

FINANCIAL STATEMENTS

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

The Directors submit their report and consolidated financial statements of Gulf Navigation Holding PJSC ("the Company") and its subsidiaries (collectively referred to as "the Group") for the year ended 31 December 2022. These will be laid

before the shareholders at the Annual General Meeting of the Company, which is scheduled to be held sometime within the first half of 2023.

PRINCIPAL ACTIVITIES

The Group is primarily engaged in marine transportation of commodities, chartering vessels, shipping services, marine transport under special passenger and merchant contracts,

clearing and forwarding services and container loading, unloading, discharging and packaging services.

RESULTS AND APPROPRIATION OF PROFIT

The results of the Group for the year ended 31 December 2022 are set out on page 10 of these consolidated financial statements.

GOING CONCERN

The Group, excluding liabilities no longer required written back of AED 19,707 thousand and Other income of AED 12,776 thousand, incurred a loss of AED 27,818 thousand for the year ended 31 December 2022 (2021: excluding the income from insurance claim of AED 85,759 thousand and liabilities no longer required written back of AED 6,661 thousand, incurred a loss of AED 35,532 thousand (restated)) and, as of that date, the Group's current liabilities exceeded its current assets by AED 148,340 thousand (2021: AED 130,508 thousand (restated)).

Notwithstanding, the operating cashflows and EBITDA of the Group for the year ended 31 December 2022 amounted to AED 28,487 thousand and AED 81,015 thousand, respectively.

The management of the Group has prepared a cash flow forecast for a period of not less than twelve months from the date of these consolidated financial statements and have a reasonable expectation that the Group will have

adequate resources to continue its operational existence for the foreseeable future.

On 31 January 2022, a General Assembly Meeting was held, and it was resolved to approve the issuance of Mandatorily Convertible Bonds for a value up to AED 150,000 thousand ("New Bonds") by way of a private placement. It was also resolved to approve the increase of the share capital of the Company by AED 450,000 thousand distributed among 450,000,000 shares for the purposes of converting the New Bonds into shares in the Company.

Out of AED 150,000 thousand of approved New Bonds, the Group has converted AED 85,394 thousand liability into mandatory convertible bonds and further into equity [Note 32(i)].

Further, a General Assembly Meeting was held on 22 March 2023, and it was resolved to approve a capital reduction by 50% of the total issued share capital



of the Company through the cancellation of 637,695,625 shares in the Company with the nominal valued of AED 1 (the "capital reduction") on a pro rata basis to absorb the accumulated losses amounting to AED 637,696 thousand and a private issuance of 220 million mandatory convertible bonds ("MCBs") to new investors which will be converted to 200 million shares at a conversion price of AED 1.10 and the increase in the share capital of the Company to become AED 837,696 thousand [Note 35].

The Group has received, through an investment banker, interest from potential key investors which will provide

DIRECTORS

The Directors of the Company during the year were as follows:

Sheikh Theyab Bin Tahnoon Bin Mohammad Al Nahyan (Chairman)

Eng. Abdulla Subhi Ahmed Atatreh (Vice-Chairman)

Mr. Ahmad Mohamed Fathi Kilani (Managing Director)

liquidity of up to AED 220,000 thousand, which will provide sufficient cashflow for investment and operating activities in addition to settlement of existing liabilities. Management is confident of achieving these plans upon successful completion of regulatory requirements.

Whilst the shareholders have resolved to continue the operations of the Group in the General Meeting held on 29 April 2021 as required by Article 309 of the Federal Law No. 32 of 2021, the timing and realisation of the above matters are not within management's control.

Dr. Abdulaziz Fahad H. Alongary

Dr. Abdul Rahman Mahmoud Abdul Rahman Mohamad Al Afifi

Ms. Manwa Alaa Al Brich

Mr. Omar Saeed Al Romaithi

AUDITORS

The consolidated financial statements of the Group have been audited by Ernst & Young.

Signed by:

Dr. Abdul Rahman Al Afifi

Ahmad "M.F." A. Al Kilani

Ali Abouda

Board Member

Board Member

Chief Financial Officer

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF GULF NAVIGATION HOLDING PJSC



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REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

QUALIFIED OPINION

We have audited the consolidated financial statements of Gulf Navigation Holding PJSC (the "Parent Company") and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated statement of financial position as at 31 December 2022, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matter described in paragraph a of the Basis for Qualified Opinion section of our report and the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2022, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

BASIS FOR QUALIFIED OPINION

As further described in Note 24, the Group's profit for the year ended 31 December 2022 includes a net income of AED 12,036 thousand from trading of its own equity instruments ("treasury shares"). As per IAS 32, no gain or loss shall be recognised in profit or loss on the purchase, sale, issue or cancellation of an entity's own equity instruments. As a result, the Group's profit for the year ended 31 December 2022 has been overstated by AED 12,036 thousand.

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (the "IESBA Code") together with the ethical and independence requirements that are relevant to our audit of the consolidated financial statements in the United Arab Emirates, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.