

The Company is a foreign company as defined in section 1 of the Income Tax Act. A foreign dividend means an amount that is paid or payable by a foreign company in respect of a share in that company, where that amount is treated as a dividend or similar payment by that foreign company for purposes of the laws relating to tax on income on companies of the country in which that foreign company has its place of effective management, which for purposes of this summary is deemed to be Singapore.

The Company is currently a dual listed foreign company, that is, a company listed on the JSE as well as a recognized foreign exchange, for the purposes of the Income Tax Act.

Corporate Income Tax in relation to dividends

In terms of Section 10B(2)(d) of the Income Tax Act, foreign dividends, excluding such dividends that consist of a distribution of an asset in specie, from the Company will typically be exempt from income tax in the hands of tax residents of South Africa. In terms of a recent amendment to the Income Tax Act, which came into operation on 1 January 2024 and applies in respect of inter alia foreign dividends received or accrued on or after that date, the aforementioned exemption does not apply if the requirements in respect of section 10B(4) of the Income Tax Act are met and the exclusion thereto does not apply. SA Tax Resident Shareholders are advised to obtain tax advice in this regard.

In terms of section 10B(2)(e), foreign dividends in respect of a listed share that constitute a distribution of an asset in specie will be exempt in the hands of South African tax resident companies. Where the shareholder is any person other than a South African tax resident company (for example, an individual or trust), a portion, determined in terms of a formula, of the market value of the distribution in specie would be included in the income of the shareholder in terms of section 10B(3) of the Income Tax Act. In terms of the abovementioned recent amendment to the Income Tax Act, which came into operation on 1 January 2024 and applies in respect of inter alia foreign dividends received or accrued on or after that date, section 10B(3) does not apply if the requirements in respect of section 10B(4) of the Income Tax Act are met and the exclusion thereto does not apply. SA Tax Resident Shareholders are advised to obtain tax advice in this regard.

Non-resident shareholders should not be subject to South African income tax in respect of such foreign dividends on the basis that these dividends arise from a source outside South Africa.

Dividends Tax

For purposes of determining a shareholder's liability for dividends tax, the definition of a dividend in section 64D of the Income Tax Act includes a foreign dividend paid by a foreign company listed on the JSE, provided that the foreign dividend does not constitute the distribution of an asset in specie. Thus a foreign dividend declared by a company listed on the JSE, will not attract dividends tax if it constitutes the distribution of an asset in specie. Moreover, a foreign dividend received by a SA Tax Resident Shareholder which holds shares in the Company which are registered on the NASDAQ (and does not hold shares registered on the South African administrative depository register) would not be subject to dividends tax in South Africa.

In terms of Section 64D of the Income Tax Act, a cash foreign dividend declared by the Company will fall within the definition of a dividend for dividends tax purposes. Such foreign dividends will attract dividends tax calculated at the rate of 20% of the amount of any foreign dividends paid or becoming due and payable.

In terms of section 64F of the Income Tax Act certain foreign dividends are exempt from dividends tax. These include, inter alia, foreign dividends declared to South African resident companies, provided that the shareholder in question has made the necessary declaration and undertaking prior to the dividend having been paid or becoming due and payable. Foreign dividends received or accrued by a natural person or trust will in principle be subject to dividends tax but the foreign dividends so received or accrued should be exempt from dividends tax on the basis that same are included in the income of the natural person or trust.

Taxation of Capital Gains

On a disposal of Shares by a shareholder, a capital gain or loss will arise, equal to the difference between the disposal proceeds and the base cost of the shares. Such capital gain or loss will be aggregated with all other capital gains or losses derived by the shareholder in the same tax year.

Any aggregate capital gain will, if applicable, be reduced by the natural person's annual exclusion of R40,000 (R300,000 in the year of death) and the relevant percentage of the capital gain (40% for individuals, special trusts and individual policyholder funds, resulting in a maximum effective tax rate of 18%, and 80% for companies, ordinary trusts and other taxable insurance portfolios, resulting in an effective tax rate of 36% for ordinary trusts and 21.6% for companies), will be included in the shareholder's taxable income. Any aggregate capital loss will, if applicable, be reduced by the natural person's annual exclusion as above, and the net amount will be carried forward for set off against future capital gains.

Securities Transfer Tax, or STT

STT arises on the transfer of a share in a non-resident company which is listed on the JSE (i.e. registered on the South African administrative depository register), including any reallocation of securities from a shareholder's bank restricted stock account or a shareholder's unrestricted and security stock account to a shareholder's general restricted stock account.

Thus the disposal of ordinary shares in the Company which are listed on the JSE will give rise to STT at the rate of 0.25% of the 'taxable amount', generally being the consideration payable for the shares, or if no consideration is payable or it is less than the lowest price of the share, the closing price of the share. STT only arises to the extent that a transfer results in a change in beneficial ownership.

In terms of the STT Act No 25 of 2007, or the STT Act, the liability to pay STT in relation to the transfer of a share listed on the JSE, rests with-

- (a) a member (defined as an "authorised user" in section 1 of the Financial Markets Act No 19 of 2012), if the listed security is purchased through the agency of, or from such member;
- (b) the participant (defined as a person authorised by the central securities depository to hold in custody and administer the listed security), where the listed security is purchased from the participant and the STT has not been settled by a member referred to under (a) above;
- (c) by the purchaser, if no STT was payable under (a) or (b) above.

The STT Act contains a number of specific exemptions from STT, which may apply to exempt the transfer in question from STT.

Donations Tax

Donations tax is payable on the value of any property disposed of under any donation made by any SA Tax Resident Shareholder. A donation means any gratuitous disposal of property, including any gratuitous waiver or renunciation of a right, and is deemed to include the disposal of an asset to the extent that the consideration is inadequate. Exemptions from donations tax include donations between spouses, donations made in contemplation of death and an annual exemption of R100,000 for individuals.

Donations tax is payable at a rate of 20% on the value of aggregate donations not exceeding R30 million and 25% of the aggregate donations exceeding R30 million.

Estate Duty

Inheritance tax in South Africa is referred to as estate duty. Estate duty will be levied on the worldwide assets of any person who is *ordinarily resident* in South Africa at the date of his or her death. Estate duty will also be levied on any person who is not ordinarily resident in South Africa at the date of his or her death in respect of any assets situated in South Africa or rights which are enforceable in South Africa.

Various allowable deductions are permitted to determine the net value of the estate, including the value of all property that accrues to a surviving spouse of the deceased. After deducting a primary abatement of R3.5 million, estate duty is levied at a rate of 20% on the first R30 million of the dutiable amount of an estate and 25% on the amount exceeding R30 million. Any foreign death duties proved to have been paid in respect of property situated outside South Africa and included in the estate of any person who at the date of death was ordinarily resident in South Africa, may be deducted from the estate duty payable.

Shares which are registered on the South African administrative depository register of the Company in South Africa will be included in the estate of any person who is ordinarily resident in South Africa at the date of death, and in the South African estate of any person who is not ordinarily resident in South Africa at the date of death, on the basis that any transfer of ownership in such Ordinary Shares is required to be registered in South Africa.

Estate duty is subject to the provisions of any applicable double taxation agreement in relation to estate duty.

Singapore Tax Considerations

Dividends or Other Distributions with Respect to Ordinary Shares

Under the one-tier corporate tax system which currently applies to all Singapore tax resident companies, tax on corporate profits is final, and dividends paid by a Singapore tax resident company will be income tax exempt in the hands of a shareholder, whether or not the shareholder is a company or an individual and whether or not the shareholder is a Singapore tax resident.

Capital Gains upon Disposition of Ordinary Shares

Under current Singapore tax laws, there is no tax on capital gains. There are no specific laws or regulations which deal with the characterization of whether a gain from the disposal of ordinary shares is income or capital in nature, as it is determined based on the consideration of the facts and circumstances on a case-by-case basis. Gains arising from the disposal of Grindrod Shipping's ordinary shares may be construed to be of an income nature and subject to Singapore income tax, if these are regarded as shares held on revenue account for trading purposes. However, under Singapore tax laws, any gains derived by a divesting company from its disposal of ordinary shares in an investee company between June 1, 2012 and December 31, 2027 are generally not taxable if immediately prior to the date of the relevant disposal, the divesting company legally and beneficially has held at least 20% of the ordinary shares in the investee company for a continuous period of at least 24 months. With effect from 1 January 2024, a new Section 10L has been introduced into the Singapore tax laws, where gains from the disposal of ordinary shares registered in a foreign stock exchange which are received in Singapore, may be treated as income taxable in Singapore, subject to the stipulated rules and exclusions. This new tax treatment applies to gains received in Singapore arising from disposal of shares that occurs on or after 1 January 2024.

Goods and Services Tax

The gross proceeds received from the issue or transfer of ownership of Grindrod Shipping's ordinary shares to a Singapore incorporated entity should be exempt from Singapore Goods and Services Tax. On the other hand, the gross proceeds received from the issue or transfer of shares of Grindrod Shipping's ordinary shares to an overseas incorporated entity should qualify for zero-rating GST treatment. Hence, the holders would not incur any Goods and Services Tax on the subscription or subsequent transfer of the shares.

Stamp Duty

If Grindrod Shipping's ordinary shares evidenced in certificated forms are acquired in Singapore, stamp duty is payable on the instrument of their transfer at the rate of 0.2% of the consideration for the transfer or the market value of Grindrod Shipping's ordinary shares, whichever is higher.

Where an instrument of transfer is executed outside Singapore or no instrument of transfer is executed, no stamp duty is payable on the acquisition of Grindrod Shipping's ordinary shares. However, stamp duty is payable if the instrument of transfer is executed outside Singapore and is received in Singapore. The stamp duty is borne by the purchaser unless there is an agreement to the contrary. Transfer of scripless shares is generally not subject to Singapore stamp duty.

On the basis that any transfer instrument in respect of Grindrod Shipping's shares traded on the NASDAQ or the JSE are executed outside Singapore through Grindrod Shipping's transfer agent and share registrar in the United States for registration in Grindrod Shipping's branch register of members maintained in the United States (without any transfer instrument being received in Singapore), no stamp duty should be payable in Singapore on such transfers.

Tax Treaties Regarding Withholding Taxes

There is no comprehensive avoidance of double taxation agreement between the United States and Singapore which applies to withholding taxes on dividends or capital gains.

Dividends and Paying Agents

Not applicable.

Statement by Experts

Not applicable.

Documents on Display

Grindrod Shipping files its annual and current reports and other information with the SEC. The SEC filings are available to the public from commercial document retrieval services. Grindrod Shipping's SEC filings may also be obtained electronically via the Electronic Data Gathering, Analysis and Retrieval, or EDGAR, system on the website maintained by the SEC at <http://www.sec.gov>.

The above information and certain other documents may be obtained at the registered office of Grindrod Shipping and are accessible at www.grinshipping.com. The information contained on our website is not incorporated by reference in this annual report.

Subsidiary Information

Not applicable.

ITEM 11. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Spot Market Rate Risk

We currently employ our vessels primarily in the spot market or spot market-oriented pools and do not have a significant amount of fixed revenue cover and we are therefore exposed to the cyclical and volatility of the spot market. Spot rates may fluctuate significantly based upon the supply of and demand for seaborne shipping capacity.

Interest Rate Risk

Our bank loans and other borrowings were originally issued at US\$ LIBOR floating rates plus a margin. The outstanding loans transitioned to Term Secured Overnight Financing Rate (“Term SOFR”) before 30 June 2023. Borrowings under our credit facilities generally bear interest at rates based on a premium over Term SOFR. Therefore, we are exposed to the risk that our interest expense may increase if interest rates rise. We currently do not have any interest rate swaps in place. We may, in the future use interest rate swaps to reduce our exposure to market risk from changes in interest rates. The principal objective of these contracts is to minimize the risks and costs associated with our variable-rate debt and are not for speculative or trading purposes.

For the years ended December 31, 2023, 2022, and 2021, we paid interest on our outstanding debt at a weighted average interest rate of 9.44%, 8.16% and 3.82%, respectively. A 0.5% increase or decrease in the interest rate would have increased or decreased our interest expense for the years ended December 31, 2023, 2022, and 2021, by \$0.7 million, \$1.0 million and \$0.5 million, respectively.

Foreign Exchange Rate Risk

Our primary economic environment is the international shipping market. This market utilizes the U.S. dollar as its functional currency. Consequently, virtually all of our revenue and expenses are in U.S. dollars. Transactions in currencies other than the functional currency are translated at the exchange rate on the transaction date and the relevant payment is translated on the payment date, with the difference being reported in the income statement as an exchange gain or loss. In addition, a part of our debt obligations were, but no longer are, denominated in currencies other than the U.S. dollar, being the Japanese Yen. Assets and liabilities denominated in currencies different from the functional currency are translated into the functional currency for the preparation of the statement of financial position at the exchange rate prevailing on the statement of financial position date. Differences in exchange rates between statement of financial position dates may lead to gains or losses being reported in the income statement.

Extraordinary transactions and the translation of the financial statements of the subsidiaries whose functional currencies are not the U.S. dollar for purposes of preparing our consolidated financial statements, may follow different translation procedures. Depreciation in the value of the U.S. dollar relative to other currencies will increase the U.S. dollar cost of us paying such expenses. The portion of our business conducted in other currencies could increase in the future, which could expand our exposure to losses arising from currency fluctuations.

There is a risk that currency fluctuations will have a negative effect on our cash flows. We have not entered into any hedging contracts to protect against currency fluctuations. We may seek to hedge this currency fluctuation risk in the future.

The following sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the respective period end for a 10% change in foreign currency rates. If the relevant foreign currency strengthens by 10% against our functional currency, relative to the exchange rate that we used to prepare the respective financial statements, profit or loss will increase/(decrease) by:

(In millions of U.S. dollars)	Impact on profit or loss	
	2023	2022
U.S. dollars	\$ 0.2	\$ -
South African Rand	-	(0.2)

Freight Derivatives Risk

From time to time, we may take positions in freight derivatives, mainly FFAs. Generally freight derivatives may be used to hedge exposure to charter rate market risk through the purchase or sale of specified time charter rates for forward positions. Settlement of FFA is in cash, against a daily market index published by the Baltic Exchange. By taking positions in FFAs or other derivative instruments we could suffer losses in the settling or termination of these agreements.

For the years ended December 31, 2023, 2022, and 2021, we had outstanding contracts of 10, 0 and 23 respectively. For the years ended December 31, 2023, 2022, and 2021, we recorded a net loss on outstanding FFAs of \$0.7 million, \$6.8 million, and \$5.1 million, respectively, in our consolidated financial statements, which resulted from fair value gains.

Bunker Price Risk

Our operating results are affected by movement in the price of fuel oil consumed by the vessels-known in the industry as bunkers. The price and supply of fuel is unpredictable and fluctuates based on events outside our control, including changes in legislation such as the IMO 2020 regulations, geopolitical developments, supply of and demand for oil and gas, actions by OPEC and other oil and gas producers, war and unrest in oil producing countries and regions, regional production patterns and environmental concerns. Further, fuel may become much more expensive in the future, which may reduce our profitability. We do hedge some of our exposure to bunker price risk.

For the years ended December 31, 2023, 2022, and 2021, we recorded a net loss of \$0.1 million, a net loss of \$0.1 million and a net gain of \$0.2 million on bunker swaps, respectively, which resulted from fair value loss or gain, in our consolidated financial statements.

A 10% increase or decrease in the bunker price, would result in a decrease or increase of the hedging reserve for the years ended December 31, 2023, 2022, and 2021, by \$0.8 million, \$0.5 million and \$0.8 million, respectively.

Concentration of Credit Risk

Financial instruments, which potentially subject us to significant concentrations of credit risk, consist principally of trade accounts receivable and bank balances. We closely monitor our exposure to customers for credit risk. We have policies in place to ensure that we trade with customers with an appropriate credit history. We do not take out credit default insurance.

Our maximum exposure to credit risk in the event that counterparties fail to perform their obligations as at the end of each financial year in relation to each class of recognized financial assets is the carrying amount of those assets as indicated in our statement of financial position.

Inflation

We do not expect inflation to be a significant risk to direct expenses in the current and foreseeable economic environment.

ITEM 12. DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES

Debt Securities

Not applicable.

Warrants and Rights

Not applicable.

Other Securities

Not applicable.

American Depositary Shares

Not applicable.

PART II

ITEM 13. DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENCIES

None

ITEM 14. MATERIAL MODIFICATIONS TO THE RIGHTS OF SECURITY HOLDERS AND USE OF PROCEEDS

None.

ITEM 15. CONTROLS AND PROCEDURES

A. Disclosure Controls and Procedures

The Company's management, with the participation of its Chief Executive Officer and Chief Financial Officer, conducted an evaluation, pursuant to Rule 13a-15(e) promulgated under the Exchange Act, of the effectiveness of our disclosure controls and procedures as of December 31, 2023. Based on this evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the disclosure controls and procedures were effective as of December 31, 2023. Disclosure controls and procedures means controls and other procedures that are designed to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and that such information required to be disclosed by us in the reports that we file or submit under the Exchange Act is accumulated and communicated to our management, including our principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosures.

There are inherent limitations to the effectiveness of any system of disclosure controls and procedures, including the possibility of human error and the circumvention or overriding of the controls and procedures. Accordingly, even effective disclosure controls and procedures can only provide reasonable assurance of achieving their control objectives.

B. Management's Annual Report on Internal Control Over Financial Reporting

In accordance with Rule 13a-15(f) of the Exchange Act, the management of the Company is responsible for the establishment and maintenance of adequate internal controls over financial reporting for the Company. Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS as issued by the IASB. The Company's system of internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company, (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with IFRS as issued by the IASB and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company, and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposal of the Company's assets that could have a material effect on the financial statements. Management has performed an assessment of the effectiveness of the Company's internal controls over financial reporting as of December 31, 2023, based on the provisions of Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission, or COSO, in 2013. Based on our assessment, management determined that the Company's internal controls over financial reporting were effective as of December 31, 2023 based on the criteria in Internal Control - Integrated Framework issued by COSO (2013).

C. Attestation Report of the Independent Registered Public Accounting Firm

This annual report does not include an attestation report of our independent registered public accounting firm related to management's assessment of internal control over financial reporting as required by Section 404(b) of the Sarbanes-Oxley Act of 2002 because we qualify as an "emerging growth company" under Section 3(a)(80) of the Exchange Act and, as a result, are exempt from the requirements under Section 404(b) of the Sarbanes-Oxley Act of 2002.

D. Changes in Internal Control Over Financial Reporting

During the year ended December 31, 2023, there have been no changes in our internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

ITEM 16A. AUDIT COMMITTEE FINANCIAL EXPERT

Our board of directors has determined that Mr. Gordon William French is an “audit committee financial expert” as defined in Item 16A of Form 20-F under the Exchange Act. Our board of directors has also determined that Mr. Gordon William French satisfies the NASDAQ listed company “independence” requirements. Mr. Gordon William French replaced the previous independent “audit committee financial expert”, Mr. Quah Ban Huat, on March 31, 2023.

ITEM 16B. CODE OF ETHICS

We have adopted a Code of Ethics that applies to all our employees, officers and directors, including our Chief Executive Officer and Chief Financial Officer. Our Code of Ethics is available on our website at www.grinshipping.com. There have been no changes to our Code of Ethics and no waivers granted from a provision of the code to our Chief Executive Officer and Chief Financial Officer.

ITEM 16C. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Deloitte & Touche LLP is our independent registered public accounting firm for the audits of the years ended December 31, 2023, 2022 and 2021. The Audit and Risk Committee, or ARC, is responsible for the appointment, compensation and oversight of the work of the independent auditor and is required to pre-approve all auditing services and non-audit services (other than “prohibited non-audit services”) to be provided to Grindrod Shipping by Deloitte & Touche LLP, subject to the de minimis exceptions for non-audit services described in Section 10A(i)(1)(B) of the Exchange Act, which are approved by the ARC prior to the completion of the audit.

Our ARC charter also provides that the ARC may delegate authority to one or more independent members of the ARC to grant pre-approvals of audit and permitted non-audit services; provided that any such pre-approvals shall be presented to the full ARC at its next scheduled meeting. Notwithstanding the foregoing, pre-approval is not necessary for minor non-audit services if: (A) the aggregate amount of all such non-audit services provided to the Company constitutes not more than five percent of the total amount of revenues paid by the Company to its External Auditor during the fiscal year in which the non-audit services are provided; (B) such services were not recognized by the Company at the time of the engagement to be non-audit services; and (C) such services are promptly brought to the attention of the ARC and approved prior to the completion of the audit by the ARC or by one or more members of the ARC who are members of the Board of Directors to whom authority to grant such approvals has been delegated by the ARC. The ARC separately pre-approved all engagements and fees paid to our independent auditor that were required under our policy for the fiscal year ended December 31, 2023.

The following table sets forth the aggregate fees by categories specified below in connection with certain professional services rendered by Deloitte & Touche LLP (PCAOB ID No.1046) for the years ended December 31, 2023, 2022 and 2021.

(In thousands of U.S. dollars)	Year Ended December 31,		
	2023	2022	2021
Audit Fees ⁽¹⁾	1,853.4	1,644.4	1,765.6
Audit-Related Fees ⁽²⁾	23.0	-	65.6
Tax Fees ⁽³⁾	-	13.1	14.2
Other Fees ⁽⁴⁾	70.1	1.2	-
Total Fees	<u>1,946.5</u>	<u>1,658.7</u>	<u>1,845.4</u>

- (1) Includes fees billed or accrued for professional services rendered by the principal accountant, and member firms in their respective network, for the audit or review of our annual financial statements, and those of our consolidated subsidiaries.
- (2) Fees for services reasonably related to the performance of the audit review and include services associated with the Registration Statement for the year ended December 31, 2021.
- (3) Consists of fees for professional services rendered during the fiscal year by the principal accountant mainly for tax advice, compliance and assistance with tax audits and appeals.
- (4) Other fees comprise of additional services that are normally provided by the accountant in connection with statutory and regulatory filings or engagements, except for those not required by statute or regulation

ITEM 16D. EXEMPTIONS FROM THE LISTING STANDARDS FOR AUDIT COMMITTEES

None

ITEM 16E. PURCHASES OF EQUITY SECURITIES BY THE ISSUER AND AFFILIATED PURCHASERS

On May 20, 2021 and May 26, 2022, our ordinary shareholders passed a resolution authorizing the purchase by us of up to 10% of our outstanding ordinary shares as of the date of the resolution (excluding any ordinary shares held as treasury shares at that date) and on May 25, 2023, our ordinary shareholders passed a resolution on the same terms authorizing the purchase by us of up to 10% of our outstanding ordinary shares as of the date of the resolution (excluding any ordinary shares held as treasury shares at that date) or 1,968,559 ordinary shares. Purchases or acquisitions of our ordinary shares may be made by way of open market purchases on NASDAQ and / or the JSE and at such price or prices as may be determined by the Board from time to time in accordance with the shareholder authorization. There were no acquisitions of ordinary shares during the year ended December 31, 2023, since the granting of these authorities. At our next annual general meeting, we expect to seek approval of the renewal of our share repurchase program on the same terms as currently in effect.

Period	Total number of ordinary shares purchased	Weighted average price per ordinary share⁽¹⁾	Total Number of Shares Purchased as part of Publicly Announced Plans or Programs	Maximum Number (or Appropriate U.S. Dollar Value) of Shares (or Units) that May Yet Be Purchased Under the Plans or Programs
January 1 - January 31, 2023	-	-	-	-
February 1 - February 28, 2023	-	-	-	-
March 1 - March 31, 2023	-	-	-	-
April 1 - April 30, 2023	-	-	-	-
May 1 - May 31, 2023	-	-	-	-
June 1 - June 30, 2023	-	-	-	-
July 1 - July 31, 2023	-	-	-	-
August 1 - August 31, 2023	-	-	-	-
September 1 - September 30, 2023	-	-	-	-
October 1 - October 31, 2023	-	-	-	-
November 1 - November 30, 2023	-	-	-	-
December 1 - December 31, 2023	-	-	-	-
Total ordinary shares purchased	-	-	-	-

There were no purchases of our ordinary shares in 2023 by our directors in open market transactions that were not under our publicly announced share repurchase program discussed above. The disclosure below should not be deemed to be an admission that any such directors is an “affiliated purchaser” within the meaning of Rule 10b-18(a)(3) of the Exchange Act.

ITEM 16F. CHANGE IN REGISTRANT’S CERTIFYING ACCOUNTANT

None.

ITEM 16G. CORPORATE GOVERNANCE

The information contained in “[Item 6. Directors, Senior Management and Employees—Corporate Governance Practices](#)” in this annual report is incorporated by reference to this Item 16G.

ITEM 16H. MINE SAFETY DISCLOSURE

Not applicable.

ITEM 16I. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

Not applicable.

ITEM 16J. INSIDER TRADING POLICIES

Pursuant to applicable SEC transition guidance, the disclosure required by Item 16J will only be applicable to the Company from the fiscal year ending on December 31, 2024.

ITEM 16K. CYBERSECURITY

Cybersecurity Risk Management and Strategy

We recognize the importance of assessing, identifying, and managing material risks associated with cybersecurity threats. These risks include, among other things: operational risks, fraud, extortion, harm to employees or customers and violation of data privacy or security laws.

The identification and assessment of risks from cybersecurity threats is integrated into our overall risk management systems and processes. Regular risk assessments are conducted to identify potential vulnerabilities and to assess the impact of various cybersecurity threats on our business. This is done through a multi-faceted approach including third-party assessments and internal IT audit, IT security and governance, risk and compliance reviews. Our processes include among other things: continuous review of our cybersecurity systems and applications with oversight from our internal Cybersecurity and Information Technology Committees, periodic audits of applicable policies, annual penetration testing performed by a third-party assessor using tools and techniques to test our security controls, implementation and maintenance of intrusion prevention systems, coordinated employee security awareness training and monitoring of emerging laws and regulations related to information security. Our approach aligns with industry standard practices and IMO regulatory requirements.

We have developed and implemented an incident response plan that outlines the steps to be taken in the event of a security event or data incident. This includes communication protocols, legal considerations, and a thorough post-incident analysis to strengthen our defenses for the future. Security events and data incidents are evaluated, ranked by severity and prioritized for response and remediation. Incidents are evaluated to determine materiality as well as operational and business impact and are reviewed for privacy impact. We also periodically conduct tabletop exercises to simulate responses to cybersecurity incidents. Responses to incidents and tabletop exercises are overseen by leaders from our Information Technology and Technical Marine Departments.

As of the date of this report, we are not aware of any risks from cybersecurity threats that have materially affected or are reasonably likely to materially affect the Company, including our business strategy, results of operations, or financial condition. However, there can be no assurances that the Company will not be materially affected by such risks in the future.

Cybersecurity Governance

The governance of cybersecurity risks is overseen by our Board of Directors, with assistance from the Audit and Risk Committee. Our Chief Financial Officer (“CFO”), with input from the Information Technology Department and other members of management, as needed, provides the Audit and Risk Committee and the Board of Directors with quarterly updates on cybersecurity matters after performing and reviewing the above-described assessments.

Within management, the Company’s Information Technology Department is responsible for monitoring cybersecurity threats, managing incidents and communicating about enterprise-wide cybersecurity risks and related matters with the Information Technology Committee and CFO. The Information Technology Committee is a steering committee comprising representatives from senior management of each division of the Company. This committee helps to set the strategy, direction, and requirements of the Information Technology Department. At the management level, cybersecurity risks are ultimately overseen by our CFO, who has twenty years of risk management experience in the shipping industry. This approach ensures that we are prepared to identify, assess, and respond to cybersecurity challenges, aligning our risk management with our organizational goals.

ITEM 17. FINANCIAL STATEMENTS

Grindrod Shipping has responded to Item 18 in lieu of responding to this item.

ITEM 18. FINANCIAL STATEMENTS

Historical Consolidated Financial Statements

See pages F-1 to F-80 for the financial statements of Grindrod Shipping filed as part of this annual report.

ITEM 19. EXHIBITS

The following instruments and documents are included as Exhibits to this annual report.

No.	Exhibit
1.1	Constitution of Grindrod Shipping Holdings Ltd.⁽¹⁾
2.1	Share Purchase Agreement between Grindrod Limited and Grindrod Shipping Holdings Pte. Ltd. in respect of Grindrod Shipping (South Africa) Pty Ltd dated March 23, 2018⁽²⁾
2.2	Share Purchase Agreement between Grindrod Limited and Grindrod Shipping Holdings Pte. Ltd. in respect of Grindrod Shipping Pte. Ltd. dated March 23, 2018⁽²⁾
2.3	Implementation Agreement between Grindrod Shipping Holdings Pte. Ltd., Grindrod Limited, Grindrod Shipping (South Africa) Pty Ltd and Grindrod Shipping Pte. Ltd. dated March 23, 2018⁽²⁾
2.4	Form of Specimen Ordinary Share Certificate (Grindrod Shipping Holdings Ltd.)⁽³⁾
2.5	Description of the rights of each class of securities registered under Section 12 of the Exchange Act.⁽⁵⁾
4.2	Form of 2018 Forfeitable Share Plan⁽¹⁾
4.3(a)	Shareholders' Agreement between Grindrod Shipping Pte. Ltd., Sankaty European Investments III S.À.R.L., Regiment Capital Ltd and IVS Bulk Pte. Ltd. dated December 11, 2013⁽²⁾
4.3(b)	First Amendment to Shareholders' Agreement between Grindrod Shipping Pte. Ltd., Sankaty European Investments III S.A.R.L., Regiment Capital Ltd and IVS Bulk Pte. Ltd. dated February 4, 2015⁽²⁾
4.3(c)	Second Amendment to Shareholders' Agreement between Grindrod Shipping Pte. Ltd., Sankaty European Investments III S.A.R.L., Regiment Capital Ltd and IVS Bulk Pte. Ltd. dated January 20, 2016⁽²⁾
4.3(d)	Third Amendment to Shareholders' Agreement between Grindrod Shipping Pte. Ltd., Sankaty European Investments III S.A.R.L., Regiment Capital Ltd and IVS Bulk Pte. Ltd. dated April 1, 2016⁽²⁾
4.3(e)	Fourth Amendment to Shareholders' Agreement between Grindrod Shipping Pte. Ltd., Sankaty European Investments III S.A.R.L., Regiment Capital Ltd and IVS Bulk Pte. Ltd. dated April 25, 2016⁽²⁾
4.3(f)	Fifth Amendment to Shareholders' Agreement between Grindrod Shipping Pte. Ltd., Sankaty European Investments III S.A.R.L., Regiment Capital Ltd and IVS Bulk Pte. Ltd. dated July 6, 2016⁽²⁾
4.3(g)	Sixth Amendment to Shareholders' Agreement between Grindrod Shipping Pte. Ltd., Sankaty European Investments III S.A.R.L., Regiment Capital Ltd and IVS Bulk Pte. Ltd. dated October 31, 2016⁽²⁾
4.3(h)	Seventh Amendment to Shareholders' Agreement between Grindrod Shipping Pte. Ltd., Sankaty European Investments III S.A.R.L., Regiment Capital Ltd and IVS Bulk Pte. Ltd. dated January 31, 2019⁽⁴⁾
4.3(i)	Eighth Amendment to Shareholders' Agreement between Grindrod Shipping Pte. Ltd., Sankaty European Investments III S.A.R.L., Regiment Capital Ltd and IVS Bulk Pte. Ltd. dated March 26, 2019⁽⁴⁾
4.3(j)	Ninth Amendment to Shareholders' Agreement between Grindrod Shipping Pte. Ltd., Sankaty European Investments III S.A.R.L., Regiment Capital Ltd and IVS Bulk Pte. Ltd. dated June 13, 2019⁽⁵⁾
4.3(k)	Tenth Amendment to Shareholders' Agreement between Grindrod Shipping Pte. Ltd., Sankaty European Investments III S.A.R.L., Regiment Capital Ltd and IVS Bulk Pte. Ltd. dated September 11, 2019⁽⁵⁾
4.3(l)	Eleventh Amendment to Shareholders' Agreement between Grindrod Shipping Pte. Ltd., Sankaty European Investments III S.A.R.L., Regiment Capital Ltd and IVS Bulk Pte. Ltd. dated November 25, 2019⁽⁵⁾
4.3(m)	Twelfth Amendment to Shareholders' Agreement between Grindrod Shipping Pte. Ltd., Sankaty European Investments III S.A.R.L., Regiment Capital Ltd and IVS Bulk Pte. Ltd. dated December 30, 2019⁽⁵⁾
4.4(a)	Shareholders' Agreement between Grindrod Shipping Pte. Ltd. and Vitol Shipping Singapore Pte. Ltd. dated April 2, 2012⁽²⁾
4.4(b)	Addendum to Shareholders' Agreement between Grindrod Shipping Pte. Ltd. and Vitol Shipping Singapore Pte. Ltd. dated December 2012⁽²⁾
4.4(c)	Agreement between Grindrod Shipping Pte. Ltd. and Vitol Shipping Singapore Pte. Ltd. dated August 30, 2018⁽⁴⁾
4.19	Form of Non-Executive Director Appointment Letter⁽¹⁾
4.20	\$100.0 million Facility Agreement dated May 8, 2018, between Grindrod Shipping Pte. Ltd., IVS Bulk Carriers Pte. Ltd., IVS Bulk Owning Pte. Ltd., IVS Bulk 462 Pte. Ltd., IVS Bulk 475 Pte. Ltd., Unicorn Atlantic Pte. Ltd., Unicorn Baltic Pte. Ltd., Unicorn Ross Pte. Ltd., Unicorn Ionia Pte. Ltd., IVS Bulk 511 Pte. Ltd., IVS Bulk 603 Pte. Ltd., IVS Bulk 707 Pte. Ltd., Unicorn Caspian Pte. Ltd., IVS Bulk 512 Pte. Ltd., IVS Bulk 609 Pte. Ltd., IVS Bulk 611 Pte. Ltd., IVS Bulk 612 Pte. Ltd., Crédit Agricole Corporate and Investment Bank, DVB Bank SE Singapore Branch, Standard Chartered Bank, Singapore Branch and the banks and financial institutions named therein⁽³⁾

- 4.20(a) [Side Letter dated December 14, 2018 to the \\$100.0 million Facility Agreement dated May 8, 2018, between Grindrod Shipping Pte. Ltd., Crédit Agricole Corporate and Investment Bank, DVB Bank SE Singapore Branch, Standard Chartered Bank, Singapore Branch and the banks and financial institutions, and guarantors named therein^{\(4\)}](#)
- 4.20(b) [Side Letter No. 2 dated June 28, 2019 to the \\$100.0 million Facility Agreement dated May 8, 2018, between Grindrod Shipping Pte. Ltd., Crédit Agricole Corporate and Investment Bank, DVB Bank SE Singapore Branch, Standard Chartered Bank, Singapore Branch and the banks and financial institutions, and guarantors named therein^{\(5\)}](#)
- 4.20(c) [Side Letter No. 3 dated April 16, 2020 to the \\$100.0 million Facility Agreement dated May 8, 2018, between Grindrod Shipping Pte. Ltd., Crédit Agricole Corporate and Investment Bank, DVB Bank SE Singapore Branch, Standard Chartered Bank, Singapore Branch and the banks and financial institutions, and guarantors named therein^{\(5\)}](#)
- 4.20(d) [Letter dated June 5, 2020 relating to the \\$100.0 million Facility Agreement dated May 8, 2018, between Grindrod Shipping Pte. Ltd., Crédit Agricole Corporate and Investment Bank, DVB Bank SE Singapore Branch, Standard Chartered Bank, Singapore Branch and the banks and financial institutions, and guarantors named therein^{\(5\)}](#)
- 4.20(e) [Side Letter No. 4 dated June 30, 2020 to the \\$100.0 million Facility Agreement dated May 8, 2018, between Grindrod Shipping Pte. Ltd., Crédit Agricole Corporate and Investment Bank, DVB Bank SE Singapore Branch, Standard Chartered Bank, Singapore Branch and the banks and financial institutions, and guarantors named therein^{\(6\)}](#)
- 4.20(f) [Side Letter No. 5 dated November 11, 2020 to the \\$100.0 million Facility Agreement dated May 8, 2018, between Grindrod Shipping Pte. Ltd., Crédit Agricole Corporate and Investment Bank, DVB Bank SE Singapore Branch, Standard Chartered Bank, Singapore Branch and the banks and financial institutions, and guarantors named therein^{\(6\)}](#)
- 4.20(g) [Side Letter No. 6 dated December 31, 2020 to the \\$100.0 million Facility Agreement dated May 8, 2018, between Grindrod Shipping Pte. Ltd., Crédit Agricole Corporate and Investment Bank, DVB Bank SE Singapore Branch, Standard Chartered Bank, Singapore Branch and the banks and financial institutions, and guarantors named therein^{\(6\)}](#)
- 4.20(h) [Side Letter No. 7 dated June 7, 2021 to the \\$100.0 million Facility Agreement dated May 8, 2018, between Grindrod Shipping Pte. Ltd., Crédit Agricole Corporate and Investment Bank and NIBC Bank N.V. and the banks and financial institutions, and guarantors named therein^{\(7\)}](#)
- 4.21 [\\$29.9 million Term Loan Facility Agreement dated December 21, 2018 between Grindrod Shipping Holdings Ltd., Unicorn Moon Pte. Ltd., Unicorn Sun Pte. Ltd., NIBC Bank N.V. and the banks and financial institutions named therein^{\(4\)}](#)
- 4.21(a) [Side Letter dated June 28, 2019 to the \\$29.9 million Term Loan Facility Agreement dated December 21, 2018 between Grindrod Shipping Holdings Ltd., Unicorn Moon Pte. Ltd., Unicorn Sun Pte. Ltd., NIBC Bank N.V. and the banks and financial institutions named therein^{\(5\)}](#)
- 4.21(b) [Side Letter No. 2 dated May 8, 2020 to the \\$29.9 million Term Loan Facility Agreement dated December 21, 2018 between Grindrod Shipping Holdings Ltd., Unicorn Moon Pte. Ltd., Unicorn Sun Pte. Ltd., NIBC Bank N.V. and the banks and financial institutions named therein^{\(5\)}](#)
- 4.21(c) [Letter dated June 4, 2020 relating to the \\$29.9 million Term Loan Facility Agreement dated December 21, 2018 between Grindrod Shipping Holdings Ltd., Unicorn Moon Pte. Ltd., Unicorn Sun Pte. Ltd., NIBC Bank N.V. and the banks and financial institutions named therein^{\(5\)}](#)
- 4.21(d) [Side Letter No. 3 dated June 30, 2020 to the \\$29.9 million Term Loan Facility Agreement dated December 21, 2018 between Grindrod Shipping Holdings Ltd., Unicorn Moon Pte. Ltd., Unicorn Sun Pte. Ltd., NIBC Bank N.V. and the banks and financial institutions named therein^{\(6\)}](#)
- 4.21(e) [Side Letter No. 4 dated December 30, 2020 to the \\$29.9 million Term Loan Facility Agreement dated December 21, 2018 between Grindrod Shipping Holdings Ltd., Unicorn Moon Pte. Ltd., Unicorn Sun Pte. Ltd., NIBC Bank N.V. and the banks and financial institutions named therein^{\(6\)}](#)
- 4.22 [\\$15.7 million Term Facility Agreement dated July 29, 2019, between IVS Bulk 3720 Pte. Ltd., Grindrod Shipping Holdings Ltd. and The IYO Bank, Ltd., Singapore Branch^{\(5\)}](#)
- 4.22(a) [Addendum dated August 27, 2019, to the \\$15.7 million Term Facility Agreement dated July 29, 2019, between IVS Bulk 3720 Pte. Ltd., Grindrod Shipping Holdings Ltd. and The IYO Bank, Ltd., Singapore Branch^{\(5\)}](#)
- 4.22(b) [Addendum dated March 16, 2023, to the \\$15.7 million Term Facility Agreement dated July 29, 2019, between IVS Bulk 3720 Pte. Ltd., Grindrod Shipping Holdings Ltd. and The IYO Bank, Ltd., Singapore Branch](#)
- 4.23 [\\$15.7 million Term Facility Agreement dated July 29, 2019, between IVS Bulk 3708 Pte. Ltd., Grindrod Shipping Holdings Ltd. and The IYO Bank, Ltd., Singapore Branch^{\(5\)}](#)
- 4.23(a) [Addendum dated August 27, 2019, to the \\$15.7 million Term Facility Agreement dated July 29, 2019, between IVS Bulk 3708 Pte. Ltd., Grindrod Shipping Holdings Ltd. and The IYO Bank, Ltd., Singapore Branch^{\(5\)}](#)
- 4.23(b) [Addendum dated March 16, 2023, to the \\$15.7 million Term Facility Agreement dated July 29, 2019, between IVS Bulk 3708 Pte. Ltd., Grindrod Shipping Holdings Ltd. and The IYO Bank, Ltd., Singapore Branch](#)
- 4.24 [\\$13.1 million Loan Agreement dated January 31, 2020, between IVS Bulk 10824 Pte. Ltd., IVS Bulk Pte. Ltd. and Showa Leasing Co., Ltd.^{\(5\)}](#)
- 4.24(a) [Addendum dated August 14, 2023, to the \\$13.1 million Loan Agreement dated January 31, 2023 between IVS Bulk 10824 Pte. Ltd., IVS Bulk Pte. Ltd. and Showa Leasing Co., Ltd.](#)
- 4.25 [\\$114.1 million Term Loan Facility Agreement dated February 10, 2020, between IVS Bulk Pte. Ltd., Grindrod Shipping Holdings Ltd., IVS Bulk 709 Pte. Ltd., IVS Bulk 5858 Pte. Ltd., IVS Bulk 543 Pte. Ltd., IVS Bulk 5855 Pte. Ltd., IVS](#)

Bulk 541 Pte. Ltd., IVS Bulk 545 Pte. Ltd., IVS Bulk 712 Pte. Ltd., IVS Bulk 1345 Pte. Ltd., IVS Bulk 554 Pte. Ltd., IVS Bulk 7297 Pte. Ltd., IVS Bulk 3693 Pte. Ltd., Crédit Agricole Corporate and Investment Bank, Hamburg Commercial Bank AG, and the banks and financial institutions named therein⁽⁵⁾

- [4.25\(a\)](#) [Letter dated June 4, 2020 relating to the \\$114.1 million Term Loan Facility Agreement dated February 10, 2020, between IVS Bulk Pte. Ltd., Grindrod Shipping Holdings Ltd., IVS Bulk 709 Pte. Ltd., IVS Bulk 5858 Pte. Ltd., IVS Bulk 543 Pte. Ltd., IVS Bulk 5855 Pte. Ltd., IVS Bulk 541 Pte. Ltd., IVS Bulk 545 Pte. Ltd., IVS Bulk 712 Pte. Ltd., IVS Bulk 1345 Pte. Ltd., IVS Bulk 554 Pte. Ltd., IVS Bulk 7297 Pte. Ltd., IVS Bulk 3693 Pte. Ltd., Crédit Agricole Corporate and Investment Bank, Hamburg Commercial Bank AG, and the banks and financial institutions named therein^{\(5\)}](#)
- [4.25\(b\)](#) [Supplemental Letter dated June 30, 2020 relating to the \\$114.1 million Term Loan Facility Agreement dated February 10, 2020, between IVS Bulk Pte. Ltd., Grindrod Shipping Holdings Ltd., IVS Bulk 709 Pte. Ltd., IVS Bulk 5858 Pte. Ltd., IVS Bulk 543 Pte. Ltd., IVS Bulk 5855 Pte. Ltd., IVS Bulk 541 Pte. Ltd., IVS Bulk 545 Pte. Ltd., IVS Bulk 712 Pte. Ltd., IVS Bulk 1345 Pte. Ltd., IVS Bulk 554 Pte. Ltd., IVS Bulk 7297 Pte. Ltd., IVS Bulk 3693 Pte. Ltd., Crédit Agricole Corporate and Investment Bank, Hamburg Commercial Bank AG, and the banks and financial institutions named therein^{\(6\)}](#)
- [4.25\(c\)](#) [Supplemental Letter dated December 29, 2020 relating to the \\$114.1 million Term Loan Facility Agreement dated February 10, 2020, between IVS Bulk Pte. Ltd., Grindrod Shipping Holdings Ltd., IVS Bulk 709 Pte. Ltd., IVS Bulk 5858 Pte. Ltd., IVS Bulk 543 Pte. Ltd., IVS Bulk 5855 Pte. Ltd., IVS Bulk 541 Pte. Ltd., IVS Bulk 545 Pte. Ltd., IVS Bulk 712 Pte. Ltd., IVS Bulk 1345 Pte. Ltd., IVS Bulk 554 Pte. Ltd., IVS Bulk 7297 Pte. Ltd., IVS Bulk 3693 Pte. Ltd., Crédit Agricole Corporate and Investment Bank, Hamburg Commercial Bank AG, and the banks and financial institutions named therein^{\(6\)}](#)
- [4.25\(d\)](#) [Amendment and Restatement Agreement dated September 10, 2021 relating to the \\$114.1 million Term Loan Facility Agreement dated February 10, 2020, between IVS Bulk Pte. Ltd., Grindrod Shipping Holdings Ltd., IVS Bulk 709 Pte. Ltd., IVS Bulk 5858 Pte. Ltd., IVS Bulk 543 Pte. Ltd., IVS Bulk 5855 Pte. Ltd., IVS Bulk 541 Pte. Ltd., IVS Bulk 545 Pte. Ltd., IVS Bulk 712 Pte. Ltd., IVS Bulk 1345 Pte. Ltd., IVS Bulk 554 Pte. Ltd., IVS Bulk 7297 Pte. Ltd., IVS Bulk 3693 Pte. Ltd., Crédit Agricole Corporate and Investment Bank, Hamburg Commercial Bank AG, and the banks and financial institutions named therein^{\(7\)}](#)
- [4.25\(e\)](#) [Amendment and Restatement Agreement dated June 1, 2023 relating to the \\$114.1 million Term Loan Facility Agreement dated February 10, 2020, between IVS Bulk Pte. Ltd., Grindrod Shipping Holdings Ltd., IVS Bulk 709 Pte. Ltd., IVS Bulk 5858 Pte. Ltd., IVS Bulk 543 Pte. Ltd., IVS Bulk 5855 Pte. Ltd., IVS Bulk 541 Pte. Ltd., IVS Bulk 545 Pte. Ltd., IVS Bulk 712 Pte. Ltd., IVS Bulk 1345 Pte. Ltd., IVS Bulk 554 Pte. Ltd., IVS Bulk 7297 Pte. Ltd., IVS Bulk 3693 Pte. Ltd., Crédit Agricole Corporate and Investment Bank, Hamburg Commercial Bank AG, and the banks and financial institutions named therein](#)
- [4.26](#) [\\$35.8 million Financing Agreement dated February 13, 2020, between Grindrod Shipping Pte. Ltd., the Lenders from time to time party thereto and Sankaty European Investments III S.A.R.L.^{\(5\)}](#)
- [4.26 \(a\)](#) [Payoff Letter for the \\$35.8 million Financing Agreement dated February 13, 2020, between Grindrod Shipping Pte. Ltd., the Lenders from time to time party thereto and Sankaty European Investments III S.A.R.L.^{\(7\)}](#)
- [4.26 \(b\)](#) [Deed of Discharge, Release and Reassignment for the \\$35.8 million Financing Agreement dated February 13, 2020, between Grindrod Shipping Pte. Ltd., the Lenders from time to time party thereto and Sankaty European Investments III S.A.R.L.^{\(7\)}](#)
- [4.27](#) [Share Purchase Agreement dated February 14, 2020, between Regiment Capital Ltd. and Grindrod Shipping Pte. Ltd.^{\(5\)}](#)
- [4.28](#) [Shareholders' Agreement dated February 14, 2020, between Sankaty European Investments III S.A.R.L. and Grindrod Shipping Pte. Ltd. in respect of IVS Bulk Pte. Ltd.^{\(5\)}](#)
- [4.29](#) [Indemnity Agreement dated February 13, 2020, between Sankaty European Investments III S.A.R.L., Grindrod Shipping Holdings Ltd., IVS Bulk Pte. Ltd. and Grindrod Shipping Pte. Ltd.^{\(5\)}](#)
- [4.30](#) [Letter of Undertaking dated February 14, 2020, by Grindrod Shipping Holdings Ltd. to Sankaty European Investments III S.A.R.L.^{\(5\)}](#)
- [4.31](#) [Share Purchase Agreement dated July 20, 2021, between Letter of Undertaking dated February 14, 2020, by Grindrod Shipping Holdings Ltd. to Sankaty European Investments III S.A.R.L. and Grindrod Shipping Pte. Ltd.^{\(7\)}](#)
- [4.32](#) [Transaction Implementation Agreement, dated October 11, 2022, by and among Taylor Maritime Investments Limited, Good Falkirk\(MI\) Limited, and Grindrod Shipping Holdings Ltd.^{\(8\)}](#)
- [4.33](#) [\\$83.0 million Senior Secured Revolving Loan Facility dated February 29, 2024, between Grindrod Shipping, as parent guarantor and Grindrod Shipping Pte. Ltd as borrower, entered into a with Nordea Bank ABP, Filial I Norge as facility agent and security agent and Nordea Bank ABP, Filial I Norge and Skandinaviska Enskilda Banken AB \(Publ\), Singapore Branch as lenders](#)
- [8.1](#) [List of subsidiaries of the registrant](#)
- [12.1](#) [Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002](#)
- [12.2](#) [Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002](#)
- [13.1](#) [Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, U.S.C. Section 1350](#)
- [13.2](#) [Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, U.S.C. Section 1350](#)
- [15.2](#) [Consent of Independent Registered Public Accounting Firm](#)
- [97.1](#) [Policy Relating to Recovery of Erroneously Awarded Compensation](#)

101 The following materials from the Company's Annual Report on Form 20-F for the fiscal year ended December 31, 2023, formatted in eXtensible Business Reporting Language (XBRL): (i) Consolidated Statements of Financial Position as of December 31, 2023 and 2022; (ii) Consolidated Statements of Profit or Loss and Other Comprehensive Income for the Years Ended December 31, 2023, 2022 and 2021; (iii) Consolidated Statements of Changes in Equity for the Years ended December 31, 2023, 2022 and 2021; (vi) Consolidated Statements of Cash Flows for the Years Ended December 31, 2023, 2022 and 2021; and (v) Notes to Consolidated Financial Statements for the Years Ended December 31, 2023, 2022 and 2021.

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- (1) Incorporated by reference to Amendment No. 1 to the Registrant's registration statement on form 20-F filed with the Commission on April 6, 2018.
 - (2) Incorporated by reference to Amendment No. 2 to the Registrant's registration statement on form 20-F filed with the Commission on April 30, 2018.
 - (3) Incorporated by reference to Amendment No. 3 to the Registrant's registration statement on form 20-F filed with the Commission on June 5, 2018.
 - (4) Incorporated by reference to the Registrant's 2018 annual report on form 20-F filed with the Commission on April 16, 2019.
 - (5) Incorporated by reference to the Registrant's 2019 annual report on form 20-F filed with the Commission on June 5, 2020.
 - (6) Incorporated by reference to the Registrant's 2020 annual report on form 20-F filed with the Commission on March 31, 2021.
 - (7) Incorporated by reference to the Registrant's 2021 annual report on form 20-F filed with the Commission on March 25, 2022.
 - (8) Incorporated by reference to Exhibit 99.3 to the Form 6-K furnished by Grindrod Shipping Holdings Ltd. on October 12, 2022.

SIGNATURES

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this annual report on its behalf.

GRINDROD SHIPPING HOLDINGS LTD.

/s/ Edward Buttery

Name Edward Buttery

Title Chief Executive Officer

Date March 27, 2024

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

**TO THE SHAREHOLDERS AND THE BOARD OF DIRECTORS OF
GRINDROD SHIPPING HOLDINGS LTD.**

Opinion on the Financial Statements

We have audited the accompanying consolidated statements of financial position of Grindrod Shipping Holdings Ltd. and its subsidiaries (the “Group”) as of 31 December 2023 and 2022, and the related consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for each of the three years in the period ended 31 December 2023 and the related notes (collectively referred to as the “consolidated financial statements”). In our opinion, the consolidated financial statements present fairly, in all material aspects, the financial position of the Group as of 31 December 2023 and 2022, and the results of its operations and its cash flows for each of the three years in the period ended 31 December 2023, in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

These financial statements are the responsibility of the Group’s management. Our responsibility is to express an opinion on the Group’s financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Group in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Group is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Group’s internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ Deloitte & Touche LLP
Singapore

27 March 2024

We have served as the Group’s auditor since 2017.

GRINDROD SHIPPING HOLDINGS LTD.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As at 31 December

	Notes	2023 US\$'000	2022 US\$'000
<u>ASSETS</u>			
Current assets			
Cash and bank balances	6	59,331	52,228
Trade receivables	7	6,702	11,290
Contract assets	8	2,906	1,313
Other receivables and prepayments	9	18,070	25,066
Due from related parties	5	27	-
Derivative financial instruments	10	176	51
Inventories	11	10,755	15,278
Tax recoverable		109	-
Total current assets		98,076	105,226
Non-current assets			
Restricted cash	6	4,560	4,342
Ships, property, plant and equipment	12	303,192	407,552
Right-of-use assets	13	35,244	26,039
Interest in joint ventures	15	8	8
Derivative financial instruments	10	423	-
Intangible assets	16	4,907	186
Goodwill	17	7,924	-
Other receivables and prepayments	9	1,918	860
Other investments	18	3,613	3,714
Deferred tax assets	19	1,019	1,304
Total non-current assets		362,808	444,005
Total assets		460,884	549,231
<u>LIABILITIES AND EQUITY</u>			
Current liabilities			
Trade and other payables	20	30,695	29,599
Contract liabilities	21	2,987	4,369
Due to related parties	5	388	43
Lease liabilities	23	32,432	22,058
Bank loans and other borrowings	24	18,578	33,330
Retirement benefit obligation	26	125	125
Derivative financial instruments	10	712	138
Provisions	25	277	592
Income tax payable		430	423
Total current liabilities		86,624	90,677
Non-current liabilities			
Trade and other payables	20	1,153	140
Lease liabilities	23	1,373	4,055
Bank loans and other borrowings	24	123,639	165,638
Deferred tax liabilities	19	761	-
Retirement benefit obligation	26	1,194	1,272
Derivative financial instruments	10	20	-
Total non-current liabilities		128,140	171,105
Capital and reserves			
Share capital	27	290,193	320,683
Other equity and reserves	28	(24,508)	(24,686)
Accumulated losses		(19,565)	(8,548)
Total equity		246,120	287,449
Total equity and liabilities		460,884	549,231

See accompanying notes to consolidated financial statements.

GRINDROD SHIPPING HOLDINGS LTD.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

Year ended 31 December

	Notes	2023 US\$'000	2022 US\$'000	2021 US\$'000
Continuing operations				
Revenue				
Vessel and other		228,991	430,479	455,839
Ship sales		155,105	29,981	-
	29	<u>387,096</u>	<u>460,460</u>	<u>455,839</u>
Cost of sales				
Voyage expenses		(74,614)	(91,104)	(96,964)
Vessel operating costs		(43,001)	(46,901)	(43,958)
Charter hire costs		(26,952)	(58,926)	(75,381)
Depreciation of ships, drydocking and plant and equipment– owned assets	34	(24,824)	(30,498)	(25,866)
Depreciation of ships and ship equipment – right-of-use assets	34	(30,343)	(35,676)	(34,898)
Other expenses		(555)	(696)	(1,875)
Cost of ship sale		(147,440)	(29,897)	-
		<u>39,367</u>	<u>166,762</u>	<u>176,897</u>
Gross profit		39,367	166,762	176,897
Other operating (expense) income	31	(1,352)	341	3,849
Administrative expense		(32,653)	(48,069)	(36,089)
Share of losses of joint ventures	15	-	(5)	(31)
Interest income	32	2,798	2,228	201
Interest expense	33	(17,099)	(17,133)	(12,298)
(Loss) profit before taxation	34	(8,939)	104,124	132,529
Income tax (expense) benefit	35	(683)	(757)	118
(Loss) profit for the year from continuing operations		(9,622)	103,367	132,647
Discontinued operation				
Loss for the year from discontinued operation	36	-	-	(3,165)
(Loss) profit for the year		<u>(9,622)</u>	<u>103,367</u>	<u>129,482</u>
(Loss) profit for the year attributable to:				
Owners of the Company		(9,622)	103,367	118,925
Continuing operations		(9,622)	103,367	122,090
Discontinued operation		-	-	(3,165)
Non-controlling interests		-	-	10,557
		<u>(9,622)</u>	<u>103,367</u>	<u>129,482</u>
(Loss) earnings per share attributable to the owners of the Company				
		US\$	US\$	US\$
From continuing and discontinued operation				
Basic	38	(0.49)	5.45	6.21
Diluted	38	(0.49)	5.45	5.94
From continuing operations				
Basic	38	(0.49)	5.45	6.38
Diluted	38	(0.49)	5.45	6.10

See accompanying notes to consolidated financial statements

GRINDROD SHIPPING HOLDINGS LTD.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Year ended 31 December

	Notes	2023 US\$'000	2022 US\$'000	2021 US\$'000
(Loss) profit for the year		(9,622)	103,367	129,482
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Remeasurement of defined benefit obligation		(6)	111	60
Remeasurement of other investment		(220)	(207)	835
		<u>(226)</u>	<u>(96)</u>	<u>895</u>
<i>Items that may be reclassified subsequently to profit or loss</i>				
Exchange differences arising from translation of foreign operations		(605)	(917)	(1,034)
Net fair value gain (loss) on hedging instruments designated as cash flow hedges		783	(6,794)	4,999
		<u>178</u>	<u>(7,711)</u>	<u>3,965</u>
Other comprehensive (loss) income for the year, net of income tax		<u>(48)</u>	<u>(7,807)</u>	<u>4,860</u>
Total comprehensive (loss) income for the year		<u><u>(9,670)</u></u>	<u><u>95,560</u></u>	<u><u>134,342</u></u>
Total comprehensive (loss) income for the year attributable to:				
Owners of the Company		<u>(9,670)</u>	<u>95,560</u>	<u>123,785</u>
Continuing operations		<u>(9,670)</u>	<u>95,560</u>	<u>127,068</u>
Discontinued operation		-	-	(3,283)
Non-controlling interests		-	-	10,557
		<u>(9,670)</u>	<u>95,560</u>	<u>134,342</u>

See accompanying notes to consolidated financial statements

GRINDROD SHIPPING HOLDINGS LTD.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the year ended 31 December

	Equity attributable to equity holders of the company							Attributable to owners of the company	Non-controlling interest	Total equity
	Other equity and reserves									
	Share capital	Treasury shares	Share compensation reserve	Hedging reserve	Translation reserve	Merger reserve	Accumulated (losses) profit			
US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	
Balance at 1 January 2021	320,683	(387)	3,954	458	(8,749)	(18,354)	(85,368)	212,237	41,782	254,019
Profit for the year	-	-	-	-	-	-	118,925	118,925	10,557	129,482
Other comprehensive income for the year, net of income tax	-	-	-	4,999	(1,034)	-	895	4,860	-	4,860
Total comprehensive income for the year	-	-	-	4,999	(1,034)	-	119,820	123,785	10,557	134,342
Dividends (Note 39)	-	-	-	-	-	-	(13,546)	(13,546)	-	(13,546)
Equity-settled share-based payments (Note 28)	-	-	3,330	-	-	-	-	3,330	-	3,330
Treasury shares reissued to employees under the Forfeitable Share Plan (Note 28)	-	393	(2,507)	-	-	-	2,114	-	-	-
Acquisition of treasury shares	-	(11,876)	-	-	-	-	-	(11,876)	-	(11,876)
Acquisition of non-controlling interest	-	-	-	-	-	5,705	-	5,705	(52,339)	(46,634)
Transaction with owners, recognised directly in equity	-	(11,483)	823	-	-	5,705	(11,432)	(16,387)	(52,339)	(68,726)
Balance at 31 December 2021	320,683	(11,870)	4,777	5,457	(9,783)	(12,649)	23,020	319,635	-	319,635

GRINDROD SHIPPING HOLDINGS LTD.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Cont'd)

For the year ended 31 December

	Equity attributable to equity holders of the company							Total equity
	Other equity and reserves						Accumulated (losses) profit	
	Share capital	Treasury shares	Share			Merger reserve		
			compensation reserve	Hedging reserve	Translation reserve			
US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	
Balance at 1 January 2022	320,683	(11,870)	4,777	5,457	(9,783)	(12,649)	23,020	319,635
Profit for the year	-	-	-	-	-	-	103,367	103,367
Other comprehensive loss for the year, net of income tax	-	-	-	(6,794)	(917)	-	(96)	(7,807)
Total comprehensive income for the year	-	-	-	(6,794)	(917)	-	103,271	95,560
Dividends (Note 39)	-	-	-	-	-	-	(135,877)	(135,877)
Equity-settled share-based payments (Note 28)	-	-	8,134	-	-	-	-	8,134
Treasury shares reissued to employees under the Forfeitable Share Plan	-	11,870	(12,911)	-	-	-	1,038	(3)
Transaction with owners, recognised directly in equity	-	11,870	(4,777)	-	-	-	(134,839)	(127,746)
Balance at 31 December 2022	320,683	-	-	(1,337)	(10,700)	(12,649)	(8,548)	287,449

GRINDROD SHIPPING HOLDINGS LTD.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Cont'd)

For the year ended 31 December

	Equity attributable to equity holders of the company					Total equity US\$'000
	Share capital US\$'000	Other equity and reserves			Accumulated (losses) profit US\$'000	
		Hedging reserve US\$'000	Translation reserve US\$'000	Merger reserve US\$'000		
Balance at 1 January 2023	320,683	(1,337)	(10,700)	(12,649)	(8,548)	287,449
Loss for the year	-	-	-	-	(9,622)	(9,622)
Other comprehensive loss for the year, net of income tax	-	783	(605)	-	(226)	(48)
Total comprehensive loss for the year	-	783	(605)	-	(9,848)	(9,670)
Dividends (Note 39)	-	-	-	-	(1,169)	(1,169)
Shares issued (Note 37)	1,950	-	-	-	-	1,950
Distribution to shareholders (Note 27)	(32,440)	-	-	-	-	(32,440)
Transaction with owners, recognised directly in equity	(30,490)	-	-	-	(1,169)	(31,659)
Balance at 31 December 2023	290,193	(554)	(11,305)	(12,649)	(19,565)	246,120

See accompanying notes to consolidated financial statements.

GRINDROD SHIPPING HOLDINGS LTD.

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the year ended 31 December

	2023	2022	2021
	US\$'000	US\$'000	US\$'000
Operating activities			
(Loss) profit for the year	(9,622)	103,367	129,482
Adjustments for:			
Share of losses of joint ventures	-	5	31
(Gain) loss on ship sales	(10,665)	(84)	1,115
Loss on disposal of business	-	-	26
Gain on disposal of plant and equipment, furniture and fittings and motor vehicles	(12)	(36)	(14)
Loss (gain) on adjustment of right-of-use assets	46	-	(104)
Depreciation and amortisation	57,654	67,275	61,953
Impairment loss (reversal of impairment) recognised on ships	2,000	(1,707)	(3,557)
Impairment loss recognised (reversed) on right-of-use assets	-	985	(1,046)
Impairment loss recognised on goodwill and intangibles	-	-	965
Impairment loss recognised (reversed) on financial assets	53	(45)	681
Impairment loss recognised on net disposal group	-	-	2,551
Impairment loss (reversed) recognised on plant and equipment	(310)	-	1
Provision for onerous contracts (reversed) recognised	(315)	(427)	939
Recognition of share-based payments expenses	-	8,134	3,330
Net foreign exchange gain	(535)	(171)	(744)
Interest expense	17,099	17,133	12,947
Interest income	(2,798)	(2,228)	(236)
Income tax expense (benefit)	683	757	(2,831)
Components of defined benefit costs recognised in profit or loss	146	159	177
Operating cash flows before movements in working capital and ships	53,424	193,117	205,666
Inventories	4,520	(1,371)	(5,089)
Trade receivables, other receivables and prepayments	11,316	(5,556)	(5,361)
Contract assets	(1,593)	2,373	(2,786)
Trade and other payables	(8,230)	(5,515)	6,729
Contract liabilities	(1,382)	(4,072)	3,347
Due to related parties	458	49	233
Operating cash flows before movement in ships	58,513	179,025	202,739
Capital expenditure on ships	(38,076)	(9,306)	(33,455)
Proceeds from ship sales	152,011	29,509	47,819
Net cash generated from operations	172,448	199,228	217,103
Interest paid	(16,938)	(14,553)	(11,623)
Interest received	2,363	1,786	236
Income tax paid	(2,750)	(432)	(864)
Net cash flows generated from operating activities	155,123	186,029	204,852
Investing activities			
Repayment of loans and amount due from joint venture	-	39	788
Purchase of plant and equipment	(652)	(113)	(49)
Purchase of intangible assets	(212)	(126)	(6)
Proceeds from disposal of plant and equipment	16	298	21
Proceeds from disposal of businesses	-	-	68
Dividends and distributions received from a joint venture	-	-	184
Cash transferred in from disposal group	-	-	60
Net cash received from acquisition of subsidiaries (Note 37)	2,048	-	-
Net cash generated from investing activities	1,200	98	1,066

GRINDROD SHIPPING HOLDINGS LTD.

CONSOLIDATED STATEMENTS OF CASH FLOWS (cont'd)

For the year ended 31 December

	2023	2022	2021
	US\$'000	US\$'000	US\$'000
Financing activities (Note A)			
Return of share capital	(32,440)	-	-
Long-term interest-bearing debt raised	-	-	48,031
Payment of principal portion of long-term interest-bearing debt	(56,912)	(49,850)	(82,110)
Principal repayments on lease liabilities	(58,276)	(56,930)	(36,040)
Acquisition of non-controlling interest	-	-	(46,634)
Acquisition of treasury shares	-	-	(11,876)
Dividends paid	(1,169)	(135,877)	(13,546)
Restricted cash	1,347	(485)	3,099
Net cash flows used in financing activities	(147,450)	(243,142)	(139,076)
Net increase (decrease) in cash and cash equivalents	8,873	(57,015)	66,842
Cash and cash equivalents at the beginning of the period (Note 6)	46,561	104,243	37,942
Effect of exchange rate changes on the balance of cash held in foreign currencies	(205)	(667)	(541)
Cash and cash equivalents at the end of the period (Note 6)	55,229	46,561	104,243

Note A:

Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Bank loans and other borrowings (Note 24)	Lease liabilities (Note 23)
	US\$'000	US\$'000
Balance at 1 January 2022	245,666	33,272
Financing cash flows ⁽ⁱ⁾	(49,850)	(56,930)
Other changes ⁽ⁱⁱ⁾	3,152	49,771
Balance at 31 December 2022	198,968	26,113
Financing cash flows ⁽ⁱ⁾	(56,912)	(58,276)
Other changes ⁽ⁱⁱ⁾	161	65,967
Balance at 31 December 2023	142,217	33,804

(i) The cash flows make up the net amount of proceeds from borrowings and repayments of borrowings in the statement of cash flows.

(ii) Other changes for bank loan relates to interest accruals and payments. Other changes for lease liabilities relate to new lease arrangements entered, existing lease contracts terminated and net foreign exchange differences.

See accompanying notes to consolidated financial statements.

GRINDROD SHIPPING HOLDINGS LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION

Grindrod Shipping Holdings Ltd. (the “Company”) is incorporated in Singapore with its principal place of business and registered office at 1 Temasek Avenue, #10-02 Millenia Tower, Singapore 039192. The principal activities of the Group are ship chartering, operating and sales of vessels. Information of the entities within the Group is contained in Note 14.

Following an initial tender offer and subsequent offer that was concluded on December 19, 2022, Taylor Maritime Investments Limited (“TMI”) became the majority shareholder of the Company. This transaction is described in Note 5.

On October 3, 2023 we announced the acquisition of the entire issued share capital of Taylor Maritime Management Limited and Tamar Ship Management Limited from, in the case of Taylor Maritime Management Limited, Taylor Maritime Group Limited and, in the case of Tamar Ship Management Limited, Taylor Maritime Group Limited and Temeraire Holding (MI) Limited (Note 37). This acquisition is intended to further increase our revenue streams in terms of ship-management income, unlock synergies in our commercial deployment of the dry bulk fleet and achieve savings resulting from economies of scale with a larger fleet.

On February 24, 2022, the United States imposed additional sanctions on Russia in response to its invasion of Ukraine. Many of these sanctions are targeted at Russian banks and energy companies and Russian sovereign debt. The range of sanctions includes prohibitions on dealings in the debt or equity of certain Russian companies, as well as blocking sanctions imposed on many Russian individuals and entities. Similar sanctions have been imposed in coordination with the United States by the United Kingdom, European Union, and other countries. The invasion of Ukraine by Russia and subsequent sanctions has impacted trade flows by reducing the supply of cargo from that region and increased ton miles as end users find alternative sources of cargo. If the conflict and sanctions continue to impact the global economy for a prolonged period, the rates in the drybulk spot market and our vessel values may be negatively impacted which could negatively impact our operations and cash flows. The related financial impact cannot be reasonably estimated at this time.

Geopolitical tensions have increased since commencement of the Israel-Hamas war on 7 October 2023. There is widespread uncertainty about the degree of any increased escalation of the war, interventions by other groups or nations, and resulting instability in the Middle East. Following attacks on merchant vessels in the region of the Bab al-Mandab Strait and the Gulf of Aden at the southern end of the Red Sea, there is disruption in the maritime trade through Suez-Canal. As a result of these attacks, many shipping companies have routed their vessels away from the Red Sea, which has affected trading patterns, increasing freight rates and expenses. Further escalation or expansion of hostilities could continue to affect our business and results of operations. The related impact cannot be reasonably estimated at this time.

The consolidated financial statements of Grindrod Shipping Holdings Ltd. and its subsidiaries (the “Group”) as of 31 December 2023 and 2022 and for the three years ended 31 December 2023 were authorised for issue by the Board of Directors on 27 March 2024.

GRINDROD SHIPPING HOLDINGS LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2 MATERIAL ACCOUNTING POLICIES

Outlined below are the material accounting policies that are applicable to the consolidated financial statements. However, material policies applicable to the specific accounting items have been included in the applicable detailed notes to the consolidated financial statements for ease of reference.

2.1 Basis of accounting

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS Accounting Standards”) issued by the International Accounting Standards Board (“IASB”). The accounting policies adopted are set out below.

2.2 Application of new and revised IFRS Accounting Standards

From 1 January 2023, the Group has applied a number of amendments to IFRS Accounting Standards that are mandatorily effective for an accounting period that begins on or after 1 January 2023. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements except as below.

Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements—Disclosure of Accounting Policies

The Group have adopted the amendments to IAS 1 for the first time in the current year. The amendments change the requirements in IAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term ‘significant accounting policies’ with ‘material accounting policy information’. Accounting policy information is material if, when considered together with other information included in an entity’s financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The supporting paragraphs in IAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.

2.3 New and revised IFRS Accounting Standards in issue but not yet effective

The Group has not applied the following new and revised IFRSs that are relevant to the Group that were issued but are not yet effective:

Amendments to IAS 1	<i>Classification of liabilities as Current or Non-current</i>
Amendments to IAS 1	<i>Non-current Liabilities with Covenants</i>

The directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Group in future periods.

2.4 Going concern

The directors have, at the time of approving the consolidated financial statements, a reasonable expectation that the Group have adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the consolidated financial statements. Refer to more details in Note 4 to the consolidated financial statements.

GRINDROD SHIPPING HOLDINGS LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2 MATERIAL ACCOUNTING POLICIES (cont’d)

2.5 Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the parent company and entities controlled by the parent company (its subsidiaries) made up to 31 December each year. Control is achieved when the Group has the power over the investee, is exposed; or has rights, to variable returns from its involvement with the investee; and has the ability to use its power to affects its returns. Details of the group's subsidiaries and composition of the group are disclosed in Note 14.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the year are included in profit or loss from the date the Group gains control until the date when the Group ceases to control the subsidiary. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with the Group's accounting policies. All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the Group are eliminated on consolidation.

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. Those interests of non-controlling shareholders that are present ownership interests entitling their holders to a proportionate share of net assets upon liquidation may initially be measured at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement is made on an acquisition-by-acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

Profit or loss and each component of other comprehensive income (loss) are attributed to the owners of the Group and to the non-controlling interests. Total comprehensive income (loss) of the subsidiaries is attributed to the owners of the Group and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amount of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Group.

2.6 Financial instruments

Financial assets and financial liabilities are recognised on the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value (except for trade receivables that do not have a significant financing component which are measured at transaction price), net of transaction costs 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 or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Financial assets

Classification of financial assets

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be measured at amortised cost.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value through other comprehensive income ("FVTOCI") or fair value through profit or loss ("FVTPL"), depending on the classification of the financial assets. The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

GRINDROD SHIPPING HOLDINGS LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2 MATERIAL ACCOUNTING POLICIES (cont'd)

Debt instruments mainly comprise cash and bank balances, trade receivables, contract assets, other receivables and amount due from related parties that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments relating to other investments that meet the following conditions are subsequently measured at fair value through other comprehensive income (loss) (FVTOCI):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are subsequently measured at fair value through profit or loss (FVTPL).

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses (“ECL”) on trade and other receivables, amounts due from joint ventures and contract assets. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. The ECL incorporates forward-looking information and is a probability-weighted estimate of the difference between all contractual cash flows that are due to the group in accordance with the contract and all the cash flows that the group expects to receive, discounted at the original effective interest rate. Details about the group’s credit risk management and impairment policies are disclosed in Note 4 (a), 7, 8 and 9.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower’s financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

GRINDROD SHIPPING HOLDINGS LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2 MATERIAL ACCOUNTING POLICIES (cont’d)

Classification as debt or equity

Debt and equity instruments issued by the Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue cost.

Repurchase of the company’s own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the company’s own equity instruments.

Financial liabilities at amortised cost

Financial liabilities at amortised cost include trade and other payables, amounts due to related parties, bank loans and other borrowings. These are initially measured at fair value and subsequently measured at amortised cost, using the effective interest method, except for short-term balances when the effect of discounting is immaterial.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Derivative financial instruments

The Group enters into freight forward agreements and bunker swaps to manage its exposure to freight rate and bunker prices respectively. Further details of derivative financial instruments are disclosed in Note 10.

Derivatives are initially recognised at fair value at the date the derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship. Group designates the derivatives as hedges of highly probable forecast transactions or hedges of foreign currency risk of firm commitments (cash flow hedges).

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. Derivatives are not offset in the financial statements unless the Group has both legal right and intention to offset. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instruments is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

GRINDROD SHIPPING HOLDINGS LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2 MATERIAL ACCOUNTING POLICIES (cont'd)

Financial liabilities and equity instruments

Hedge accounting

The Group designates hedges of freight rate risk and bunker prices as cash flow hedges.

At the inception of the hedge relationship, the entity documents the relationship between the hedging instrument and hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationships meet all of the following hedge effectiveness requirements:

- there is an economic relationship between the hedged item and the hedging instrument;
- the effect of credit risk does not dominate the value changes that result from that economic relationship; and
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the entity actually uses to hedge that quantity of hedged item.

Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in OCI and accumulated under the heading of Hedging Reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss as part of other operating expense or other operating income.

Amounts previously recognised in OCI and accumulated in equity are reclassified to profit or loss in the periods when the hedged item is recognised in profit or loss in the same line of the statement of profit or loss and OCI as the recognised hedged item. However, when the forecast transaction that is hedged, results in the recognition of a non-financial asset or a non-

financial liability, the gains and losses previously accumulated in equity are transferred from equity and included in the initial measurement of the cost of the asset or liability. This transfer does not affect OCI. Furthermore, if the Group expects that some or all of the loss accumulated in OCI will not be recovered in the future, that amount is immediately reclassified to profit or loss.

The Group discontinues hedge accounting only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria (after rebalancing, if applicable). This includes instances when the hedging instrument expires or is sold, terminated or exercised. The discontinuation is accounted for prospectively. Any gain or loss recognised in OCI and accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss.

2.7 Offsetting Arrangements

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when the Group has a legally enforceable right to set off the recognised amounts, and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. A right to set-off must be available today rather than being contingent on a future event and must be exercisable by any of the counterparties, both in the normal course of business and in the event of default, insolvency or bankruptcy.

GRINDROD SHIPPING HOLDINGS LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2 MATERIAL ACCOUNTING POLICIES (cont'd)

2.8 Voyage expenses

Voyage expenses that relate directly to a contract include charter hire expenses, fuel expenses and port expenses. Contract costs are deferred and amortised over the course of the voyage on a percentage completion basis that is consistent with the revenue recognition. This percentage of completion is derived from time elapsed between the tender of readiness to load a cargo or delivery of a vessel to a charterer, and the completion of discharging a cargo or redelivery of a vessel from a charterer. Contract costs are recognised as an asset if they represent incremental costs of obtaining a contract or fulfilment costs that (i) relate directly a contract or to an anticipated contract, (ii) generate or enhance resources to be used in meeting obligations under the contract and (iii) are expected to be recovered.

2.9 Vessel operating costs

Vessel operating costs primarily consists of crewing, vessel repairs and maintenance and vessel insurance costs. These costs are expensed as incurred on an accrual basis.

2.10 Foreign Currency Transactions and Translation

The individual financial statements of each group entity are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency which is predominantly United States dollars or South African Rands). The consolidated financial statements of the Group are presented in United States Dollars and are rounded to the nearest thousands.

In preparing the financial statements of the group entities, transactions in currencies other than the entity's functional currency are recorded at the rates of exchange prevailing on the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the end of the reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in United States Dollars using exchange rates prevailing at the end of the reporting period. Income and expense items are translated 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 transactions are used. Exchange differences arising, if any, are recognised in OCI and accumulated in a separate component of equity under the header of translation reserve.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates 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. There have been no significant changes in the basis upon which judgements and accounting estimates have been determined.

(i) Critical judgements in applying the Group's accounting policies

The following are the critical judgements, apart from those involving estimations (see below), that management has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Ships classified as inventories

The Group regularly engages in trading of ships. When a ship ceases to be rented and a decision is made for the ship to be sold, the ship would be classified as inventories (Note 11). The proceeds from the sale of such assets shall be recognised as revenue in accordance with IFRS 15 *Revenue from Contracts with Customers*. The corresponding cost shall be accounted for as cost of sales.

Estimation of lease term of charters with extension options

When estimating the lease term of the respective lease arrangement, management considers all facts and circumstances that create an economic incentive to exercise an extension option, including any expected changes in facts and circumstances from the commencement date until the exercise date of the option. This is assessed on an ongoing basis and the extension options are only included in the lease term if the lease is reasonably certain to be exercised.

\$27,577,000 (2022: \$52,621,000) have not been included in the lease liability because it is not reasonably certain that the leases will be extended.

If a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee, the above assessment will be reviewed further. The Group exercised options to extend lease term of charters on two supramax vessels.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (cont'd)

(ii) *Key sources of estimation uncertainty*

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are disclosed below.

Vessels and depreciation

In the shipping industry, the use of the 25 to 30 year ship life has become the prevailing standard for the type of ship owned by the Group. However, management depreciates the ships on a straight-line basis after deduction for residual values over the ship's estimated useful life of 15 years, from the date the ship was originally delivered from the shipyard as the Group maintains a young fleet compared to the market average and generally aims to replace ships that are 15 years or older. As a result, ships are depreciated over 15 years to the expected residual market value of a ship of a similar age and specification. Management reassesses the depreciation period of ships that surpass this limit with special consideration of the ships and the purpose for which the ship was retained in the fleet.

Residual values of the ships are reassessed by management at the end of each reporting period based on the current shipping markets, the movement of the markets over the previous five years and the age, specification and condition of the respective ships.

Considerations for useful life of the ships also include maintenance and repair cost, technical or commercial obsolescence and legal or similar limits to the use of ships.

Impairment and reversals of impairment of Vessels (including owned and right-of-use)

Management also reviews the ships (owned and right-of-use) for impairment whenever there is an indication that the carrying amount of the ships may not be recoverable. Management measures the recoverability of an asset by comparing its carrying amount against its recoverable amount. Recoverable amount is the higher of the fair value less cost to sell and value in use. Management identifies an appropriate valuation technique to estimate the fair value that is in accordance with IFRS 13 *Fair Value Measurement*. The selection of technique requires judgment and takes into account the reliability of the valuation technique and the reliability of the inputs used. If the ship is considered to be impaired, an impairment loss is recognised to an amount to the excess of the carrying value of the asset over its recoverable amount. Where an impairment loss subsequently reverses, the reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

Value in use is the future cash flows that the ships are expected to generate from charter hire of the ships and the expected running costs thereof over their remaining useful lives, with a cash inflow in the final year equal to the residual value of the ships. Management determined the value-in-use based on past performance of the ships and their expectations of the market development. The future cash flows are determined based on the combination of the following assumptions:

- 1) Forecast earnings are based on internal estimates having considered: fixed future earnings from existing contracts of affreightment and charter contracts, allowing for dry dock and commercial off hire days, internal forecasts, as well as third party information and historical earnings averages.
- 2) Pre-tax discount rate of 8.69% (2022: 8.56%) rate is used to discount future cash flows from deployment of the ships to their net present values.
- 3) Vessel operating expenses and drydock costs are based on management's best estimates.

GRINDROD SHIPPING HOLDINGS LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (cont'd)

Accordingly, based on the carrying amounts of the right-of-use ships as at end of each reporting period, the Group has not recognised an impairment loss for the year ended 31 December 2023 (2022: US\$985,000 reversal of impairment and 2021: US\$1,046,000) in profit or loss in the line item 'Other operating (expense) income'. On the other hand, based on the carrying amount of the owned ships as at end of each reporting period the Group has recognised an impairment loss of US\$2,000,000 for the year ended 31 December 2023 (reversal of impairment loss 2022: US\$1,707,000 and reversal of impairment loss 2021: US\$3,557,000) recorded in profit or loss in the line item 'Other operating (expense) income' following the decision to sell two older Handysize vessels at values lower than book value.

As at 31 December 2023 and 2022, a possible change to the following estimate used in management's assessment would cause the recoverable amount to be below the total carrying amount of the owned and right-of-use ships (on the basis that each of the other key assumptions remain unchanged):

Drybulk Carriers

- 0.0% to 24.23%¹ decrease to the charter rate (2022: 0.0% to 22.57% decrease to the charter rate); or
- 0.0% to 76.56%¹ increase to the discount rate (2022: 0.0% to 82.30% increase to the discount rate).

¹ Excludes two vessels (2022: three vessels) that are not sensitive to changes in above estimates

Based on the key assumptions and taking into account the sensitivity analysis above, management has determined that the estimated recoverable amount of the ships are appropriate.

The recoverable amounts of ships classified as inventories were determined based on estimated selling price less cost to sell, which were determined based on the contracted selling price. The carrying amounts of the ships are disclosed in Notes 12 and 13.

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash-generating unit (based on past performance and management's expectations of the market developments) and a suitable discount rate in order to calculate present value. The carrying amount of goodwill at the end of the reporting period was \$7,924,000 (2022: \$Nil) with no impairment loss recognised. Details of the value in use calculation are provided in Note 17.

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GRINDROD SHIPPING HOLDINGS LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (cont'd)

Fair value of acquired businesses

On 3 October 2023, the Group acquired Tamar Ship Management Limited and Taylor Maritime Management Limited. In accordance with IFRS 3 *Business Combinations*, the Group is required to record the assets and liabilities of the acquired businesses at fair value. The purchase price allocation includes significant judgements, assumptions and estimates to determine the fair value of assets acquired and liabilities assumed. Management engaged an external valuer to assist in determining the fair value of the purchase consideration and performing the purchase price allocation. The valuations involving the most significant assumptions, estimates and judgements are:

1) Fair value of earn-out consideration

Earn-out consideration in the purchase consideration is recorded at fair value at the date of acquisition and at each reporting period. In determining the fair value at acquisition and reporting date, the scenario based method

was used which involves the use of multiple outcomes and probability-weighting the contingent consideration payable under each outcome. Key assumptions included number of ships under management in the next two years, and probability of the occurrence of a change in buyer control event.

2) Fair value of acquired intangible assets

Management have separately identified contractual customer relationships as an intangible asset acquired from the acquisition of businesses. The determination of its fair value is by using the multi-period excess earnings method, which is the present value of the projected cash flows that are expected to be generated by the existing intangible asset after reduction by an estimated fair rate of return on contributory assets required to generate the customer relationship revenues. Key assumptions included discounted cash flow, estimated life cycle and customer attrition rates.

Further details of acquisition of businesses are provided in Note 37.

GRINDROD SHIPPING HOLDINGS LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT

(i) Categories of financial instruments

	2023	2022
	US\$'000	US\$'000
Financial assets		
Financial assets at amortised cost	84,177	88,127
Derivative instruments designated in hedge accounting relationship	599	51
	<u>84,776</u>	<u>88,178</u>
Financial liabilities		
Financial liabilities at amortised cost	200,197	254,863
Earn-out consideration	8,061	-
Derivative instruments designated in hedge accounting relationships	732	138
	<u>208,990</u>	<u>255,001</u>

(ii) Financial risk management policies and objectives

The management of the Group monitors and manages the financial risks relating to the operations of the Group to ensure appropriate measures are implemented in a timely and effective manner. These risks include market risk (foreign currency risk, interest rate risk), credit risk and liquidity risk.

The Group largely does not hold or issue derivative financial instruments for speculative purpose, however, in the current year there are forward freight agreements that were purchased for 2025 in view of the improving sentiment in the drybulk rates for next year. These forward freight agreements could not be designated as a hedge against contracted cargo.

Other than liquidity risk, there has been no change to the Group's exposure to these financial risks. There have been no significant changes to the manner in which it manages and measures the risk. Market risk exposures are measured using sensitivity analysis indicated below.

(a) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. As at 31 December 2023 and 31 December 2022, the Group's maximum exposure to credit risk without taking into account any collateral held or other credit enhancements, which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties and financial guarantees provided by the Group arises from:

- the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position; and
- the maximum amount the Group would have to pay if the financial guarantee is called upon, irrespective of the likelihood of the guarantee being exercised.

The Group maintains an allowance for ECL which is recorded as an offset to financial assets, details of which are disclosed in the respective notes. The Group assesses collectability by reviewing on a collective basis where similar characteristics exist and on an individual basis when we identify specific counterparties with known disputes or collectability issues. In determining the amount of the allowance for ECL, the Group considers historical collectability based on past due status.

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. The aggregate value of transactions concluded is spread amongst approved counterparties.

Trade receivables consist of a large number of customers, spread across diverse geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable.

GRINDROD SHIPPING HOLDINGS LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (cont'd)

At the end of the reporting period, the Group does not have significant credit risk exposure to any single counterparty or any Group of counterparties having similar characteristics. The Group defines counterparties as having similar characteristics if they are related entities. The concentration of credit risk is limited due to the fact that the customer base is large and unrelated.

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are third parties and banks with high internal and external credit ratings.

(b) Interest rate risk management

The Group is exposed to interest rate risk through the impact of bank loans and other borrowings at variable interest rates. 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's bank loans and other borrowings were originally advanced at a floating rate based on LIBOR which has been subject to international and regulatory proposals for reform. LIBOR continued to be quoted until 30 June 2023 and thereafter, the Secured Overnight Financing Rate, or SOFR, has been used. Certain of the Group's bank loans matured before LIBOR was discontinued and did not require amendment. All remaining bank loans and other borrowings with the lenders have successfully transitioned to SOFR. The Group does not currently have any interest rate hedging instruments.

Interest rate sensitivity

The sensitivity analyses below have been determined based on the exposure to interest rates for both derivatives and non-derivative instruments at the end of the reporting period and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period in the case of instruments that have floating rates. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. As a result of reduced economic growth expectations, interest rates in 2023 have steadily increased with an opening LIBOR rate of 4.7% in January 2023 to a closing rate SOFR of 5.4% in December 2023.

If interest rates had been 50 basis points higher or lower and all other variables were held constant, the Group's profit (loss) for the year ended 31 December 2023 would increase/decrease by US\$712,000 (2022: Profit would increase/decrease by US\$997,000 and 2021: Profit would increase/decrease by US\$536,000). This is mainly attributable to the Group's exposure to interest rates on its variable rate bank loans and other borrowings.

GRINDROD SHIPPING HOLDINGS LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (cont'd)

(c) Foreign currency exchange risk management

The Group's main operational activities are carried out in United States dollars and South African rands, which is the functional currency of the respective financial statements of each Group entity. The risk arising from movements in foreign exchange rates is limited as the Group has minimal transactions in foreign currencies which mainly relates to administrative expenses in Singapore dollars, amounts due to related companies in South African rands as well as bank balances in South African rands.

Management reviews and monitors currency risk exposure and determines whether any hedging is considered necessary.

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 the 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.

At the end of the reporting period, the significant carrying amounts of monetary liabilities and monetary assets denominated in currencies other than the respective Group entities' functional currencies are as follows:

	Liabilities		Assets	
	2023	2022	2023	2022
	US\$'000	US\$'000	US\$'000	US\$'000
United States dollars	(554)	(554)	2,760	58
South African rands	(173)	(1,629)	-	

Foreign currency sensitivity

The following table details the sensitivity to a 10% increase and decrease in the relevant foreign currencies against the functional currency of each Group entity. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates.

If the relevant foreign currency strengthens/weakens by 10% against the functional currency of the entity, profit or loss will increase/(decrease) or, vice versa by:

	Impact on profit or loss	
	2023	2022
	US\$'000	US\$'000
United States dollars	221	3
South African rands	(17)	(163)

GRINDROD SHIPPING HOLDINGS LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (cont'd)

(d) Liquidity risk management

Liquidity risk refers to the risk that the Group is unable to pay its creditors due to insufficient funds. The Group maintains and monitors a level of cash deemed adequate by management at all times to finance its obligations as and when they fall due.

The shipping environment has been challenging and volatile over the last several years due to an oversupply of vessels allied to a lower growth rate of the world economy. While there was a rebound in charter rates in 2021 and 2022, charter rates reduced in 2023. Further deterioration in the market could result in unfavourable market conditions and impact to the Group's operations and cash flows and the Group's ability to comply with covenants and other conditions in the loan agreements.

The Group manages liquidity risk by monitoring forecast and actual cash flows and ensuring that adequate borrowing facilities are maintained. The management may, from time to time, at their discretion raise or borrow monies for the purposes of the Group as they deem fit. There are measures in place to preserve cash, maintain adequate financing to meet Group's obligations and protect existing loan covenants imposed by the banks. The covenant levels are monitored continuously to identify any potential covenant issues so that solutions such as waivers or modifications to the loan covenants to obtain more favourable terms can be implemented in advance.

Based on the 12 months cash flow forecast prepared by management from the date of the authorisation of the financial statements, the Board of Directors has no reason to believe that the Group will not continue as a going concern and has assessed that there is no material uncertainty related to these conditions and there is no substantial doubt about the Group's ability to continue as a going concern. Management has plans in place to sell certain vessels to maintain sufficient liquidity and refinancing of maturing obligations which will provide adequate comfort in covenant levels at the next reporting date.

Non-derivative financial liabilities

The following tables detail the remaining contractual maturity for non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. The adjustment column represents the possible future cash flows attributable to the instrument included in the maturity analysis which is not included in the carrying amount of the financial liability on the consolidated statements of financial position.

	Weighted average effective interest rate % p.a	On demand or within 1 year US\$'000	Within 2 to 5 years US\$'000	After 5 years US\$'000	Adjustment US\$'000	Total US\$'000
Group						
2023						
Non-interest bearing Lease liabilities	-	29,928	2,308	-	-	32,23
Variable interest rate instruments	7.89	33,459	1,437	-	(1,091)	33,80
	9.44	28,570	115,041	27,913	(29,307)	142,21
		<u>91,957</u>	<u>118,786</u>	<u>27,913</u>	<u>(30,398)</u>	<u>208,25</u>
2022						
Non-interest bearing Lease liabilities	-	29,782	-	-	-	29,78
Variable interest rate instruments	6.47	22,903	4,177	-	(967)	26,11
	8.16	45,254	161,350	33,909	(41,545)	198,96
		<u>97,939</u>	<u>165,527</u>	<u>33,909</u>	<u>(42,512)</u>	<u>254,86</u>

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GRINDROD SHIPPING HOLDINGS LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (cont'd)

Derivative financial instruments

The following table details the liquidity analysis for derivative financial instruments. The table has been drawn up based on the undiscounted gross inflows and (outflows) on those derivatives that require gross settlement. When the amount payable or receivable is not fixed, the amount disclosed has been determined by reference to the projected interest rates as illustrated by the yield curves existing at the end of reporting period.

	On demand or within 1 year US\$'000	Within 2 to 5 years US\$'000	Adjustment US\$'000	Total US\$'000
Group				
2023				
Gross settled:				
Forward freight agreements				
Gross inflow	20	422	-	442
Gross outflow	(586)	-	-	(586)
	<u>(566)</u>	<u>422</u>	<u>-</u>	<u>(144)</u>
Bunker swaps				
Gross inflow	156	1	-	157
Gross outflow	(125)	(20)	-	(145)
	<u>31</u>	<u>(19)</u>	<u>-</u>	<u>12</u>
	<u>(535)</u>	<u>403</u>	<u>-</u>	<u>(132)</u>

2022

Gross settled:

Bunker swaps				
Gross inflow	51	-	-	51
Gross outflow	(138)	-	-	(138)
	<u>(87)</u>	<u>-</u>	<u>-</u>	<u>(87)</u>

(e) Shipping market price risk management

The Group is exposed to the fluctuations in market conditions in the shipping industry which in turn affects the Group's profitability. Management continually assesses shipping markets using their experience and detailed research. Risks are managed by fixing tonnage on longer term time charters, contracts of affreightment and entering into forward freight agreements. The carrying amount of the derivative financial instruments is disclosed in Note 10.

Shipping market price sensitivity

The sensitivity analyses below have been determined based on the exposure to shipping market price risk at the end of the reporting period. In respect of derivative financial instruments, if the shipping market prices had been 10% higher/lower while other variables were held constant:

- Profit (loss) for the year, and ended 31 December 2023 would decrease/increase by US\$142,000 (2022: decrease/increase by US\$Nil and 2021: decrease/increase by US\$Nil); and
- hedging reserve for the year ended 31 December 2023 would decrease/increase by US\$Nil (2022: decrease/increase by US\$Nil and 2021: decrease/increase by US\$3,671,000).

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GRINDROD SHIPPING HOLDINGS LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (cont'd)

(f) Commodity price risk management

The Group uses bunker swaps to manage exposure to commodity price risk where the positions are not naturally economically hedged through the combination of holding inventory, forward sales contracts and forward purchase contracts. Management continually assess commodity price through their experience and detailed research. The carrying amount of the derivative financial instruments is disclosed in Note 10.

Commodity price sensitivity

The sensitivity analyses below have been determined based on the exposure to commodity price risk at the end of the reporting period. In respect of derivative financial instruments, if the commodity prices had been 10% higher/lower while other variables were held constant:

- profit (loss) for the year ended 31 December 2023 would decrease/increase by US\$Nil (2022: decrease/increase by US\$Nil and 2021: decrease/increase by US\$Nil); and
- hedging reserve for the year ended 31 December 2023 would decrease/increase by US\$846,000 (2022: decrease/increase by US\$460,000 and 2021: decrease/increase by US\$778,000).

(g) Fair value measurement of financial assets and financial liabilities

The carrying amounts of cash and cash equivalents, trade and other current receivables and payables, other liabilities and earn-out consideration approximate their respective fair values due to the relatively short-term maturity of these financial instruments. The fair values of other classes of financial assets and liabilities are disclosed in the respective notes to financial statements.

Financial instruments measured at fair value on a recurring basis

	<u>2023</u>	<u>2022</u>
	US\$'000	US\$'000
Financial Assets		
Forward freight agreements	442	
Bunker swaps	<u>157</u>	<u>5</u>

Financial Liabilities

Forward freight agreements	(587)	
Earn-out consideration	(8,061)	
Bunker swaps	(145)	(13)

Forward freight agreements and bunker swap agreements and have been classified as Level 2 financial instruments, which indicates that the fair value of the instruments were determined based on discounted cash flow with reference to observable inputs for equivalent instruments, discounted at a rate that reflects the credit risk of various counterparties. Further details are disclosed in Note 10.

Earn-out consideration arising from business combination (Note 3 and 37) is classified as a Level 3 financial instrument. The valuation is based on scenario based method to capture the present value of the expected future economics benefits that will flow out of the group. The earn-out consideration will be adjusted downwards if the number of ships under management is less than 25. The occurrence of change of buyer control will result in a 20% premium on the earn-out consideration. A change in these inputs might result in a significantly higher or lower fair value measurement of the earn-out consideration. No gain or loss for the year relating to this earn-out consideration has been recognised in profit or loss.

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GRINDROD SHIPPING HOLDINGS LTD.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (cont'd)****Fair Value of Financial Instruments**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2 Share-based Payment, leasing transactions that are within the scope of IFRS 16 Leases, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 Inventories or value in use in IAS 36 Impairment of Assets.

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:

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (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)

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

- market related interest rate yield curves to discount expected future cash flows; and/or
- projected unit method; and/or
- market value, and/or
- the net asset value of the underlying investments; and/or
- a price earnings multiple or a discounted projected income/present value approach

The fair value measurement for income approach valuation is based on significant 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 reassess the earnings or yield multiples at least annually based on their assessment of the macro- and micro-economic environment.

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GRINDROD SHIPPING HOLDINGS LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (cont'd)

	<u>Level 1</u> US\$'000	<u>Level 2</u> US\$'000	<u>Level 3</u> US\$'000	<u>Total</u> US\$'000
2023				
Financial Assets				
Derivative financial instruments	-	599	-	59
Financial Liabilities				
Derivative financial instruments	-	(732)	-	(73)
Earn-out consideration	-	-	(8,061)	(8,06)
2022				
Financial Assets				
Derivative financial instruments	-	51	-	5
Financial Liabilities				
Derivative financial instruments	-	(138)	-	(13)

There were no transfers between Level 1 and 2 of the fair value hierarchy during the current or prior year.

(iii) Capital management policies and objectives

The Group manages its capital to ensure that 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 capital structure of the Group consists of debt and equity, which comprises of share capital and reserves.

The Group also reviews the capital structure on a semi-annual basis. As a part of this review, the management considers the cost of capital and the risks associated with each class of capital. The management also ensures that the Group maintains gearing ratios within a set range to comply with the loan covenant imposed by a bank.

The Group's overall strategy remains unchanged from prior year.

During the year end December 31, 2023, excess cash generated from vessel sales after debt repayment on encumbered vessels, was distributed to shareholders by reducing the fully paid-up share capital. This resulted in the Group having a more efficient capital structure, thereby improving Shareholders' return on equity.

GRINDROD SHIPPING HOLDINGS LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

5 HOLDING COMPANY, RELATED COMPANY AND RELATED PARTY TRANSACTIONS

On October 11, 2022, the Company entered into a Transaction Implementation Agreement (“TIA”), with TMI and Good Falkirk (MI) Limited (“Good Falkirk”), a wholly-owned subsidiary of TMI (the “Offeror”), providing for a voluntary conditional cash offer (the “TMI Offer”) to be made by the Offeror for all of the issued ordinary shares in the capital of the Company. All shares that were validly tendered were accepted for payment, following which TMI became the Company’s ultimate holding company as it owned approximately 73.78% of the shares of the Company through its wholly owned subsidiary, Good Falkirk. A subsequent offer period began immediately thereafter and expired on December 19, 2022. On expiration of the subsequent offer period, TMI held approximately 83.23% of the outstanding shares of the Company through its wholly owned subsidiary, Good Falkirk.

(i) *Group companies and other related parties*

Related companies in these financial statements refer to members of the TMI group that are not members of the Group (“Group companies”) and other related parties comprise of companies that are controlled by key management personnel of TMI (“Other”) and joint ventures of the group.

The balances are unsecured, interest-free and repayable on demand unless otherwise stated:

	2023 US\$'000	2022 US\$'000
Due from group companies	15	
Due from other	12	
Due from related parties	27	
	<u> </u>	<u> </u>
Due to group companies	168	
Due to joint ventures	39	4
Due to other	181	
Due to related parties	388	4
	<u> </u>	<u> </u>

GRINDROD SHIPPING HOLDINGS LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

5 RELATED PARTIES TRANSACTIONS (cont'd)

During the year ended December 31, 2023, the Group entered into the following transactions and arrangements with Group companies and other related parties:

	Group companies	Other	Group companies	Other	Group companies	Other
	2023	2023	2022	2022	2021	2021
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Charter hire expenses	(6,486)	(628)	-	-	-	-
Freight expenses	(839)	(2)	-	-	-	-
Management fees expenses	-	(31)	-	-	-	-
Management fees	1,960	-	-	-	-	-
Lease income (Note 31)	77	268	-	-	-	-
Ship cost of sale	-	(90)	-	-	-	-
Acquisition of ship and asset under construction (a)	(31,875)	-	-	-	-	-

Acquisition of subsidiaries from a related party of TMI is included in Note 37.

These related party transactions occurred under terms that are no more or less favourable than those arranged with third parties.

(a) During the year, the Group acquired a ship and a contract for a ship under construction from subsidiaries of TMI. The acquisition was at an agreed price consistent with independent broker valuations obtained in connection with the transactions and were unanimously approved by the disinterested members of the Board of Directors.

(ii) Compensation of directors and key management personnel

The remuneration of the directors and other members of key management is set out below in aggregate for each of the categories specified in IAS 24 *Related Party Disclosures*.

	2023	2022	2021
	US\$'000	US\$'000	US\$'000
Short-term benefits	4,340	7,954	9,200
Share-based payments	-	5,108	1,470
	<u>4,340</u>	<u>13,062</u>	<u>10,670</u>

The remuneration of directors and key management is determined by the remuneration committee of Grindrod Shipping Holdings Limited having regard to the performance of individuals and market trends.

GRINDROD SHIPPING HOLDINGS LTD.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

6 CASH AND BANK BALANCES INCLUDING RESTRICTED CASH

	<u>2023</u>	<u>2022</u>
	US\$'000	US\$'000
Restricted cash, current portion	4,102	5,667
Cash on hand	376	494
Cash at bank	54,853	46,067
Cash and bank balances	<u>59,331</u>	<u>52,228</u>
Less:		
Restricted cash, current portion	<u>(4,102)</u>	<u>(5,667)</u>
Cash and cash equivalents in the statements of cash flows	<u><u>55,229</u></u>	<u><u>46,561</u></u>
<u>Restricted cash</u>		
Classified as:		
Current	4,102	5,667
Non-current	<u>4,560</u>	<u>4,342</u>
	<u><u>8,662</u></u>	<u><u>10,009</u></u>

The current portion of the restricted cash represents amounts placed in retention accounts that can only be used to fund loan repayments or interest payments and cash held on behalf of ship owners. In the ordinary course of the technical and commercial management business, the Group receives and holds cash deposited by shipowners. The cash is maintained in one or more segregated bank accounts. The Group has recognised the corresponding receivables/payables to shipowners' customers/suppliers.

The non-current portion of restricted cash represents debt reserves security deposit required due to the conditions of certain banking facilities and these deposits are not available to finance the Group's day to day operations.

Accounting policy

Cash and cash equivalents in the statement of cash flows comprise cash on hand and demand deposits that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

GRINDROD SHIPPING HOLDINGS LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

7 TRADE RECEIVABLES

	<u>2023</u>	<u>2022</u>
	US\$'000	US\$'000
Trade receivables	7,357	11,950
Less: Allowances for doubtful debts	<u>(655)</u>	<u>(660)</u>
	<u><u>6,702</u></u>	<u><u>11,290</u></u>

The credit period is 1 to 30 days (2022: 1 to 30 days). No interest is charged on the outstanding invoice.

Loss allowance for trade receivables has been measured at an amount equal to lifetime ECL. The ECL on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

There has been no significant change in the estimation techniques or significant assumptions made during the current reporting period in assessing the allowance for the amounts due from customers. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

A trade receivable is written off when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery.

The following table details the risk profile of trade receivables based on the Group's provision matrix. The expected credit loss rate is considered immaterial for trade receivables outstanding for less than 120 days. For trade receivables past due for more than 120 days, the Group would recognise a loss allowance of 100% except for the adjustment to factors that are specific to the debtors, because historical experience has indicated that these receivables are generally not recoverable. 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.

		<u>Trade receivables past due – collectively assessed</u>						
		<u>Not past</u>	<u><30</u>	<u>31-60</u>	<u>61-90</u>	<u>91-120</u>	<u>>120</u>	<u>Total</u>
		<u>due</u>	<u>US\$'000</u>	<u>US\$'000</u>	<u>US\$'000</u>	<u>US\$'000</u>	<u>US\$'000</u>	<u>US\$'000</u>
2023	Estimated total gross carrying amount at default, representing net carrying amount of default	<u>5,288</u>	<u>465</u>	<u>225</u>	<u>367</u>	<u>127</u>	<u>230</u>	<u>6,702</u>
		<u>Trade receivables past due – collectively assessed</u>						
		<u>Not past</u>	<u><30</u>	<u>31-60</u>	<u>61-90</u>	<u>91-120</u>	<u>>120</u>	<u>Total</u>
		<u>due</u>	<u>US\$'000</u>	<u>US\$'000</u>	<u>US\$'000</u>	<u>US\$'000</u>	<u>US\$'000</u>	<u>US\$'000</u>
2022	Estimated total gross carrying amount at default, representing net carrying amount of default	<u>8,493</u>	<u>1,237</u>	<u>68</u>	<u>509</u>	<u>241</u>	<u>742</u>	<u>11,290</u>

GRINDROD SHIPPING HOLDINGS LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

7 TRADE RECEIVABLES (cont'd)

As at 31 December 2023 and 2022, management has identified a group of debtors to be credit impaired, which include a debtor that disputed an invoiced amount arising from the redelivery of a vessel out of the agreed position and sundry small debtors within the discontinued operation. Hence, management has assessed the recoverability of the outstanding balances separately from the table above.

	<u>2023</u>	<u>2022</u>
	US\$'000	US\$'000
Gross carrying amount	655	660
Less: Loss allowances	<u>(655)</u>	<u>(660)</u>
Carrying amount net of allowance	<u>-</u>	<u>-</u>
Movement in the loss allowance:		
	<u>2023</u>	<u>2022</u>
	US\$'000	US\$'000
Individually assessed		
Balance at 1 January	(660)	(684)
Net remeasurement of loss allowance	(55)	16
Amount written off	5	7
Effect of foreign exchange differences	<u>55</u>	<u>1</u>
Balance at 31 December	<u>(655)</u>	<u>(660)</u>

8 CONTRACT ASSETS

This relates to unbilled revenue, recognised over the period in which the freight services are performed representing the entity's right to consideration for which payments shall be received in the subsequent year.

Management estimates the loss allowance on amounts due from customers at an amount equal to lifetime ECL, taking into account the historical default experience and the future prospects of the industry. No provision for loss allowance was made during 2023 and 2022 as the contract assets is aged less than 30 days.

9 OTHER RECEIVABLES AND PREPAYMENTS

	<u>2023</u>	<u>2022</u>
	US\$'000	US\$'000
Current Assets:		
Deposit	2,034	269
Prepayments	4,412	4,026
Voyages in progress	8,907	17,085
Other receivables	<u>2,717</u>	<u>3,686</u>
	18,070	25,066
Non-current Assets:		
Prepayments	<u>1,918</u>	<u>860</u>
	<u>19,988</u>	<u>25,926</u>

For purpose of impairment assessment, other receivables and loan receivables are considered to have low credit risk as they are not due for payment at the end of the reporting period and there has been no significant increase in the risk of default on the receivables since initial recognition. Accordingly, for the purpose of impairment assessment for these receivables, the loss allowance is measured at an amount equal to 12-month ECL. In determining the ECL, management has taken into account the historical default experience and the financial position of the counterparties, adjusted for factors that are specific to the debtors and general economic conditions of the industry in which the debtors operate. No provision for loss allowance was made during 2023 and 2022.

GRINDROD SHIPPING HOLDINGS LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

10 DERIVATIVE FINANCIAL INSTRUMENTS

Forward freight agreements and bunker swaps - analysed between:

	2023	2022
	US\$'000	US\$'000
<u>Assets</u>		
Current assets	176	51
Non-current assets	423	-
<u>Liabilities</u>		
Current liabilities	(712)	(138)
Non-current liabilities	(20)	-

The Group has entered into a number of bunker swaps, as follows:

2023

Current assets

Derivative instruments in designated hedge accounting relationships:

Settlement periods		Strike price	Quantity	Notional value	Fair value gain
		US\$	MT	US\$'000	US\$'000
January 2024 to June 2024	0.5% FOB Singapore	525.75	1,500	789	55
January 2024 to March 2024	0.5% FOB Rotterdam	522.50	1,350	705	6
January 2024 to September 2024	0.5% FOB Rotterdam	494.00	4,500	2,223	95
				<u>3,717</u>	<u>156</u>

Non-current assets

Derivative instruments in designated hedge accounting relationships:

Settlement periods		Strike price	Quantity	Notional value	Fair value gain
		US\$	MT	US\$'000	US\$'000
January 2025 to February 2025	0.5% FOB Rotterdam	470.50	400	188	1

Current liabilities

Derivative instruments in designated hedge accounting relationships:

Settlement periods		Strike price	Quantity	Notional value	Fair value gain
		US\$	MT	US\$'000	US\$'000
March 2024 to April 2024	0.5% FOB Rotterdam	538.75	400	216	(8)
June 2024 to July 2024	0.5% FOB Rotterdam	530.00	400	212	(9)
March 2024	0.5% FOB Rotterdam	580.50	280	163	(16)
April 2024	0.5% FOB Rotterdam	576.25	280	161	(16)
April 2024 to December 2024	0.5% FOB Rotterdam	522.50	4,050	2,116	(75)
October 2024 to December 2024	0.5% FOB Rotterdam	494.00	1,500	741	(1)
				<u>3,609</u>	<u>(125)</u>

Non-current liabilities

Derivative instruments in designated hedge accounting relationships:

Settlement periods		Strike price	Quantity	Notional value	Fair value gain
		US\$	MT	US\$'000	US\$'000
March 2025 to December 2025	0.5% FOB Rotterdam	470.50	2,000	941	(20)

GRINDROD SHIPPING HOLDINGS LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

10 DERIVATIVE FINANCIAL INSTRUMENTS (cont'd)

2022

Current assets

Derivative instruments in designated hedge accounting relationships:

Settlement periods		Strike price	Quantity	Notional value	Fair value gain
		US\$	MT	US\$'000	US\$'000
January 2023	0.5% FOB Rotterdam	510.25	350	179	2
January 2023 to December 2023	0.5% FOB Rotterdam	483.50	1,920	928	31
April 2023	0.5% FOB Rotterdam	488.50	400	195	5
May 2023	0.5% FOB Singapore	529.25	250	132	2
April 2023	0.5% FOB Rotterdam	488.50	400	195	5
May 2023	0.5% FOB Singapore	529.25	250	132	2
March 2023 to May 2023	0.5% FOB Singapore	537.50	750	403	4
				<u>2,164</u>	<u>51</u>

Current liabilities

Derivative instruments in designated hedge accounting relationships:

Settlement periods		Strike price	Quantity	Notional value	Fair value gain
		US\$	MT	US\$'000	US\$'000
January 2023	0.5% FOB Rotterdam	651.00	180	117	(25)
January 2023	0.5% FOB Rotterdam	599.50	450	270	(38)
January 2023 to February 2023	0.5% FOB Rotterdam	573.75	750	430	(47)
February 2023 to July 2023	0.5% FOB Rotterdam	510.25	2,100	1,072	(20)
August 2023 to December 2023	0.5% FOB Rotterdam	503.25	1,000	503	(8)
June 2023	0.5% FOB Singapore	537.50	250	134	-
				<u>2,526</u>	<u>(138)</u>

GRINDROD SHIPPING HOLDINGS LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

10 DERIVATIVE FINANCIAL INSTRUMENTS (cont'd)

The Group has entered into a number of forward freight agreements in the normal course of business in order to hedge against open positions in the fleet from contracts of affreightment and exposure to earnings on the spot market. As at 31 December 2023, there are 10 (2022: Nil) outstanding forward freight agreements, maturing as follows:

2023

Current assets

Derivative instruments in designated hedge accounting relationships:

Settlement periods		Strike price	Duration	Notional value	Fair value gain
		US\$		US\$'000	US\$'000
January 2024	BSI-58 ave 10TC	14,750	30	443	6
January 2024	BSI-58 ave 10TC	15,000	30	450	14
				893	20

Non-current assets

Derivative instruments held for trading

Settlement periods		Strike price	Duration	Notional value	Fair value gain
		US\$		US\$'000	US\$'000
January 2025 to December 2025	BSI-58 ave 10TC	11,250	180	2,025	212
January 2025 to December 2025	BSI-58 ave 10TC	11,250	60	675	70
January 2025 to December 2025	BSI-58 ave 10TC	11,250	120	1,350	141
				4,050	423

Current liabilities

Derivative instruments in designated hedge accounting relationships:

Settlement periods		Strike price	Duration	Notional value	Fair value gain
		US\$		US\$'000	US\$'000
January 2024 to December 2024	BSI-58 ave 10TC	12,300	60	738	(99)
January 2024 to December 2024	BSI-58 ave 10TC	12,300	60	738	(99)
January 2024 to December 2024	BSI-58 ave 10TC	12,300	60	738	(99)
January 2024 to December 2024	BSI-58 ave 10TC	12,300	60	738	(99)
January 2024 to December 2024	BSI-58 ave 10TC	12,350	120	1,482	(191)
				4,434	(587)

GRINDROD SHIPPING HOLDINGS LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

11 INVENTORIES

	<u>2023</u>	<u>2022</u>
	US\$'000	US\$'000
Bunkers and other consumables at cost	10,755	15,278
	<u>-</u>	<u>-</u>
Ships reclassified from ships, property plant and equipment as held for sale asset (Note 12) ^(a)	141,345	28,853
Sale of ships recognised as inventories ^(a)	<u>(141,345)</u>	<u>(28,853)</u>
	<u>10,755</u>	<u>15,278</u>

(a) Ships reclassified from ships, property, plant and equipment as inventories is reconciled as follows:

	<u>2023</u>	<u>2022</u>
	US\$'000	US\$'000
Cost	260,971	41,297
Accumulated depreciation	(83,663)	(12,444)
Impairment	<u>(35,963)</u>	<u>-</u>
Carrying amount	<u>141,345</u>	<u>28,853</u>

For the year ended 31 December 2023, the Group entered into several memoranda of agreements with 8 distinct third parties for the sale of 9 ships at purchase consideration in aggregate of US\$158,105,000. At the reporting date, all the ships have been delivered to the new owners.

On 14 April 2022, the Group entered into memoranda of agreement with a third party for the sale of one ship at purchase consideration of US\$29,981,000. The ship was delivered to the third party on 1 June 2022.

Accounting policy

Inventories are assets held for sale in the ordinary course of business or in the form of materials or supplies to be consumed in the rendering of services. Inventories which include bunkers on board ships and other consumable stores are valued at the lower of cost and net realisable value. Net realisable value is the estimated selling prices in the ordinary course of business, less reasonably predictable costs of disposal and transportation. Cost is determined on a first-in first-out basis. Spares on board ships are charged against income when issued to the ships.

When inventories are sold, the carrying amount is recognised as part of cost of sales. Any write-down of inventories to net realisable value and all losses of inventories or reversals of previous write-downs or losses are recognised in cost of sales in the period the write-down, loss or reversal occurs.

GRINDROD SHIPPING HOLDINGS LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

12 SHIPS, PROPERTY, PLANT AND EQUIPMENT

	Office equipment, furniture and fittings and motor vehicles <u>US\$'000</u>	Plant and equipment <u>US\$'000</u>	Ships <u>US\$'000</u>	Drydocking <u>US\$'000</u>	Construction in progress <u>US\$'000</u>	Freehold land and buildings <u>US\$'000</u>	Total <u>US\$'000</u>
Cost:							
Balance at 1 January 2022	4,189	4,331	589,095	18,117	774	238	616,744
Additions	113	-	2,076	7,230	-	-	9,419
Disposals	(826)	(102)	-	(3,604)	-	(232)	(4,764)
Transfer from right-of-use assets (Note 13)	-	-	23,436	-	-	-	23,436
Reclassification to inventories (Note 11)	-	(2,599)	(38,357)	(341)	-	-	(41,297)
Effect of foreign currency exchange differences	(194)	-	-	-	-	(6)	(200)
Balance at 31 December 2022	3,282	1,630	576,250	21,402	774	-	603,338
Additions	652	-	16,068	5,133	16,875	-	38,728
Disposals	(941)	(6)	-	(4,267)	-	-	(5,214)
Acquisition of subsidiaries (Note 37)	186	-	-	-	-	-	186
Transfer from right-of-use assets (Note 13)	-	-	44,452	-	-	-	44,452
Reclassification to inventories (Note 11)	-	(158)	(252,646)	(8,167)	-	-	(260,971)
Effect of foreign currency exchange differences	(217)	-	-	-	-	-	(217)
Balance at 31 December 2023	2,962	1,466	384,124	14,101	17,649	-	420,302

GRINDROD SHIPPING HOLDINGS LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

12 SHIPS, PROPERTY, PLANT AND EQUIPMENT (cont'd)

	Office equipment, furniture and fittings and motor vehicles	Plant and equipment	Ships	Drydocking	Construction in progress	Freehold land and buildings	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Accumulated depreciation:							
Balance at 1 January							
2022	4,092	4,077	99,230	8,447	-	-	115,846
Depreciation	57	129	22,822	7,547	-	-	30,555
Disposals	(815)	(83)	-	(3,605)	-	-	(4,503)
Transfer from right-of-use assets (Note 13)	-	-	4,809	-	-	-	4,809
Reclassification to inventories (Note 11)	-	(2,599)	(9,504)	(341)	-	-	(12,444)
Effect of foreign currency exchange differences	(188)	-	-	-	-	-	(188)
Balance at 31							
December 2022	3,146	1,524	117,357	12,048	-	-	134,075
Depreciation	154	107	18,515	6,202	-	-	24,978
Disposals	(938)	(7)	-	(4,267)	-	-	(5,212)
Transfer from right-of-use assets (Note 13)	-	-	19,703	-	-	-	19,703
Reclassification to inventories (Note 11)	-	(158)	(79,390)	(4,115)	-	-	(83,663)
Effect of foreign currency exchange differences	(209)	-	-	-	-	-	(209)
Balance at 31							
December 2023	2,153	1,466	76,185	9,868	-	-	89,672

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GRINDROD SHIPPING HOLDINGS LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

12 SHIPS, PROPERTY, PLANT AND EQUIPMENT (cont'd)

	Office equipment, furniture and fittings and motor vehicles	Plant and equipment	Ships	Drydocking	Construction in progress	Freehold land and buildings	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Accumulated impairment:							
Balance at 1 January							
2022	1	-	63,108	-	310	-	63,419
Reversal of impairment recognised in profit and loss	-	-	(1,707)	-	-	-	(1,707)

Disposal	(1)	-	-	-	-	-	(1)
Balance at 31 December 2022	-	-	61,401	-	310	-	61,711
Impairment loss (reversal of impairment) recognised in profit and loss	-	-	2,000	-	(310)	-	1,690
Reclassification to inventories	-	-	(35,963)	-	-	-	(35,963)
Balance at 31 December 2023	-	-	27,438	-	-	-	27,438
Carrying amount:							
At 31 December 2023	<u>809</u>	<u>-</u>	<u>280,501</u>	<u>4,233</u>	<u>17,649</u>	<u>-</u>	<u>303,192</u>
At 31 December 2022	<u>136</u>	<u>106</u>	<u>397,492</u>	<u>9,354</u>	<u>464</u>	<u>-</u>	<u>407,552</u>

Certain ships are pledged to secure bank borrowings as disclosed in Note 24.

GRINDROD SHIPPING HOLDINGS LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

12 SHIPS, PROPERTY, PLANT AND EQUIPMENT (cont'd)

Accounting policies

Ships, property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated using straight-line method to allocate the cost of the assets (other than ships and properties under construction), net of their residual values, over their estimated useful lives as follows:

Office equipment and furniture and fittings	- 3 years
Plant and equipment	- 3 to 5 years
Motor vehicles	- 5 years
Ships	- 15 years
Drydocking	- 2.5 to 5 years

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

Ships and properties in the course of construction for are carried at cost, less any recognised impairment loss. Depreciation of these assets, on the same bases as other assets, commences when the assets are available for use.

Ships are measured at cost less accumulated depreciation and adjusted for any accumulated impairment losses and reversals of such losses. Cost comprises acquisition cost and costs directly related to the acquisition up until the time when the asset is ready for use, including interest expense incurred to finance the vessel during the period.

From time to time, the Group's ships are required to be drydocked for inspection and re-licensing at which time major repairs and maintenance that cannot be performed while the ships are in operation are generally performed. The Group capitalises the costs associated with drydocking as they occur and depreciates these costs on a straight-line basis over 2.5 to 5 years, which is generally the period until the next scheduled drydocking. A portion of the cost of acquiring a new ship is estimated and allocated to the components expected to be replaced or refurbished at the next scheduled drydocking. If the ship is disposed before the next drydocking, the carrying amount of drydocking expenses is included in determining the gain or loss on disposal of the ship and taken to the profit or loss. If the period to the next drydocking is shorter than expected, the undepreciated balance of the deferred drydocking cost is charged immediately as an expense before the next drydocking.

Fully depreciated ships, plant and equipment still in use are retained in the financial statements.

At each reporting date, the group reviews the carrying amounts of its ships, property, plant and equipment to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated based on the higher of fair value less costs of disposal and value in use, to determine the extent of the impairment loss (if any).

An impairment loss is recognised in profit or loss when the recoverable amount of an asset is less than its carrying amount. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, to the extent that the increase does not exceed the carrying amount that would have been determined had no impairment loss been recognised. A reversal of an impairment loss is recognised immediately in profit or loss.

Assets that are held for rental are initially classified as ships, property, plant and equipment. When these assets cease to be rented and a decision is made to sell these assets, the carrying amount is transferred to inventories. Upon sale of these assets, the sales value is recorded in gross revenue and the related carrying value of these assets (held as inventories) is recorded in cost of sales. In relation to these assets that are held for rental, the cash payments to acquire such assets and subsequently cash proceeds from the sale of such assets are classified as cash flows from operating activities.

GRINDROD SHIPPING HOLDINGS LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

13 RIGHT-OF-USE ASSETS

The Group leases several assets including office property, residential property, ships and ship equipment which are disclosed as right-of-use assets.

	Office and residential property US\$'000	Ships US\$'000	Ships equipment US\$'000	Total US\$'000
Cost:				
Balance at 1 January 2022	2,896	95,887	476	99,259
Additions	898	48,829	39	49,766
Transfer to ships, property, plant and equipment (Note 12)	-	(23,436)	-	(23,436)
Derecognition of right-of-use asset	(405)	-	-	(405)
Effect of foreign currency exchange differences	(48)	-	-	(48)
Balance at 31 December 2022	3,341	121,280	515	125,136
Additions	3,272	62,600	83	65,955
Transfer to ships, property, plant and equipment (Note 12) ⁽²⁾	-	(44,452)	-	(44,452)
Acquisition of subsidiaries (Note 37)	80	-	-	80
Adjustment ⁽¹⁾	(2,710)	-	(144)	(2,854)
Effect of foreign currency exchange differences	11	-	-	11
Balance at 31 December 2023	3,994	139,428	454	143,876
Accumulated depreciation:				
Balance at 1 January 2022	2,097	63,633	218	65,948
Depreciation	889	35,547	129	36,565
Transfer to ships, property, plant and equipment (Note 12)	-	(4,809)	-	(4,809)
Derecognition of right-of-use asset	(405)	-	-	(405)
Effect of foreign currency exchange differences	(31)	-	-	(31)
Balance at 31 December 2022	2,550	94,371	347	97,268
Depreciation	1,695	30,229	114	32,038
Transfer to ships, property, plant and equipment (Note 12) ⁽²⁾	-	(19,703)	-	(19,703)
Derecognition of right-of-use asset	-	393	-	393
Adjustment ⁽¹⁾	(2,708)	-	(100)	(2,808)
Effect of foreign currency exchange differences	8	-	-	8
Balance at 31 December 2023	1,545	105,290	361	107,196
Accumulated impairment:				
Balance at 1 January 2022	-	844	-	844
Impairment loss	-	985	-	985
Balance at 31 December 2022	-	1,829	-	1,829
Derecognition of right-of-use asset	-	(393)	-	(393)
Balance at 31 December 2023	-	1,436	-	1,436
Carrying amount:				
At 31 December 2023	2,449	32,702	93	35,244
At 31 December 2022	791	25,080	168	26,039

⁽¹⁾ Refers to lease modification during the period.

⁽²⁾ Purchase option on vessel was exercised during the year.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

13 RIGHT-OF-USE ASSETS (cont'd)

Right-of-use assets are depreciated over the remaining period of the lease. The average lease term is between 1 and 4 years for property, between 2 and 5 years for ships, and between 2 and 5 years for ship equipment.

The Group has options to purchase certain ships at set prices at certain dates within the contracts. The exercise price is not included in the right-of-use assets for these ships because it is not reasonably certain that the options will be exercised.

For the year ended 31 December 2023, the Group recognised expense of US\$27,359,000 (2022: US\$60,869,000 and 2021: US\$90,763,000) for short-term leases (i.e. a lease period of 12 months or less), US\$104,000 (2022: US\$82,000 and 2021: US\$58,000) for leases of low value assets and US\$285,000 (2022: US\$8,197,000 and 2021: \$11,532,000) for variable lease payments in connection with pool arrangements not included in the measurement of the lease liability.

Corresponding lease liabilities are disclosed in Note 23.

Accounting policy

The right-of-use assets comprise the initial measurement of the corresponding lease liability (Note 23), lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the right-of-use asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Ships, property, plant and equipment' policy (Note 12).

GRINDROD SHIPPING HOLDINGS LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

14 SUBSIDIARIES

Details of the Group's subsidiaries at the end of the reporting period are as follows:

Name of subsidiary	Principal activity	Country of incorporation	Proportion of ownership interest and voting power held by the Group	
			2023 %	2022 %
Grindrod Shipping Pte. Ltd.	Ship operating and management	Singapore	100%	100%
Grindrod Shipping (South Africa) Pty Ltd	Ship operating and management	South Africa	100%	100%
<i>Held by Grindrod Shipping Pte. Ltd</i>				
IVS Bulk Owning Pte. Ltd. (ii)	Dormant	Singapore	-	100%
IVS Bulk Carriers Pte. Ltd. (ii)	Dormant	Singapore	-	100%
IVS Bulk 430 Pte. Ltd. (ii)	Dormant	Singapore	-	100%
IVS Bulk 462 Pte. Ltd. (ii)	Dormant	Singapore	-	100%
IVS Bulk 475 Pte. Ltd.	Ship Owning and Operating	Singapore	100%	100%
IVS Bulk 511 Pte. Ltd.	Dormant	Singapore	100%	100%
IVS Bulk 512 Pte. Ltd.	Dormant	Singapore	100%	100%
IVS Bulk 603 Pte. Ltd.	Ship Owning and Operating	Singapore	100%	100%
IVS Bulk 609 Pte. Ltd.	Ship Owning and Operating	Singapore	100%	100%
IVS Bulk 611 Pte. Ltd.	Ship Owning and Operating	Singapore	100%	100%
IVS Bulk 612 Pte. Ltd.	Ship Owning and Operating	Singapore	100%	100%
IVS Bulk 707 Pte. Ltd.	Dormant	Singapore	100%	100%
IVS Bulk 3708 Pte. Ltd.	Ship Owning and Operating	Singapore	100%	100%
IVS Bulk 3720 Pte. Ltd.	Ship Owning and Operating	Singapore	100%	100%
IVS Bulk 225 Pte. Ltd. (i)	Ship Owning and Operating	Singapore	100%	100%
IVS Bulk Pte. Ltd.	Ship Owning and Operating	Singapore	100%	100%
IM Shipping Pte. Ltd.	Ship Owning and Operating	Singapore	100%	100%
Island Bulk Carriers Pte. Ltd.	Ship Owning and Operating	Singapore	100%	100%
Grindrod Shipping Services UK Limited	To provide shipping and shipping related services	United Kingdom	100%	100%
Grindrod Shipping Services HK Limited	To provide shipping and shipping related services	Hong Kong	100%	100%
IVS Bulk 5028 Pte Ltd ^(iv)	Dormant	Singapore	100%	-
IVS Bulk 725 LLC ^(iv)	Ship Owning and Operating	Marshall Islands	100%	-
IVS Bulk 784 Pte Ltd ^(iv)	Dormant	Singapore	100%	-
IVS Bulk 784 LLC ^(iv)	Dormant	Marshall Islands	100%	-
Unicorn Atlantic Pte. Ltd.	Dormant	Singapore	100%	100%
Unicorn Baltic Pte. Ltd.	Dormant	Singapore	100%	100%
Unicorn Ionia Pte. Ltd. (ii)	Dormant	Singapore	-	100%
Unicorn Tanker Operations (434) Pte. Ltd. (ii)	Dormant	Singapore	-	100%
Unicorn Ross Pte. Ltd. (ii)	Dormant	Singapore	-	100%
Unicorn Caspian Pte. Ltd. (ii)	Dormant	Singapore	-	100%
Unicorn Marmara Pte. Ltd. (ii)	Dormant	Singapore	-	100%
Unicorn Scotia Pte. Ltd. (ii)	Dormant	Singapore	-	100%
Unicorn Malacca Pte. Ltd. (ii)	Dormant	Singapore	-	100%
Unicorn Bulk Carriers Ltd	Dormant	British Virgin Islands	100%	100%

Unicorn Tankers International Ltd	Dormant	British Virgin Islands	100%	100%
Grindrod Maritime LLC ⁽ⁱⁱ⁾	Dormant	Marshall Islands	-	100%
Unicorn Sun Pte. Ltd.	Dormant	Singapore	100%	100%

GRINDROD SHIPPING HOLDINGS LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

14 SUBSIDIARIES (cont'd)

Name of subsidiary	Principal activity	Country of incorporation	Proportion of ownership interest and voting power held by the Group	
			2023 %	2022 %
Unicorn Moon Pte. Ltd.	Dormant	Singapore	100%	100%
Island View Ship Management Pte. Ltd. ^(iv)	Ship management	Singapore	100%	-
Taylor Maritime Management Limited ^(v)	Ship management	Marshall Islands	100%	-
<u>Held by Grindrod Shipping (South Africa) Pty Ltd</u>				
Comshipco Schiffahrts Agentur GmBH	Ship agents and operators	Germany	100%	100%
Kuhle Shipping (Pty) Ltd ⁽ⁱⁱⁱ⁾	Dormant	South Africa	-	100%
<u>Held by IVS Bulk Pte. Ltd.</u>				
IVS Bulk 541 Pte. Ltd.	Dormant	Singapore	100%	100%
IVS Bulk 543 Pte. Ltd.	Ship Owning and Operating	Singapore	100%	100%
IVS Bulk 545 Pte. Ltd.	Ship Owning and Operating	Singapore	100%	100%
IVS Bulk 554 Pte. Ltd.	Ship Owning and Operating	Singapore	100%	100%
IVS Bulk 709 Pte. Ltd.	Dormant	Singapore	100%	100%
IVS Bulk 5855 Pte. Ltd.	Ship Owning and Operating	Singapore	100%	100%
IVS Bulk 5858 Pte. Ltd.	Ship Owning and Operating	Singapore	100%	100%
IVS Bulk 712 Pte. Ltd.	Dormant	Singapore	100%	100%
IVS Bulk 7297 Pte. Ltd.	Ship Owning and Operating	Singapore	100%	100%
IVS Bulk 1345 Pte. Ltd.	Ship Owning and Operating	Singapore	100%	100%
IVS Bulk 3693 Pte. Ltd.	Ship Owning and Operating	Singapore	100%	100%
IVS Bulk 10824 Pte. Ltd.	Ship Owning and Operating	Singapore	100%	100%
<u>Held by Island View Ship Management Pte. Ltd.</u>				
Tamar Ship Management Limited ^(v)	Ship Management	Hong Kong	100%	-
Tamar Ship Management Pte. Ltd ^(v)	Ship Management	Singapore	100%	-
Castle Marine Services Ltd ^(v)	Ship Management	Hong Kong	100%	-
<u>Held by Taylor Maritime Management Limited</u>				
Taylor Maritime Pte. Ltd ^(v)	Ship Management	Singapore	100%	-
Taylor Maritime (HK) Limited ^(v)	Ship Management	Hong Kong	100%	-
Taylor Maritime (UK) Limited ^(v)	Ship Management	United Kingdom	100%	-

(i) This company was registered in 2022.

(ii) These companies were deregistered in 2023.

(iii) This company was sold on 31 March 2023.

(iv) These companies were registered in 2023.

(v) These companies were acquired on 3 October 2023.

GRINDROD SHIPPING HOLDINGS LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

15 INTEREST IN JOINT VENTURES

	<u>2023</u>	<u>2022</u>
	US\$'000	US\$'000
Cost of investment in joint ventures	9	9
Share of post acquisition (loss) profit, net of dividends received	<u>(1)</u>	<u>(1)</u>
Carrying amount	<u><u>8</u></u>	<u><u>8</u></u>

Details of the joint ventures are as follows:

Name of the joint venture	Principal activity	Country of incorporation	Proportion of ownership interest and voting power held by the Group		Cost of investment in joint ventures	
			<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Tri-View Shipping Pte Ltd						
(a)	Dormant	Singapore	51%	51%	9	9

* Amount is less than US\$1,000.

(a) The Group has joint control over this entity by virtue of the contractual arrangement with its joint venture partner(s) requiring resolutions on the relevant activities to be passed based on unanimous approval. This entity was deregistered on 19 January 2024.

The above joint venture is accounted for using the equity method in these consolidated financial statements.

In 2023, the total share of joint venture companies' loss after taxation amounts to US\$Nil (2022: US\$5,000; 2021: US\$31,000).

GRINDROD SHIPPING HOLDINGS LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

16 INTANGIBLE ASSETS

	<u>Memberships</u>	<u>Software and</u> <u>licenses</u>	<u>Contractual</u> <u>customer</u> <u>relationships</u>	<u>Carbon Credits</u>	<u>Total</u>
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Cost:					
Opening balance as at 1 January 2022	29	2,000	-	-	2,029
Additions	-	126	-	-	126
Derecognition of intangible asset	-	(1,173)	-	-	(1,173)
Effects of foreign currency exchange differences	-	(89)	-	-	(89)
Balance at 31 December 2022	<u>29</u>	<u>864</u>	<u>-</u>	<u>-</u>	<u>893</u>
Additions	-	84	-	128	212
Derecognition of intangible asset	-	(207)	-	-	(207)
Acquisition of subsidiaries (Note 37)	-	212	4,948	-	5,160
Effects of foreign currency exchange differences	-	(71)	-	-	(71)
Balance at 31 December 2023	<u>29</u>	<u>882</u>	<u>4,948</u>	<u>128</u>	<u>5,987</u>
Accumulated amortisation:					
Opening balance as at 1 January 2022	-	1,802	-	-	1,802
Amortisation	-	155	-	-	155
Derecognition of intangible asset	-	(1,173)	-	-	(1,173)
Effects of foreign currency exchange differences	-	(77)	-	-	(77)
Balance at 31 December 2022	<u>-</u>	<u>707</u>	<u>-</u>	<u>-</u>	<u>707</u>
Amortisation	-	170	469	-	639
Derecognition of intangible asset	-	(206)	-	-	(206)
Effects of foreign currency exchange differences	-	(60)	-	-	(60)
Balance at 31 December 2023	<u>-</u>	<u>611</u>	<u>469</u>	<u>-</u>	<u>1,080</u>
At 31 December 2023	<u>29</u>	<u>271</u>	<u>4,479</u>	<u>128</u>	<u>4,907</u>
At 31 December 2022	<u>29</u>	<u>157</u>	<u>-</u>	<u>-</u>	<u>186</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

16 INTANGIBLE ASSETS (cont'd)

Intangible assets include club memberships, software, licenses, contractual customer relationships and carbon credits. Club memberships are lifetime memberships and are not amortised. Software and licenses arose from the installation of major information systems (including packaged software) and are amortised over 3 years, the period over which the benefit is expected to accrue. Contractual customer relationships are amortised over 2 to 21 years, the period over which the benefit is expected to accrue. Carbon credits do not expire and are not amortised.

Accounting policy

Intangible assets acquired in a business combination are identified and recognised separately from goodwill. The cost of such intangible assets is their fair value at the acquisition date. Subsequent to initial recognition, they are stated on the same basis as intangible assets acquired separately.

Intangible assets acquired separately are reported at cost less accumulated amortisation and accumulated impairment losses. Intangible assets with finite useful lives are amortised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives are not amortised.

At the end of each reporting period, the Group reviews the carrying amounts of its intangible assets to determine whether there is any indication that those assets 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 (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risk specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is indication that the asset may be impaired.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

17 GOODWILL

	<u>2023</u>	<u>2022</u>
	US\$'000	US\$'000
Cost:		
Balance at 1 January	3,292	3,305
Acquisition of subsidiaries (Note 37)	7,924	-
Effects of foreign currency exchange differences	(18)	(13)
Balance at 31 December	<u>11,198</u>	<u>3,292</u>
Accumulated impairment losses:		
Balance at 1 January	3,292	3,305
Effects of foreign currency exchange differences	(18)	(13)
Balance at 31 December	<u>3,274</u>	<u>3,292</u>
Carrying amount:		
At 31 December	<u>7,924</u>	<u>-</u>

Goodwill acquired in a business combination is allocated, at acquisition, to the CGUs that are expected to benefit from that business combination. Before recognition of impairment losses, the cost of goodwill had been allocated as follows:

	<u>2023</u>	<u>2022</u>
	US\$'000	US\$'000
Cost:		
Island Trading and Shipping	3,089	3,089
Parcel Service	185	203
Taylor Maritime Management Limited	4,470	-
Tamar Ship Management Limited	3,454	-
	<u>11,198</u>	<u>3,292</u>

The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired.

The recoverable amounts of the CGUs were based on their value in use determined using discounted cash flow (DCF) valuation models. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the period. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGUs. The growth rates are based on industry growth forecasts. Changes in selling prices and direct costs are based on past practices and expectations of future changes in the market.

A sustained decrease in the profitability of the Parcel Service and Island Trading and Shipping CGUs in 2021 indicated that an impairment of goodwill was required. The remaining goodwill of \$965,000 was fully impaired in 2021 and was recorded in profit or loss in the line item 'Other operating income (expense)'.

GRINDROD SHIPPING HOLDINGS LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

17 GOODWILL (cont'd)

The following CGUs have carrying amounts of goodwill that are considered significant in comparison with the Group's total goodwill balance:

Taylor Maritime Management Limited

The Group uses cash flow projections based in financial budgets approved by the directors covering a three-year period with the fourth year to terminal based on a growth rate of 2.1% per annum. This rate does not exceed the average long-term growth rate for the relevant markets.

The rate used to discount the forecast cash flows is 13.2%.

Based on the value in use calculations, no impairment was required. As at 31 December 2023, any reasonably possible change to the key assumptions applied is not likely to cause the recoverable amount to be below the carrying amounts of the CGU.

Tamar Ship Management Limited

The Group uses cash flow projections based in financial budgets approved by the directors covering a three-year period with an additional two years included based on a growth rate of 3.1% per annum, and 2.0% which was used in the determination of the terminal value. The rate does not exceed the average long-term growth rate for the relevant markets.

The rate used to discount the forecast cash flows is 12.6%.

A decrease to the growth rate by 1.42% or an increase to the discount rate by 1.07% used in management's value in use assessment will result in the recoverable amount to be equal to the total carrying amount of goodwill (on the basis that each of the other key assumptions remain unchanged).

GRINDROD SHIPPING HOLDINGS LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

18 OTHER INVESTMENTS

Other investments relate to pension fund surplus from a defined benefit pension plan where the accounting policy is included in Note 26. Other investments are measured at fair value.

In connection with the Spin-off of Grindrod Shipping Pte Limited ('GSPL') and Grindrod Shipping (SA) (Pty) Limited ('GSSA') from Grindrod Limited, Grindrod Limited (former Parent), GSSA and the trustees to the Grindrod Pension Fund (Fund), a defined benefit pension plan operated by Grindrod Limited, resolved that GSSA should be included as a second participating employer of this fund and GSSA will be allocated 40% of the pension surplus which was subject to regulatory approval before this could be enacted. GSPL and GSSA are fellow subsidiaries of the Group.

On 7 October 2020, the relevant regulatory approval was obtained and accordingly effective on the 31 December 2020, GSSA was included in the Fund as the second employer. US\$3,150,000 (Rands 46,054,000) was transferred from Grindrod Limited's employer surplus account to the GSSA employer surplus account established within the Fund. Employer surplus account is the excess of the Fund's asset over the Fund's liabilities. GSSA will not contribute to the Fund in respect of the Fund employees and the employer surplus account is only available for use in accordance with the Rules of the Fund.

On 27 September 2023, the relevant regulatory approval was obtained to transfer the balance of the employer surplus account from the Fund to the Alexander Forbes Retirement Fund, which Grindrod Shipping (SA) (Pty) Limited is a participating employer in the Provident section. The balance of the employer surplus account was transferred on 22 December 2023 and will be used for a contribution holiday commencing 1 January 2024.

The employer surplus was initially valued at US\$3,150,000 based on the quoted market prices in the active markets. Subsequent fair value change in respect of the allocated fund assets are recorded as a component of other comprehensive income.

The amounts recognised in the consolidated annual financial statements in this respect are as follows:

	2023	2022
	US\$'000	US\$'000
Recognised asset at 1 January	3,714	3,730
Interest income	434	442
Recognised in other comprehensive income in the current year	(220)	(207)
Translation	(315)	(251)
Present value of other investment at 31 December	<u>3,613</u>	<u>3,714</u>
The principal actuarial assumptions applied in the determination of fair values include:		
Discount rate (p.a.)	<u>12.7%</u>	<u>12.2%</u>

GRINDROD SHIPPING HOLDINGS LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

19 DEFERRED TAX

	2023	2022
	US\$'000	US\$'000
Deferred taxation analysed by major category:		
Other timing differences	258	1,304
	<u>258</u>	<u>1,304</u>
Reconciliation of deferred taxation:		
Opening balance	1,304	2,123
Credit to profit or loss for the year (Note 35)	(107)	(665)
Acquisition of subsidiary (Note 37)	(841)	-
Credit (charge) to other comprehensive income arising from actuarial gain	10	(45)
Exchange differences	(108)	(109)
Closing balance	<u>258</u>	<u>1,304</u>
Comprising:		
Deferred tax assets	1,019	1,304
Deferred tax liabilities	(761)	-
	<u>258</u>	<u>1,304</u>

At the end of the reporting period, the aggregate amount of temporary differences associated with undistributed earnings of subsidiaries for which deferred tax liabilities have not been recognised is US\$277,000 (2022: US\$2,814,000). No liability has been recognised in respect of these differences because the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.

Accounting policy

Deferred tax is recognised on the differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax 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 tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Deferred tax 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.

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

Deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited outside profit or loss (either in OCI or directly in equity), in which case the tax is also recognised outside profit or loss (either in OCI or directly in equity, respectively), or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

GRINDROD SHIPPING HOLDINGS LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

20 TRADE AND OTHER PAYABLES

	<u>2023</u>	<u>2022</u>
	US\$'000	US\$'000
Trade payables	8,520	10,035
Accrued expenses	15,017	19,250
Earn-out consideration (Note 37)	8,061	-
Other	250	454
	<u>31,848</u>	<u>29,739</u>
Non-current trade and other payables	<u>(1,153)</u>	<u>(140)</u>
Current trade and other payables	<u><u>30,695</u></u>	<u><u>29,599</u></u>

Trade payables, accruals and other payables comprising of amounts outstanding for trade purchases and ongoing costs, are recognised at amortised cost and their carrying value approximates fair value. The remaining payment terms are predominately 30 days.

The non-current trade and other payables for 2023 relates to earn-out consideration (Note 37).

The Group's trade and other payables are predominantly non-interest bearing and unsecured.

21 CONTRACT LIABILITIES

Advances received are classified as contract liabilities in accordance with IFRS 15 *Revenue from Contracts with Customers*. These arise when the customers' make payments in advance and the amounts received exceeds the revenue recognised at the end of the reporting period and it shall be recognised as revenue in the subsequent year.

There were no significant changes in the contract liabilities balances during the reporting period.

22 LEASES AND SHIP CHARTERS

a) As Lessor

Operating leases, in which the Group is the lessor relates to 7 ships owned by the Group chartered out under time charter party agreement with a lease term of between 2 months and 11 months. These leases do not have any options to purchase the ship at the expiry of the lease period.

Maturity analysis of operating lease payments:

	<u>2023</u>	<u>2022</u>
	US\$'000	US\$'000
Year 1	<u>5,915</u>	<u> </u>
Total	<u><u>5,915</u></u>	<u><u> </u></u>

b) As Lessee

At 31 December 2023, the Group is committed to US\$4,763,000 (2022: US\$nil) for short-term leases of ships.

GRINDROD SHIPPING HOLDINGS LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

23 LEASE LIABILITIES

	Office and residential property	Ships	Ships equipment	Total
	US\$'000	US\$'000	US\$'000	US\$'000
Balance at 1 January 2022	818	32,194	259	33,271
Additions	898	48,829	39	49,766
Interest expense	37	1,370	7	1,414
Lease payments	(905)	(57,304)	(135)	(58,344)
- Principal	(868)	(37,934)	(128)	(38,930)
- Purchase option payments ⁽¹⁾	-	(18,000)	-	(18,000)
- Interest expense	(37)	(1,370)	(7)	(1,414)
Effect of foreign currency exchange differences	6	-	-	6
Lease liabilities as at 31 December 2022	854	25,089	170	26,113
Additions ⁽²⁾	3,310	62,600	83	65,993
Disposals	(66)	-	(44)	(110)
Acquisition of subsidiary (Note 37)	80	-	-	80
Interest expense	199	2,132	3	2,334
Lease payments	(1,824)	(58,667)	(119)	(60,610)
- Principal	(1,625)	(32,055)	(116)	(33,796)
- Purchase option payments ⁽¹⁾	-	(24,480)	-	(24,480)
- Interest	(199)	(2,132)	(3)	(2,334)
Effect of foreign currency exchange differences	5	-	-	5
Lease liabilities as at 31 December 2023	2,558	31,154	93	33,805

(1) Principal repayment and purchase option payment are included in principal repayments of lease liabilities as disclosed under financing activities in the statement of cash flows.

(2) Includes a Japanese Yen denominated committed purchase option to be exercised in 2024. This has been converted at a rate of 142 in terms of a forward exchange contract.

	2023 US\$'000	2022 US\$'000
Analysed between:		
Current portion	32,432	22,058
Non-current portion	1,373	4,055
	33,805	26,113

Maturity analysis of lease liabilities is disclosed in Note 4. The Group does not face a significant liquidity risk with regard to its lease liabilities. Lease liabilities are monitored within the Group's treasury function.

During the financial year 2022, one of the charter contracts requiring the recognition of a right-of-use asset and a lease liability contains variable payment terms that is linked to an index and such variable lease payments are recognised in charter hire cost in the profit or loss in the period in which the condition that triggers those payments occurs. The charter contract was renewed in May 2022, with no variable payment terms.

GRINDROD SHIPPING HOLDINGS LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

23 LEASE LIABILITIES (cont'd)

Accounting policy

The Group as lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset (Note 13) and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses the incremental borrowing rate specific to the lessee.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- the lease payments change due to changes in an index in which case the lease liability is remeasured by discounting the revised lease payments using the initial discount rate; or
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. The costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

The Group has applied the practice expedient to account for any lease and associated non-lease components as a single arrangement.

GRINDROD SHIPPING HOLDINGS LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

24 **BANK LOANS AND OTHER BORROWINGS**

	2023 US\$'000	2022 US\$'000
Secured – at amortised cost:		
Bank loans	95,319	148,002
Other borrowings	46,898	50,966
	142,217	198,968
Analysed between:		
Current	18,578	33,330
Non-current portion	123,639	165,638
	142,217	198,968
Interest payable (included in bank loans)	1,102	1,752
Non-current bank loans and other borrowings are estimated to be payable as follows:		
Within 2 to 5 years	101,555	138,809
After 5 years	22,084	26,829
	123,639	165,638

Bank loans

i. US\$100.0 million senior secured credit facility

The facility bears interest at London Interbank Offered Rate (“LIBOR”) plus 2.95% per annum and is made up of two tranches. Tranche A and B are repayable quarterly commencing 16 August 2018 and mature on 15 May 2022 and 15 May 2023 respectively, with the option to extend for a further two years. Tranche A of US\$10,000,000 has been fully repaid. Facility fees of US\$1,750,000 were payable to the lender upon signing the new loan agreement. Additional fees of US\$164,000 were paid on 2 June 2021 for the lender swap. These were recorded as transaction costs to the loan account to the extent the loan was drawn down. As at 31 December 2023, the loan was fully repaid (31 December 2022, the outstanding balance in relation to this facility was US\$10,065,000, net of US\$160,000 facility fees).

ii. US\$6.3 million secured term facility

The facility bears interest at LIBOR plus 2% per annum and is repayable quarterly, commencing on 6 September 2018 and matures on 6 June 2023. Facility fees of US\$32,000 were payable to the lender upon signing the new loan agreement. These were recorded as transaction costs to the loan account to the extent the loan was drawn down. As at 31 December 2023, the loan was fully repaid (31 December 2022, the outstanding balance in relation to this facility was US\$633,000, net of US\$3,000 facility fees).

iii. Combined US\$31.4 million senior secured credit facility

On 29 July 2019, the Group entered into two term facilities, each for an amount up to US\$15,720,000 to finance the acquisition of two supramax/ultramax newbuildings. The facilities bear interest at Secured Overnight Financing Rate (“Term SOFR”) along with a credit adjustment spread plus 2% per annum and is repayable quarterly, commencing on 5 November 2019 and 20 December 2019 and matures on 5 August 2026 and 24 September 2026. Facility fees of US\$78,600 were payable to the lender upon drawdown of each loan agreement. These were recorded as transaction costs to the loan account to the extent the loan was drawn down. As at 31 December 2023, the outstanding balances in relation to these facilities are US\$22,630,000, net of US\$60,000 facility fees (31 December 2022: US\$24,692,000, net of US\$82,000 facility fees).

GRINDROD SHIPPING HOLDINGS LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

24 BANK LOANS AND OTHER BORROWINGS (cont'd)

iv. Combined US\$114.1 million senior secured credit facility

On 10 February 2020, the Group entered into a senior secured term loan facility for 11 drybulk vessels for the purpose of refinancing the existing indebtedness. The facility bears interest at Term SOFR along with a credit adjustment spread plus 3.10% per annum and is repayable quarterly, commencing on 13 May 2020 and matures on 13 February 2025. Facility fees of US\$1,634,137 were payable to the lender upon drawdown of the loan agreement. These were recorded as transaction costs to the loan account to the extent the loan was drawn down. On 15 September 2021, the finance agreement was amended to drawdown an additional US\$23,031,000 and additional fees of US\$691,000 were paid to the lender on the second drawdown. As at 31 December 2023, the outstanding balances in relation to these facilities are US\$63,599,000, net of US\$594,000 facility fees (31 December 2022: US\$102,454,000, net of US\$1,123,000 facility fees).

vi. Combined US\$13.1 million senior secured credit facility

On 31 January 2020, the Group entered into a senior secured term loan facility for one drybulk vessel for the purpose of refinancing the existing indebtedness. On 14 August 2023, the parties to the facility agreement entered into an amendment and restatement agreement the purpose of which was to transition the interest rate from LIBOR to Term SOFR. The facility bears interest at Term SOFR along with a credit adjustment spread plus 2.75% per annum and is repayable quarterly, commencing on 13 May 2020 and matures on 13 February 2025. Facility fees of US\$131,300 were payable to the lender upon drawdown of the loan agreement. This was recorded as a transaction cost to the loan account to the extent the loan was drawn down. As at 31 December 2023, the outstanding balance in relation to this facility is US\$9,089,000, net of US\$29,000 facility fees (31 December 2022: US\$10,158,000, net of US\$55,700 facility fees).

The bank loans are secured by cash and certain ships owned by the Group. The cash pledged and the carrying value of the ships under security charge as at 31 December 2023 are US\$6,970,000 (31 December 2022: US\$10,009,000) and US\$198,318,000 (31 December 2022: US\$330,920,000) respectively. In addition, there are charges over the relevant subsidiaries' earnings, insurances, charter and charter guarantees and any requisition compensation. Certain of the bank loans are guaranteed by Grindrod Shipping Pte. Ltd. and/or Grindrod Shipping Holdings Limited.

The bank loans are arranged at Term SOFR along with a credit adjustment spread plus the respective margins. These bear a weighted average effective interest rate of 9.44% (31 December 2022: 8.16%) per annum.

These bank loan facilities contain financial covenants where the most stringent of which require the Group to maintain the following:

- book value net worth of the lower of (a) the aggregate of US\$200 million plus 25% of the amount of positive retained earnings plus 50% of each capital raise and (b) US\$275 million;
- cash and cash equivalents (including restricted cash held in the debt service reserve account) of US\$30 million;
- a ratio of debt to market adjusted tangible fixed assets of not more than 75%; and
- positive working capital, such that consolidated current assets must exceed the consolidated current liabilities excluding any adjustments made for IFRS 16.

The Group was in compliance with its financial covenants as of 31 December 2023 and 31 December 2022.

Other borrowings

Other borrowings relate to US\$60,750,000 (31 December 2022: US\$60,750,000) in financing arrangements entered into with third parties with respect to four of the vessels in the Group we regard as owned. The arrangements commenced on 26 June 2019, 20 September 2019, 20 November 2019 and 16 September 2021, respectively, are payable monthly in advance and bear interest at Term SOFR along with a credit adjustment spread plus 1.7% per annum and Term SOFR along with a credit adjustment spread plus 1.75% per annum. The loans mature on 26 May 2030, 20 August 2031, 20 October 2031 and 16 August 2036. As at 31 December 2023, the outstanding balances in relation to these borrowings is US\$46,898,000 (31 December 2022: US\$50,966,000). The carrying value of the ships under security charge as at 31 December 2023 is US\$51,524,000 (31 December 2022: US\$55,557,000).

GRINDROD SHIPPING HOLDINGS LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

25 PROVISIONS

	<u>2023</u>	<u>2022</u>
	US\$'000	US\$'000
Provision for onerous contracts ⁽ⁱ⁾	277	592
	<u>277</u>	<u>592</u>

⁽ⁱ⁾ Provision for onerous contracts represents the present value of the future charter payments that the Group is presently obligated to make under non-cancellable onerous operating charter agreements and contracts of affreightment, less charter revenue expected to be earned on the charter and contract of affreightment. The estimate may vary as a result of changes to ship running costs and charter and freight revenue. No discounting was used as these are short-term onerous contracts and the effect of discounting is immaterial.

	<u>2023</u>	<u>2022</u>
	US\$'000	US\$'000
Analysis of provision for onerous contracts:		
Balance at 1 January	592	1,019
Provision raised	277	592
Released to profit or loss	(592)	(1,019)
Balance at 31 December	<u>277</u>	<u>592</u>

Accounting policy

Present obligations arising under onerous contracts are recognised and measured as a provision. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it. The cost of fulfilling a contract comprises the costs that relate directly to the contract which include both the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling contracts. Before a separate provision for an onerous contract is established, the Group recognises any impairment loss that has occurred on assets used in fulfilling the contract.

GRINDROD SHIPPING HOLDINGS LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

26 RETIREMENT BENEFIT OBLIGATION

The Group subsidises the medical aid contributions of certain retired employees and has an obligation to subsidise contributions of certain current employees when they reach retirement. In prior periods, the Group undertook to offer pensioners a voluntary benefit in lieu of their current medical subsidy in order to close out the liability on the statement of financial position. The proposed offer had three options, namely an annuity offer, a cash offer or to remain in the scheme. A number of employees chose the annuity and cash offer. The provision has been calculated on the remaining individuals in the scheme.

The risks typically faced by the Group as a result of the post-retirement medical aid are risks relating to inflation, longevity, future changes in legislation, future changes in tax environment, perceived inequality by non-eligible employees, administration of fund and enforcement of eligibility criteria and rules.

During December 2023 and 2022, a valuation was performed by Alexander Forbes. Apart from paying costs of entitlement, the Group is not liable to pay additional contributions in the case the fund does not hold sufficient assets. In that case, the fund would take other measures to restore solvency.

The amounts recognised in the annual financial statements in this respect are as follows:

	2023 US\$'000	2022 US\$'000
Recognised liability at beginning of the year	1,397	1,613
Recognised in profit or loss in the current year	146	159
Interest on obligation	<u>146</u>	<u>159</u>
Recognised in other comprehensive income in the current year		
Actuarial loss (gain)	16	(156)
Translation	(118)	(101)
Employer payments	<u>(122)</u>	<u>(118)</u>
Present value of unfunded obligation recognised as a liability at end of year	<u><u>1,319</u></u>	<u><u>1,397</u></u>
Analysis between:		
Current portion	125	125
Non-current portion	<u>1,194</u>	<u>1,272</u>
	<u><u>1,319</u></u>	<u><u>1,397</u></u>

The principal actuarial assumptions applied in the determination of fair values include:

Health care cost inflation	7.8%	7.8%
Discount rate	12.0%	11.9%
CPI inflation	6.3%	6.3%
Continuation at retirement	100.0%	100.0%

	2023 Increase (Decrease)	2022 Increase (Decrease)
Health care cost inflation	7.8%	(6.9)%
Discount rate	(7.0)%	8.0%
	8.5%	(7.5)%
	8.1%	(7.1)%

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

GRINDROD SHIPPING HOLDINGS LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

26 RETIREMENT BENEFIT OBLIGATION (cont'd)

There was no change in the methods and assumptions used in preparing the sensitivity analysis from the prior year. The average duration of the benefit obligation as at 31 December 2023 is 9 years (31 December 2022: 9 years and 2021: 10 years).

	<u>2023</u>	<u>2022</u>
	US\$'000	US\$'000
Present value of unfunded obligations	1,319	1,397
Present Value of obligations in excess of plan assets	<u>1,319</u>	<u>1,397</u>

Accounting policy

Payments to defined contribution retirement benefit plans are charged as an expense when employees have rendered the services entitling them to the contributions. Payments made to state-managed retirement benefit schemes, such as the Singapore Central Provident Fund, and South African defined contribution provident funds, are dealt with as payments to defined contribution plans where the Group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period.

Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the statement of financial position with a charge or credit recognised in OCI in the period in which they occur. Remeasurement recognised in OCI is reflected immediately in retained earnings and will not be reclassified to profit or loss. 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 follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- remeasurement

The Group presents the first two components of defined benefit costs in profit or loss in the line item 'Administrative expense'. Net interest income is recognised within interest income (Note 32).

The retirement 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.

GRINDROD SHIPPING HOLDINGS LTD.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

27 SHARE CAPITAL

	<u>Number of shares</u>	<u>Share capital</u> US\$'000
Issued and paid up: At 1 January 2021	19,063,833	320,683
Issued during the year At 31 December 2021	<u>246,191</u> 19,310,024	<u>-</u> 320,683
Issued during the year At 31 December 2022	<u>161,984</u> 19,472,008	<u>-</u> 320,683
Issued during the year Distribution to shareholders At 31 December 2023	213,582 <u>-</u> <u>19,685,590</u>	1,950 <u>(32,440)</u> <u>290,193</u>

In the TMI Offer, a proposal (the “Award Election Opportunity”) was made by the Offeror and the Company to the holders of outstanding awards which are unvested or vested but remain unsettled (“FSA Holders”) which was granted under the Grindrod Shipping Holdings Ltd. 2018 Forfeitable Share Plan (Note 29). On December 1, 2022, 161,984 new ordinary shares were issued to fulfil the outstanding Company Forfeitable Shares.

On 1 March 2021, the Company issued 246,191 additional shares of no par value to certain employees to partially settle the 2018 FSP awards that vested on 1 March 2021.

On 4 October 2023, the Company issued 213,582 additional shares with a par value of US\$1,950,000 for the acquisition of Tamar Ship Management Limited and Taylor Maritime Management Limited (Note 37).

On 29 September 2023, the company lodged with the Accounting and Corporate Regulatory Authority in Singapore relevant documents required for a capital reduction which became effective on the same date. On 26 October 2023 and 11 December 2023, the Company reduced its fully paid-up share capital through cash distributions to all shareholders on record as of 20 October 2023 of US\$1.01598 and US\$0.63193 per ordinary share, respectively. The distribution to shareholders was excess cash generated from vessel sales after debt repayment on encumbered vessels. This resulted in the Group having a more efficient capital structure, thereby improving shareholders' return on equity.

Except for treasury shares, fully paid ordinary shares, which have no par value, carry one vote per share and a right to dividends as and when declared by the company.

GRINDROD SHIPPING HOLDINGS LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

28 OTHER EQUITY AND RESERVES

	<u>2023</u>	<u>2022</u>
	US\$'000	US\$'000
Hedging reserve	(554)	(1,337)
Translation reserve	(11,305)	(10,700)
Merger reserve	(12,649)	(12,649)
At 31 December 2023	<u>(24,508)</u>	<u>(24,686)</u>

Treasury shares

	<u>Number of</u>	<u>Share</u>
	shares	capital
		US\$'000
Balance at 1 January 2022	825,163	11,870
Reissued to Offeror under the TMI Offer	(825,163)	(11,870)
Balance at 31 December 2022	<u>-</u>	<u>-</u>

On 29 May 2020 and 27 May 2021, shareholders granted the board of directors with the authority to repurchase shares of the company. The repurchase authority expires at the next Annual General Meeting, unless renewed, and may be suspended or terminated by the company at any time without prior notice. The authority allows the company to acquire ordinary shares in the open market on NASDAQ and the JSE. On 1 December 2022, the minimum conditions of the TMI Offer were met and all awards vested. All employees agreed to transfer their shares and all treasury shares were reissued to Good Falkirk (MI). See share compensation reserve below for further information. Shares issued out of treasury shares are accounted for on a first-in first-out basis.

Share compensation reserve

	<u>2023</u>	<u>2022</u>
	US\$'000	US\$'000
Balance at 1 January	-	4,777
Share-based payments expenses	-	8,134
Treasury shares issued to employees under the Forfeitable Share Plan	-	(12,911)
Balance at 31 December	<u>-</u>	<u>-</u>

The Group operates the 2018 FSP, in which certain employees of the company and its subsidiaries participate. 2018 FSP is an equity settled share based payment which is measured at the fair value of the equity instruments at the grant date and is expensed on a straight-line basis over the vesting period, based on the Group's estimate of the number of equity instruments that will eventually vest. At each reporting date, the Group revises its estimate of the number of equity instruments expected to vest as a result of the effect of non-market-based vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to reserves.

On 31 July 2018, the Group granted the participating employee's entitlements to be settled with a specified number of ordinary shares in the company ('Awards') which shares will be allotted and issued in 3 equal tranches over a period of 3 years commencing on 1 March 2020. On 9 June 2020, 2 July 2021, 23 August 2021 and 29 April 2022, the Group granted additional Awards which shares will be allotted and issued in 3 equal tranches over a period of 3 years commencing on 1 March 2021 for the awards granted in 2020, 1 March 2022 for the Awards granted in 2021 and 1 March 2023 for the Awards granted in 2022. This is subject to the condition that the participating employee remains employed during the vesting period relevant to each tranche.

A participant has no ownership rights (such as rights to dividends and voting) in the ordinary shares subject to the Award until such right has vested and the ordinary shares have been registered in the participant's name. The Award is subject to the risk of forfeiture until the vesting date should the participating employee no longer be employed for the period ending on the vesting date. However, the participating employee may be settled with all or a portion of the Award as determined by the rules of the 2018 FSP depending on the reasons for termination of his employment prior to the vesting date, and, in the case of retirement or termination for a reason not specifically set out in the 2018 FSP prior to the vesting date, subject to the discretion of the Compensation and Nomination Committee. The vesting of the ordinary shares is not subject to any performance-related conditions. The Group may utilise treasury shares or issue new ordinary shares when settling shares upon a participating employee. The employee is not required to make any payment for the ordinary shares settled upon him or her but is liable for taxation thereon.

At any time, the aggregate number of ordinary shares of the company may be granted under Awards that have not vested shall not exceed 5% of the ordinary shares in issue (excluding treasury shares) on the day preceding the Award. The 2018 FSP was adopted on 4 May 2018. As at 31 December 2022, 862,502 ordinary shares were subject to Awards that had not been forfeited or vested and the maximum number of ordinary shares in respect of which further Awards could have been granted under the 2018 FSP in 2022 was 102,999.

On 1 December 2022, the minimum conditions of the TMI Offer were met and all outstanding awards vested and were settled during the year.

Details of the share awards outstanding during the year are as follows:

Number of share awards:	2018	2020	2021	2022	Total
Outstanding at 1 January 2022	220,668	124,500	516,000	-	861,168
Issued during the year	-	-	-	232,646	232,646
Forfeited during the year	-	-	(106,667)	-	(106,667)
Awards vested to employees under the Forfeitable Share Plan	(220,668)	(80,500)	(171,996)	(38,468)	(511,632)
Awards vested to employees under TMI Offer	-	(44,000)	(237,337)	(194,178)	(475,515)
Outstanding at 31 December 2022	-	-	-	-	-
	US\$	US\$	US\$	US\$	
Fair value at grant date	10.18	2.90	11.85	25.58	

The fair value at grant date is determined based on the share price on the date of the grant. The Group recognised total expenses of US\$8,134,000 relating to the 2018 FSP during 2022. Following the TMI Offer and settlement of the shared based payments scheme in 2022, there are no share awards outstanding as of December 31, 2022 and 2023. Accordingly, no share based payments expense was recognised in 2023.

Hedging reserve

The hedging reserve represents hedging gains and losses recognised on the effective portion of cash flow hedges. The cumulative deferred gain or loss on the hedge recognised in OCI and accumulated in hedging reserve is reclassified to profit or loss when the hedged transaction impacts the profit or loss, or is included as a basis adjustment to the non-financial hedged item, consistent with the applicable accounting policy.

GRINDROD SHIPPING HOLDINGS LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

28 OTHER EQUITY AND RESERVES (cont'd)

Translation reserve

Exchange differences relating to the translation from the functional currencies of the Group's foreign subsidiaries into United States dollars are brought to account by recognising those exchange differences in OCI and accumulating them in a separate component of equity under the header of translation reserve. Gains and losses on hedging instruments that are designated as hedges of net investments in foreign operations are also recognised in OCI and accumulated in a separate component of equity under the header of translation reserve.

Merger reserve

This represents the residual differences between the 'Parent invested capital' and the Company's 'share capital' as a result of the Spin-off of GSPL and GSSA from Grindrod Limited and the residual difference between the non-controlling interest and the purchase consideration for the remaining equity interest in IVS Bulk.

29 REVENUE

A disaggregation of the Group's revenue for the year based on timing of revenue recognition is as follows:

	2023	2022	2021
	US\$'000	US\$'000	US\$'000
Over time:			
Charter hire	82,511	193,631	210,079
Freight revenue	143,535	236,327	245,179
Vessel revenue	<u>226,046</u>	<u>429,958</u>	<u>455,258</u>
Management fees	2,945	521	581
Other	<u>2,945</u>	<u>521</u>	<u>581</u>
At a point in time:			
Sale of ships	153,668	29,600	-
Sale of bunkers and other consumables	4,437	381	-
Ship sales	<u>158,105</u>	<u>29,981</u>	<u>-</u>
	<u><u>387,096</u></u>	<u><u>460,460</u></u>	<u><u>455,839</u></u>

Management expects that 100% of the transaction price allocated to the unsatisfied contracts as of 31 December 2023 will be recognised as revenue during the next reporting period. The Group applies the practical expedient in paragraph 121 of IFRS 15 and does not disclose information about remaining performance obligations that have original expected durations of one year or less.

Accounting policy

Vessel revenue

The primary source of revenue for the Group is vessel revenue; comprising of charter hire of ships and freight revenue.

Charter hire - The Group earns hire revenue by placing its vessels on time charter, bareboat charter and in pool arrangements. The performance obligations within pool and time-charter contracts include the bareboat charter and the operation of the vessel. The bareboat charter of the contract is accounted for as an operating lease under IFRS 16 *Leases*. Hire revenue is recognised over time as the Group satisfies its obligation based on time elapsed between the delivery of a vessel to a charterer and the redelivery of a vessel from the charterer.

For time and bareboat charter contracts, hire is typically invoiced bi-monthly or monthly in advance and hire revenue is accrued based on the daily hire rates. Other variable hire components of the contract, such as off-hire and speed claims, are recognised only to the extent that it is highly probable that a significant reversal will not occur when the uncertainty is subsequently resolved. In a small number of charters, the Group may earn profit share consideration, which occurs when actual spot rates earned by the vessel exceed certain thresholds for a period of time.

GRINDROD SHIPPING HOLDINGS LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

29 REVENUE (cont'd)

For pool arrangements, the Group has two types of such arrangements: 1) Pool arrangements that are controlled and managed by the Group namely, IVS Handysize Pool and IVS Supramax Pool; and 2) Pool arrangements operated by third parties in which the Group's owned vessels are placed. An assessment is performed to determine who is the principal and agent in such arrangements. Indicators that the Group as the pool manager is a principal in a pool arrangement are:

- The contract with the end charterer specifically names the pool, rather than the shipowner;
- The pool manager is responsible for managing issues that may arise during the end charterer's use of the vessel;
- The pool manager has the power to decide which vessel in the pool it will use to fulfill the contract with the end charterer; and
- The pool manager sets the prices that the end charterer will pay to use the vessel.

The Group has evaluated that it has the exclusive rights as the pool manager and hence it is a principal in the IVS Handysize and IVS Supramax Pool arrangements. In such arrangements, the Group recognizes total amount of the gross revenue earned by the pools as the revenue which it expects to be entitled for the satisfaction of the performance obligation and correspondingly, it also recognizes the share of third party vessel owners' net earnings of the pool in the voyage expenses in the period incurred. The Group has identified that the contracts between the pools and vessels owners to contain a lease in accordance with IFRS 16.

On the other hand, for third party pool arrangements that the Group's vessels participate in, the Group recognises revenue from these pool arrangements based on its portion of the net distributions reported by the relevant pool, which represents the net voyage revenue of the pool after voyage expenses and pool manager fees. The net distribution is computed based on pool index and the participation days of the Group's vessels in these third party pool arrangements. The pool index is variable and dependent on the participating vessels within the pool.

Freight revenue – The Group recognises freight revenue for each specific voyage which is usually priced on a current or "spot" market rate and then adjusted for predetermined criteria. The performance obligations for freight revenue commence from the time the ship is ready at the load port until the cargo has been delivered at the discharge port. The revenue will be recognised over the duration of the voyage between the two points, as measured using the time that has elapsed from commencement of performance at the load port. Management assesses the stage of completion as determined by the proportion of the total time expected for the voyage that has elapsed at the end of the reporting period as an appropriate measure of progress towards complete satisfaction of these performance obligations and the revenue is recognised in accordance with the calculated stage of completion. The duration of a single voyage will typically be less than three months. Demurrage and despatch are considered at contract inception and estimates are updated throughout the contract period. The consideration for demurrage and despatch will be recognised in the period within which such consideration was incurred. A contract asset is recognised over the period in which the freight services are performed representing the entity's right to consideration for the services performed as at the end of the reporting period.

Sale of ships, bunkers and other consumables

The Group generates revenue from the sale of ships, bunkers and other consumables. Revenue is recognised when control of the ships, bunkers and other consumables have been delivered to the buyer. The Group only has the right to the consideration at the point of transfer of the asset.

Management fees

The Group also generates revenue from the management and operation of vessels owned by third parties, related companies and other related parties as well as providing corporate management services to such entities. The performance obligations within these contracts will typically consist of crewing, technical management, insurance and commercial management. The performance obligations are satisfied concurrently and consecutively rendered over the duration of the management contract, as measured using the time that has elapsed from commencement of performance. Consideration for such contracts will generally consist of a fixed monthly management fee, plus the reimbursement of crewing and other costs for vessels being managed. Management fees are typically invoiced monthly.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

30 SEGMENT INFORMATION

The information reported to the Group's chief operating decision maker, who are directors of the Group, for the purpose of resource allocation and assessment of segment performance is provided based on the 3 operating segments within the Group, which are also reportable segments of the Group:

The Group operates a diversified fleet of owned and long-term chartered vessels across the world. The Group operates the drybulk business with a focus on the categories of vessels – namely Handysize and Supramax/Ultramax, with all others businesses categorized as Others. Accordingly, the reportable segments are: Handysize; Supramax/Ultramax and Others.

The reportable segments of the Group have been identified on a primary basis by the business segment which is representative of the internal reporting used for management purposes, including the chief operating decision maker, as well as the source and nature of business risks and returns.

Joint-ventures financial information are included within the segment information on a proportionate consolidation basis as the Group's chief operating decision maker reviews them together with the entities of the Group. Accordingly, joint-ventures' proportionate financial information are adjusted out to reconcile to the consolidated financial statements in the 'Adjustments' column.

Segment profit (i.e. Gross profit (loss)) represents the profit earned by each segment without allocation of central administration costs and directors' salaries. This is the measure reported to the Group's chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

Group activities that do not relate to the above segments are accumulated in the 'Unallocated' segment financial information. Revenue reported in the segments represents revenue generated from external customers. There were no inter-segment sales in 2023, 2022 and 2021.

For the purpose of monitoring segment performance and allocating resources between segments, the chief operating decision maker monitors the tangible, intangible and financial assets at the consolidated Group level.

It is not practical to report revenue or non-current assets on a geographical basis due to the international nature of the shipping market.

For the years ended 31 December 2023, 2022 and 2021, no customers accounted for 10% or more of the Group's drybulk business revenue within the Handysize and Supramax/Ultramax segments.

The accounting policies of the segments are the same as the Group's accounting policies as described in Note 2 and throughout the notes.

GRINDROD SHIPPING HOLDINGS LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

30 SEGMENT INFORMATION (cont'd)

The following is an analysis of the Group's revenue, results and additions and impairments to non-current assets by segment

2023

	Drybulk		Other	Total	Unallocated	Total	Adjustments	Total
	Carrier Business							
	Handysize	Supramax/ Ultramax						
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Vessel revenue	87,918	138,128	-	226,046	-	226,046	-	226,046
Ship sale revenue	63,760	94,345	-	158,105	-	158,105	-	158,105
Other	90	27	2,828	2,945	-	2,945	-	2,945
Total revenue	151,768	232,500	2,828	387,096	-	387,096	-	387,096
Voyage expenses	(25,355)	(49,259)	-	(74,614)	-	(74,614)	-	(74,614)
Vessel operating costs	(28,788)	(16,921)	2,708	(43,001)	-	(43,001)	-	(43,001)
Charter hire costs	(13,334)	(13,618)	-	(26,952)	-	(26,952)	-	(26,952)
Depreciation of ships, drydocking and plant and equipment– owned assets	(14,076)	(10,748)	-	(24,824)	-	(24,824)	-	(24,824)
Depreciation of ships and ship equipment – right-of-use assets	(14)	(30,329)	-	(30,343)	-	(30,343)	-	(30,343)
Cost of ship sale	(60,582)	(87,168)	310	(147,440)	-	(147,440)	-	(147,440)
Other	(373)	(182)	-	(555)	-	(555)	-	(555)
Costs of sales	(142,522)	(208,225)	3,018	(347,728)	-	(347,728)	-	(347,728)
Gross profit	9,246	24,275	5,846	39,368	-	39,368	-	39,368
Operating (loss) profit	(2,035)	14,550	(117)	12,398	(7,036)	5,362	-	5,362
Interest income	1,373	1,413	6	2,792	6	2,798	-	2,798
Interest expense	(6,416)	(10,682)	(1)	(17,099)	-	(17,099)	-	(17,099)
Income tax (expense) benefit	(192)	(203)	9	(386)	(297)	(683)	-	(683)
(Loss) profit for the period	(7,270)	5,078	(103)	(2,295)	(7,327)	(9,622)	-	(9,622)
(Reversal of) impairment loss on ships and assets under construction	1,849	(159)	-	1,690	-	1,690	-	1,690
Capital expenditure	37,472	837	419	38,728	-	38,728	-	38,728

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GRINDROD SHIPPING HOLDINGS LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

30 SEGMENT INFORMATION (cont'd)

2022

	Drybulk Carrier Business	Others	Total	Unallocated	Total	Adjustments	Total
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	Handysize	Supramax/ Ultramax						
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Vessel revenue	159,524	268,352	2,082	429,958	-	429,958	-	429,958
Ship sale revenue	-	-	29,981	29,981	-	29,981	-	29,981
Other	410	111	-	521	-	521	-	521
Total revenue	159,934	268,463	32,063	460,460	-	460,460	-	460,460
Voyage expenses	(30,683)	(60,420)	(1)	(91,104)	-	(91,104)	-	(91,104)
Vessel operating costs	(31,625)	(18,249)	2,973	(46,901)	-	(46,901)	-	(46,901)
Charter hire costs	(12,126)	(46,800)	-	(58,926)	-	(58,926)	-	(58,926)
Depreciation of ships, drydocking and plant and equipment– owned assets	(17,946)	(11,791)	(761)	(30,498)	-	(30,498)	-	(30,498)
Depreciation of ships and ship equipment – right-of-use assets	(14)	(35,662)	-	(35,676)	-	(35,676)	-	(35,676)
Cost of ship sale	-	-	(29,897)	(29,897)	-	(29,897)	-	(29,897)
Other	(1,024)	334	(6)	(696)	-	(696)	-	(696)
Costs of sales	(93,418)	(172,588)	(27,692)	(293,698)	-	(293,698)	-	(293,698)
Gross profit	66,516	95,875	4,371	166,762	-	166,762	-	166,762
Operating profit	54,904	76,546	2,200	133,650	(14,621)	119,029	5	119,034
Interest income	881	1,085	161	2,127	101	2,228	-	2,228
Interest expense	(7,847)	(8,075)	(1,211)	(17,133)	-	(17,133)	-	(17,133)
Share of losses of joint ventures	-	-	-	-	-	-	(5)	(5)
Income tax benefit	(308)	(426)	(23)	(757)	-	(757)	-	(757)
Profit for the period	47,630	69,130	1,127	117,887	(14,520)	103,367	-	103,367
Reversal of impairment loss recognised on ships	(1,707)	-	-	(1,707)	-	(1,707)	-	(1,707)
Impairment loss on right-of-use asset	-	985	-	985	-	985	-	985
Capital expenditure	5,529	3,812	78	9,419	-	9,419	-	9,419

GRINDROD SHIPPING HOLDINGS LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

30 SEGMENT INFORMATION (cont'd)

2021

	Drybulk Carrier Business		Others	Total	Unallocated	Total	Adjustments	Total
	Handysize	Supramax/ Ultramax						
	US\$'000	US\$'000						
Vessel revenue	157,707	292,179	5,372	455,258	-	455,258	-	455,258
Ship sale revenue	-	-	-	-	-	-	-	-
Other	503	78	-	581	-	581	-	581
Total revenue	158,210	292,257	5,372	455,839	-	455,839	-	455,839
Voyage expenses	(27,235)	(69,600)	(129)	(96,964)	-	(96,964)	-	(96,964)
Vessel operating costs	(31,043)	(15,811)	2,896	(43,958)	-	(43,958)	-	(43,958)
Charter hire costs	(11,755)	(63,626)	-	(75,381)	-	(75,381)	-	(75,381)
Depreciation of ships, drydocking and plant and equipment– owned assets	(13,724)	(10,474)	(1,668)	(25,866)	-	(25,866)	-	(25,866)
Depreciation of ships and ship equipment – right-of-use assets	(17)	(34,881)	-	(34,898)	-	(34,898)	-	(34,898)
Cost of ship sale	-	-	-	-	-	-	-	-
Other	(457)	(1,419)	1	(1,875)	-	(1,875)	-	(1,875)
Costs of sales	(84,231)	(195,811)	1,100	(278,942)	-	(278,942)	-	(278,942)
Gross profit	73,979	96,446	6,472	176,897	-	176,897	-	176,897
Operating profit	65,612	78,777	3,616	148,005	(3,379)	144,626	31	144,657
Interest income	7	11	163	181	20	201	-	201
Interest expense	(4,873)	(6,376)	(1,049)	(12,298)	-	(12,298)	-	(12,298)
Share of losses of joint ventures	-	-	-	-	-	-	(31)	(31)
Income tax benefit	3	11	104	118	-	118	-	118
Profit for the period	60,749	72,423	2,834	136,006	(3,359)	132,647	-	132,647
Reversal of impairment loss on owned ships	(3,557)	-	-	(3,557)	-	(3,557)	-	(3,557)
Reversal of impairment loss on right-of-use assets	-	(1,046)	-	(1,046)	-	(1,046)	-	(1,046)
Impairment loss on disposal group	-	-	-	2,551	-	2,551	-	2,551
Impairment of goodwill and intangibles	94	871	-	965	-	965	-	965
Capital expenditure	5,947	26,423	1,134	33,504	-	33,504	-	33,504

GRINDROD SHIPPING HOLDINGS LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 OTHER OPERATING (EXPENSE) INCOME

	<u>2023</u>	<u>2022</u>	<u>2021</u>
	US\$'000	US\$'000	US\$'000
(Impairment loss) reversal of impairment recognised on ships (Note 12)	(2,000)	1,707	3,557
(Impairment loss) reversal of impairment recognised on right-of-use assets (Note 13)	-	(985)	1,046
Impairment loss on goodwill (Note 17)	-	-	(965)
(Impairment loss) reversal of on financial assets	(53)	45	(2)
Reversal of impairment of asset under construction (Note 12)	310	-	-
Lease income (Note 5)	345	-	-
Net foreign exchange (loss) gain	(237)	(512)	95
Gain on disposal of plant and equipment	12	36	14
Gain on disposal of right-of-use asset	3	-	104
Other operating income	277	52	-
Other operating expenses	(9)	(2)	-
	<u>(1,352)</u>	<u>341</u>	<u>3,849</u>

32 INTEREST INCOME

	<u>2023</u>	<u>2022</u>	<u>2021</u>
	US\$'000	US\$'000	US\$'000
Bank interests	2,363	1,776	201
Other interest	435	452	-
	<u>2,798</u>	<u>2,228</u>	<u>201</u>

33 INTEREST EXPENSE

	<u>2023</u>	<u>2022</u>	<u>2021</u>
	US\$'000	US\$'000	US\$'000
Interest on bank loans	13,912	14,119	6,231
Interest on non-bank loans	-	-	1,808
Amortisation of upfront fees on bank loans	812	1,539	1,263
Other finance costs	41	61	1,095
Interest on lease liabilities	2,334	1,414	1,901
	<u>17,099</u>	<u>17,133</u>	<u>12,298</u>

GRINDROD SHIPPING HOLDINGS LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

34 (LOSS) PROFIT BEFORE TAXATION

(Loss) profit before taxation has been arrived at after charging:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
	US\$'000	US\$'000	US\$'000
Depreciation of ships, dry-docking and plant and equipment	24,824	30,498	25,866
Depreciation of other property, plant and equipment *	154	57	51
Amortisation of intangible assets *	638	155	165
Total depreciation and amortisation – owned assets	<u>25,616</u>	<u>30,710</u>	<u>26,082</u>
Depreciation of ships and ship equipment – right-of-use	30,343	35,676	34,898
Depreciation of property – right-of-use *	1,695	889	938
Total depreciation and amortisation – right-of-use assets	<u>32,038</u>	<u>36,565</u>	<u>35,836</u>
Total depreciation and amortisation	<u><u>57,654</u></u>	<u><u>67,275</u></u>	<u><u>61,918</u></u>
Cost of inventories recognised as expense (included in voyage expenses)	61,008	78,172	57,633
Expense recognised in respect of equity-settled share-based payments	-	8,134	3,336
Employee benefits expenses (including directors' remuneration and share based payments)	18,330	28,053	27,206
Cost of defined benefit plan and defined contribution plans included in employee benefits expenses	985	1,320	1,096
Tender offer and related expenses	<u>-</u>	<u>10,307</u>	<u>-</u>

* Included in administrative expense

GRINDROD SHIPPING HOLDINGS LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

35 INCOME TAX EXPENSE (BENEFIT)

In December 2004, Grindrod Shipping Pte. Ltd. was granted incentives under the Approved International Shipping Enterprise (“AIS”) Scheme, with effect from 10 June 2004. The incentives to the company expired in 2014 and has been renewed through 2024 subject to compliance with specified conditions. As such, the shipping profits of Grindrod Shipping Pte. Ltd. are exempted from income tax under Section 13F of the Singapore Income Tax Act. The shipping profits of the subsidiaries incorporated in Singapore are exempted from income tax under Section 13A of the Singapore Income Tax Act.

Income other than shipping profits are taxable at the prevailing Singapore Corporate income tax rate of 17%. During the year ended 31 December 2023, the Singapore operations recorded loss before tax and current income tax expense of US\$10,054,000 and US\$209,000 respectively (2022: profit US\$100,741,000 and US\$348,000; 2021: profit US\$130,774,000 and US\$49,000). During the year ended 31 December 2023, the non-Singapore operations recorded profit before tax, current income tax and deferred tax of US\$1,115,000, US\$367,000 and US\$107,000 respectively (2022: US\$2,626,000, benefit US\$256,000 and US\$665,000; 2021: US\$1,873,000, US\$380,000 and benefit US\$547,000).

The tax rate used for the 2023, 2022 and 2021 reconciliations below is the corporate tax rate of 17% payable by corporate entities in Singapore on taxable profits under tax law in that jurisdiction. The corporate taxation rates payable by the South African entities in terms of the tax law in South Africa is 27% (2022 and 2021: 28%).

	<u>2023</u>	<u>2022</u>	<u>2021</u>
	US\$'000	US\$'000	US\$'000
Current tax			
In respect of the current year	367	428	513
Withholding taxes	306	127	48
In respect of prior years	<u>(97)</u>	<u>(463)</u>	<u>(132)</u>
	<u>576</u>	<u>92</u>	<u>429</u>
Deferred tax			
In respect of the current year	<u>107</u>	<u>665</u>	<u>(547)</u>
	<u>107</u>	<u>665</u>	<u>(547)</u>
Income tax expense (benefit)	<u><u>683</u></u>	<u><u>757</u></u>	<u><u>(118)</u></u>

The total charge (credit) for the year can be reconciled to the accounting profit (loss) as follows:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
	US\$'000	US\$'000	US\$'000
(Loss) profit before tax	<u>(8,939)</u>	<u>104,124</u>	<u>132,529</u>
Income tax (benefit) expense calculated at corporate rate	(1,520)	17,701	22,530
Adjusted for:			
Effect of income that is exempt from tax	(7,772)	(32,053)	(27,890)
Effect of expenses that are not deductible in determining taxable profit	9,506	15,025	6,204
Effect of different tax rates of subsidiaries operating in other jurisdictions	260	420	(878)
Overprovision of current tax in prior year	(97)	(463)	(132)
Withholding tax	<u>306</u>	<u>127</u>	<u>48</u>
	<u><u>683</u></u>	<u><u>757</u></u>	<u><u>(118)</u></u>

GRINDROD SHIPPING HOLDINGS LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

35 INCOME TAX EXPENSE (BENEFIT) (cont'd)

Accounting policy

Income tax expense (benefit) in profit or loss represents the sum of the current and deferred tax (Note 19).

The current tax payable is based on taxable profit for the year. Taxable profit differs from profit as reported in statement of profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted in countries where the company and subsidiaries operate by the end of the reporting period and any adjustment to tax payable in respect of prior years.

Current tax is recognised as an expense or income in profit or loss, except when they relate to items credited or debited outside profit or loss (either in OCI or directly in equity), in which case the tax is also recognised outside profit or loss (either in OCI or directly in equity, respectively), or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

GRINDROD SHIPPING HOLDINGS LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

36 DISCONTINUED OPERATION

The Group completed the sale of the remaining MR tankers and Small tankers in April 2021 as part of a plan to exit the tanker business and focus on the drybulk business. The divestments of the vessels was followed by a restructure of the staff and administration which was completed in December 2021. The MR tanker segment and the Small tanker segment were effectively discontinued as at 31 December 2021.

The results of the discontinued operation, which were included in the profit (loss) for the year, were as follows:

	<u>2021</u> US\$'000
Revenue	52,980
Cost of sales	
Voyage expenses	(421)
Vessel operating costs	(1,942)
Other expenses	(61)
Cost of ship sale	(50,580)
Gross loss	<u>(24)</u>
Other operating expense	(2,986)
Administrative expense	(2,253)
Share of losses of joint ventures	(1)
Interest income	35
Interest expense	(649)
Loss before taxation	<u>(5,878)</u>
Income tax benefit	2,713
Net loss attributable to discontinued operation (attributable to the owners of the Company)	<u><u>(3,165)</u></u>

Cash flows relating to the discontinued operation of the tanker business were as follows:

Net cash flows from discontinued operation	
Cash generated from operating activities	21,902
Cash generated from investing activities	962
Cash used in financing activities	(25,949)

Included in the income tax benefit for 2021 was the reversal of a tax provision of US\$2,400,000. On the 7 May 2021, the United Kingdom Upper Tribunal found in the Group's favour with respect to the tax dispute with Her Majesty's Revenue & Customs service of the United Kingdom ("HMRC"). HMRC decided not to appeal the decision and a reversal of the tax provision was recorded in profit or loss in the line item 'Income tax benefit (expense)'.

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37 ACQUISITION OF SUBSIDIARIES

On 3 October 2023, the Group acquired the entire issued share capital of Tamar Ship Management Limited (“TSM”) and Taylor Maritime Management Limited (“TMM”) from a related party of TMI, obtaining control of both companies. TSM is a technical ship management company and TMM is a commercial and operational ship management company. Both companies qualify as a business as defined in IFRS 3 *Business Combinations*. TSM and TMM were acquired as their current operations are aligned with the Group’s practice and strategy. The acquisitions will further increase the Group’s revenue streams in terms of ship management income, achieve savings on the technical side with a larger fleet and unlock synergies in our commercial deployment of the dry bulk fleet.

The amounts recognised in respect of the identifiable assets acquired and liabilities assumed at the date of acquisition are set out below:

	TSM 2023 US\$’000	TMM 2023 US\$’000	Total 2023 US\$’000
Cash and bank balances including restricted cash	1,733	2,562	4,295
Trade receivables	72	362	434
Other receivables and prepayments	371	184	555
Due from related parties	-	2	2
Ships, property, plant and equipment	128	58	186
Right-of-use assets	80	-	80
Tax recoverable	67	-	67
Intangible assets	3,018	2,142	5,160
Trade and other payables	(2,268)	(880)	(3,148)
Deferred tax liabilities	(477)	(364)	(841)
Due to related parties	(233)	-	(233)
Lease liabilities	(80)	-	(80)
Income tax payable	-	(2,143)	(2,143)
Fair value of net identifiable assets acquired	<u>2,411</u>	<u>1,923</u>	<u>4,334</u>
Goodwill arising on acquisition ^(a)	<u>3,454</u>	<u>4,470</u>	<u>7,924</u>
Total consideration	<u><u>5,865</u></u>	<u><u>6,393</u></u>	<u><u>12,258</u></u>
Satisfied by:			
Cash	760	1,487	2,247
Equity instruments ^(b)	975	975	1,950
Earn-out consideration ^(c)	<u>4,130</u>	<u>3,931</u>	<u>8,061</u>
	<u><u>5,865</u></u>	<u><u>6,393</u></u>	<u><u>12,258</u></u>

(a) The goodwill arising from the acquisition reflects the expected synergies from combining operations of the acquiree and acquirer as well as intangible assets that do not qualify for separate recognition. None of the goodwill is expected to be deductible for tax purposes.

(b) The fair value of the 106,791 ordinary shares issued to sellers of acquiree as part of the purchase consideration was US\$975,000 for TSM and TMM each. This was determined based on the share price on the date of acquisition.

(c) The earn-out consideration is payable in shares of the Company on the first and second anniversary from acquisition completion date. The Company has an option to substitute the shares for cash. The value payable is dependent on the number of vessels under TSM and TMM’s management with a maximum of US\$3,900,000. The earn-out becomes immediately payable with a 20% premium in the event of change in buyer control following which the Company’s shares will no longer be listed on the NASDAQ or the JSE. The amount payable including the 20% premium can range from US\$Nil to a maximum of US\$5,004,000 and US\$4,277,000 for TSM and TMM respectively. The fair value was determined by applying the scenario-based method which involves the use of multiple outcomes with probability-weighting the earn-out consideration payable under each outcome.

GRINDROD SHIPPING HOLDINGS LTD.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

37 ACQUISITION OF SUBSIDIARIES (cont'd)

	TSM	TMM	Total
	2023	2023	2023
	<u>US\$'000</u>	<u>US\$'000</u>	<u>US\$'000</u>
Net cash outflows arising on acquisition of			
Cash consideration	(760)	(1,487)	(2,247)
Less: cash and bank balances including restricted cash	<u>1,733</u>	<u>2,562</u>	<u>4,295</u>
Net cash received from acquisition of subsidiaries	<u><u>973</u></u>	<u><u>1,075</u></u>	<u><u>2,048</u></u>

Acquisition-related costs amounting to US\$155,000, have been excluded from the consideration transferred and have been recognised as an expense in the period, within the Other operating (expenses) income line item in profit or loss.

The acquisition of TSM and TMM contributed US\$2,829,000 revenue and US\$328,000 profit to the Group's loss for the period between the date of acquisition and the reporting date.

If the acquisition of TSM and TMM had been completed on the first day of the financial year, Group revenue for the year would have been US\$399,984,000 and Group loss would have been US\$6,300,000.

Accounting policy

Acquisition of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the fair values of assets given, liabilities incurred by the Group to the former owners of the acquiree, and equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred. At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date.

Goodwill is measured as the excess of the sum of the consideration transferred over the net acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

The earn-out contribution payable is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. It is remeasured to fair value at subsequent reporting dates with changes in fair value recognised in profit or loss.

GRINDROD SHIPPING HOLDINGS LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

38 EARNINGS PER SHARE

The calculation of basic and diluted earnings per share is based on the following data:

From continuing operations and discontinued operation

Earnings

	<u>2023</u>	<u>2022</u>	<u>2021</u>
	US\$'000	US\$'000	US\$'000
(Loss) profit for the purpose of basic (loss) profit per share			
Net (loss) profit attributable to the shareholders of the Group	(9,622)	103,367	118,925
Effect of dilutive potential on ordinary shares	-	-	-
(Loss) profit for the purposes of diluted (loss) profit per share	<u>(9,622)</u>	<u>103,367</u>	<u>118,925</u>

Number of shares for the purpose of calculating basic and diluted (loss) profit per share

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Weighted average number of ordinary shares for the purpose of basic (loss) profit per share	19,524,087	18,949,972	19,150,787
Effect of dilutive potential ordinary shares due to FSP share awards	-	-	861,168
Weighted average number of ordinary shares for the purpose of diluted (loss) profit per share	<u>19,524,087</u>	<u>18,949,972</u>	<u>20,011,955</u>

	US\$	US\$	US\$
Basic (loss) profit per share	<u>(0.49)</u>	<u>5.45</u>	<u>6.21</u>
Diluted (loss) profit per share	<u>(0.49)</u>	<u>5.45</u>	<u>5.94</u>

The following potential ordinary shares are anti-dilutive and are therefore excluded from the weighted average number of ordinary shares for the purpose of diluted (loss) profit per share:

Number of shares	-	-	650,333
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The shares granted under the 2018 FSP became dilutive to basic (loss) profit per share in 2021.

GRINDROD SHIPPING HOLDINGS LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

38 EARNINGS PER SHARE (cont'd)

From continuing operations

Earnings

	<u>2023</u>	<u>2022</u>	<u>2021</u>
	US\$'000	US\$'000	US\$'000
(Loss) profit for the purpose of basic (loss)/profit per share			
Net (loss) profit attributable to the shareholders of the Group	(9,622)	103,367	118,925
Adjustments to exclude loss for the year from discontinued operation	<u>-</u>	<u>-</u>	<u>3,165</u>
(Loss) profit from continuing operations for the purpose of basic (loss) profit per share from continuing operations	(9,622)	103,367	122,090
Effect of dilutive potential ordinary share	<u>-</u>	<u>-</u>	<u>-</u>
(Loss) profit for the purposes of diluted (loss) profit per share from continuing operations	<u>(9,622)</u>	<u>103,367</u>	<u>122,090</u>
	US\$	US\$	US\$
Basic (loss) profit per share	<u>(0.49)</u>	<u>5.45</u>	<u>6.38</u>
Diluted (loss) profit per share	<u>(0.49)</u>	<u>5.45</u>	<u>6.10</u>

From discontinued operation

	<u>2023</u>	<u>2022</u>	<u>2021</u>
	US\$	US\$	US\$
Basic loss per share	<u>-</u>	<u>-</u>	<u>(0.17)</u>
Diluted loss per share	<u>-</u>	<u>-</u>	<u>(0.16)</u>

39 DIVIDENDS

	<u>2023</u>	<u>2022</u>	<u>2021</u>
	US\$'000	US\$'000	US\$'000
Amounts recognised as distributions to equity holders in the year			
Interim dividend paid 17 March (2022: 22 March and 2021: 13 December)	585	13,650	13,546
Interim dividend paid 19 June (2022: 20 June)	584	8,910	-
Interim dividend paid 19 September	-	15,957	-
Interim dividend paid 1 December	<u>-</u>	<u>97,360</u>	<u>-</u>
	<u>1,169</u>	<u>135,877</u>	<u>13,546</u>
	US\$	US\$	US\$
Interim dividend per share - paid 17 March (2022: 22 March and 2021: 13 December)	0.03	0.72	0.72
Interim dividend per share - paid 19 June (2022: 20 June)	0.03	0.47	-
Interim dividend per share - paid 19 September	-	0.84	-
Interim dividend per share - paid 1 December	<u>-</u>	<u>5.00</u>	<u>-</u>

GRINDROD SHIPPING HOLDINGS LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

40 COMMITMENTS

The Group has entered into drydock and ballast water treatment contracts for some of its ships during the year. The Group has also entered into a contract for the purchase of a ship under construction. In terms of the agreements, the Group has committed to payments for these ships. The following has been authorised:

	<u>2023</u>	<u>2022</u>
	US\$'000	US\$'000
Due within one year	<u>17,869</u>	<u>1,399</u>

The expenditure will be financed out of cash resources from operations and bank loans.

41 EVENTS AFTER THE REPORTING PERIOD

- a) On 17 January 2024, the ship *IVS Kingbird* was contracted for sale for US\$10,395,000. The vessel delivered to her new owners on 1 February 2024.
- b) On 6 February 2024, the ship *HB Imabari* delivered to the Group. The final installment was funded by the drawdown of a US\$20,200,000 loan facility with IYO Bank on 2 February 2024.
- c) On 23 February 2024, the ship *IVS Ibis* was contracted for sale for US\$11,700,000. The vessel delivered to her new owners on 26 March 2024.
- d) On 29 February 2024, Grindrod Shipping, as parent guarantor and GSPL as borrower entered into a US\$83,000,000 senior secured revolving loan facility with Nordea Bank ABP, Filial I Norge as facility agent and security agent and Nordea Bank ABP, Filial I Norge ("Nordea") and Skandinaviska Enskilda Banken AB (Publ), Singapore Branch ("SEB") as lenders relating to eight vessels. The facility has an additional US\$30,000,000 that can be accessed as an accordion facility during the 36 months prior to the facility maturing. The facility was drawn in full on 8 March 2024, for the purpose of refinancing the existing indebtedness (the US\$114.1 Million Senior Secured Credit Facility Note 24).
- e) On 11 March 2024, we entered into a contract to sell the ship, *IVS Naruo*, for US\$22,500,000 with delivery to her new owners planned on or before 30 June 2024. Following delivery to the new owners, *IVS Naruo* will be chartered-in for 11 to 13 months and has two one-year options to extend the charter with a purchase option available from the end of the second optional year (provided the charter option is exercised) of US\$25,000,000.