

NAVIG8 TOPCO HOLDINGS INC
(Incorporated in the Marshall Islands)

REPORT OF THE DIRECTORS
AND FINANCIAL STATEMENTS

31 MARCH 2022

NAVIG8 TOPCO HOLDINGS INC
(Incorporated in the Marshall Islands)

31 MARCH 2022

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**NAVIG8 TOPCO HOLDINGS INC
(Incorporated in the Marshall Islands)**

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

REPORT OF THE DIRECTORS

Directors

Jason Peter Klopfer
Philip Andrew Stone
Jonathan Keats

Secretary

Jonathan Keats

The directors present their report and the audited financial statements of Navig8 Topco Holdings Inc (the “Company”) for the financial year ended 31 March 2022.

Principal Activities

The principal activity of the Company is investment holding.

Results for the Year

The results of the Company for the financial year are presented on page 6.

Dividends

A dividend of US\$4.0 million (2021: US\$43.0 million) was approved by the Board of directors in July 2022 and paid out as an appropriation of retained earnings for the financial year ended 31 March 2022.

Directors Responsibilities

The directors are responsible for preparing the financial statements of the Company for the financial year ended 31 March 2022 which give a true and fair view of the affairs of the Company and the results of the Company for that financial year then ended. In preparing these financial statements, the directors have:

- selected suitable accounting policies and applied them consistently;
- made adjustments and estimates that are responsible and prudent;
- followed applicable accounting standards; and
- prepared the financial statements on a going concern basis.

**NAVIG8 TOPCO HOLDINGS INC
(Incorporated in the Marshall Islands)**

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

REPORT OF DIRECTORS (CONTINUED)

Directors Responsibilities (cont'd)

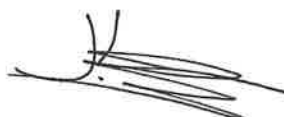
The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and to ensure that the financial statements comply with International Financial Reporting Standards. They are also responsible for safeguarding the assets of the Company by taking reasonable steps to prevent and detect fraud and other irregularities.

At the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Independent Auditors

Moore Stephens LLP, Public Accountants and Chartered Accountants, have expressed their willingness to continue in office and a resolution for their re-appointment will be proposed at the forthcoming Annual General Meeting.

The report of the directors was authorised by the Board on 12 July 2022
And signed on its behalf by,



.....
JONATHAN KEATS



.....
PHILIP ANDREW STONE



MOORE STEPHENS LLP
CHARTERED ACCOUNTANTS OF SINGAPORE

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF

NAVIG8 TOPCO HOLDINGS INC (Incorporated in the Marshall Islands)

Opinion

We have audited the financial statements of Navig8 Topco Holdings Inc (the "Company") which comprise the statement of financial position as at 31 March 2022 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 March 2022 and of its financial performance, and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRSs").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises the Report of the Directors.

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

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


MOORE
MOORE STEPHENS LLP
CHARTERED ACCOUNTANTS OF SINGAPORE

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF

NAVIG8 TOPCO HOLDINGS INC (Incorporated in the Marshall Islands)

(cont'd)

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Company's financial reporting process.

Auditor's Responsibility for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



MOORE STEPHENS LLP
CHARTERED ACCOUNTANTS OF SINGAPORE

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF

NAVIG8 TOPCO HOLDINGS INC
(Incorporated in the Marshall Islands)

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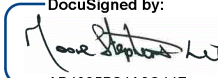
Auditor's Responsibility for the Audit of the Financial Statements (cont'd)

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Other Matter

This report is for the purpose of reporting to the members on the separate financial statements of Navig8 TopCo Holdings Inc for the financial year ended 31 March 2022. We have reported separately on the consolidated financial statements of Navig8 TopCo Holdings Inc for the financial year ended 31 March 2022 and expressed an unmodified opinion on the consolidated financial statements on 12 July 2022.

DocuSigned by:

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Moore Stephens LLP
Public Accountants and
Chartered Accountants

Singapore
12 July 2022

NAVIG8 TOPCO HOLDINGS INC
(Incorporated in the Marshall Islands)

STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

	<u>Note</u>	<u>2022</u> US\$'000	<u>2021</u> US\$'000
Other income	4	87,149	54,548
Finance income	5	2	10
Finance costs	6	(11,163)	(12,003)
Administrative expenses	7	(83)	(75)
Profit before income tax		75,905	42,480
Income tax expense	8	-	-
Profit and total comprehensive income for the financial year		75,905	42,480

The accompanying notes form an integral part of the financial statements

NAVIG8 TOPCO HOLDINGS INC
(Incorporated in the Marshall Islands)

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2022

	<u>Note</u>	<u>2022</u> US\$'000	<u>2021</u> US\$'000
ASSETS			
Non-Current Assets			
Investments in subsidiaries	9	3,743	3,758
Current Assets			
Cash and bank balances	10	10,403	8,231
Amounts due from related parties	11	188,323	109,597
		<u>198,726</u>	<u>117,828</u>
TOTAL ASSETS		<u>202,469</u>	<u>121,586</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	12	1	1
Other reserves	13	1,562	1,199
Retained earnings		69,589	243
		<u>71,152</u>	<u>1,443</u>
Non-Current Liabilities			
Other borrowings	16	69,015	95,803
Current Liabilities			
Other payables	15	62,302	24,340
Total Liabilities		<u>131,317</u>	<u>120,143</u>
TOTAL EQUITY AND LIABILITIES		<u>202,469</u>	<u>121,586</u>

The accompanying notes form an integral part of the financial statements

NAVIG8 TOPCO HOLDINGS INC
(Incorporated in the Marshall Islands)

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

	<u>Share Capital</u> US\$'000	<u>Other Reserves</u> US\$'000	<u>Retained Earnings</u> US\$'000	<u>Total</u> US\$'000
Balance as at 1 April 2021	1	1,199	243	1,443
Profit for the year	-	-	75,905	75,905
Other comprehensive income	-	-	-	-
Total comprehensive income for the financial year	-	-	75,905	75,905
Waiver of intercompany loans	-	-	(6,559)	(6,559)
Effect of change of interest in a subsidiary (Note 13)	-	363	-	363
Balance as at 31 March 2022	1	1,562	69,589	71,152
Balance as at 1 April 2020	1	490	763	1,254
Profit for the year	-	-	42,480	42,480
Other comprehensive income	-	-	-	-
Total comprehensive income for the financial year	-	-	42,480	42,480
Dividends paid during the year (Note 14)	-	-	(43,000)	(43,000)
Effect of change of interest in a subsidiary (Note 13)	-	709	-	709
Balance as at 31 March 2021	1	1,199	243	1,443

The accompanying notes form an integral part of the financial statements

NAVIG8 TOPCO HOLDINGS INC
(Incorporated in the Marshall Islands)

STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

	<u>2022</u> US\$'000	<u>2021</u> US\$'000
Cash Flows from Operating Activities		
Profit before income tax	75,905	42,480
Adjustments for:		
Dividend income	(88,578)	(54,357)
Loss/(Gain) on buy back of bonds	1,489	(191)
Interest income	(2)	(10)
Interest expense	11,162	12,002
Operating cash flow before working capital changes	<u>(24)</u>	<u>(76)</u>
Changes in working capital		
Other payables	(1,130)	1,038
Cash (used in)/generated from operations	<u>(1,154)</u>	<u>962</u>
Interest received	2	10
Interest paid	(11,162)	(12,002)
Net cash used in operating activities	<u>(12,314)</u>	<u>(11,030)</u>
Cash Flows from Investing Activities		
(Increase)/Decrease in amounts due from related parties	(85,285)	4,818
Dividends received	88,578	54,357
Proceeds from dilution of interest in a group of subsidiaries	15	39
Net cash generated from investing activities	<u>3,308</u>	<u>59,214</u>
Cash Flows from Financing Activities		
Advances from related parties	40,873	4,885
Repayments to the ultimate holding company	(1,418)	(748)
Dividends paid to the ultimate holding company	-	(43,000)
Proceeds from exercise of share options	-	1
Buy back of bonds	(28,277)	(1,209)
Net cash generated from/(used in) financing activities	<u>11,178</u>	<u>(40,071)</u>
Net increase in cash and cash equivalents	2,172	8,113
Cash and cash equivalents at the beginning of the financial year	8,231	118
Cash and cash equivalents at the end of the financial year (Note 10)	<u>10,403</u>	<u>8,231</u>

The accompanying notes form an integral part of the financial statements

NAVIG8 TOPCO HOLDINGS INC
(Incorporated in the Marshall Islands)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

These notes form an integral part of and should be read in conjunction with the accompanying financial statements:

1 General

Navig8 Topco Holdings Inc (the “Company”) is a private company incorporated and domiciled in the Marshall Islands. The address of its registered office is Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands MH96960.

The principal activity of the Company is investment holding.

The Company’s ultimate holding company is Navig8 Ltd, a company domiciled at 5th Fl, 41 Cedar Avenue, Hamilton HM12, Bermuda.

The Board of Directors have authorised these financial statements for issue on the date of the Report by Directors.

2 Significant Accounting Policies

(a) Basis of Preparation

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (“IFRS”) for the purpose of reporting to the shareholders. The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of the financial statements in conformity with IFRS requires management to exercise judgment in the process of applying the Company’s accounting policies. It also requires the use of critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the financial year. Although these estimates are based on management’s best knowledge of current events and actions, actual results may ultimately differ from these estimates. Critical accounting estimates and assumptions used that are significant to the financial statements and areas involving a higher degree of judgment or complexity are disclosed in Note 3 to the financial statements.

The accounting policies adopted are consistent with those of the previous financial year except that in the current financial year, the Group has adopted all the new and revised IFRSs issued that are relevant to its operations and effective for annual periods beginning on 1 April 2021. The adoption of the new and revised IFRSs has had no material financial impact on the financial statements of the Group.

NAVIG8 TOPCO HOLDINGS INC
(Incorporated in the Marshall Islands)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

2 Significant Accounting Policies (cont'd)

(a) Basis of Preparation (cont'd)

New and Revised IFRS Issued But Not Yet Effective

As at the date of these consolidated financial statements, the Group has not adopted the following amendments to standards that have been issued but are not yet effective:

Description	Effective for annual periods beginning on or after
Amendments to IAS 16 <i>Property, Plant and Equipment - Proceeds before Intended Use</i>	1 January 2022
Amendments to IAS 37 <i>Provisions - Onerous Contracts - Cost of Fulfilling a Contract</i>	1 January 2022
Amendments to IFRS 3 <i>Business Combinations - Reference to the Conceptual Framework</i>	1 January 2022
Annual Improvements to IFRS Standards 2018-2020 Cycle - IFRS 9 <i>Financial Instruments</i>	1 January 2022
Amendments to IAS 1 <i>Classification of Liabilities as Current and Non-Current</i>	1 January 2023
Amendments to IAS 1 <i>Disclosure of Accounting Policies and IFRS Practice Statement 2 Making Materiality Judgements</i>	1 January 2023
Amendments to IAS 8 <i>Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates</i>	1 January 2023
Amendments to IAS 12, <i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>	1 January 2023

Management is of the view that the adoption of the amendments above will have no material impact on the consolidated financial statements in the period of initial application.

- Amendments to IAS 16 *Property, Plant and Equipment – Proceeds Before Intended Use*

The amendments prohibit an entity deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, in profit or loss.

- Amendments to IAS 37 *Provisions - Onerous Contracts - Cost of Fulfilling a Contract*

The amendments clarify that for the purpose of assessing whether a contract is onerous, the cost of fulfilling the contract includes both the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling contracts.

NAVIG8 TOPCO HOLDINGS INC
(Incorporated in the Marshall Islands)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

2 Significant Accounting Policies (cont'd)

(a) Basis of Preparation (cont'd)

New and Revised IFRS Issued But Not Yet Effective (cont'd)

- **Amendments to IFRS 3 *Business Combinations - Reference to the Conceptual Framework***

The amendments confirm that a business must include inputs and a process. The amendments also clarify that the process must be substantive, and the inputs and process must significantly contribute to creating outputs. The revised definition of a business focuses on goods and services provided to customers and other income from ordinary activities, rather than on providing dividends or other economic benefits directly to investors or lowering costs. A new optional test is available to assess whether a business has been acquired, when the value assets acquired is concentrated in a single asset or group of similar assets.

- **IFRS 9 *Financial Instruments - Fees in the '10 per cent' test for derecognition***

This amendment clarifies that, for the purpose of performing the "10 per cent test" in paragraph B3.3.6 of IFRS 9, a borrower includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

- **Amendments to IAS 1 *Classification of Liabilities as Current or Non-current***

The amendments require that the classification of liabilities as current or non-current must be based on rights that are in existence at the end of the reporting period. The classification is unaffected by management's intentions or expectations about whether an entity will exercise its right to defer settlement of a liability. The amendments clarify that a counterparty conversion option that is recognised separately as an equity component of a compound financial instrument does not affect the classification of the associated liability component as current or non-current. All other obligations to transfer equity instruments, cash, assets and liabilities, affect the classifications. The amendments should be applied retrospectively.

- **Amendments to IAS 1 *Disclosure of Accounting Policies and IFRS Practice Statement 2 Making Materiality Judgements***

The amendments require entities to disclose their material accounting policies information rather than their significant accounting policies. It clarifies that accounting policy information may be material because of its nature, even if the related amounts are immaterial. Accounting policy information is material if users of an entity's financial statements would need it to understand other material information in the financial statements. If an entity discloses immaterial accounting policy information, such information shall not obscure material accounting policy information. To support this amendment, the IASB has also amended IFRS Practice Statement 2 to explain and demonstrate the application of the materiality process to accounting policy disclosures.

NAVIG8 TOPCO HOLDINGS INC
(Incorporated in the Marshall Islands)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

2 Significant Accounting Policies (cont'd)

(a) Basis of Preparation (cont'd)

New and Revised IFRS Issued But Not Yet Effective (cont'd)

- Amendments to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates*

The amendments replace the definition of a change in accounting estimates with a new definition of accounting estimates. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify that a change in accounting estimate that results from new information or new developments is not the correction of an error. In addition, the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors.

- Amendments to IAS 12 *Deferred tax related to Assets and Liabilities arising from a Single Transaction*

The amendment introduces an exception to the initial recognition exemption in IAS 12. Applying this exception, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences. The amendments apply to transactions that occur on or after the beginning of the earliest comparative period presented. The amendments also apply to taxable and deductible temporary differences associated with right-of-use assets and lease liabilities, and decommissioning obligations and corresponding amounts recognised as assets at the beginning of the earliest comparative period presented

(b) Functional Currency and Foreign Currency Translation

Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (the “functional currency”). The financial statements of the Company are presented in United States dollar, which is the functional and presentation currency of the Company. All values are rounded to the nearest thousand (US\$'000) except when otherwise indicated.

NAVIG8 TOPCO HOLDINGS INC
(Incorporated in the Marshall Islands)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

2 Significant Accounting Policies (cont'd)

(b) Functional Currency and Foreign Currency Translation (cont'd)

Translation and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates prevailing at the dates of transactions. Currency exchange differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the reporting date are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency shall be translated using the exchange rate at the date of the transaction; and non-monetary items that are measured at fair value in a foreign currency shall be translated using the exchange rates at the date when the fair value was determined.

(c) Investment in Subsidiaries

Subsidiaries are entities over which the Company, directly or indirectly has control. The Company controls an entity when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. A subsidiary is fully consolidated from the date on which control is transferred to the Company. They are deconsolidated from the date that control ceases.

(d) Financial Assets

Classification and Measurement

The Company classifies its financial assets at amortised costs.

The classification depends on the Company's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial assets. The Company reclassifies debt instruments when and only when its business model for managing those assets changes.

NAVIG8 TOPCO HOLDINGS INC
(Incorporated in the Marshall Islands)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

2 Significant Accounting Policies (cont'd)

(d) Financial Assets (cont'd)

Classification and Measurement (cont'd)

Initial Recognition

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transactions costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Subsequent Measurement

Debt instruments mainly comprise of other receivables. Debt instruments that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt instrument that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

Impairment

The Company assesses on a forward looking basis the expected credit losses associated with the financial assets measured at amortised costs.

Loss allowances of the Company are measured on either of the following bases:

- 12-month expected credit loss – represents the expected credit loss that result from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months); or
- Lifetime expected credit loss – represents the expected credit loss that will result from all possible default events over the expected life of a financial instrument or contract asset.

The impairment methodology applied depends on whether there has been a significant increase in credit risk.

NAVIG8 TOPCO HOLDINGS INC
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NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

2 Significant Accounting Policies (cont'd)

(d) Financial Assets (cont'd)

Impairment (cont'd)

General approach - Other financial assets

The Company applies the general approach to provide for expected credit loss on all other financial assets, which requires the loss allowance to be measured at an amount equal to 12-month expected credit loss at initial recognition.

At each reporting date, the Company assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime expected credit loss. In assessing whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information that is reasonable and supportable, including the Company's historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Company's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Company's core operations.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month expected credit loss.

The maximum period considered when estimating expected credit loss is the maximum contractual period over which the Company is exposed to credit risk.

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 the financial asset have occurred. At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit-impaired.

Measurement of expected credit loss

Expected credit losses are probability-weighted estimates of credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). Expected credit losses are discounted at the effective interest rate of the financial asset.

NAVIG8 TOPCO HOLDINGS INC
(Incorporated in the Marshall Islands)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

2 Significant Accounting Policies (cont'd)

(d) Financial Assets (cont'd)

Impairment (cont'd)

Write-off policy

The Company writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery. Any recoveries made are recognised in profit or loss.

Recognition and Derecognition

Regular way purchases and sales of financial assets are recognised on the trade date – the date on which the Company commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. On disposal of a debt instrument, the difference between the carrying amount and the sale proceeds is recognised in profit or loss.

(e) Cash and Bank Balances

Cash and bank balances comprises cash on hand and are subject to an insignificant risk of changes in value.

(f) Share Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new shares are deducted against the share capital account.

(g) Other Payables

Other payables, including amount due to related parties, are initially measured at fair value, and are subsequently carried at amortised cost, using the effective interest rate method.

(h) Related Parties

A related party is defined as follows:

A related party is a person or entity that is related to the entity that is preparing its financial statements (referred to as the 'reporting entity').

NAVIG8 TOPCO HOLDINGS INC
(Incorporated in the Marshall Islands)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

2 Significant Accounting Policies (cont'd)

(h) Related Parties (cont'd)

- a. A person or a close member of that person's family is related to a reporting entity if that person:
 - i. has control or joint control over the reporting entity;
 - ii. has significant influence over the reporting entity; or
 - iii. is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.
- b. An entity is related to a reporting entity if any of the following conditions applies:
 - i. the entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
 - ii. one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
 - iii. both entities are joint ventures of the same third party;
 - iv. one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - v. the entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity;
 - vi. the entity is controlled or jointly controlled by a person identified in (a);
 - vii. a person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); or
 - viii. the entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

3 Critical Accounting Estimates, Assumptions and Judgments

Estimates, assumptions and judgments are made in the preparation of the consolidated financial statements. They affect the application of the Company's accounting policies, reported amounts of assets and liabilities, income and expenses, and disclosures made.

Management has taken into consideration the impact of Covid-19 pandemic and whether there are any indications that these assets may be impacted adversely. If any such indication existed, an estimate was made of the realisable amount and/or fair value of the relevant assets. These are assessed on an on-going basis and are based on experience and relevant factors, including expectation of future events that are believed to be reasonable under the circumstances.

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3 Critical Accounting Estimates, Assumptions and Judgments (cont'd)

Loss allowance for receivables

The Company measures the loss allowance for receivables in accordance with the accounting policy as disclosed in Note 2(d) to the financial statements. In making this estimation and judgement, the Group evaluates, among other factors, the ageing analysis of receivables, the financial healthiness and collection history of individual debtors and expected future change of credit risks, including the consideration of factors such as general economy measure, changes in macro-economic indicators, etc.

The carrying amounts of the Company's amount due from related parties as at 31 March 2022 amounted to US\$188.3 million (2021: US\$109.6 million). The information about the expected credit losses on the Company's amount due from related parties is disclosed in Note 19 to the financial statements.

4 Other Income

	<u>2022</u> US\$'000	<u>2021</u> US\$'000
Dividends received from subsidiaries	88,578	54,357
(Loss)/Gain on buy back of bonds	(1,489)	191
Other income	60	-
	<u>87,149</u>	<u>54,548</u>

5 Finance Income

	<u>2022</u> US\$'000	<u>2021</u> US\$'000
Interest income from bank balances	<u>2</u>	<u>10</u>

6 Finance Costs

	<u>2022</u> US\$'000	<u>2021</u> US\$'000
Interest expense	11,162	12,002
Bank charges	1	1
	<u>11,163</u>	<u>12,003</u>

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7 Administrative Expenses

	<u>2022</u> US\$'000	<u>2021</u> US\$'000
Legal and professional fees	83	71
Foreign exchange loss – net	-*	4
	<u>83</u>	<u>75</u>

* Less than US\$1,000

8 Income Tax Expense

The Company's income is not subject to tax in the jurisdiction in which it was derived.

9 Investment in Subsidiaries

	<u>2022</u> US\$'000	<u>2021</u> US\$'000
Unquoted equity shares, at cost		
At the beginning of the financial year	3,758	3,798
Exercise of share options	-	(1)
Dilution of interest	(15)	(39)
At the end of the financial year	<u>3,743</u>	<u>3,758</u>

The details of the subsidiaries are as follows:

<u>Name of subsidiary</u>	<u>Principal activities</u>	<u>Country of incorporation</u>	<u>Percentage of effective equity interest held by the Company</u>	
			<u>2022</u> %	<u>2021</u> %
Navig8 Asset Management Holdings Inc	Investment holding	Marshall Islands	100	100
Integr8 Fuels Holdings Inc ^(a)	Investment holding	Marshall Islands	83.1	83.6
Navig8 Group Holdings Inc	Investment holding	Marshall Islands	100	100
Navig8 Pte Ltd	Ship chartering	Singapore	100	100

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9 Investment in Subsidiaries (cont'd)

- (a) During the current financial year, the Company's share of interest was diluted by the sale of shares in the Integr8 Group. The Company's effective interest in Integr8 Group was accordingly reduced from 83.6% to 83.1% (2021: 84.8% to 83.6%). This did not result in loss of control, and accordingly, the decrease of the interest in the subsidiaries has been accounted for as an equity transaction and the effect of the change of the Company's effective interest in Integr8 Group on the equity attributable to equity holders of the Company was as follows:

	<u>2022</u> US\$'000	<u>2021</u> US\$'000
Consideration received for adjustment of interest	377	750

10 Cash and Bank balances

	<u>2022</u> US\$'000	<u>2021</u> US\$'000
Cash in bank	10,403	8,231

11 Amounts due from Related Parties

	<u>2022</u> US\$'000	<u>2021</u> US\$'000
Amounts due from related parties (non-trade)	188,323	109,597

The non-trade amounts due from related parties are unsecured, interest-free and repayable in cash on demand.

12 Share Capital

	<u>2022</u>		<u>2021</u>	
	No. of shares	US\$'000	No. of shares	US\$'000
<i>Issued and fully paid:</i>				
At 1 April and 31 March	1,000	1	1,000	1

The par value for these ordinary shares is US\$1 per share.

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions.

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13 Other Reserves

	<u>2022</u> US\$'000	<u>2021</u> US\$'000
At 1 April	1,199	490
Dilution of interest during the financial year	363	709
At 31 March	<u>1,562</u>	<u>1,199</u>

14 Dividends

	<u>2022</u> US\$'000	<u>2021</u> US\$'000
Approved and paid during the financial year - \$nil (2021- Interim dividend of US\$43,000 per share on 1,000 ordinary shares, tax-exempt one-tier)	-	<u>43,000</u>

15 Other Payables

	<u>2022</u> US\$'000	<u>2021</u> US\$'000
Other payables		
- Amount due to related parties	59,033	18,160
- Amount due to the ultimate holding company	-	1,418
- Accruals	3,269	4,762
	<u>62,302</u>	<u>24,340</u>

The non-trade amounts due to related parties and ultimate holding company is unsecured, interest-free and repayable on demand.

16 Other Borrowings

	<u>2022</u> US\$'000	<u>2021</u> US\$'000
Other borrowings		
- Non-current	<u>69,015</u>	<u>95,803</u>

On 3 May 2019, the Company issued 12% fixed rate bonds denominated in USD with a nominal value of \$100 million. The bonds are due for repayment four years from the issue date at their nominal value. The Company bought back US\$30.5 million (2021: US\$1.4 million) bonds during the financial year.

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17 Reconciliation of Movement of Liabilities to Cash Flows arising from Financing Activities

The reconciliation of movement of liabilities to cash flows arising from financing activities are presented as below:

	Balance at <u>1 April</u> US\$'000	Cash flows – <u>(outflow)/inflow</u> US\$'000	Non-cash <u>changes</u> US\$'000	Balance at <u>31 March</u> US\$'000
<u>2022</u>				
Other borrowings (Note 16)	95,803	(28,277)	1,489	69,015
Advances from related parties (Note 15)	18,160	40,873	-	59,033
Repayments to ultimate holding company (Note 15)	1,418	(1,418)	-	-
<u>2021</u>				
Other borrowings (Note 16)	96,804	(1,209)	208	95,803
Advances from related parties (Note 15)	13,275	4,885	-	18,160
Repayments to ultimate holding company (Note 15)	2,166	(748)	-	1,418

18 Related Parties

Related parties referred to in these financial statements are members of the ultimate holding company's group of companies.

There are transactions and arrangements between the Company and related parties and the effects of these on the basis determined between the parties are reflected in these financial statements.

In addition to the related parties' balances disclosed in Notes 11 and 15 to the financial statements, the following transactions took place between the Company and related parties during the financial year:

	<u>2022</u> US\$'000	<u>2021</u> US\$'000
Dividends received/receivable from subsidiaries	88,578	54,357
Dividends paid/payable to the ultimate holding company	-	(43,000)

The Company's key management decisions are undertaken by its directors. The directors are employed and remunerated by related parties.

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19 Financial Instruments

(a) Financial Risk Management Policies

The Company's activities expose it to a variety of financial risks: credit risk and liquidity risk. Generally, the Company adopts conservative strategies on its risk management as the directors believe that the Company's exposure associated with these risks is minimal.

(i) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company.

The Company's primary exposure to credit risk arises through its other receivables. It is the Company's policy to enter into transactions with creditworthy customers to mitigate any significant credit risk. The Company has procedures in place to control credit risk and exposure to such risk is monitored on an ongoing basis. Before accepting any new customer, the Company conducts an assessment to evaluate the potential customer's credit quality.

The Company's maximum exposure to credit risk in relation to each class of recognised financial asset is the carrying amount of those assets as indicated in the statement of financial position.

The Company does not have any significant concentration of credit risk.

Credit risk grading guideline

The internal credit risk grading which are used to report the Company's credit risk exposure to key management personnel for credit risk management purposes are as follows:

Internal rating grades	Definition	Basis of recognition of expected credit loss
i. Performing	The counterparty has a low risk of default and does not have any significant past-due amounts.	12-month ECL
ii. Under-performing	There has been a significant increase in credit risk since initial recognition (i.e interest and/or principal repayment are more than 30 days past due).	Lifetime ECL (not credit impaired)
iii. Non-performing	There is evidence indicating that the asset is credit impaired (i.e interest and/or principal repayments are more than 90 days past due).	Lifetime ECL (credit impaired)
iv. Write-off	There is evidence indicating that there is no reasonable expectation of recovery as the debtor is in severe financial difficulty (i.e interest and/or principal repayments are more than 180 days past due).	Asset is written off

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19 Financial Instruments (cont'd)

(a) Financial Risk Management Policies (cont'd)

(i) *Credit risk* (cont'd)

Based on the Company's internal rating assessment, other than those disclosed in the financial statements, there are no financial assets that are under-performing, non-performing and assets written off during the financial year. The credit quality of the Company's performing financial assets, as well as maximum exposure to credit risk by internal credit risk assessments are as follows:

Cash and Cash Equivalents and Other Financial Assets

Cash and cash equivalents are proceeds with financial institution counterparties, which are rated Aa1, based on rating agency ratings. Debt instruments measured at amortised cost are considered low credit risks as the instrument is of a good rating.

Impairment on cash and cash equivalents and other financial assets have been measured on the 12-month expected loss basis and reflects the short maturities of the exposures. The Group considers that these financial assets have low credit risk based on the external credit ratings of the counterparties and these counterparties having low risk of default. The amount of the loss allowance on these financial assets are assessed to be minimal. The gross and net carrying amounts of these financial assets are disclosed in Note 10 to the financial statements.

(ii) *Liquidity risk*

In the management of its liquidity risk, the Company monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Company's operations and mitigate the effects of fluctuation in the cash flows.

The following table is an analysis of the maturity profile of the Group's financial liabilities based on the expected contractual undiscounted cash outflows, including interest payments.

			<u>Cash Flows</u>		
	<u>Carrying</u>	<u>Contractual</u>	<u>Within</u>	<u>Between</u>	<u>After</u>
	<u>Amounts</u>	<u>cash flows</u>	<u>one year</u>	<u>two</u>	<u>five</u>
	<u>US\$'000</u>	<u>US\$'000</u>	<u>US\$'000</u>	<u>to five years</u>	<u>years</u>
				<u>US\$'000</u>	<u>US\$'000</u>
<u>2022</u>					
Other payables	(62,302)	(62,302)	(62,302)	-	-
Other borrowings	(69,015)	(78,093)	(8,316)	(69,777)	-
	<u>(131,317)</u>	<u>(140,395)</u>	<u>(70,618)</u>	<u>(69,777)</u>	<u>-</u>

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19 Financial Instruments (cont'd)

(a) Financial Risk Management Policies (cont'd)

(ii) *Liquidity risk* (cont'd)

The following table is an analysis of the maturity profile of the Group's financial liabilities based on the expected contractual undiscounted cash outflows, including interest payments. (cont'd)

			<u>Cash Flows</u>		
	<u>Carrying</u>	<u>Contractual</u>	<u>Within</u>	<u>Between</u>	<u>After</u>
	<u>Amounts</u>	<u>cash flows</u>	<u>one year</u>	<u>two</u>	<u>five</u>
	US\$'000	US\$'000	US\$'000	<u>to five years</u>	<u>years</u>
				US\$'000	US\$'000
<u>2021</u>					
Other payables	(24,340)	(24,340)	(24,340)	-	-
Other borrowings	(95,803)	(120,049)	(11,592)	(108,457)	-
	<u>(120,143)</u>	<u>(144,389)</u>	<u>(35,932)</u>	<u>(108,457)</u>	<u>-</u>

(b) Capital Risk Management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholders' value. In order to maintain or achieve an optimal capital structure, the Company may adjust the amount of dividend payment, issue new shares or obtain new borrowings.

The Company's strategy is to maintain a prudent balance between the advantage and flexibility afforded by a strong capital position and the higher return on equity that are possible with greater leverage. There were no changes in the Company's approach to capital management during the current and previous financial years.

There were no externally imposed capital requirements that the Company needed to be in compliance with for the financial years ended 31 March 2022 and 2021.

The Company monitors capital based on net debts against non-current assets. Net debt is calculated as total liabilities less liquid assets (i.e. cash and bank balances and amount due from related parties). Non-current assets comprise all components of non-current assets.

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19 Financial Instruments (cont'd)

(b) Capital Risk Management (cont'd)

	<u>2022</u> US\$'000	<u>2021</u> US\$'000
Total liabilities	131,317	120,143
Less:		
Cash and bank balances	(10,403)	(8,231)
Amount due from related parties	(188,323)	(109,597)
Net debt	<u>(67,409)</u>	<u>2,315</u>
Non-current assets	<u>3,743</u>	<u>3,758</u>

Based on the above, the Company's liquid assets are higher than the total liabilities (2021: net debts are lower than the non-current assets).

The Company maintains a sufficient level of capital for ongoing operations.

(c) Fair Value

Except as detailed in the following table, the carrying amounts of financial assets and liabilities with a maturity of less than one year, which include cash and bank balances, receivables and payables are assumed to approximate their fair values due to their short-term maturities.

The carrying values of other borrowings compared to fair values are shown below:

	<u>2022</u>	<u>Fair</u>	<u>2021</u>	<u>Fair</u>
	<u>Carrying</u>	<u>Value</u>	<u>Carrying</u>	<u>value</u>
	<u>value</u>	<u>US\$'000</u>	<u>value</u>	<u>US\$'000</u>
	US\$'000	US\$'000	US\$'000	US\$'000
Other borrowings	<u>69,015</u>	<u>70,486</u>	<u>95,803</u>	<u>104,559</u>

The fair values disclosed above are estimated by discounting expected future cash flows at market interest rate for similar lending arrangements at the reporting date.