

# Navigator Global Investments Limited

(ASX:NGI)

## ASX Appendix 4E

For the year ended 30 June 2023

### Results for announcement to the market

Amounts in USD'000

Results in brief (all comparisons to the year ended 30 June 2022)				30 June 2023
Revenue from ordinary activities	Up	43%	to	184,897
Earnings before interest, tax, depreciation and amortisation	Up	7%	to	54,742
<b>Adjusted</b> Earnings before interest, tax, depreciation and amortisation <sup>1</sup>	Up	5%	to	48,943
Profit from ordinary activities after tax attributable to members	Down	8%	to	35,512
Net profit for the period attributable to members	Down	8%	to	35,512

Increase in Adjusted Earnings is driven primarily by additional income from recent investments, however net profit for the period is impacted by interest incurred on borrowings and higher discount unwind on related deferred consideration.

	30 June 2023	cents
Basic earnings per share (cents) – statutory basis (based on the weighted average number of shares on issue over the period)	Down 19% to	15.03

<sup>1</sup> Adjusted earnings before interest, tax, depreciation and amortisation (EBITDA) is a non-IFRS financial information and is not subject to audit procedures, and does not represent profit in accordance with Australian Accounting Standards. This measure is intended to show the Group's performance before the impact of non-operating items such as unrealised changes in fair value of financial assets and liabilities and non-recurring items. Refer to table on page 2 for reconciliation of EBITDA to adjusted EBITDA results.

Dividends	Amount per ordinary share	Franked %	Conduit foreign income %
Final 2022 dividend per share (paid 16 September 2022)	US 3.0 cents	0%	100%
The directors have determined an unfranked interim dividend of US 3 cents per share (with 100% conduit foreign income credits).	Ex-dividend date:	20 September 2023	
The dividend dates are:	Record date:	21 September 2023	
	Payment date:	6 October 2023	

NGI dividends are determined in US dollars. However, shareholders will receive their dividend in Australian dollars. Currency conversion will be based on the closing foreign exchange rate on the record date of 21 September 2023.

#### Dividend Policy

In the prior year, the Company announced that from the 2023 financial year the Company will pay a final dividend of US 3 – 4 cents per share. This policy allows the NGI Group to direct a significant portion of cash generated from operating activities towards supporting the continued growth of the business. Dividends will be unfranked and will have conduit foreign income credits attached.

The payment of dividends will be subject to corporate, legal and regulatory considerations.

A dividend reinvestment plan does not operate in respect to dividends of the Company.

Net tangible assets	30 June 2023	30 June 2022
Per ordinary share	USD 121.70 cents	USD 120.94 cents

Net tangible assets include the Group's \$19.8 million (2022: \$18.1 million) right-of-use asset recognised under AASB 16 Leases.

# Navigator Global Investments Limited

(ASX:NGI)

## ASX Appendix 4E

For the year ended 30 June 2023

### Results for announcement to the market (continued)

Details of joint ventures and associates	30 June 2023	30 June 2022
Longreach Alternatives Ltd	34.06%	34.06%
GROW Investment Group	5.84%	6.67%

Reconciliation to Adjusted EBITDA <sup>1</sup>	30 June 2023	30 June 2022
<i>Amounts in USD'000</i>		
Earnings before interest, tax, depreciation and amortisation	54,742	51,220
Additional cash payments made for office leases (net)	(3,121)	(3,347)
Unrealised changes in fair value of assets and liabilities	(4,380)	(2,397)
Non-recurring transaction costs and debt restructuring expenses & advice	863	1,052
Equity settled share based payments	839	-
Adjusted Earnings before interest, tax, depreciation and amortisation <sup>1</sup>	48,943	46,528

<sup>1</sup> Adjusted earnings before interest, tax, depreciation and amortisation (EBITDA) is non-IFRS financial information and is not subject to audit procedures, and does not represent profit in accordance with Australian Accounting Standards. This measure is intended to show the Group's performance before the impact of non-operating items such as unrealised changes in fair value of financial assets and liabilities and non-recurring items.

Additional Appendix 4E requirements can be found in the Directors' Report and the 30 June 2023 Annual Report and accompanying notes.

This report is based on the 30 June 2023 Annual Report (which includes consolidated financial statements reviewed by Ernst & Young).



# Navigator

GLOBAL INVESTMENTS

## 2023 ANNUAL REPORT

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Navigator Global Investments Limited  
and its controlled entities  
ABN 47 101 585 737



#### Securities Exchange Listing

Navigator Global Investments Limited

shares are listed on the Australian Securities Exchange  
(ASX Code: NGI)

#### Website

[www.navigatorglobal.com.au](http://www.navigatorglobal.com.au)

#### Directors

Michael Shepherd

Nicola Meaden Grenham

Suvan de Soysa

Cathy Hales

Sean McGould

Andy Bluhm (resigned 17 November 2022)

#### Company Secretary

Amber Stoney

#### Registered Office

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Brisbane QLD 4000

#### Principal Office

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+61 7 3218 6200

#### Share Registrar

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Locked Bag A14

Sydney South NSW 1235

1300 554 474

+61 2 8280 7111

[www.linkmarketservices.com.au](http://www.linkmarketservices.com.au)

#### Auditor

Ernst & Young

Level 51, 111 Eagle Street

Brisbane QLD 4000

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Unless otherwise indicated, the numbers in this annual report have been presented in US Dollars (USD)

# 2023 SNAPSHOT



USD **71.0** billion

Gross AUM (non-ownership adjusted)

▲ 16%pcp



USD **25.5** billion

Ownership adjusted AUM

▲ 11%pcp



USD **48.9** million

Adjusted EBITDA<sup>1</sup>

▲ 5%pcp



USD **0.98**

NTA per share<sup>2</sup>

▲ 4%pcp

<sup>1</sup> This is an unaudited non-IFRS measure and is intended to show the Group's core operating performance. Refer to page 13 for further details.

<sup>2</sup> NTA per share is calculated as net tangible assets divided by total Ordinary Shares and Ordinary Shares which would be issued on conversion of Convertible Notes on issue.

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**FROM THE  
CHAIRMAN**





## Dear Shareholders

It has been another eventful year for Navigator Global Investments ("Navigator" or "NGI"). It began with the acquisition of our tenth minority stake investment into Invictus Capital Partners ("Invictus"), a real estate credit focused alternatives asset manager managing \$3.2 billion of assets. With a strong track record of fundraising into closed-ended vehicles, Invictus adds diversification to Navigator's investment sector exposure by introducing a new asset class in our strategic portfolio.

Navigator delivered another strong year of financial performance for 2023, earnings Adjusted EBITDA of \$48.9 million, up 5% on the prior year result.

The business performed strongly over the last financial year despite the ongoing market volatility and more uncertain macroeconomic environment. These market conditions have created a new set of opportunities for our diversified and uncorrelated group of high-quality global businesses helping deliver strong financial outcomes for our shareholders.

We have been pleased with the ongoing growth in the assets under management (AUM) across the Lighthouse and NGI Strategic businesses driven by investment performance and an improved opportunity set across relevant alternative asset classes given the recent market conditions. In particular, the NGI Strategic Portfolio has been performing strongly with greater net flows into flagship strategies, successful product launches and improved revenue margins delivering higher revenues combined with higher operating margins through active expense management. The Lighthouse business has also experienced positive net flows and growing management fees, underpinning resilient level of revenues.

We closed out the year with an announcement on 15 June 2023 that Navigator had signed a binding term sheet to settle the 2026 redemption payment from its 2020 acquisition of a portfolio of alternative investment stakes with certain affiliates of GP Strategic Capital (formerly known as Dyal Capital), a platform of Blue Owl (NYSE: OWL) ("GPSC Investor"). Under the Proposed Transaction, which is subject to shareholder approval, Navigator will acquire the remaining distributions previously retained by GPSC Investor for total consideration of \$200 million funded through a \$120 million placement to GPSC Investor and a \$80 million entitlement offer.

The transaction repositions Navigator to unlock substantial shareholder value through:

- Deepening the strategic partnership with Blue Owl, a leading provider of alternative asset management companies globally.
- Continued ability for Navigator and its investment stakes to utilise the existing value-add service arrangements with Blue Owl's business services platform.
- Allow for the broadening of Navigator's shareholder base with an opportunity to improve the liquidity of Navigators shares and ultimately progress towards the company's goal of index inclusion.
- Strengthen Navigator's balance sheet and cash flows to unlock capacity to execute growth initiatives around additional investment acquisitions.

We believe that the potential value which will be delivered by the transaction has resonated with our shareholders, and we look forward to this support being demonstrated in both the transaction's approval and their participation in entitlement offer.

In accordance with our stated dividend policy, the Board has determined that a dividend of US 3.0 cents per share will be paid in relation to Ordinary Shares and the Convertible Notes on 6 October 2023.

The momentum of the Navigator business is made possible through the efforts of our dedicated staff who, continue to demonstrate focus and drive to achieve results for shareholders. The Board extends our appreciation to all of our staff who have worked hard to make this another successful year in the Navigator growth story. It is exciting to see the continuing evolution and growth of our business. We also thank our new and existing shareholders for supporting us during what has been an eventful year in our growth.

**Michael Shepherd, AO**  
Chairman



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# **DIRECTORS' REPORT**



The Directors present their report together with the financial statements of the Group comprising Navigator Global Investments Limited ('Navigator' or 'the Company') and its subsidiaries for the year ended 30 June 2023 and the auditor's report thereon.

## Board of Directors

The Directors of the Company at any time during or since the end of the financial year are:



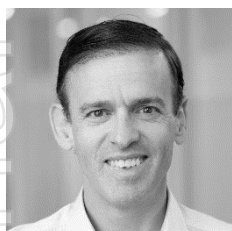
### Michael Shepherd, AO

Appointed 16 December 2009

Chairman and Independent non-executive director, Chairman of the Remuneration and Nominations & Committee Member of the Audit and Risk Committee

Michael has extensive experience in financial markets and the financial services industry having held a range of senior positions including Vice Chairman of ASX Limited, and directorships of several of ASX's subsidiaries including Australian Clearing House Pty Ltd.

For 9 years, Michael is an independent director of Investsmart Group Limited and more recently a director of Friends of the Mater Limited and its trustee. Michael is also an independent Compliance Committee Member for UBS Global Asset Management (Australia) Limited and chairs the Shepherd Foundation.



### Sean McGould

Appointed 3 January 2008

Executive Director & Chief Executive Officer

As a co-founder of Lighthouse Sean has held key leadership positions, including Chief Executive Officer, President and Co-Chief Investment Officer and Chairman of the Lighthouse Investment Committee. Sean has been overseeing all aspects of the portfolios since August 1996.

With over 20 years of experience in alternative investment strategies, Sean has demonstrated a strong track record in the industry. Prior to establishing Lighthouse, he served as the director of the Outside Trader Investment Program at Trout Trading Management Company. In this role, he was responsible for the allocation of fund's assets to external alternative asset strategies. Before joining Trout, Sean gained valuable experience at Price Waterhouse, where he became a Certified Public Accountant.



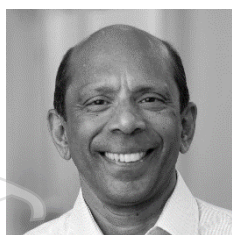
### Nicola Meaden Grenham

Appointed 8 October 2020

Independent non-executive director & member of the Remuneration & Nominations Committee

Nicola is a specialist in alternative investments with significant knowledge and experience of strategic business development and investment management in hedge funds and private markets.

Currently Nicola is the Chair of STANLIB Investments ICAV and Titanbay Ireland Ltd and she also holds a director position on several BlackRock fund entities. Nicola's experience includes her time as the CEO of Alpha Strategic Plc (2008-2012), a UK listed company which provided independent, owner-managed investment managers with access to passive minority equity capital. She currently runs Dumas Capital Ltd, a company she founded in 2004 which provides strategic advisory and research services in the alternative investment sector.



## Suwan de Soysa

Appointed 22 September 2021

Independent non-executive director & Chairman of the Audit and Risk Committee

Suwan has an accounting and a legal background, holding a Bachelor of Science (Economic) Honours and a Bachelor of Law before he was admitted as a solicitor of the Supreme Court of New South Wales in July 1984. Suwan also holds a Graduate Diploma from the Securities Institute of Australia and a Diploma in Financial Planning from the Financial Planning Association. Suwan was a certified financial planner for 25 years and is also a fellow of both the Financial Services Institute of Australasia and the Australian Institute of Company Directors.

Suwan was a co-founder of ipac Securities Limited and ipac Asset Management and during his 25 years undertook a number of senior executive roles. His experience covers a broad range of business areas within the wealth management arena, having headed various departments including financial planning, business development, strategic alliances and acquisitions.

Currently, Suwan is a Non-executive Chairman of Chancellor Portfolio Services and for the past six years an independent non-executive director of Monash Absolute Investment Company where he continues to Chair its Audit and Risk Committee.



## Cathy Hales

Appointed 22 March 2022

Independent non-executive director, member of the Audit and Risk Committee & the Remuneration & Nominations Committee

Cathy brings her extensive expertise spanning over 25 years where she has successfully led and developed investment management businesses. Prior to joining NGI, Cathy held the position of Global Head of Fidante Partners, the multi-boutique asset management arm of the Challenger Group. Her leadership roles also include distinguished positions at Deutsche Asset Management, Colonial First State, and BT Funds Management.

Throughout her career, she has held directorships with investment firms such as WaveStone Capital, Alphinity Investment Management, Greencape Capital, Kudu Investment Management, and Ardea Investment Management, among others, showcasing her breadth of experience in diverse sectors of the investment industry.

Cathy's academic accomplishments include a Bachelor of Business (Economics) Honours degree and she is a member of the Australian Institute of Company Directors and fellow of the Governance Institute of Australia.



## Andrew Blum

Appointed 17 October 2012

Resigned 17 November 2022

Non-executive director & member of the Audit and Risk Committee

Andrew is the founder and principal of Chicago-based DSC Advisors, LP (DSC), which is the investment manager of Delaware Street Capital Master Fund, LP. Delaware Street Capital Master Fund, LP holds a substantial shareholding in Navigator.

DSC invests in a wide array of companies and industries seeking to identify and acquire undervalued securities and sell-short overvalued securities.

Prior to forming DSC, he was a founder and Principal of Walton Street Capital, LLC, and prior thereto worked as a Vice President at JMB Realty Corporation and as an Associate at Goldman Sachs.

## Nature of operations and principal activities

### Navigator is dedicated to partnering with well established alternative investment firms globally

Navigator Global Investments Limited has executed a strategy to invest in a range of diversified alternative asset management companies, through partnering with leading management teams who operate institutional quality businesses globally. Selecting partners who are well-established, scaled alternative asset managers, and that are diversified across investment style, product type and client base. These minority interest investments complement the provision of investment management products and services to investors globally through wholly-owned subsidiary Lighthouse Investment Partners, LLC.

With interest aligned, our diversified portfolio has delivered resilient earnings for the 2023 financial year, despite difficult global market conditions that have negatively impacted the results of many traditional asset managers. This validates our approach of leveraging our investing and operating expertise to invest in leading alternative investment managers who meet our key criteria:



#### Established

Scaled operations which have been tested over market cycles



#### Diversified

Uncorrelated strategies and multi-product businesses



#### Global

Investing and operating presence across the globe



#### Aligned

Shared philosophy and operating autonomy

Navigator operates a business which is broader and more diversified than ever before. Our performance is driven by high quality earnings diversified across product, client type, geography and positioned with the financial resources and capabilities to drive strong long-term growth. Our focus is on sectors of the asset management industry experiencing strong growth and high barriers to entry.

We look for opportunities which provide exposure to asset management businesses for our shareholders and look to achieve this with flexible ownership and operating structures. After two very active years of making minority stake investments in alternative asset managers, Navigator provides access to the earnings of a range of high quality managers to complement our inhouse hedge fund business:

Lighthouse	Hedge Fund Solutions 	<b>Investment Strategy:</b> A hedge fund that strategically allocates capital to unaffiliated investment managers and Lighthouse's platform hedge fund strategies.
	Hedge Funds  	<b>Investment Strategy:</b> An equity based absolute return strategy with a low correlation to public equity markets.  <b>Investment Strategy:</b> An absolute return strategy with multi-portfolio managers that focuses on macro discretionary and systemic strategies.
	Managed Account Services 	<b>Investment Strategy:</b> Providing managed account services globally to institutional investors with turnkey solutions customised to their needs.
NGI Strategic Investments	NGI Strategic Portfolio      	<b>Investment Strategy:</b> Core competencies in public and private credit, collateralized loan obligations, and event-driven equities.  <b>Investment Strategy:</b> A global, alternative investment management firm operating across a broad range of derivatives-based strategies with a deep understanding of volatility  <b>Investment Strategy:</b> Global quantitative and systematic asset management firm applying a scientific approach to finance  <b>Investment Strategy:</b> Global macro strategy that uses a top-down fundamental approach to identify and exploit economic and financial imbalances in asset markets to produce strong risk adjusted returns  <b>Investment Strategy:</b> Global commodities specialist platform with exposure to energy, metals and agricultural sectors  <b>Investment Strategy:</b> Structured public and private credit strategies across high yield asset-based securities, commercial and residential credit
		<b>Investment Strategy:</b> US based asset manager specialising closed-ended private equity style funds which provide capital solutions for high quality multifamily developers and operators in markets experiencing population growth and undersupply of housing.
		<b>Investment Strategy:</b> US based asset manager specialising in opportunistic credit strategies across the spectrum of real estate debt investments, including high-yielding and distressed bonds and loans.
		<b>Investment Strategy:</b> Australian based asset manager specialising in a variety of alternative asset classes such as private credit, energy, sustainable seafood and quantitative market neutral equities.
		<b>Investment Strategy:</b> A China based multi strategy multi asset management company whose goal is to capitalise on opportunities in the Chinese asset management industry and the continued evolution of China's markets
		
		
		
		

Through our partners, we continue to expand our global footprint, meaning we offer our shareholders access to diversified alternative asset managers who operate and invest around the world.

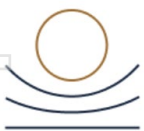


## Our core values

Strong governance and a culture which values ethics and integrity are a key priority for the Navigator board.

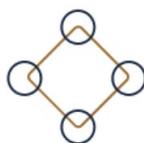
We are very aware that people are the heart of everything we do. Our Lighthouse business has operated with the guiding force of values centred around Ethics & Integrity, Client Loyalty, Teamwork, Continuous Improvement & Excellence and Professionalism.

As the Navigator Group has evolved to include an increasingly large strategic investment component, we have reviewed our core values to ensure that they fit our broader business. While keeping the essence of our previous core values, we have distilled them into four core values which underpin the Navigator Group's culture and behaviour.



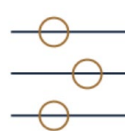
### Integrity

Hold ourselves and others to the highest standards of ethical and responsible behavior.



### Partnership

Collaborate and work as a team for the success of both internal and external stakeholders. Treat everyone with respect and professionalism.



### Excellence

Be committed to delivering excellence. Go the extra mile and own the results of what you do.



### Evolution

Adapt, change and grow. Be responsive, open-minded and act on opportunities to improve.



## Review of Operations

### Key financial highlights

The 2023 financial year has been marked by growth in both assets under management and revenue across the Navigator business. Of particular note:

- Ownership adjusted Group AUM of \$25.5 billion comprising of \$15.4 billion from Lighthouse and \$10.1 billion from NGI Strategic Investments which is an increase of \$ 2.6 billion over the financial year.
- Navigator delivered Adjusted EBITDA of \$48.9 million a 5% increase on the prior year (with statutory EBITDA of \$54.7 million).
- NGI Strategic Investments delivered another strong year contributing a net \$31.8 million (2022: \$28.8 million). This increase of 10% was primarily due to \$5.0 million of distributions from two new investments, Marble Capital and Invictus Capital, and the Strategic Portfolio again delivering higher than historical average gross distributions, which totalled \$61.9 million (2022: \$70.8 million).
- Lighthouse management fee revenue has increased 4% to \$76.7 million (2022: \$73.5 million) resulting from additional funds under management during the period.
- Lighthouse performance fee revenue for the year was \$6.9 million (2022: \$10.6 million), a decrease of \$3.7 million on the previous financial year. The lower performance fee revenue reflects a difficult period in markets over the financial year, Lighthouse funds generally performed more strongly than traditional asset management classes.
- Operating expenses after adjustments for net of revenue from fund expense reimbursements and provision of office space and adding back cash lease payments now recognised as a financing cost, increased by \$5.2 million or 8%pa on the prior year. Increased staff costs, primarily due to higher variable compensation, as well as increases in information technology from cyber security and data storage projects.

### 5-year historical performance

The Board considers Adjusted EBITDA to be the most relevant measure of the Company's overall financial performance. Statutory EBITDA is adjusted for certain cash and non-cash items, particularly those due to carrying investments held at fair value through the Income Statement, adding in rent expense and other non-recurring items when relevant.

Statutory EBITDA for 2023 increased by 7% on the prior year as a result of another strong year for the NGI Strategic portfolio as well as distributions received for two newly acquired investments Marble Capital and Invictus Capital:

	2019	2020	2021	2022	2023
Statutory EBITDA (USD millions)	37.652	30.518	37.803	51.220	54.700
Cash flows from operating activities (USD millions)	22.565	32.562	22.199	89.738	37.856
Dividends per share for the financial year (US cents)	17.0	14.0	9.5	8.5	3.0
Dividend amount for the financial year (USD millions)	27.281	22.885	25.619	24.002	9.117
Dividend payout as a % of EBITDA	72%	75%	80% <sup>1</sup>	52% <sup>2</sup>	19% <sup>2</sup>
Closing share price (dollars)	AUD 3.94	AUD 1.19	AUD 1.78	AUD 1.25	AUD 1.33
Change in share price (dollars)	▼ AUD 1.40	▼ AUD 2.75	▲ AUD 0.59	▼ AUD 0.53	▲ AUD 0.08

1 2021 payout ratio calculated on Adjusted EBITDA of \$31.587 million as calculated in the prior year before comparatives were restated to align with current year methodology.

2 2022 & 2023 payout ratio calculated on Adjusted EBITDA of \$46.528 million and \$48.814 million respectively. Refer to page 13 for a reconciliation of Statutory EBITDA to Adjusted EBITDA for each period.

Dividends

The Directors determined an unfranked dividend of **3 US cents per share** (with 100% conduit foreign income credits) payable 6 October 2023.

This equates to a payout ratio of 19% of Adjusted EBITDA.

The Board has determined that it remains appropriate for the NGI Group to direct a significant portion of cash generated from operating activities towards supporting the continued growth of the business.

The dividend policy remains unchanged with an annual dividend of US 3 - 4 cents per share, which will be unfranked, however may have conduit foreign income credits attached. The payment of dividends will be subject to corporate, legal and regulatory considerations.

During the 2023 year the final ordinary dividend for the year ended 30 June 2022 of US 3.0 cent was paid to shareholders and convertible note holders amounting to USD 9 million.

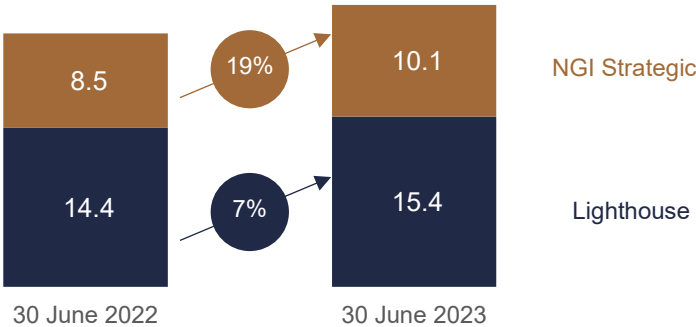
FY2023 dividends of

**3.0**

cents per share

Navigator Group assets under management

As at 30 June 2023, the Navigator Group had **\$25.5 billion** of AUM on an ownership adjusted basis, an increase of \$2.6 billion or 11% since 30 June 2022.





# Navigator Group results 2023

## Adjusted EBITDA of \$48.9m

Presentation of the Group's results is an unaudited non-IFRS measure intended to show the Group's core operating performance before the impact of depreciation, amortisation, non-operating items such as net interest income/costs and non-recurring items. Net profit before and after income tax reconciles to the income statement on page 42.

	Consolidated USD'000		Increase / (decrease)
	2023	2022	
Management fee revenue	76.7	73.5	4%
Performance fee revenue	6.9	10.6	(35%)
Revenue from reimbursement of fund operating expenses	96.6	42.6	127%
Net distributions from strategic investments	31.8	28.8	10%
Other revenue & income	5.4	2.7	100%
<b>Total revenue &amp; income</b>	<b>217.4</b>	<b>158.2</b>	<b>37%</b>
Employee expense	(55.6)	(50.7)	10%
Reimbursable fund operating expenses	(94.5)	(42.6)	122%
Other operating expenses <sup>1</sup>	(15.6)	(13.0)	20%
<b>Total operating expenses<sup>1</sup></b>	<b>(165.7)</b>	<b>(106.3)</b>	<b>56%</b>
<b>Result from operating activities<sup>1</sup></b>	<b>51.7</b>	<b>51.9</b>	<b>&lt; (1%)</b>
Net finance income/(costs) excluding interest	3.9	0.4	875%
Non-operating expenses	(0.9)	(1.1)	(18%)
<b>Earnings before interest, tax, depreciation and amortisation (EBITDA)</b>	<b>54.7</b>	<b>51.2</b>	<b>7%</b>
EBITDA per share	23.2 cents	24.4 cents	(5%)
Net interest expense	(5.1)	(0.7)	629%
Depreciation and amortisation	(5.6)	(4.8)	17%
Profit before income tax	44.0	45.7	(4%)
Income tax expense	(8.5)	(7.0)	21%
Net profit after income tax	35.5	38.7	(8%)
<b>Adjustments (unaudited)</b>			
EBITDA	54.7	51.2	7%
<sup>1</sup> Net cash payments made for office leases	(3.1)	(3.4)	(9%)
<sup>2</sup> Unrealised changes in fair value of assets and liabilities	(4.4)	(2.4)	83%
<sup>3</sup> Non-recurring transaction costs and debt restructuring expenses & advice	0.9	1.1	(18%)
Equity settled share based payments	0.8	-	100%
<b>Adjusted EBITDA (unaudited, non-IFRS measure)</b>	<b>48.9</b>	<b>46.5</b>	<b>5%</b>

<sup>1</sup> Excludes interest, depreciation and amortisation so as to present the Group's core operating activities.

- <sup>1</sup> Net cash lease payments made during the year are adjusted against EBITDA so that it represents a closer measure of the annual cash operating cost associated with the Group's various office premises leases following adoption of AASB 16 Leases.
- <sup>2</sup> Add back of unrealised gains and losses associated with financial assets and liabilities measured at fair value through profit and loss primarily relate to NGI Strategic Portfolio investments and the associated redemption liability.
- <sup>3</sup> Transaction costs incurred to date associated with the impending transaction to early settle the 2026 redemption payment. Prior year non-recurring costs included transaction costs for the Marble Capital transaction and expenses associated with exploring sources of debt and securing an increase in the Line of Credit facility.



Lighthouse Investment Partners, LLC ('Lighthouse') is a USD15.4 billion global diversified alternative asset management firm with more than two decades of delivering competitive risk-adjusted returns and innovative solutions to investors. It operates three distinct businesses:

### Hedge Funds

A growing focus of the Lighthouse business is its **Hedge Fund** offering. These products are structured as multi-portfolio manager hedge fund products.

- The largest Hedge Fund product is **North Rock**, which specialises in equity based absolute return strategies with a low correlation to public equity markets. The North Rock fund houses multiple investment teams.
- **Mission Crest** is a relatively new offering now accessible by direct investors and is a multi-portfolio manager global macro hedge fund.

Additional products using the multi-portfolio manager structure are in development and Lighthouse sees this as a key area for additional growth.

### Hedge Funds Solutions

Lighthouse offers a broad range of **hedge fund solutions**, including strategic partnerships, custom managed portfolios and commingled funds.

In its **strategic partnerships**, Lighthouse works closely with large strategic investors to customise their alternative investment exposure and meet specific needs across investment advisory, risk monitoring and operational services. Strategic partners may utilise a variety of Lighthouse's services, ranging from investments in its Hedge Funds or Commingled Funds, Customised Funds or utilisation of its Managed Account Services (discussed further below).

**Customised Solutions** offers investors who are able to commit to a significant investment size the ability to access the benefits of the managed account structure in their own customised portfolio while still receiving portfolio construction, manager selection and due diligence services from the Lighthouse investment team.

Lighthouse also offers a number of hedge fund solutions through its **commingled funds**.

### Managed Account Services

Lighthouse offers dedicated **Managed Account Services** for large institutions who have significant allocations to hedge fund assets. It has recently rebranded as **Luminae** to further differentiate it as a unique service offering.

Managed Account Services provides these clients with access to the benefits of a managed account structure, allowing them to maintain control of manager selection and allocation decisions.

Luminae offers clients a unique skill set and knowledge which allows us to provide efficient onboarding, specialised legal structuring and compliance services, counterparty management and robust operational oversight. Internally built expertise also means a high level of customisation, and support purpose-built tools for advanced portfolio analytics, risk management and treasury functionality.

Lighthouse has built its infrastructure over time to handle the complexity of operating a large managed account program in terms of number of managers strategies and assets under management.

Lighthouse's collaborative, transparent, and entrepreneurial approach has enabled it to continually improve, innovate, and evolve the hedge fund experience. The firm's efforts have produced a culture that attracts top-notch talent who share its vision and appreciate a focus on exceptional client service. Lighthouse and its affiliates employ over 150 professionals across offices in New York, London, Chicago, Hong Kong, and Palm Beach Gardens. Its global investor base includes pension plans, sovereign wealth funds, corporations, insurance companies, endowments, foundations, family offices, and individual investors.

USD **15.4bn**  
Assets under  
management

**26** year  
track record

**286**  
employees

**125**  
investment  
professionals

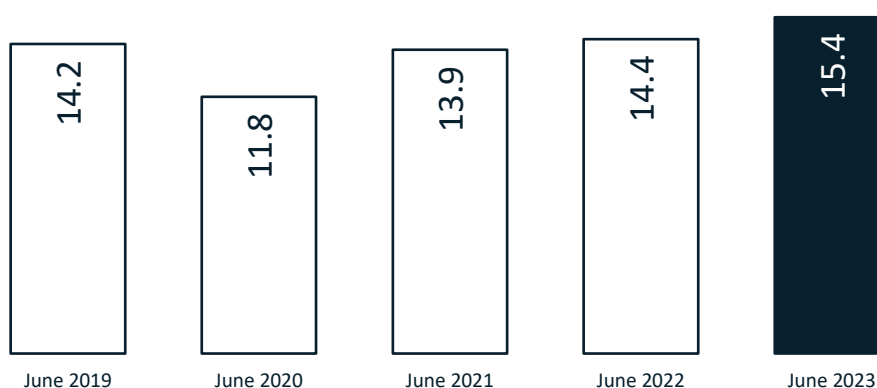
**1500+**  
investors

## Assets under management (AUM)

Lighthouse finished the year with USD 15.4 billion of AUM, an increase of USD 1.0 billion or 7% over the prior year.

Hedge Funds continue to be a key area for growth, with these products generating AUM growth through USD 1.3 billion of net inflows.

Lighthouse AUM USD billions



The following table summarises the AUM movements over the 2023 financial year by product:

	30 June 2022	Net Flows <sup>1</sup>	Performance <sup>2</sup>	30 June 2023 <sup>3</sup>
<b>Hedge Funds</b>	USD 2.58 bn	▲ USD 1.30 bn	▲ USD 0.05 bn	USD 3.93 bn
<b>Hedge Fund Solutions</b>				
Commingled Funds	USD 2.44 bn	▼ USD 0.21 bn	▲ USD 0.11 bn	USD 2.34 bn
Customised Solutions	USD 3.74 bn	▼ USD 0.09 bn	▲ USD 0.16 bn	USD 3.81 bn
<b>Managed Account Services</b>	USD 5.65 bn	▼ USD 0.39 bn	▲ USD 0.08 bn	USD 5.34 bn
<b>Combined total</b>	<b>USD 14.41 bn</b>	<b>▲ USD 0.61 bn</b>	<b>▲ USD 0.40 bn</b>	<b>USD 15.42 bn</b>

The above AUM figures have been determined on the following basis:

- 1 Net flows include monies received by Lighthouse for applications and any redemptions effective 1 July 2023. This convention in relation to the reporting of net flows and AUM has been consistently applied by the NGI Group since January 2008.
- 2 Performance includes investment performance, market movements, the impacts of foreign exchange on non-USD denominated AUM and distributions (if any).
- 3 30 June 2023 AUM is estimated and is based on performance estimates which may be subject to revision near the 20th business day of the month and upon final audit. AUM may include transfers from other Lighthouse Funds that occurred on the first day of the following month.

## Financial results

The Lighthouse business has grown AUM by 11% over the past year, with growth largely attributable to net flows into Hedge Funds products. Lighthouse revenue from clients is largely generated by management fees, although there are a number of portfolios across both Hedge Funds and Hedge Fund Solutions which may generate a performance fee.

### Management fees

Management fees for the 2023 financial year were \$76.7 million, an increase of \$3.2 million or 4% on the prior year.

As the average management fee rate remained steady at 0.51%pa, the increase in management fees is consistent with the increase in AUM. Strong net inflows into Hedge Funds, particularly in the second half of the financial year, have resulted in a 5% increase in average AUM of \$14.8 billion for FY2023 (2022: \$14.1 billion).

The average management fee rate represents the blended net management fee rate across all AUM. While there are a number of factors which impact the average management fee rate across periods, the main driver is the relative proportion of AUM invested across the various product lines.

### Performance fees

The Group earns performance fees on select portfolios. The fees represent an agreed share of investment outperformance of a fund or portfolio over a defined benchmark and/or highwatermark and may be subject to hurdles. Performance fee rates range from 10%-20% depending on the fund.

The financial year delivered performance fees of \$6.9 million (2022: \$10.6 million). Whilst Lighthouse products performed well throughout the first half of the financial year when compared to market indices, the majority of performance fees are earned on an absolute basis above a highwatermark over a calendar year. As such, despite strong relative outperformance by most products in the first half, performance fees earned were nonetheless lower as compared to the prior year.

Performance fees are variable in nature, and it is difficult to forecast how much, if any, performance fee revenue will be earned in future periods.

### Fund reimbursement revenue and expenses

Since 1 January 2021, Lighthouse has been rolling out the implementation of a pass through expense model across relevant funds. This pass through model fee structure is now common as compared to legacy fee structures which traditionally charged a 1.5-2.0% management fee plus a 15-20% performance fee.

As the relevant products obtain sufficient scale, Lighthouse is able to establish fund share classes which have a low or nil management fee, a performance fee and which can absorb passed through fund operating expenses. These fund operating costs can include the compensation cost of dedicated staff (such as portfolio managers and analysts) as well as external services and consulting expenses. In practice, these costs are paid by Lighthouse and are then reimbursed by the relevant funds.

In FY2023, these costs totalled \$96.6 million (2022: \$42.6 million), for which there was an off-setting \$94.5 million

expense (2022: \$42.6 million). The increase is due to on-boarding a significant number of portfolio managers and other staff who are dedicated to the relevant funds over the course of the financial year.

### Employee expenses

Lighthouse employee compensation for FY2023 was \$51.6 million (2022: \$48.0 million), an increase of 8% on the prior comparative period and reflective of inflationary pressures in a highly competitive employment market in the United States alternative asset management sector.

Fixed compensation was 5% higher than in the prior, reflecting a new \$0.3 million non-cash expense for the issue of performance rights to relevant senior executives as well as an incremental \$0.5 million of staff termination costs. The residual increase is due to salary increases and additional staff hires during the financial year.

Variable compensation was 10% higher on the prior year, with the increase due to meeting employee expectations in a highly competitive labour market. An increase in discretionary bonuses was approved in order to ensure retention of key staff.

### Other operating expenses

Other operating expenses for the Lighthouse business, net of sundry income and net fund reimbursements, totalled \$13.1 million (2022: \$12.2 million), an increase of 7% on the previous year. The increase primarily relates to a \$0.4 million increase in information technology costs, and a \$0.6 million increase in distribution expenses.

Lighthouse utilises a number of expert consultants across its business, in particular to provide specialist assistance and support in technology, legal, managed account services and investment processes. These expenses totalled \$4.7 million for the 2023 financial year (2022: \$4.3 million). The additional spend related to projects undertaken during the year regarding improvements in cyber security and related data storage requirements.

Distribution expenses this year were \$2.5 million (2022: \$1.8 million). These expenses relate to third party distribution arrangements, whereby ongoing payments are made to third parties in relation to clients they have introduced to Lighthouse and who continue to be invested in their products. The increase in the current financial year is due to additional AUM raised under distribution arrangements for Hedge Fund products.

Other operating expenses remained relatively steady at \$5.9 million as compared to the prior year (2022: \$6.0 million). Travel costs increased by \$0.5 million over 2023 as employees returned to pre-pandemic levels of business travel. These costs were off-set by savings in occupancy and other administrative costs due to additional recovery of expenses to relevant Lighthouse Funds. Other operating expenses also includes \$3.1 million of cash payments made in relation to office leases (net of additional cash rent received from sub-leases) that is not included in other operating expenses per statutory accounting (FY2022: \$3.4 million).






Sundry income of \$3.7 million (2022: \$2.6 million) is netted against other expenses as this amount represents charges for provision of office rent, desk space and related services at a nil mark-up.



## NGI Strategic Investments

NGI Strategic Investments Division, established in 2021, makes investments in the management companies of high quality alternative asset managers. The acquisition of the NGI Strategic Portfolio, a portfolio of six minority interests in alternative asset managers in February 2021 started this strategic initiative. In May 2022, Navigator executed on a minority investment stake in Marble Capital, LLC ('Marble Capital') and soon after in August 2022 a further minority interest investment was made in Invictus Capital Partners ('Invictus').

As at 30 June 2023, the NGI Strategic Investments had USD 55.6 billion of aggregate AUM, representing USD 10.1 billion of AUM to the NGI Group on an ownership adjusted basis. The NGI Strategic Investments comprises minority interest stakes in the following ten alternative asset managers:

			Total Consideration (USD millions)	Equity interest	Investment sectors
FY 2021	February 2021	 NGI Strategic Portfolio	219	Range between 8-25%  Preferred Minimum Distribution to Navigator until FY2025	Diversified portfolio of alternative asset managers specialising in quantitative strategies, global commodities, discretionary global macro, derivatives, public and private credit and asset backed strategies
FY 2022	September 2021	 GROW Investment Group	4	Up to 10%	China based multi-strategy asset management
		 LONGREACH ALTERNATIVES	10	34.1%	Australian based alternative asset manager specialising across a diverse range of strategies, including private credit
	May 2022	 MARBLE CAPITAL	85 over 2 years	16.8%	US based asset manager specialising in closed-ended private equity style funds which provide capital solutions for high quality multifamily developers and operators in growth market.
FY 2023	August 2022	 INVICTUS CAPITAL PARTNERS	100 over 3 years	18.2%  9.1% carried interest participation	US based asset manager specialising in opportunistic credit strategies across the spectrum of real estate debt investments, including high-yielding and distressed bonds and loans.

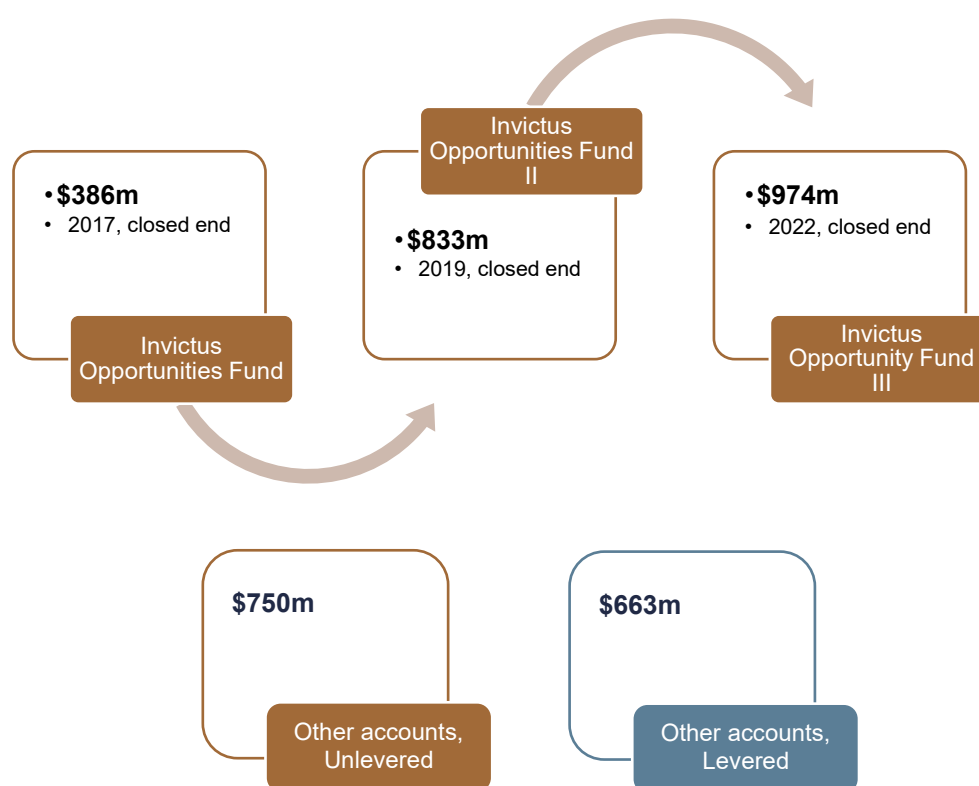
## Investment in Invictus Capital Partners

In August 2022, Navigator announced a \$100 million investment into Invictus, adding a 18.2% minority equity stake in the US based private equity manager to the NGI Strategic Investments division.

Established in 2008, Invictus is a real estate credit focused alternatives asset manager for private funds and separately managed accounts. With \$3.2 billion of assets under management, they are a market leader in the space and are one of the most active non-bank investors in the United States residential real estate finance market. With a belief that real estate lending markets remain inefficient due to reduced credit availability for many groups of creditworthy borrowers, Invictus provides senior mortgage whole loans to access premium risk adjusted returns relative to fixed income alternatives.

Invictus seeks these attractive risk-adjusted returns by sourcing undervalued high-quality mortgage loans and financing them efficiently through term credit facilities and the securitisation market. With cumulative acquisitions in excess of \$25 billion since 2015, they target investments in newly originated residential and commercial mortgage loans using established investment programs, its national sourcing network and substantial operating infrastructure. Invictus believes these investments provide an attractive combination of premium return with strong downside protection.

Invictus has a strong track record of fundraising into closed end funds, with closed commitments across their various products as follows:



The investment in Invictus is attractive to Navigator for a number of reasons:

- The closed-ended structures and long dated accounts mean there is certainty of AUM over the life of the vehicle, providing a stable management fee earnings stream.
- Through its affiliated company, Verus Mortgage Capital, and proven broad network of lending partners, Navigator expects Invictus to be able to continue to grow its existing institutionally scaled loan investment program, as well as further execute on its ability to efficiently fund investments through the securitisation market.
- \$75 million of the proceeds from Navigator's total \$100 million investment will be used by Invictus to execute group initiatives, including committed capital to planned new funds and invest alongside clients.
- It adds diversification to Navigator's investment sector exposure by introducing a new asset class in our overall portfolio.



## Assets under management

NGI Strategic Investments had aggregated total AUM of USD 55.6 billion as at 30 June 2023, with Navigator's ownership adjusted AUM at USD 10.1 billion.

The 19% increase in aggregated AUM over the 2023 financial year was driven by a combination of strong investment performance, organic growth of the NGI Strategic Portfolio managers and Marble Capital, as well as through acquisition of a new equity stake in Invictus.

The USD 5.0 billion of growth in NGI Strategic Portfolio AUM reflects the exceptionally strong returns generated across the aggregated managers for the 2022 calendar year and continuing for the first half of the 2023 calendar year.

## Financial results

### Distribution income

The majority of income from NGI Strategic Investments was derived from the NGI Strategic Portfolio, which paid \$61.9 million of gross distributions during the 2023 financial year (FY2022: \$70.8 million).

Of the gross distributions, Navigator retains \$26.9 million (FY2022: \$28.8 million) and Dyal is entitled to \$35.0 million (FY2022: \$42.0 million). The gross distributions are before the deduction of certain operating expenses.

Since acquisition, the NGI Strategic Portfolio has significantly outperformed expectations based on pre-acquisition historical earnings. Historical distributed earnings of the Portfolio between calendar years 2015 and 2020 ranged between \$27 million and \$41 million, and averaged at \$34 million.

The managers in the NGI Strategic Portfolio have generally continued to perform well over calendar year 2023 to date. However, we highlight that the performance fees earned by these managers are variable in nature and it is not possible to predict with any certainty what Navigator's share of distributions for the 2023 financial year will be. We are confident however, that our Preferred Minimum Distribution Amount is well covered, and there is upside for additional revenue above that.

### Expenses

The expenses involved in operating the NGI Strategic Investments are:

- A small number of dedicated staff who are responsible for monitoring the existing investments as well as identifying and diligencing new investment opportunities.
- External professional advice costs on legal, tax compliance and external valuations.
- External audit costs.
- Nominal day to day administration expenses.

These costs were \$3.9 million for the 2023 financial year, the first full year of operations (FY2022: \$2.5 million). The increase compared to the prior year reflects the employment of additional staff, a \$0.4 million non-cash cost for the issue of performance rights during the year.

NGI Strategic Investments may also incur non-recurring external diligence, financing and transaction costs. These costs for the 2023 financial year were \$0.9 million (FY2022: \$1.0 million).

### NGI Strategic Portfolio income

The NGI Strategic Portfolio is the aggregation of the six manager stakes acquired by Navigator in February 2021. The acquisition is planned in two stages:

- The initial acquisition in February 2021, which gives Navigator a Preferred Minimum Distribution Amount of all distributions paid by the NGI Strategic Portfolio until 30 June 2025, indexed at 3.0%pa, plus 20% of any distributions received above the Preferred Minimum Distribution amount. **For FY23 the Preferred Minimum Distribution Amount is \$18.035 million.**
- The final settlement in April 2026 whereby Navigator will acquire full ownership of the NGI Strategic Portfolio and will then be entitled to 100% of any distributions it earns.

### Net unrealised changes in fair value

The Group carries its investments at fair value, which is re-measured at each balance date. Changes to the fair value of the NGI Strategic Portfolio are recognised in the profit and loss statement, and given their strong distributions and growth in aggregate AUM, as \$33.9 million fair value gain has been recognised, which is a 12% increase on the opening fair value of the assets.

The redemption liability associated with the FY2026 settlement of the remaining ownership stake of the NGI Strategic Portfolio is carried at a fair value of \$160.0 million as at 30 June 2023, resulting in a \$31.6 million impact to the profit and loss statement.

Changes to the fair value of investments in Marble Capital and Invictus are recognised in other comprehensive income, and a fair value loss of \$18.8 million was recognised in relation to these investments for FY2023.

## Business strategies and future outlook

FY2023 was a year of consolidating and embedding prior period expansions. The Navigator Group is more diversified across alternative asset management sectors than ever before. This diversification creates high quality earnings across a wide range of product, client type and geography.

Navigator's earnings profile is now highly diversified over 11 stakes in alternative asset managers

Multi-year outlook for stable, well-covered preferred earnings stream from the NGI Strategic Portfolio, and the addition of high-quality earnings and visible revenue generated from closed-end funds

Lighthouse generates management fee concentrated earnings from a diverse product set and client base



Our partners are demonstrating solid AUM growth, driven by both performance and inflows

The Lighthouse business is well positioned for growth across multiple products and continues to invest in additional product innovation

NGI Strategic managers continue to innovate by leveraging their core competencies and tactically launching new products and strategies

With strong organic AUM growth from both our Lighthouse business and the majority of our minority stake investments, both from positive investment performance and net inflows to products, we expect to see the benefits through an uplift in management fee earnings. This growth underpins Navigator's financial results whilst we continually explore other opportunities to enhance earnings.

During this financial year we proactively engaged in discussions to bring forward the planned acquisition of the full earnings in relation to the NGI Strategic Portfolio acquired in February 2021. structure the organisation now to facilitate continued growth. On 1 August 2023, Navigator announced it had entered into definitive documentation to early settle this planned 2026 redemption payment to certain affiliates of GP Strategic Capital (formerly known as Dyal Capital), a platform of Blue Owl (NYSE: OWL) ("GPSC Investor"). Navigator will acquire the remaining distributions previously retained by GPSC Investor for total consideration of \$200m funded through a \$120m placement to GPSC Investor and a \$80m entitlement offer to existing shareholders. Subject to shareholder and other regulatory approvals, the transaction is expected to settle before the end of the 2023 calendar year.

Bringing a number of key benefits, a key outcome of the transaction will be to strengthen Navigator's balance sheet and cash flows to unlock capacity to execute growth initiatives around additional investment stake acquisitions. Navigator continues to see and explore opportunities for additional investments, and from the second half of the 2024 financial year will be in a position to proactively pursue the most attractive opportunities which meet our criteria.



## Material business risk

The material business risks facing the Group are equity market conditions, cyber and regulatory risk.

### Global market conditions

The Group's results and outlook are influenced by conditions in global equity markets, both in terms of potential impact on investment performance of funds and prospects for raising and retaining client assets. The Group is exposed to a variety of economic, political, geographical and social risk factors through its global portfolio of stakes in alternative investment managers. These risk factors may impact on the performance of capital markets in unpredictable ways.

The Group's approach to managing this market exposure risk has been through a strategy of diversification of our investments in alternative asset managers across a range of strategies, products and geographies. Through careful curation of our minority investment stakes, we look to add investments with low correlation to existing specialities to build resilience in both our management fee and performance fee earnings through various market cycles.

Global market conditions can impact on investment performance, which impacts the value of the Group's assets under management. Assets under management is a key driver of the Group's financial performance, and is sensitive to the investment performance generated by each asset manager. Investment performance can also impact assets under management by influencing the prospects of an individual manager in raising and/or retaining client capital.

### Key person risk

The generation of strong investment returns and raising of new capital from clients requires a high level of skill and experience from key people within the Group and the asset managers we invest in. A loss of these key people could be detrimental to the financial performance of the Group. The Group looks for alignment of interest with key persons through remuneration and ownership interests in order to incentivise both performance and retention.

### Regulatory risk

The Group operates in a number of jurisdictions around the world in an industry which is highly regulated. The Group remains focussed on compliance with its regulatory requirements, particularly as they continue to evolve through regular review and change in laws, regulations and policy requirements. Our minority stake investments are in established and well resourced asset management firms which have dedicated in-house compliance functions. We ensure that our internal legal, risk and compliance functions continue to be well resourced, both in terms of staff and access to specialist consultants and support.

## Cyber risk

Data is a key asset of the Group, and the number of high profile data hacking incidents which occurred throughout 2023 highlights the importance of vigilance in relation to management of the Group's cyber environment. Whilst the Group does not collect and store any significant level of personal financial, payment or identification data in relation to individuals, a core focus is protection of portfolio data as well as ensuring business continuity in the event of any technological disruption. The Group's operating subsidiary has dedicated in-house resources who proactively manage information technology requirements and cyber risks. The Group also engages external specialists to regularly review, test and enhance its technology environment.

## Directors' interests

The relevant interest of each director in the shares issued by the Company at the date of this report is as follows:

Director	Ordinary shares	Notes
Michael Shepherd	195,270	Shares are held indirectly by Tidala Pty Ltd as Trustee for the Shepherd Provident Fund
Suvan de Soysa	150,000	Shares are held indirectly by De Soysa Super Pension Fund, a self-managed superannuation fund
Nicola Grenham	6,450	Shares are held directly
Cathy Hales	10,000	Shares are held indirectly by 89 <sup>th</sup> & Amsterdam Pty Ltd as trustee for the Rocama Trust, a director related entity (family trust)
Sean McGould	19,438,083	Shares are held indirectly by SGM Holdings, LLC

## Company secretary

Ms Amber Stoney BCom (Hons) CA holds the position of company secretary. Amber has held this position for most of her tenure at Navigator, specifically for the periods 15 March 2007 to 20 November 2008, 18 July 2011 to 9 May 2016 and from 27 June 2016. Amber also holds the position of Chief Financial Officer of Navigator. Prior to joining the Company in 2003, Amber was a senior manager at KPMG, specialising in the funds management industry.

## Corporate governance

The Group recognises the value of good corporate governance. The board believes that effective governance processes and procedures add to the performance of the Group and engenders the confidence of the investment community.

The Company has adopted Listing Rule 4.10.3 which allows companies to publish their corporate governance statement on their website rather than in their annual report. The directors have reviewed the statement, and a copy of the statement, along with any related disclosures, is available at:

<https://www.navigatorglobal.com.au/corporate-governance>

## Board and Committee meetings

The agenda for meetings is prepared by the Company Secretary in consultation with the Chairman and Chief Executive Officer, and is set to ensure adequate coverage of strategic, operational, financial and governance matters.

Board papers are circulated in advance of the meetings. Senior executives are invited to attend board meetings, however the directors may have closed sessions without executive involvement during meetings at their discretion.

## Board meetings

The number of meetings of the Company's board of directors during the year ended 30 June 2023, and the number of meetings attended by each director whilst in office were:

	Held	Attended
Michael Shepherd (Chair)	19	18
Nicola Grenham	19	18
Sean McGould	19	18
Suvan de Soysa	19	19
Cathy Hales	19	19
Andy Bluhm	5	4

## Audit and Risk Committee meetings

The number of meetings the Audit and Risk Committee held during the year ended 30 June 2023, and the number of meetings attended by each Committee Member whilst in office were:

	Held	Attended
Suvan de Soysa (Chair)	5	5
Michael Shepherd	5	5
Cathy Hales	4	4
Andy Bluhm	1	1

## Remuneration and Nominations Committee meetings

The number of meetings the Remuneration and Nomination Committee held during the year ended 30 June 2023, and the number of meetings attended by each Committee Member were:

	Held	Attended
Michael Shepherd (Chair)	2	2
Nicola Grenham	2	2
Cathy Hales	2	2

## Remuneration report – Audited

This Remuneration Report for the Company and its controlled entities for the year ended 30 June 2023 forms part of the Directors' Report and is audited in accordance with section 300A of the Corporations Act 2001.

### Reporting in United States dollars

In this report the remuneration and benefits reported have been presented in US dollars ('USD'). This is consistent with the functional and presentation currency of the Group. Where compensation for Australian-based employees is paid in Australian dollars, it is converted to USD for reporting purposes based on either specific transaction exchange rates, or the average exchange rate for the payment period as appropriate. The Australian dollar based compensation paid during the year ended 30 June 2023 was converted to USD at an average exchange rate of:

- AUD/USD 0.6630 (2022: AUD/USD 0.7259).

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### Overview of remuneration policy and approach

The overall objectives of the Group's remuneration policies are to:

- embed a culture that promotes the Group's core values
- support the business strategy of the Group by attracting, retaining and rewarding quality staff
- encourage appropriate performance and results to uphold client and shareholder interests
- properly reflect each individual's duties and responsibilities

When setting the Group's approach to remuneration, the Board keeps the following factors front-of-mind:

1

#### Operations and employees are mainly based in the US

Navigator is an Australian company listed on the Australian Securities Exchange, however the Group's operations are predominantly based in the US. To be effective in attracting and retaining high quality staff, remuneration arrangements must therefore be aligned to the expectations of people who are employed in the United States alternative asset management industry.

These remuneration arrangements may diverge from arrangements which would be considered industry practice within Australia. The quantum and proportion of variable remuneration to total remuneration packages is one such area.

2

#### Variable remuneration is a key component of total compensation

The remuneration arrangements in place for the Group are generally structured around setting a lower fixed remuneration amount and having the opportunity to earn variable remuneration as a major component of overall remuneration. This is particularly true for our US based employees. The Board believes this provides a dynamic basis to be able to adjust the Group's total remuneration expense and is also consistent with US industry practice.

Performance conditions in relation to variable remuneration apply to senior management and investment staff in the US. These have been implemented to incentivise senior employees to achieve results which grow revenues for the Lighthouse business as it continues to transition away from its Legacy fund-of-fund business model and into a multi-portfolio manager hedge fund business.

The Board has maintained a level of discretion in setting the total amount of variable compensation, and the Chief Executive Officer (CEO) exercises his discretion in allocating bonuses to individuals based on their performance and contribution.

The Board is satisfied that the current arrangements are consistent with alternative asset management industry practice in the US and allows employees to focus on achieving results for clients, which is ultimately in the long-term interests of shareholders.

The Board notes that with the implementation of a pass through expense model for Lighthouse over the past few years, a reassessment of the remuneration strategy for the Lighthouse business will be considered over the 2024 financial year.

# Remuneration report – Audited (continued)

## Overview of remuneration policy and approach (continued)

The Group rewards its executives and senior managers with a level and mix of remuneration which is relevant to their position, responsibilities and performance during the year. Remuneration comprises both fixed and variable remuneration, and may include long-term incentive positions. The correct mix and outcome of remuneration is considered by the Remuneration and Nominations Committee and the Board when setting and approving remuneration arrangements.

### Fixed remuneration

Fixed remuneration may include:

- base salary;
- a minimum annual bonus amount; and
- employer contributions to superannuation and retirement plans and health care benefits.

Fixed base remuneration is generally determined by having regard to responsibilities, performance, qualifications and experience of the relevant staff member.

Since the 2022 financial year, the Group has introduced a bonus structure which establishes specific performance conditions in relation to annual variable bonus remuneration for select senior management and investment roles. The specific performance conditions are set to incentivise those employees to achieve outcomes directly relevant to their roles and responsibilities, such as achievement of a defined level of net performance return for a particular fund or portfolio for which they are responsible.

As part of implementing these new performance conditions, a minimum and/or maximum bonus component may be incorporated into the revised bonus remuneration arrangements for these staff members.

The implementation of these arrangements has been limited to a small number of employees, hence most employees do not have a fixed bonus component in their compensation structure.

Fixed remuneration is reviewed at least annually, or on promotion, to ensure that it is competitive and reasonable. There are no guaranteed increases to the minimum remuneration amount.

The amount of fixed remuneration is not dependent on the satisfaction of a performance condition, or the performance of the Group or business unit, the Company's share price, or dividends paid by the Company.

### Other benefits

Employees are entitled to additional benefits that may include educational assistance, adoption assistance and health care benefits.

Employees are also able to make investments into Lighthouse managed funds without incurring any fees. There is no incremental cost incurred by the Group in providing fee-free investment management services via the Lighthouse funds to employees. Having employees invest their own assets into Lighthouse managed funds is viewed positively by clients and potential clients as it demonstrates an alignment of interest between the Lighthouse employee and future investment results for clients. Nil fee arrangements for employees is common practice in the US asset management industry.

### Variable remuneration

#### Short term incentives

Variable remuneration is comprised of participation in a short-term cash bonus pool, and for certain senior eligible employees, participation in long-term incentive plans.

The majority of existing variable remuneration arrangements are short-term in nature, and are designed to motivate staff to create value for both:

- our clients, thorough investment returns and a high level of client service; and
- the Company's shareholders.

As noted, since the 2022 financial year, certain senior management and investment employees have had contractual performance conditions applied to their bonus arrangements. These arrangements may include a minimum and maximum applied to any amount calculated in accordance with the performance condition.

The performance of individual staff members, including senior executives, is reviewed at least annually, after which the award of variable remuneration is considered.

The Board approves the overall size of the annual bonus pools and approves an award to the CEO, the Managing Director of Strategic Corporate Development and the Chief Financial Officer. The Board delegates authority to the CEO to exercise his discretion to make variable remuneration allocations to individual staff.

## Remuneration report – Audited (continued)

### Overview of remuneration policy and approach (continued)

#### Long term incentives

At the 2021 Annual General Meeting (“AGM”) held on 28 January 2022, shareholders approved the Performance Rights Plan (the “LTI Plan”) and the issue of securities under the LTI Plan. A summary of the LTI Plan is set out below:

<b>Performance Rights Plan</b>	<p>The Board may, from time to time, in its absolute discretion, offer to grant Performance Rights as part of its long-term incentive strategy to an eligible participant under the Performance Rights Plan.</p> <p>Any full-time or part-time employee (including any executive director) of the Company and its related bodies corporate (Group) (Employee) is eligible to participate in the Performance Rights Plan and to be offered Performance Rights if they satisfy the criteria or other performance conditions that the Board determines from time to time.</p>
<b>Objective</b>	<p>The objective of the LTI Plan is to:</p> <ul style="list-style-type: none"> <li>▪ support the business strategy of the Group by attracting, retaining and rewarding quality executives and staff;</li> <li>▪ encourage appropriate performance and results to uphold client and shareholder interests;</li> <li>▪ properly reflect each individual's duties and responsibilities; and</li> <li>▪ embed a culture that rewards performance whilst maintaining integrity, reputation and mitigating risk.</li> </ul>
<b>How offers made</b>	<p>The Company may from time to time invite any person to participate in the LTI Plan who is an Eligible Person by offering to the person Performance Rights for acquisition on such terms as the Board may determine in accordance with this LTI Plan.</p>
<b>How Securities acquired</b>	<p>Performance Rights may be granted, and shares, upon the exercise of Performance Rights, may be issued transferred to Employees or such other persons (including without limitation, any person's legal personal representative or trustee in bankruptcy) as the Board in its discretion determines to be eligible to participate in the Performance Rights Plan (Participant).</p>
<b>Consideration</b>	<p>Unless otherwise determined by the Board in its discretion, Performance Rights are to be granted for nil consideration to Employees under the Performance Rights Plan.</p> <p>The exercise price for Performance Rights, or the method of calculation of the exercise price, is as determined by the Board at the time of grant and stated in the letter of offer. The exercise price for a Performance Right will be nil (including where no exercise price is stated in the letter of offer) unless the Board determines otherwise and states the price in the letter of offer.</p>
<b>Other terms</b>	<p>The Board will determine whether any performance hurdles or other conditions will be required to be met (vesting conditions) before the Performance Rights which have been granted under the Performance Rights Plan can vest.</p> <p>Performance Rights will only vest once all vesting conditions and performance hurdles set out in the offer have all been satisfied or otherwise waived by the Board, and will vest automatically on the business day after the Board determines the vesting conditions and performance hurdles set out in the offer have all been satisfied or otherwise waived.</p> <p>Once granted, a Performance Right will lapse on the earliest to occur of:</p> <ul style="list-style-type: none"> <li>▪ the stated lapsing date;</li> <li>▪ a date or circumstance specified in the offer for that Performance Right or a provision of the Performance Rights Plan rules as when a Performance Right lapses;</li> <li>▪ failure to meet an exercise condition or meet any other condition applicable to the Performance Right within the period specified in the offer for that Performance Right; or</li> <li>▪ the receipt by the Company of a notice in writing from a Participant that the Participant has elected to surrender the Performance Right.</li> </ul> <p>Performance Rights are not entitled to receive a dividend. Any shares issued or transferred to a Participant upon vesting of Performance Rights are only entitled to dividends if they were issued on or before the relevant dividend entitlement date.</p> <p>A share issued on exercise of a Performance Right will rank equally in all respects with shares already on issue on the date of exercise of the Performance Right, except for entitlements which had a record date before the date of issue of that share.</p>

# Remuneration report – Audited (continued)

## Overview of remuneration policy and approach (continued)

### Long term incentives (continued)

The Board has made two grants of performance rights under the LTI Plan to Participants, the 2021 Performance Rights Grant and the 2022 Performance Rights Grant (the Grants). The performance conditions relating to the Grants are as follows:

#### Performance conditions

The number of Performance Rights that vest and, therefore, the number of shares that Participants may acquire, are subject to two performance conditions.

Performance Rights will vest depending on the following two performance conditions:

1. total shareholder return (TSR); and
2. earnings before interest, taxes, depreciation and amortisation (EBITDA).

50% of the Performance Rights granted for the performance period will be tested against an absolute TSR performance condition (TSR Rights), and the remaining 50% will be tested against an absolute adjusted EBITDA performance condition (EBITDA Rights). In both cases, any vesting will depend upon the Compound Annual Growth Rate (CAGR) achieved by the Company.

#### TSR Rights

The performance condition to be used to determine the number of TSR Rights that vest is the TSR performance of NGI over the performance period.

Broadly, TSR measures the return to a shareholder over the relevant performance period in terms of changes in the market value of the shares plus the value of any dividends paid on the shares. Unless the Board determines otherwise, the share prices used to calculate the TSR of the Company for a performance period will be measured as follows:

- the opening share price will be the volume weighted average price on the ASX in respect of the Company for the 20 trading days ending on the first day of the performance period; and
- the closing share price will be the volume weighted average price on the ASX in respect of the Company for the 20 trading days ending on the last day of the performance period.

The percentage of Performance Rights which vest, if any, will be determined by the Board by reference to the absolute TSR CAGR achieved by the Company over the relevant performance period:

TSR - Performance level	TSR over the Performance Period	Vesting level
<b>Below Minimum</b>	< 7%	0%
<b>Minimum</b>	7%	25%
<b>Between Minimum and Target</b>	Between 7% and 9.5%	Straight line vesting between 25% and 50%
<b>Target</b>	9.5%	50%
<b>Between Target and Stretch</b>	Between 9.5% and 14.5%	Straight line vesting between 50% and 100%
<b>Stretch</b>	14.5%	100%

The Board's determination of TSR and TSR CAGR for this purpose is final and is not appealable or reviewable.

#### EBITDA Rights

The performance condition to be used to determine the number of EBITDA Rights that vest is the CAGR of adjusted EBITDA per share (EBITDA/Share) over the performance period.

Unless the Board determines otherwise, EBITDA is to be calculated as Earnings Before Interest, Tax, Amortisation and Depreciation of the NGI Group adjusted for the following:

- to recognise cash payments associated with office lease payments recognised as a finance cost under AASB 16 Leases;
- to exclude from EBITDA non-cash changes in fair value related to the assets and liabilities associated with the NGI Strategic portfolio; and
- to exclude from EBITDA expensed transaction costs incurred in relation to an acquisition accounted for under AASB 3 Business Combinations.

The Board retains a discretion to adjust the EBITDA performance condition to ensure that participants are not penalised nor provided with a windfall benefit arising from matters outside of management's control that affect EBITDA (for example, excluding one-off non-recurrent items or the impact of significant acquisitions or disposals).



# Remuneration report – Audited (continued)

## Overview of remuneration policy and approach (continued)

### Long term incentives (continued)

#### Performance conditions (continued)

EBITDA/Share is calculated by dividing EBITDA for the financial year by the weighted average number of ordinary shares outstanding over the relevant period i.e.

USD EBITDA (or loss) for financial year

Weighted average number of ordinary shares outstanding

The vesting schedule for the EBITDA/Share performance hurdle is set out in the table below:

EBITDA - Performance level	EBITDA/Share CAGR over the Performance Period	Vesting level
Below Minimum	< 8%	0%
Minimum	8%	25%
Between Minimum and Target	Between 8% and 11.5%	Straight line vesting between 25% and 50%
Target	11.5%	50%
Between Target and Stretch	Between 11.5% and 15%	Straight line vesting between 50% and 100%
Stretch	15%	100%

#### Performance period

##### 2021 Performance Rights Grants

The performance conditions will be tested on a date determined by the Board following the end of the 2024 financial year (i.e. 30 June 2024). Any Performance Rights that do not vest prior to the expiry date of the Performance Rights will lapse.

##### 2022 Performance Rights Grants

The performance conditions will be tested on a date determined by the Board following the end of the 2025 financial year (i.e. 30 June 2025). Any Performance Rights that do not vest prior to the expiry date of the Performance Rights will lapse.

The Company will issue or procure the transfer of Company ordinary shares on the exercise of Performance Rights in accordance with the Performance Rights Plan rules and the terms of the Performance Rights.

Shares allocated on exercise of Performance Rights will rank equally with shares in the same class.

An alignment grant was made to the Managing Director of Strategic Corporate Development on the following terms:

#### Nature

The Alignment Grant is a long-term incentive award directly linked to long-term successful outcomes related to the acquisition of the NGI Strategic Portfolio. It is a grant of Navigator shares which can be settled through the issue of shares or cash at the Company's election following vesting. The grant is divided into two tranches.

#### Performance conditions

- |                   |  |
|-------------------|--|
| <b>Tranche 1:</b> | <ul style="list-style-type: none"> <li>Must remain an employee at vesting date or have not provided notice to terminate their employment; and</li> <li>Navigator must have been paid at least the Preferred Minimum Distribution Amount for each of the 2021 to 2024 financial years in accordance with the terms of the acquisition of the NGI Strategic Portfolio.</li> </ul>  |
| <b>Tranche 2:</b> | <ul style="list-style-type: none"> <li>Must remain an employee at vesting date or have not provided notice to terminate their employment; and</li> <li>Tranche 1 vesting requirements were met; and</li> <li>Total earnings to Navigator from the NGI Strategic Portfolio equals or exceeds \$35 million; and</li> <li>Aggregate assets of the NGI Strategic Portfolio (non-ownership adjusted) equals or exceeds \$40 billion.</li> </ul> |

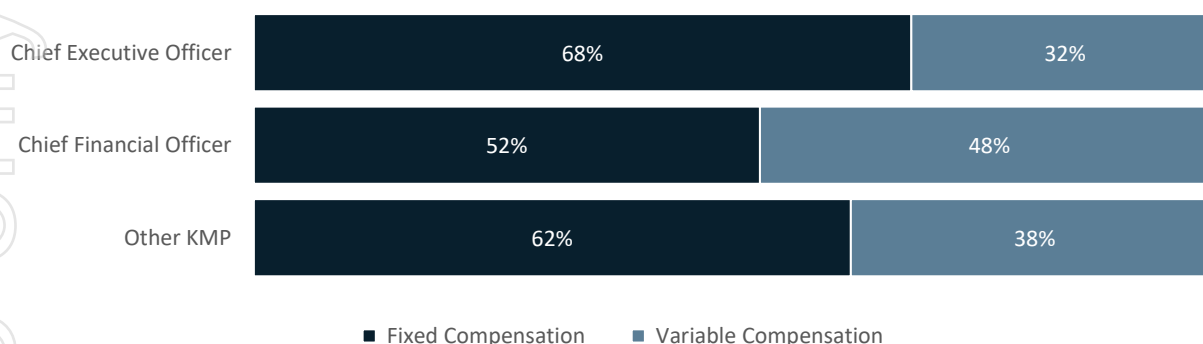
#### Performance period

- |                   |   |
|-------------------|---|
| <b>Tranche 1:</b> | <ul style="list-style-type: none"> <li>Performance period of four years from 1 July 2021 to 30 June 2025</li> <li>Vesting date of 30 June 2025 with settlement in the 2026 financial year.</li> </ul> |
| <b>Tranche 2:</b> | <ul style="list-style-type: none"> <li>Performance period of five years from 1 July 2021 to 30 June 2026</li> <li>Vesting date of 30 June 2026 with settlement in the 2027 financial year.</li> </ul> |

## Remuneration report – Audited (continued)

### Overview of remuneration policy and approach (continued)

For the 2023 financial year, the proportion of remuneration between fixed and variable components for KMPs is as follows:



Further detail regarding the methodology for determining the 2023 financial year annual bonus pools are contained on page 29.

### Relationship between remuneration policy and company performance

In implementing the remuneration policy and structure, the Board has had regard to what it considers to be the key measure of the profitability of the Company:

#### Adjusted EBITDA –

Earnings before interest, tax, depreciation, and amortisation from continuing operations, adjusted for:

- the reduction of occupancy costs recorded below the EBITDA line due to the implementation of AASB 16 Leases
- the unrealised change in fair value on financial assets and liabilities
- non-recurring transaction costs associated with investment acquisitions and financing activities.

The following table shows a summary of the Group's key performance measures over the past 5 years:

	US\$'000				
	2023	2022	2021	2020	2019
Adjusted EBITDA	48,814	46,528	31,587 <sup>2</sup>	30,518 <sup>1</sup>	37,652 <sup>1</sup>
Net profit after tax	35,512	38,701	26,755	18,148	26,843
Dividends paid during the financial year	9,004	31,414	18,421	28,208	27,451
Closing share price (AUD dollars)	1.33	1.25	1.78	1.19	3.94
Change in share price (AUD dollars)	▲ 0.08	▼ 0.53	▲ 0.59	▼ 2.75	▼ 1.40

<sup>1</sup> Adjusted EBITDA for FY2018-2020 is equal to statutory EBITDA

<sup>2</sup> 2021 Adjusted EBITDA is calculated as per the prior year before comparatives were restated to align with current year methodology.



## Remuneration report – Audited (continued)

### Variable compensation for the 2023 financial year

#### Lighthouse variable compensation arrangements

The Lighthouse general bonus pool is determined with reference to Lighthouse EBITDA (ex-bonuses and performance fees). The Board may exercise discretion to increase the bonus pool where it considers the circumstances warrant additional remuneration. The Board has set the following arrangements for determining the size of the Lighthouse short term cash bonus pools:

#### Lighthouse general pool

Company performance metric	Basis of variable remuneration
Lighthouse EBITDA (excluding performance fees, before bonuses and adjusted for other specified items)	30-35% allocated to Lighthouse general bonus pool

All Lighthouse staff are eligible to participate in the Lighthouse general bonus pool, the amount of which is calculated as 30-35% of Lighthouse's EBITDA (before the bonus pools and excluding performance fee revenue and adjusted for other specified items).

- Allocation of the Lighthouse general bonus pool to staff (other than as noted below) is determined by the CEO in accordance with remuneration structure and guidelines established by the Remuneration and Nominations Committee.
- A bonus for the CEO is determined and approved by the board based on an assessment of his performance. This bonus amount forms part of the overall Lighthouse general bonus pool.

Certain senior executives have specific short term compensation arrangements which are linked to specific metrics such as revenue and EBITDA of the business lines/products for which they are responsible. Details on these arrangements for KMPs are outlined on the following pages.

The Board retains the discretion to vary the final amounts approved after calculation based on the above pools, to ensure that they can also factor in extenuating circumstances. The Board approved \$6.2 million of additional discretionary bonuses for the FY23 year above the amounts calculated under the Lighthouse general bonus pool and Lighthouse incentive fee pool as outlined above. This approval was on the basis of ensuring retention of key staff in what is currently a very competitive environment in the US asset management sector.

#### NGI Strategic and Corporate variable compensation arrangements

Discretionary short-term bonuses totalling \$1.1 million were awarded for staff who:

- directly contributed to the operation of the listed parent company, namely staff involved in finance and company secretarial functions in Australia; and/or
- were responsible for the successful completion of the NGI Strategic investment transactions completed during the 2023 financial year. These awards were based on the relevant individual's contribution in assessing, negotiating and implementing complex transactions.

The Remuneration and Nominations Committee recommended these bonuses which were approved by the Board.

#### Lighthouse incentive fee pool

Company performance metric	Basis of variable remuneration
Performance fees	50% allocated to Lighthouse incentive fee bonus pool

Senior members of the Lighthouse investment team are eligible to participate in a bonus pool determined as 50% of performance fee revenue earned by the various funds managed by Lighthouse.

This pool is allocated at the discretion of the CEO based on his assessment of the contribution of each eligible staff member to the creation of the performance fee revenue.

The allocation of the pool occurs after determining the bonus amounts for the small number of senior investment employees who have performance conditions which apply to their annual bonuses. The specific performance conditions are set to incentivise those employees to achieve outcomes directly relevant to their roles and responsibilities, such as achievement of a defined level of net performance return for a particular fund or portfolio for which they are responsible. There is generally a minimum and a maximum applied to these bonuses.

Investment team staff members may still also receive an allocation from the general bonus pool.

## Remuneration report – Audited (continued)

### CEO remuneration arrangements

Mr McGould is based in the US and performs two key roles for the Group. He is both:

- Chief Executive Officer of the NGI Group;
- Chief Executive Officer of Lighthouse; and
- Chief Investment Officer of Lighthouse.
- The Board considers that Mr McGould's remuneration needs to encompass both of these roles, and that it should also be structured so that it is consistent with remuneration principles which operate in the United States alternative asset management industry.
- Mr McGould's base salary is \$1,000,000 which reflects the scope of his role across the Group as well as his specific responsibilities to Lighthouse. Mr McGould is also entitled to receive health care benefits, retirement benefits and nil fees in relation to his investment in Lighthouse products.
- The Board has not set specific key performance indicators (KPIs) for the CEO. Instead, the Board awards Mr McGould a discretionary bonus amount, taking into account the following factors:
  - investment results achieved for clients;
  - achievement of board-approved budgets and targets, strategic goals, capital and business restructuring and development of new business opportunities;
  - growth in AUM, through both net investment flows and investment performance of Lighthouse portfolios; and
  - group financial results and dividends paid to shareholders.

Mr McGould received a bonus of \$350,000 for the year ended 30 June 2023.

### Non-executive director remuneration

Non-executive directors may receive director fees. The Company's policy is to remunerate non-executive directors at market rates for comparable companies having regard to the time commitments and responsibilities assumed. The aggregate of non-executive director fees is capped at a maximum of \$750,000 per annum (including superannuation), as approved by shareholders at the AGM held on 20 November 2014.

Fees paid to non-executive directors are USD, and for the 2023 financial year were as follows:

Chairman	USD 170,000 per annum (plus superannuation)
Non-executive directors	USD 100,000 per annum (plus superannuation)

- Australian based non-executive directors are also entitled to superannuation. For the financial year ended 30 June 2023 actual remuneration for non-executive directors was \$508,021 (2022: \$466,835).
- A Bluhm elected not to receive remuneration from the Company for his role as a non-executive director.
- Non-executive directors' fees cover all main board activities and membership of any committee. Executive and non-executive directors may be reimbursed for reasonable expenses properly incurred in their role as a director. Non-executive directors are not entitled to participate in executive remuneration schemes, may not receive performance-linked equity or bonus payments, and are not provided with retirement benefits other than statutory superannuation entitlements. Non-executive directors are not entitled to any benefits or payments on retirement from office.

## Remuneration report – Audited (continued)

### Key management personnel remuneration disclosures

Those appointed to key management personnel positions are outlined below:

Name	Position	Term
<b>Non-Executive Directors</b>		
Michael Shepherd	Chairman and Non-Executive Director	Full year
Andy Bluhm	Non-Executive Director	Resigned 17 November 2022
Nicola Grenham	Non-Executive Director	Full year
Suvan de Soysa	Non-Executive Director	Appointed 22 September 2021
Cathy Hales	Non-Executive Director	Appointed 22 March 2022
Fernando Esteban	Non-Executive Director	Retired 28 January 2022
<b>Executive Director</b>		
Sean McGould	Group Chief Executive Officer (CEO), Chief Executive Officer, Lighthouse Investment Partners, LLC, and Chief Investment Officer, Lighthouse Investment Partners, LLC	Full year
<b>Executives</b>		
Rob Swan	Chief Operating Officer (COO), Lighthouse Investment Partners, LLC	Full year
Amber Stoney	Chief Financial Officer (CFO) and Company Secretary, Navigator Global Investments Limited	Full year
Ben Browning	President, Lighthouse Investment Partners, LLC	Full year
Ross Zachary	Managing Director of Strategic Corporate Development, NGI Strategic Holdings	Full year

### Contractual arrangements for senior executives

The Group has entered into service agreements with each member of key management personnel. These agreements specify the duties and obligations to be fulfilled.

### US-based executives

#### Service Agreements

The CEO entered into a service agreement commencing on 7 March 2011. The agreement was for an initial term of four years and thereafter automatically extend for a one-year term unless either the Group or the employee gives not less than sixty days' notice of their intention not to extend the agreement.

The remaining US-based KMPs entered into revised service agreements effective from 1 July 2021. There is no defined term period under these service agreements, and their employment continues until terminated by either the employee or the Company in accordance with the terms of the agreement.

#### Termination

The Group may terminate the agreements of US-based executives at any time for Good Cause as defined under their service agreement. In these circumstances there is no entitlement to a termination payment.

The Group may terminate the agreement for any reason at any time by giving not less than sixty days' notice.

The employees may terminate their agreements at any time on thirty days' notice for Good Reason as defined under their service agreement, which may include circumstances where the Group fails to comply in any material respect with the terms of the agreement, or there is a material and unconsented change to responsibilities. For the CEO and Managing Director of Strategic Corporate Development, NGI Strategic Holdings, Good Reason includes where there is a material reduction in the compensation opportunities, there is a material change to the Group's strategy or there is a change of control of the Company.

The employees may terminate the agreement and their employment at any time for any reason other than those noted above by giving not less than sixty days' notice.

## Remuneration report – Audited (continued)

### Key management personnel remuneration disclosures (continued)

#### Contractual arrangements for senior executives (continued)

##### Potential Termination Benefits

Shareholders approved potential termination benefit arrangements at the 2021 Annual General Meeting for US-based executives as follows:

- A severance payment of up to \$1 million on cessation of employment, except where their employment has been terminated for Cause as defined by their employment contract. Any severance payment made is in lieu of any unpaid short-term incentive bonus which they would otherwise be entitled to receive for their performance during the relevant year in which they ceased employment. The amount of the severance payment will be pro-rated based on the number of days of service provided by the US Relevant Executive during a year prior to cessation of their employment.
- Restraint payments may be paid to enforce post-employment restraint clauses if considered necessary and/or appropriate to protect matters such as non-compete periods, non-solicit periods and confidential information or intellectual property. In some jurisdictions, restraint clauses may be legally unenforceable, or difficult to successfully enforce, without payment.

The amount of the restraint payment is determined based on the following circumstances:

- If employment ceases due to termination for Cause, their providing notice to the Company, or them not renewing their contract then:
  - they will be entitled to restraint payments for 6 months at their monthly base salary; and
  - the Board will have the option, but not the obligation, to extend the restraint period for up to an additional 6 months by paying the Relevant Executive a restraint payment of up to \$166,667 per month.
- If employment ceases due to the Company providing the required contractual notice, the Board has the discretion, but not the obligation, to enforce the restraint clauses in the employment contract for up to 12 months by paying the Relevant Executive a restraint payment of up to \$166,667 per month.
- These payments are capped at a maximum of \$2 million.

#### Annual bonus arrangements and 2023 financial year awards

In addition to their base salary and benefits, each of the US-based KMPs are entitled to the following bonus compensation as follows:

Group Chief Executive Officer	Remuneration arrangements for the CEO are outlined on page 30.		
Chief Operating Officer, <i>Lighthouse Investment Partners, LLC</i>	The performance conditions for components of the Chief Operating Officer's bonus have been set in acknowledgement of his role as a head of the Luminae Managed Account Services business, and are designed to incentive revenue growth in that business.		
	<b>Performance condition</b>	<b>Met for FY2023</b>	
	Minimum annual bonus	Minimum amount of not less than \$200,000, additional amount may be awarded at the discretion of the CEO.  <i>(Minimum amount classified as fixed remuneration)</i>	<b>X</b>  Revenue Linked bonus resulted in higher amount than the minimum bonus amount
	<b>OR</b>		
	<b>Revenue Linked amount</b>	Calculated as 4.25% of Revenues of the Managed Account Services clients less any base salary received during the year.	<b>✓</b>  Additional discretionary amount awarded
	The employee must satisfy the following Payment Requirements in order to receive the bonus:		
	<ul style="list-style-type: none"> <li>▪ remain an employee as at the end of the financial year, or not have provided notice to terminate the service agreement as at that date; and</li> <li>▪ all representations and warranties made by the employee as set out in the service agreement are still true and accurate.</li> </ul>		

## Remuneration report – Audited (continued)

### Key management personnel remuneration disclosures (continued)

#### Contractual arrangements for senior executives (continued)

President,  
Lighthouse Investment  
Partners, LLC

The performance conditions for components of the President's bonus have been set to incentivise revenue growth across the Lighthouse business through the Revenue Target bonus, as well as ensuring a focus on cost management through the EBITDA Target bonus.

	Performance condition	Met for FY2023
Minimum annual bonus	Minimum amount of not less than \$650,000, additional amount may be awarded at the discretion of the CEO.  (Minimum amount classified as fixed remuneration)	✓
<b>Revenue Target</b>		
50% of fixed remuneration	If Covered Business achieves minimum Top Line Revenue Growth targets	X
OR		
100% of fixed remuneration	If Covered Business achieves Top Line Revenue Growth stretch targets	X
<b>EBITDA Target</b>		
25% of fixed remuneration	If EBITDA margin target is achieved	X

To the extent that a Revenue Target or EBITDA Target is awarded for a financial year, 50% of such compensation will be paid in cash soon after period end, while the remaining 50% shall be deferred over a period of three years.

The employee must satisfy the following Payment Requirements in order to receive the bonus:

- remain an employee as at the end of the financial year, or not have provided notice to terminate the service agreement as at that date; and
- all representations and warranties made by the employee as set out in the service agreement are still true and accurate.

Managing Director of  
Strategic Corporate  
Development,  
NGI Strategic Holdings

This Managing Director is responsible for a growing segment of Group operations, and annual bonus amounts are awarded at the discretion of the CEO after considering performance and achievements in relation to that business.

	Performance condition	Met for FY2023
Discretionary amount in the range of at least 100% to 300% of his base salary	No specified performance conditions.  (The minimum end of the range is classified as fixed remuneration)	✓  260% of base salary awarded.  Based on CEO's assessment of performance.

#### Participation in long-term incentive plans

The CEO and Managing Director of NGI Strategic Holdings are entitled to participate in the Performance Rights Plan, a long-term incentive plan as outlined on pages 25-27. Grants made in the current period are outlined on pages 36-37. The Managing Director of NGI Strategic Holdings was awarded a one-time Alignment Grant in 2021, the details of which are outlined on page 27.

The President of Lighthouse is eligible to participate in any long-term incentive plan that may be implemented by Lighthouse. No such plans are currently in place.

## Remuneration report – Audited (continued)

### Key management personnel remuneration disclosures (continued)

#### Contractual arrangements for senior executives (continued)

##### Australian Based executives

###### Service Agreement

The Australian based CFO is engaged pursuant to an executive services agreement for 30 hours per week for a base salary of A\$400,000 per annum (USD equivalent for the current year of \$270,777) exclusive of superannuation, and a short-term incentive bonus of up to 50% of this amount.

###### Termination

The Group may terminate the CFO's executive services agreement at any time, without notice for a number of reasons including bankruptcy, gross negligence or wilful and serious misconduct. In these circumstances there is no entitlement to a termination payment. The CFO may terminate the agreement at any time by giving 6 months' notice and the Group may terminate the agreement at any time by giving 6 months' notice or payment in lieu.

###### Annual bonus arrangements and 2023 financial year award

The CFO is entitled to a short-term incentive bonus of up to 50% of her base salary. The Board may exercise its discretion to award an additional bonus amount. Ms Stoney was awarded a bonus of 50% of her base salary for the 2023 financial year based on the assessment of her performance by the Remunerations and Nominations Committee.

###### Participation in incentive plans

The CFO is eligible to participate in the Performance Rights Plan, a long-term incentive plan as outlined on pages 25-27. Grants made in the current period are outlined on pages 36-37.

#### Remuneration arrangements for Non-executive directors

##### Service Agreement

Navigator enters into agreements with each non-executive director at the time of their appointment as a director. Each agreement sets out the rights and obligations of the director, including:

- Attendance at board meetings
- Prior approval for acceptance of additional roles outside Navigator
- Independence requirements and notification of interests
- Remuneration
- Provision of a Deed of Indemnity, Insurance and Access

Directors are also required to enter a Director's Interest Disclosure Agreement at the time of their appointment.

##### Termination

A director may resign at any time by providing notice to the Chairman.

Non-executive directors are required to be elected by shareholders at the next annual general meeting following their appointment. Directors do not have a fixed term, however they must be re-elected by shareholders at an annual general meeting at least every three years.

A director may be requested to retire from the Board should they fail to attend three consecutive board meetings without a leave of absence. In addition, a director may cease to hold office if they become a disqualified person under the *Corporations Act 2001*.

Non-executive directors are not entitled to any benefits or payments on retirement from office.

##### Annual bonus arrangements

Non-executive directors are not entitled to participate in executive remuneration schemes, may not receive performance-linked equity or bonus payments, and are not provided with retirement benefits other than statutory superannuation entitlements.

##### Participation in incentive plans

Non-executive directors are not entitled to participate in any incentive plans.

## Remuneration report – Audited (continued)

### Key management personnel remuneration disclosures (continued)

#### Directors' and executive officers' remuneration

The following remuneration was paid to key management personnel during the financial year:

Benefit Category		Short-term			Post-employment	Other long-term		Total
		Salary & fees	Bonus	Other <sup>1</sup>	Pension & Super-annuation	Share based payments	Long service leave	
Non-Executive Directors								
Michael Shepherd	2023	170,000	-	-	17,021	-	-	187,021
	2022	170,000	-	-	16,962	-	-	186,962
Nicola Grenham	2023	100,000	-	-	-	-	-	100,000
	2022	100,000	-	-	-	-	-	100,000
Suvan de Soysa <sup>2</sup>	2023	100,000	-	-	10,500	-	-	110,500
	2022	77,500	-	-	7,750	-	-	85,250
Cathy Hales <sup>3</sup>	2023	100,000	-	-	10,500	-	-	110,500
	2022	27,688	-	-	2,769	-	-	30,457
Executive Director								
Sean McGould	2023	1,000,000	350,000	24,749	19,800	138,914	-	1,533,463
	2022	1,000,000	500,000	23,771	18,300	-	-	1,542,071
Executives								
Rob Swan	2023	300,000	800,000	24,749	19,800	-	-	1,144,549
	2022	300,000	800,000	23,771	18,300	-	-	1,142,071
Ben Browning	2023	350,000	650,000	24,749	19,800	-	-	1,044,549
	2022	350,000	716,849	23,771	-	-	-	1,090,620
Ross Zachary	2023	300,000	780,000	24,843	8,734	291,010	-	1,404,587
	2022	250,000	675,000	23,771	19,087	48,088	-	1,015,946
Amber Stoney	2023	271,120	132,600	-	17,020	134,956	6,877	562,573
	2022	291,644	86,244	-	17,252	-	10,422	405,562
Total	2023	2,691,120	2,712,600	99,090	123,175	564,880	6,877	6,197,742
	2022	2,566,832	2,778,093	95,084	100,240	48,088	10,422	5,598,939

<sup>1</sup> Other short-term fixed remuneration amounts relate to health care benefits paid on behalf of US based staff.

<sup>2</sup> Appointed as a director 22 September 2021

<sup>3</sup> Appointed as a director 22 March 2022



## Remuneration report – Audited (continued)

### Key management personnel remuneration disclosures (continued)

#### Analysis of bonuses & share based payment awards included in remuneration

Details of the short-term and long-term incentive bonuses awarded as remuneration to key management personnel of the Group in the current reporting period are detailed below:

	Proportion of remuneration paid that is performance based	Short-term incentives <sup>1</sup>		Long-term incentives <sup>2</sup>	
		% awarded	% forfeited	% Vested in year	% Forfeited in year
Sean McGould	32%	100%	0%	0%	0%
Rob Swan	52%	100%	0%	0%	0%
Ben Browning	0%	52%	48%	0%	0%
Ross Zachary	55%	87%	0%	0%	0%
Amber Stoney	48%	100%	0%	0%	0%

<sup>1</sup> Short-term bonus is paid annually on a financial year basis. No amounts vest in future financial years in respect of the financial year ended 30 June 2023.

<sup>2</sup> Long-term incentive share based payment arrangements are subject to service and performance hurdles measured at various financial year ends. Details included in following sections of this report

#### Analysis of equity instruments granted as remuneration

As detailed above the Group has a Performance Rights Plan in place for eligible employees including the CEO. In addition, an Alignment Grant was made to the Managing Director of Strategic Corporate Development, NGI Strategic Holdings. There have been no alterations to the terms or conditions of the grants since grant date. Details of all equity instruments granted are summarised in the following tables:

#### Equity instruments granted

	Tranche	Equity instruments granted <sup>1</sup>	Grant date	Vesting & exercise date	Fair value per award at grant date (\$)	Expiry date
<b>2023</b>						
Sean McGould	2021 PR - EBITDA	152,905	30/9/2022	30/06/2024	0.68	30/9/2026
	2021 PR - TSR	152,905			0.16	
	2022 PR - EBITDA	152,905	17/11/2022	30/06/2025	0.70	17/11/2026
	2022 PR - TSR	152,905			0.36	
Ross Zachary	2021 PR - EBITDA	275,230	30/9/2022	30/06/2024	0.68	30/9/2026
	2021 PR - TSR	275,230			0.16	
	2022 PR - EBITDA	275,230	30/9/2022	30/06/2025	0.64	30/9/2026
	2022 PR - TSR	275,230			0.33	
Amber Stoney	2021 PR - EBITDA	152,905	30/9/2022	30/06/2024	0.68	30/9/2026
	2021 PR - TSR	152,905			0.16	
	2022 PR - EBITDA	152,905	30/9/2022	30/06/2025	0.64	30/9/2026
	2022 PR - TSR	152,905			0.33	
<b>2022</b>						
Ross Zachary	Alignment grant T1	120,976	1/7/2021	30/06/2025	0.91	1/7/2025
	Alignment grant T2	120,976	1/7/2021	30/06/2026	0.85	1/7/2025

<sup>1</sup> Includes instruments held directly, indirectly and beneficially by KMP.

Of the total performance rights issued to employees in the current year, 50% EBITDA rights and 50% are TSR rights, each with specific service and performance conditions attached. The fair value at grant date is determined for each right based on the specific terms and conditions of each. All performance rights have zero exercise price and are subject to continuation of employment conditions.



## Remuneration report – Audited (continued)

### Key management personnel remuneration disclosures (continued)

Analysis of equity instruments granted as remuneration (continued)

Summary of equity instruments granted, vested or lapsed during the year for KMP

2023	Grant date	Vesting & exercise date	Beginning balance unvested Number	Granted as compensation <sup>1</sup> Number	Total vested and exercisable Number	Ending balance unvested Number	Maximum value in future periods (\$)
Sean McGould	30/9/2022	30/06/2024	-	305,810	-	305,810	42,867
	17/11/2022	30/06/2025	-	305,810	-	305,810	107,502
Ross Zachary	1/7/2021	30/06/2025	120,976	-	-	120,976	42,867
	1/7/2021	30/06/2026	120,976	-	-	120,976	99,555
Amber Stoney	30/9/2022	30/06/2024	-	550,459	-	550,459	77,161
	30/9/2022	30/06/2025	-	550,459	-	550,459	179,199
	30/9/2022	30/06/2024	-	305,810	-	305,810	55,044
	30/9/2022	30/06/2025	-	305,810	-	305,810	61,698

<sup>1</sup> Includes instruments held directly, indirectly and beneficially by KMP.

There were no share based payment arrangements which vested or were forfeited during the period.

### Additional information

#### Movement in shares

The movement during the reporting period in the number of shares in the Company held, directly, indirectly or beneficially, by key management personnel, including their related parties, is as follows:

	Balance 1 July 2022	Purchases	Sales	Balance 30 June 2023
<b>Directors<sup>1</sup></b>				
Michael Shepherd	145,270	50,000	-	195,270
Sean McGould	19,438,083	1	-	19,438,084
Nicola Grenham	6,450	-	-	6,450
Suvan de Soysa	150,000	-	-	150,000
Cathy Hales	10,000	-	-	10,000
<b>Executives</b>				
Rob Swan	2,936,512	-	-	2,936,512
Ross Zachary	20,000	20,000	-	40,000
Amber Stoney	180,374	-	-	180,374

<sup>1</sup> Refer to page 21 for details on direct and indirect shareholdings by Directors.

#### Other transactions with key management personnel

A donation of \$100,000 was made to Oxbridge Academy, a director related entity of the CEO, Sean McGould. There were no other transactions with key management personnel during the year.

*This marks the end of the remuneration report.*

## Significant changes in state of affairs

In the opinion of the directors there were no significant changes in the state of affairs of the Group that occurred during the financial period not otherwise disclosed in this financial report.

## Events subsequent to end of financial period

On 1 August 2023, the Group entered into definitive documentation for a transaction with certain affiliates of GP Strategic Capital (formerly known as Dyal Capital) ("GP Strategic Affiliates"), a platform of Blue Owl (NYSE: OWL) regarding the accelerated acquisition of incremental profit distributions and settlement of the 2026 redemption liability for total consideration of \$200 million.

This will result in:

- a) Cancellation of the scheduled redemption payment in CY26 (currently recorded as a non-current liability at present value on the Group's balance sheet (Note 18(a))) to acquire GP Strategic Capital Affiliates' share of profit distributions from the NGI Strategic Portfolio; and
- b) Acquire GP Strategic Capital Affiliates' share of profit distributions from the NGI Strategic Portfolio with effect from 1 July 2023. This will entitle the Group to 100% of distributions received from the portfolio with no corresponding payable to non-controlling interest such as that in current trade and other payables.

Consideration will be funded by a combination of an entitlement offer to all Navigator shareholders and convertible note holders, a placement of Navigator shares to GP Strategic Capital Affiliates, with remaining consideration paid by cash or debt to a maximum of \$40 million.

The transaction which is subject to shareholder & other regulatory approvals, will be structured so that GP Strategic Capital Affiliates' relevant interest in Navigator's ordinary shares will not exceed 46.5% as convertible notes will be issued to GP Strategic Affiliates to give the effect to the economic terms of the Entitlement Offer or Placement (as applicable).

Assuming the transaction settles in December 2023, the expected impact on the profit and loss will be an expense of \$34.7 million excluding transaction costs. This reflects a fair value adjustment to bring the redemption payment liability its gross value of \$200 million.

Other than the above, there has not arisen in the interval between the end of the reporting period and the signing date of this report, any item, transaction or event of a material nature, likely to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years.

## Environmental regulation

The Group is not subject to any particular or significant environmental regulation under any Australian Commonwealth, State or Territory legislation.

## Indemnification and insurance

The Company has a Deed of Indemnity, Insurance and Access in place with each of the Directors ('the Deeds'). Pursuant to the Deeds, the Company indemnifies each Director to the extent permitted by law for losses and liabilities incurred by the Director as an officer of the Company or of a subsidiary. This indemnity is in place for a 7 year period from the cessation of directorship.

In addition, the Company will advance reasonable costs incurred or expected to be incurred by the Director in defending relevant proceedings on terms determined by the Board. No such advances were made during the financial period.

During the period, the Group paid insurance premiums to insure the Directors and Officers of the Company. The terms of the contract prohibit the disclosure of the premiums paid.

## Rounding of amounts

In accordance with ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 dated 24 March 2016, amounts in the financial report and directors' report have been rounded off to the nearest thousand dollars, unless otherwise stated.

## Auditor

Ernst & Young is the auditor of the Group in accordance with section 327 of the *Corporations Act 2001*. Details of remuneration paid to auditors is presented in Note 25 of the financial statements.

## Non-audit services

There were no non-audit services provided by the entity's auditors during the financial year.

## Indemnification

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young Australia, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount).

No payment has been made to indemnify Ernst & Young Australia during or since the end of the financial year.

## Auditor's independence declaration

The lead auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 39 and forms part of the directors' report for the financial year ended 30 June 2023.

This report is made in accordance with a resolution of directors:



**Michael Shepherd, AO**  
Chairman and  
Non-Executive Director



**Suvan de Soysa**  
Non-Executive Director

Sydney, 24 August 2023



**Building a better  
working world**

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## **Auditor's Independence Declaration to the Directors of Navigator Global Investments Limited**

As lead auditor for the audit of Navigator Global Investments Limited for the financial year ended 30 June 2023, I declare to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit;
- b) no contraventions of any applicable code of professional conduct in relation to the audit; and
- c) no non-audit services provided that contravene any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Navigator Global Investments Limited and the entities it controlled during the financial year.

Ernst & Young

Nathan Young  
Partner  
24 August 2023

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# FINANCIAL STATEMENTS



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# INCOME STATEMENT

For the year ended 30 June 2023

## Consolidated USD'000

	Note	2023	2022
Management fee revenue	2(a)	76,674	73,515
Performance fee revenue	2(a)	6,862	10,632
Revenue from reimbursement of fund operating expenses	2(a)	96,620	42,589
Revenue from provision of office space and services	2(a)	4,741	2,636
<b>Total revenue</b>		<b>184,897</b>	<b>129,372</b>
Other income	2(b)	31,815	28,775
Employee expenses	3(a)	(55,633)	(50,732)
Administration and other general expenses	3(b)	(110,915)	(56,592)
Depreciation and amortisation expense	3(c)	(5,592)	(4,820)
Share of profits / (loss) from joint ventures and associates		638	58
<b>Results from operating activities</b>		<b>45,210</b>	<b>46,061</b>
Finance income	4(a)	36,922	51,326
Finance costs	4(a)	(38,127)	(51,664)
<b>Profit before income tax</b>		<b>44,005</b>	<b>45,723</b>
Income tax expense	6(a)	(8,493)	(7,022)
<b>Profit for the period</b>		<b>35,512</b>	<b>38,701</b>
<b>Attributable to equity holders of the parent</b>		<b>35,512</b>	<b>38,701</b>

## Earnings per share

## Consolidated US cents

		2023	2022
Basic earnings per share	8	15.03	18.47
Diluted earnings per share	8	11.61	13.94

The accompanying notes form part of these consolidated financial statements

# STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2023

		Consolidated USD'000	
	Note	2023	2022
<b>Profit attributable to equity holders of the parent</b>		<b>35,512</b>	<b>38,701</b>
<b>Other comprehensive income</b>			
<i>Other comprehensive income that may be reclassified to profit and loss in subsequent periods:</i>			
Exchange differences on translation of foreign operations	4(b)	(325)	(436)
<i>Other comprehensive income not to be reclassified to profit and loss in subsequent periods:</i>			
Change in fair value of financial assets at fair value through other comprehensive income	4(b)	(18,761)	22
Income tax on financial assets at fair value through other comprehensive income	4(b)	(225)	3
<b>Other comprehensive income for the year</b>		<b>(19,311)</b>	<b>(411)</b>
<b>Total comprehensive income for the year, net of tax</b>		<b>16,201</b>	<b>38,290</b>
<b>Attributable to equity holders of the parent</b>		<b>16,201</b>	<b>38,290</b>

The accompanying notes form part of these consolidated financial statements



# STATEMENT OF FINANCIAL POSITION

As at 30 June 2023

Consolidated USD'000

	Note	2023	2022
<b>Assets</b>			
Cash	5	67,818	94,041
Trade receivables and other assets	10	24,382	18,704
Current tax assets	6(b)	93	183
<b>Total current assets</b>		<b>92,293</b>	<b>112,928</b>
Investments at fair value	11	495,918	386,946
Investment in joint ventures and associates	12	13,897	13,498
Plant and equipment	13	10,162	6,721
Right-of-use assets	14(a)	19,766	18,101
Deferred tax assets	6(c)	28,653	34,157
Intangible assets	15	96,308	94,323
Other non-current assets	10	5,928	6,704
<b>Total non-current assets</b>		<b>670,632</b>	<b>560,450</b>
<b>Total assets</b>		<b>762,925</b>	<b>673,378</b>
<b>Liabilities</b>			
Trade and other payables	16	40,627	45,865
Lease liabilities	14(a)	3,595	2,466
Employee benefits	17	3,011	3,745
Current tax liabilities	6(b)	1,487	576
Other financial liabilities	18	97,938	48,344
<b>Total current liabilities</b>		<b>146,658</b>	<b>100,996</b>
Trade and other payables	16	350	302
Lease liabilities	14(a)	23,127	22,080
Employee benefits	17	9	4
Deferred tax liabilities	6(c)	-	107
Other financial liabilities	18	171,243	136,372
<b>Total non-current liabilities</b>		<b>194,729</b>	<b>158,865</b>
<b>Total liabilities</b>		<b>341,387</b>	<b>259,861</b>
<b>Net assets</b>		<b>421,538</b>	<b>413,517</b>
<b>Equity</b>			
Share capital	20(a)	368,165	356,186
Non-share capital	20(b)	87,824	99,818
Reserves		45,389	41,879
Accumulated losses		(79,840)	(84,366)
<b>Total equity attributable to equity holders of the parent</b>		<b>421,538</b>	<b>413,517</b>

The accompanying notes form part of these consolidated financial statements

# STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2023

Consolidated USD'000

	Note	Amounts attributable to equity holders of the parent						
		Share Capital	Non-share Capital	Share Based Payments Reserve	Fair Value Reserve	Translation Reserve	Parent Entity Profits Reserve	Accumulated Losses
<b>Balance at 1 July 2022</b>		<b>356,186</b>	<b>99,818</b>	<b>13,326</b>	<b>(1,758)</b>	<b>414</b>	<b>29,897</b>	<b>(84,366)</b>
Net profit for the period		-	-	-	-	-	-	35,512
Transfer to parent entity profits reserve <sup>1</sup>		-	-	-	-	-	30,127	(30,127)
<b>Other comprehensive income</b>								
Foreign Currency translation differences, net of tax		-	-	-	-	(325)	-	-
Net change in fair value of financial assets at fair value through other comprehensive income		-	-	-	(17,905)	-	-	(856)
Income tax on other comprehensive income		-	-	-	(222)	-	-	(3)
Total other comprehensive loss, net of tax		-	-	-	(18,127)	(325)	-	(859)
<b>Total comprehensive income for the year, net of tax</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>(18,127)</b>	<b>(325)</b>	<b>30,127</b>	<b>4,526</b>
Convertible note redemption	20(a)	11,994	(11,994)	-	-	-	-	-
Transaction costs	20(a)	(15)	-	-	-	-	-	-
Dividends to equity holders	7	-	-	-	-	-	(9,004)	-
Share based payments	3(a)	-	-	839	-	-	-	-
<b>Total transactions with owners</b>		<b>11,979</b>	<b>(11,994)</b>	<b>839</b>	<b>-</b>	<b>-</b>	<b>(9,004)</b>	<b>-</b>
<b>Balance at 30 June 2023</b>		<b>368,165</b>	<b>87,824</b>	<b>14,165</b>	<b>(19,885)</b>	<b>89</b>	<b>51,020</b>	<b>(79,840)</b>

<sup>1</sup> Relates to the net profit of the parent entity (Navigator Global Investments Limited).

The accompanying notes form part of these consolidated financial statements

# STATEMENT OF CHANGES IN EQUITY (CONTINUED)

For the year ended 30 June 2023

Consolidated USD'000

Note	Amounts attributable to equity holders of the parent							Total Equity
	Share Capital	Non-share Capital	Share Based Payments Reserve	Fair Value Reserve	Translation Reserve	Parent Entity Profits Reserve	Accumulated Losses	
<b>Balance at 1 July 2021</b>	<b>320,146</b>	<b>99,818</b>	<b>13,326</b>	<b>(1,783)</b>	<b>850</b>	<b>20,613</b>	<b>(82,369)</b>	<b>370,601</b>
Net profit for the period	-	-	-	-	-	-	38,701	<b>38,701</b>
Transfer to parent entity profits reserve <sup>1</sup>	-	-	-	-	-	40,698	(40,698)	-
<b>Other comprehensive income</b>								
Foreign Currency translation differences, net of tax	-	-	-	-	(436)	-	-	<b>(436)</b>
Net change in fair value of financial assets at fair value through other comprehensive income	-	-	-	22	-	-	-	<b>22</b>
Income tax on other comprehensive income	-	-	-	3	-	-	-	<b>3</b>
Total other comprehensive loss, net of tax	-	-	-	25	(436)	-	-	<b>(411)</b>
<b>Total comprehensive income for the year, net of tax</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>25</b>	<b>(436)</b>	<b>40,698</b>	<b>(1,997)</b>	<b>38,290</b>
Issue of share capital	20(a) 37,752	-	-	-	-	-	-	<b>37,752</b>
Transaction costs	20(a) (1,712)	-	-	-	-	-	-	<b>(1,712)</b>
Dividends to equity holders	7 -	-	-	-	-	(31,414)	-	<b>(31,414)</b>
<b>Total transactions with owners</b>	<b>36,040</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(31,414)</b>	<b>-</b>	<b>4,626</b>
<b>Balance at 30 June 2022</b>	<b>356,186</b>	<b>99,818</b>	<b>13,326</b>	<b>(1,758)</b>	<b>414</b>	<b>29,897</b>	<b>(84,366)</b>	<b>413,517</b>

<sup>1</sup> Relates to the net profit of the parent entity (Navigator Global Investments Limited).

The accompanying notes form part of these consolidated financial statements

# STATEMENT OF CASH FLOWS

For the year ended 30 June 2023

Consolidated USD'000

	Note	2023	2022
<b>Cash flows from operating activities</b>			
Cash receipts from operating activities		183,034	130,730
Cash paid to suppliers and employees		(166,781)	(102,006)
Cash generated from operations		16,253	28,724
Distributions received from investments		66,860	71,281
Profit share payment to non-controlling interests		(42,483)	(9,444)
Bank interest received		463	10
Lease interest received		232	241
Lease interest paid		(1,024)	(867)
Income taxes paid		(2,445)	(207)
<b>Net cash from operating activities</b>	5(b)	<b>37,856</b>	<b>89,738</b>
<b>Cash flows from investing activities</b>			
Capital expenditure on plant and equipment & internally developed software intangibles		(8,011)	(2,816)
Net proceeds from disposing/(purchase to acquire product investments)		(49)	(88)
Acquisition of equity investments (including deferred consideration paid)	9,9(a)	(51,656)	(29,750)
Dividends received from/ (investments in) joint ventures and associates	9(b)-(c), 12	127	(13,312)
Transaction cost associated with acquisitions	9	(1,975)	(1,130)
Proceeds from security deposit returns		(722)	47
<b>Net cash (used in)/from investing activities</b>		<b>(62,286)</b>	<b>(47,049)</b>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		30,000	-
Repayment of borrowings & associated fees		(20,597)	-
Proceeds from issuing shares	20(a)	-	37,752
Transaction costs associated with the issue of shares	20(a)	(15)	(1,712)
Lease payments received from finance leases		503	487
Payment of principal portion of lease liabilities		(2,782)	(3,207)
Dividends paid to equity holders	7	(9,004)	(31,414)
<b>Net cash from/(used in) financing activities</b>		<b>(1,895)</b>	<b>1,906</b>
<b>Net (decrease)/increase in cash</b>		<b>(26,325)</b>	<b>44,595</b>
Cash balance at 1 July		94,041	52,097
Effect of exchange rate fluctuations on cash balances held in foreign currencies		102	(2,651)
<b>Cash balance as at 30 June</b>	5(a)	<b>67,818</b>	<b>94,041</b>

The accompanying notes form part of these consolidated financial statements

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2023

## Results for the year

This section of the notes to the financial statements focuses on the results and performance of the Navigator Global Investments Limited Group explaining the results for the year, segment information, taxation and earnings per share. Acquisitions made in recent times are significant to the operating structure of the Group and have also been included in this section of the financial statements.

Where an accounting policy or key estimate is specific to a single note, the policy or estimate is described in the note to which it relates.

## 1. Operating segments

The Group has two reportable segments and are unchanged from the prior reporting period:

- Lighthouse Group, which operates as a global absolute return funds manager for investment vehicles; and
- NGI Strategic Group, holds several strategic investments on a minority basis. Including the strategic portfolio, Marble Capital and Invictus Capital investments.

No operating segments have been aggregated to form the above reportable operating segments.

The 'All other segments' category includes the parent entity, investments in joint ventures & associates and adjustments to eliminate on consolidation. Individually these are not considered a reporting segment.

The CEO is responsible for day-to-day operations and the implementation of the Group's business strategy. Internal management reports are provided to the CEO on a monthly basis including separate analysis for the Lighthouse, NGI Strategic & NGI Parent divisions to monitor the operating results of its business for the purpose of making decisions about resource allocation and performance assessment.

Divisional performance is evaluated based on the financial information as set out below, as well as other key metrics such as Assets under Management and the average management fee rate.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2023

## 1. Operating segments (continued)

USD'000	Reportable Segments									
	Lighthouse		NGI Strategic		Total reportable segments		All other segments		Consolidated	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Revenue	83,360	83,772	-	-	83,360	83,772	176	375	83,536	84,147
Other revenue	101,280	45,181	-	-	101,280	45,181	81	44	101,361	45,225
<b>Total revenue from contracts with customers</b>	<b>184,640</b>	<b>128,953</b>	<b>-</b>	<b>-</b>	<b>184,640</b>	<b>128,953</b>	<b>257</b>	<b>419</b>	<b>184,897</b>	<b>129,372</b>
Other income	-	-	31,815	28,775	31,815	28,775	-	-	31,815	28,775
Share of profit from associates & joint ventures	-	-	-	-	-	-	638	58	638	58
Employee expenses	(51,627)	(48,011)	(2,186)	(1,384)	(53,813)	(49,395)	(1,820)	(1,337)	(55,633)	(50,732)
Operating expenses (excluding depreciation and amortisation)	(108,314)	(54,155)	(1,687)	(1,165)	(110,001)	(55,320)	(51)	(220)	(110,052)	(55,540)
<b>Result from operating activities</b>	<b>24,699</b>	<b>26,787</b>	<b>27,942</b>	<b>26,226</b>	<b>52,641</b>	<b>53,013</b>	<b>(976)</b>	<b>(1,080)</b>	<b>51,665</b>	<b>51,933</b>
Net finance income / (costs) (excluding interest)	266	(727)	1,982	2,469	2,248	1,742	1,692	(1,404)	3,940	338
Other non-operating expenses	-	(80)	(863)	(972)	(863)	(1,052)	-	-	(863)	(1,052)
<b>Earnings before interest, tax, depreciation and amortisation</b>	<b>24,965</b>	<b>25,980</b>	<b>29,061</b>	<b>27,723</b>	<b>54,026</b>	<b>53,703</b>	<b>716</b>	<b>(2,484)</b>	<b>54,742</b>	<b>51,219</b>
Interest revenue	257	264	326	-	583	264	112	10	695	274
Interest expense	(1,120)	(871)	(4,663)	(22)	(5,783)	(893)	(57)	(56)	(5,840)	(949)
Depreciation and amortisation	(5,539)	(4,782)	-	-	(5,539)	(4,782)	(53)	(39)	(5,592)	(4,821)
<b>Reportable segment profit / (loss) before income tax</b>	<b>18,563</b>	<b>20,591</b>	<b>24,724</b>	<b>27,701</b>	<b>43,287</b>	<b>48,292</b>	<b>718</b>	<b>(2,569)</b>	<b>44,005</b>	<b>45,723</b>
Income tax (expense) / benefit	(5,466)	(5,787)	(3,027)	(1,235)	(8,493)	(7,022)	-	-	(8,493)	(7,022)
<b>Reportable segment profit / (loss) after income tax</b>	<b>13,097</b>	<b>14,804</b>	<b>21,697</b>	<b>26,466</b>	<b>34,794</b>	<b>41,270</b>	<b>718</b>	<b>(2,569)</b>	<b>35,512</b>	<b>38,701</b>
Segment assets	214,172	210,149	529,268	428,385	743,440	638,534	19,485	34,844	762,925	673,378
Segment liabilities	(34,434)	(31,524)	(306,086)	(227,190)	(340,520)	(258,714)	(867)	(1,147)	(341,387)	(259,861)
<b>Net assets</b>	<b>179,738</b>	<b>178,625</b>	<b>223,182</b>	<b>201,195</b>	<b>402,920</b>	<b>379,820</b>	<b>18,618</b>	<b>33,697</b>	<b>421,538</b>	<b>413,517</b>

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2023

## 2. Revenue

### a) Revenue from contracts with customers

Consolidated USD'000

	2023	2022
<b>Operating revenue</b>		
Management fees from hedge fund clients	27,380	20,931
Management fees from commingled funds	21,255	23,501
Management fees from customised solutions clients	19,150	19,791
Management fees from managed account services clients	8,889	9,292
Performance fees	6,862	10,632
<b>Total operating revenue</b>	<b>83,536</b>	<b>84,147</b>
<b>Other revenue</b>		
Revenue from reimbursement of fund costs	96,620	42,589
Revenue from provision of office space and services	4,741	2,636
<b>Total other revenue</b>	<b>101,361</b>	<b>45,225</b>
<b>Total revenue from contracts with customers</b>	<b>184,897</b>	<b>129,372</b>

### Management fees

Management fees are received from customers for providing:

- investment management / advice and related services to commingled funds;
- investment management / advice to customised solutions clients; and
- managed account services to clients.

Management fee revenue is based on a percentage of the customer's portfolio value and is calculated in accordance with the applicable document or agreement which creates the contractual relationship with the customer. The management fee is a single fee which covers all of the individual components which make up the management service. Management fee revenue is variable in nature as it is based on a percentage of the customer's portfolio value.

The Group's obligation to provide management services to customers is satisfied as and when the customer receives and consumes the services on a continuous basis. The Group recognises revenue for the services performed at the end of each month.

### Performance fees

Performance fees may be earned on certain fund share classes and client accounts, other than for managed account services clients.

The amount of the performance fee is calculated in accordance with the terms of the applicable contract with the customer. The entitlement to performance fees for any given performance period is dependent on the customer's portfolio achieving a positive performance, and in some cases in outperforming an agreed hurdle. Performance fees are generally also subject to a high watermark arrangement which ensures that fees are not earned more than once on the same performance.

The Group satisfies its obligations to provide services in exchange for the performance fee revenue on a continuous basis, however the right to receive the revenue is constrained by achieving the required performance hurdles and/or high watermark. As such, performance fee revenue is only recognised to the extent that it is probable that a significant reversal of the revenue will not occur. Due to the uncertainty associated with the estimate of performance fees prior to the end of the performance period, this revenue is not recognised in the income statement until the entitlement to receive the fee becomes certain, which is at the end of the relevant performance period. At all times prior to this, there is a high probability of any revenue recognised being reversed. Performance periods for performance fee arrangements range from between 1 month to 1 year.



# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2023

## 2. Revenue (continued)

### Revenue from reimbursement of fund costs

The Group is entitled to reimbursement for fund expenditure that it has paid on behalf of the funds which includes operating expenses and capital expenditure. While the funds generally pay their own operating expenses directly, there are some expenses, such as financial data services, software development and technology expenses, where it is more practical for the Group to incur and pay the costs and then be reimbursed by the funds.

The Group enters into contracts for the relevant good or service directly with the third party service providers, and hence the Group controls the good or service until it subsequently directs the good or service to be transferred to the fund.

As the Group controls the good or service before it is transferred, the Group is not acting in a capacity as agent for the fund. The Group is required to recognise both:

- the expense incurred under the contract with the third-party service providers (see note 4) to receive the good or service; and
- the revenue to which it expects to be entitled from the fund in exchange for transferring the good or service.

The revenue and expense in relation to these reimbursed costs off-set to the extent amounts relate to operating expenditure as opposed to capital expenditure. The Group does not add a margin to the original cost of the good or service transferred to the fund.

### Revenue from the provision of office space and services

The Group has a number of agreements with external parties to license office space at its New York and London offices. As part of these agreements, licensees are charged license fees and service charges on a monthly basis.

The Group's obligation to provide office space services and its obligation to provide business services to licensees are satisfied as and when the customer receives and consumes the services on a continuous basis. The Group recognises revenue as the amount to which it has a right to invoice for the period.

The Group is entitled to:

- a license fee and an occupancy-related service charge as per the terms of the applicable contract with each licensee as it satisfies its obligations to provide office space and related services; and
- a service charge as per the terms of the applicable contract with each licensee as it satisfies its obligations to provide business services.

### Major revenue source

8% (2022: 11%) of the Group's operating revenue relates to management fees and performance fees earned on the Lighthouse Diversified commingled funds.

12% (2022: 13%) of the Group's operating revenue relates to management fees and performance fees earned on the Lighthouse Global Long/Short commingled funds.

38% (2022: 28%) of the Groups operating revenue relates to management fees and performance fees earned on the North Rock funds.

The Group's largest individual client represents 12% of operating revenue (2022: 8%).

The Group's three largest individual clients combined represent 26% of operating revenue (2022: 22%).

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2023

## 2. Revenue (continued)

### b) Other income

#### Consolidated USD'000

	2023	2022
Distribution income	66,860	71,258
Share of profits to non-controlling interest holders	(35,045)	(42,483)
<b>Net investment income</b>	<b>31,815</b>	<b>28,775</b>

### Distribution income

Distributions are received from investments the Group holds in unquoted securities in externally managed entities. Income is recognised on the date that the Group's right to receive payment is established.

### Share of profits to non-controlling interests

Non-controlling interest holders associated with the Strategic Portfolio are entitled to a share of profits above a minimum level of distributions received from the six investments within the portfolio. This share of profits is recorded through the profit and loss as the redemption payment to acquire non-controlling interests and is recorded as a liability (refer Note 18(a)).

## 3. Expenses

### a) Employee expenses

Employee costs and benefits	(54,794)	(50,732)
Share based payments	(839)	-
<b>Total employee expenses</b>	<b>(55,633)</b>	<b>(50,732)</b>

### b) Administration and other general expenses

#### Operating expenses

Professional and consulting expenses	(3,674)	(3,461)
Information and technology expense	(2,830)	(2,237)
Reimbursable fund costs	(94,540)	(42,589)
Occupancy expense	(2,107)	(1,295)
Distribution expense	(2,487)	(1,892)
Insurance	(654)	(686)
Travel expense	(1,118)	(583)
Other expenses	(2,642)	(2,797)
<b>Total operating expenses</b>	<b>(110,052)</b>	<b>(55,540)</b>

#### Non-operating expenses

Transaction costs associated with acquisitions & debt restructuring	(863)	(1,052)
<b>Total administration and general expenses</b>	<b>(110,915)</b>	<b>(56,592)</b>

### c) Depreciation and amortisation expense

Depreciation of plant and equipment	(2,491)	(2,350)
Lease depreciation	(3,006)	(2,375)
Amortisation of intangible assets	(95)	(95)
<b>Total depreciation and amortisation expense</b>	<b>(5,592)</b>	<b>(4,820)</b>
<b>Total expenses</b>	<b>(172,140)</b>	<b>(112,144)</b>

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2023

## 3. Expenses (continued)

### Employee expense

The largest operating expense is employee expense which includes salaries and wages, together with the cost of other benefits provided to employees such as contributions to superannuation and retirement plans, health care benefits, educational assistance and cash bonuses. It also includes associated payroll costs such as payroll tax and payroll processing fees.

A defined contribution plan is a post-employment benefit plan under which the Group pays fixed contributions to a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in profit and loss in the periods during which services are rendered by employees.

### Share based payment expense

The Group provides benefits to small select group of senior management in the form of share based payment awards as part of their remuneration. Employees render services in exchange for shares or rights over shares ('equity settled transactions').

The grant date fair value of share-based payment awards is recognised as a share based payment expense in the profit or loss, with a corresponding increase in reserves within equity. Over the period that the employees unconditionally becomes entitled to the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

For share based payment awards with market based vesting conditions, the grant date fair value of the share based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

The cumulative expense recognised for share based payments transactions at each reporting date until vesting date reflects:

- the grant date fair value of the award;
- the extent to which the vesting period has expired; and
- the current best estimate of the number of awards that will vest.

During the period 3,287,460 performance rights were issued under the Group's Employee Performance Rights Plan. In accordance with this plan, half of the rights issued to each employee are subject to non-market vesting conditions to achieve target earnings hurdles and the remaining half are subject to market vesting conditions.

Employee expense includes share based payment expenses for the proportion of the period services rendered by employees since grant date.

### Reimbursable fund costs

The Group is entitled to reimbursement for fund expenses that it has paid on behalf of the funds. While the funds generally pay their own operating expenses directly, there are some expenses, such as financial data services, software and technology expenses, where it is more practical for the Group to incur and pay the expense and then be reimbursed by the funds.

From January 2021 new cost sharing arrangements were negotiated with funds whereby additional operating expenses such as employee costs including salaries, wages and cash bonuses are passed through for reimbursement.

### Distribution expense

Distribution expenses are paid to external intermediaries for marketing and investor servicing, largely in relation to commingled funds. Distribution expenses are variable in line with AUM and the associated management fee revenue. This expense is recognised on an accrual basis.

### Occupancy expense

Under AASB 16 *Leases*, occupancy expense relates to short-term leases, common area maintenance costs and low value leases.

### Lease depreciation

Lease depreciation has been recognised in accordance with AASB 16 *Leases*. The Group's right-of-use assets are depreciated using the straight-line method over the term of each lease.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2023

## 4. Finance income and costs

### a) Recognised directly in profit and loss

Consolidated USD'000

	2023	2022
<b>Finance income</b>		
Unrealised fair value changes in financial assets	36,014	51,053
Realised gain on financial assets	213	-
Interest income on bank deposits	463	10
Finance income on net investment in finance lease	232	263
<b>Total finance income</b>	<b>36,922</b>	<b>51,326</b>
<b>Finance costs</b>		
Unrealised fair value changes in financial liabilities	(31,634)	(48,656)
Lease interest expense	(1,113)	(867)
Net foreign exchange loss	(171)	(1,826)
Bank charges	(482)	(233)
Interest on borrowings	(1,137)	-
Unwinding of discount on financial liabilities & provisions	(3,590)	(82)
<b>Total finance costs</b>	<b>(38,127)</b>	<b>(51,664)</b>
<b>Net finance (loss) / income recognised in profit and loss</b>	<b>(1,205)</b>	<b>(338)</b>

### Fair value movements through profit and loss

Financial assets (Note 11) and financial liabilities (Note 18 (a)) at fair value through profit and loss are remeasured at each reporting date. Fair value movements (unrealised) are reported in the profit and loss on as either finance income or finance costs depending on whether the fair value increment or decrement for the reporting period.

### Finance income

Finance income on net investment in finance lease is recognised over the term of the lease based on a pattern reflecting a constant rate of return on the lessor's net investment in the lease. Refer to Note 14 for additional detail.

Interest income is recognised in profit and loss as it accrues.

Realised and unrealised foreign currency gains and losses are reported on a net basis as either finance income or finance costs depending on whether foreign currency movements result in a net gain or net loss position for the reporting period.

### Finance costs

Lease interest expense relates to the Group's lease liabilities and is charged to profit and loss over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Refer to Note 14 for additional detail.

Interest on borrowing consists of interest and other costs the entity incurs in connection with the line of credit facility. Expenses are recognised in the profit and loss over the period of borrowings using the effective interest method. This includes transaction costs such as fees paid on the establishment of loan facilities which for the period totalled \$0.5 million. Other borrowing costs are expensed in the period in which they are incurred.

Discount unwinds are associated with amortising the cost of financial liabilities such as the convertible notes debt component, deferred consideration payable and make good provision for the Group's lease obligations.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2023

## 4. Finance income and costs (continued)

### b) Recognised directly in comprehensive income

#### Consolidated USD'000

	2023	2022
Foreign currency translation differences	(325)	(436)
Unrealised fair value changes in financial assets	(18,761)	22
Income tax expense recognised directly in equity	(225)	3
<b>Total finance loss</b>	<b>(19,311)</b>	<b>(411)</b>
<b>Recognised in:</b>		
Fair value reserve	(18,986)	25
Translation reserve	(325)	(436)

### Fair value movements through comprehensive income

Financial assets at fair value through other comprehensive income are carried in the statement of financial position at fair value, with changes in fair value reported in other comprehensive income and presented in the fair value reserve in equity (refer Note 11).

Upon sale or derecognition of these investments, any gain or loss will be transferred to retained earnings.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2023

## 5. Cash

### a) Cash and cash equivalents

#### Consolidated USD'000

Cash at bank

2023	2022
67,818	94,041

At balance date, AUD cash accounts earn interest of 3.9% (2022: 0.65%); USD cash accounts earn between 0% - 4.39% (2022: 0-0.75%).

The carrying amount of these assets is a reasonable approximation of fair value. The Group's exposure to interest rate and foreign currency risk on cash is disclosed in Note 21.

### b) Reconciliation of cash flows from operating activities

#### Consolidated USD'000

#### Cash flows from operating activities

##### Profit for the period

##### Adjustments for:

Income tax expense, less income tax paid	6,047	6,815
Depreciation of plant and equipment	2,491	2,350
Lease depreciation	3,006	2,375
Amortisation of intangible assets	95	95
Fair value changes in financial assets	(36,227)	(51,053)
Fair value changes in financial liabilities	31,634	48,656
Non-cash lease (income)/expense & modification gains, net	85	(108)
Interest expense & borrowing cost amortisation (non-cash)	3,847	82
Share based payments	839	-
Share of (profit)/loss joint ventures and associates	(638)	(58)
Net foreign exchange (gain) / loss	172	1,826
Transaction costs associated with acquisitions & business combinations	-	366
<b>Operating cash flow before changes in working capital and provisions</b>	<b>46,863</b>	<b>50,047</b>
(Increase) / decrease in receivables	(1,857)	2,125
(Increase) / decrease in other current assets	(599)	420
Increase / (decrease) in payables	(5,836)	34,283
Increase / (decrease) in employee benefits	(715)	2,863
<b>Net cash from operating activities</b>	<b>37,856</b>	<b>89,738</b>

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2023

## 6. Income tax

The Group operates in various tax jurisdictions around the world including Australia, United States of America, and to a smaller extent United Kingdom, Hong Kong and Ireland. The Group has an Australian tax consolidated group and two separate US tax consolidated groups; one for the Lighthouse segment and one which includes US entities within the NGI Strategic segment. Several entities within the NGI Strategic segment are incorporated in the Cayman Islands including the partnership entities which receive distribution income from portfolio investments acquired in the current year.

Income tax expense comprises current and deferred tax and is recognised in profit and loss, except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

### a) Reconciliation of effective tax rate

#### Consolidated USD'000

	2023	2022
<b>Profit before income tax</b>	<b>44,005</b>	<b>45,723</b>
Income tax using the Company's domestic tax rate of 30% (2022: 30%)	(13,202)	(13,717)
Effect of tax rates in foreign jurisdictions	(33)	2,382
Non-deductible / non-assessable amounts included in accounting profit	8,561	4,834
Amounts not included in accounting profit	(1,038)	(499)
Tax losses / (generated) for which no deferred tax asset is initially recognised	(39)	2
Changes in estimates relating to prior years	(2,742)	(24)
<b>Total income tax expense reported in profit and loss</b>	<b>(8,493)</b>	<b>(7,022)</b>

### b) Current tax assets and liabilities

#### Consolidated USD'000

	2023	2022
Current tax assets	93	183
Current tax liabilities	(1,487)	(576)

### Tax receivables & payables

Current tax assets and liabilities represent the amount of income taxes receivable or payable to the relevant tax authority, using rates current at reporting date. Income taxes payable are after the effects of applying any carried forward losses available and instalments paid during the period.

Current tax assets and liabilities are offset if there is a legally enforceable right to offset, and they relate to income taxes levied by the same tax authority on a tax consolidated group of entities.



# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2023

## 6. Income tax (continued)

### c) Deferred tax

Consolidated USD'000

	2023	2022
Carried forward tax losses	37,271	37,259
Goodwill and intangible assets	(11,569)	(5,703)
Property, plant and equipment	376	492
Employee benefits	921	849
Financial assets at fair value through profit and loss	(1,637)	(1,632)
Investment in joint ventures and associates	(334)	(77)
Financial assets at fair value through other comprehensive income	425	597
Foreign tax credits	856	620
Other items	2,344	1,645
<b>Net deferred tax assets</b>	<b>28,653</b>	<b>34,050</b>
Reflected in the statement of financial position as follows:		
Deferred tax assets	28,653	34,157
Deferred tax liabilities	-	(107)
<b>Net deferred tax</b>	<b>28,653</b>	<b>34,050</b>

### Deferred tax balances

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for temporary differences related to investments in wholly-owned subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset, and they relate to income taxes levied by the same tax authority on a tax consolidated group of entities.

### Uncertain tax positions

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. This assessment relies on estimates and assumptions and may involve interpretations of tax law and judgements about future events. New information may become available that causes the Group to change its judgement regarding the calculation of tax balances, and such changes will impact the profit and loss in the period that such a determination is made.

### Recognition of deferred tax assets

Deferred tax assets are only recognised to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. An assessment is made at each reporting date. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised. The carrying value of both recognised and unrecognised deferred tax assets are reassessed at each reporting date.

Recognised carried forward losses arose in the Lighthouse tax consolidated group. At balance date it is considered more likely than not that these losses and deductible temporary differences will be fully recovered. This position is supported by the current profitability of each US Group, which is expected to continue into the future.

Carried forward tax losses relating to the US Group which existed prior to 1 January 2018 have a life of 20 years and will expire during the period from 2029 to 2038. Tax losses incurred after 1 January 2018 have an indefinite life.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2023

## 6. Income tax (continued)

### c) Deferred tax (continued)

#### Deferred tax assets - unrecognised

Deferred tax assets have not been recognised in respect of the following items:

	Consolidated USD'000	
	2023	2022
Deductible temporary differences	77,844	81,153
Unrealised capital losses	4,879	-
Tax losses	2,679	3,259
<b>Total deferred tax assets - unrecognised</b>	<b>85,402</b>	<b>84,412</b>

Unrecognised deferred tax assets relating to the Australian tax consolidated Group of AUD\$121.5 million equivalent (2022: AUD\$122.5 million) consist of carried forward operating tax losses and deductible temporary differences primarily relating to financial assets and impairment losses recognised in previous financial years. Tax losses relating to the Australian Group and deductible temporary differences do not expire under current tax legislation.

Unrealised capital losses on financial assets have arisen from the US Strategic tax group. At balance date it is not probable that the Australian tax Group or the US Strategic tax group will produce sufficient taxable profits and/or capital gains against which these deferred tax assets can be utilised and therefore the deferred tax assets are unrecognised.

## 7. Dividends

The following dividends were paid by the Company during the period:

	Consolidated USD'000	
	2023	2022
Final ordinary dividend for the year ended 30 June 2022 of US 3.0 cents	9,004	-
Interim ordinary dividend for the year ended 30 June 2022 of US 5.5 cents	-	14,998
Final ordinary dividend for the year ended 30 June 2021 of US 6.0 cents	-	16,416
	<b>9,004</b>	<b>31,414</b>

The Directors have determined a final unfranked dividend of US 3 cents per share (with 100% conduit foreign income credits). The dividend will be paid on 6 October 2023.

The dividends were not determined or provided for as at 30 June 2023, and there are no income tax consequences.

### Franking credits

	Consolidated USD'000	
	2023	2022
Amount of franking credits available to shareholders of Navigator Global Investments Limited for subsequent financial years	683	709

Dividends paid and declared during the 2023 financial year have been unfranked. The movement in the franking account balance relates to foreign currency only.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2023

## 8. Earnings per share

### Consolidated USD

	2023	2022
Basic earnings per share	15.03	18.47
Diluted earnings per share	11.61	13.94

### Reconciliation of earnings used in calculating earnings per share

#### Basic and diluted earnings per share (EPS)

### Consolidated USD'000

	2023	2022
Profit attributable to ordinary equity holders of the Company used in calculating basic and diluted EPS	35,512	38,701

#### Weighted average number of shares used in calculating basic and diluted EPS

### '000 shares

	2023	2022
Weighted average number of ordinary shares used in calculating basic EPS (i)	236,219	209,496
Adjustment for calculation of diluted EPS relating to Convertible notes & share based payments (ii)	69,581	68,223
Weighted average number of ordinary shares used in calculating diluted EPS	305,800	277,719

(i) The weighted average number of shares takes into account the weighted average effect of shares issued upon conversion of notes in June 2023. In the prior year, the weighted average effect of shares related to shares issued through the Institutional placement and share purchase plan completed in April and May 2022 respectively.

(ii) Diluted earnings per share includes unweighted contingently issuable shares associated with equity settled share based payments which are expected to vest had the contingent period ended at balance date. Potential shares associated with the convertible notes on issue reduced for those converted during the period are also included in the diluted earnings per share calculated.

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of authorisation of these financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2023

## 9. Acquisitions

### Current year transaction

#### Investment in Invictus Capital Partners

On 4<sup>th</sup> August 2022, the Group acquired passive investment interests in US based Invictus Capital Partners, LP and four affiliate entities (collectively 'Invictus Capital'). Invictus Capital operates in a real estate credit focused alternative asset manager of private funds and separately managed accounts. They seek attractive risk-adjusted returns by sourcing undervalued high-quality mortgage loans and financing them efficiently through credit facilities and the securitisation market. The acquisition expands the Group's investments in the attractive real estate sector. The Group acquired equity rights of 18.18% across various Invictus Capital entities and is entitled to 9.09% of carried interest proceeds for total consideration of \$100 million. Up front consideration of \$15 million has been paid during the period with the remaining \$85 million expected to be payable in cash over a three year period. Deferred consideration comprises of primary and secondary elements, with primary expected to be paid on anniversary dates but can be accelerated upon certain terms being met, while the timing of the secondary consideration is dependent upon Invictus Capital's mortgage business to achieve a required earnings target or on the third anniversary date at the latest.

The Group has traditional protective rights over the investment held and has no representation on the board of directors, or ability to significantly influence operations, it has been determined the acquisition is of an investment in a financial asset which will be recorded at fair value through comprehensive income. Refer to Note 21 for further details on fair value measurement.

The following table summarises consideration paid & payable for the investment:

	Total Consideration	Final Fair Value
	USD \$'000	
At completion (cash):	15,000	15,000
Deferred (cash):	85,000	76,324
<b>Total consideration</b>	<b>100,000</b>	<b>91,324</b>
<b>Capitalised transaction costs</b>		<b>1,970</b>
<b>Initial carrying amount</b>		<b>\$93,294</b>

Fair value of the investment in Invictus Capital at acquisition is \$91.3 million. The differential to total consideration paid and payable of \$8.7 million is a result of discounting deferred components not callable for 12 months, to present value. Deferred consideration is not contingent upon future events or earnings and as such is not treated as contingent consideration and remeasured at each balance date. The balance is however classified as current as it is not within the Group's control to defer payment beyond twelve months. Transaction costs of \$2 million are capitalised to the investment when fair valued through other comprehensive income.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2023

## 9. Acquisitions (continued)

### Prior year transactions

#### a) Investment in Marble Capital

The Group acquired passive investment interests from Marble Capital, LP (a Texas limited partnership), the investment manager for two entities; Marble Capital GP Holdings, L.P. and Marble Capital Manager Holdings, L.P. (collectively 'Marble Capital'). Marble Capital operates in highly sought after segments of the US Real Estate sector, providing flexible capital solutions for multifamily developers and operators in the US. The acquisition further diversifies the Group's portfolio into Real Estate investments in entities with proven track records of attractive returns. On the effective acquisition date of 29 April 2022, the Group acquired 16.83% of both partnerships for a total consideration of \$85 million payable in cash over two years. Both the upfront and deferred consideration comprises of primary consideration used to invest in the funds Marble Capital operates, while the secondary consideration is paid to existing principals.

The Group has traditional protective rights over the investment held and has no representation on the board of directors, or ability to significantly influence operations, it has been determined the acquisition is of an investment in a financial asset which will be recorded at fair value through comprehensive income. Refer to Note 21 for further details on fair value measurement.

The following table summarises consideration paid & payable for the investment:

	Total Consideration	Final Fair Value
	USD'000	
At completion (cash):	29,750	29,750
Deferred consideration (cash):	55,250	54,721
<b>Total consideration</b>	<b>85,000</b>	<b>84,471</b>
Net cash outflow on acquisition		29,750

Fair value of the investment in Marble Capital at acquisition is \$84.5 million. The differential to total consideration paid and payable of \$0.5 million a result of discounting deferred components not callable for 12 months, to present value. Deferred consideration is not contingent upon future events or earnings and as such is not treated as contingent consideration and remeasured at each balance date. Through to 30 June 2023 \$36.7 million of consideration has been paid to Marble sellers (2022: \$29.8 million). The balance of deferred consideration of \$18.5 million is classified as a current liability at 30 June 2023 refer to Note 18.

#### b) Acquisition of Investment in associate in GROW Investment Group

On 20 September 2021, the Group acquired a 6.67% shareholding in GROW Investment Group ('GROW') a newly formed entity which will own both Hong Kong and Shanghai based subsidiaries and capitalise on opportunities in the Chinese asset management industry and the continued evolution of China's markets.

The Group paid cash consideration of \$4 million to fund start up operations and includes negative contingent consideration for the Group's equity interest to increase to 10% for no further consideration if earnings targets are not met by an agreed timeframe. A contingent consideration asset is recorded separate from the investment balance with a fair value at acquisition of \$0.2 million classified within 'Other assets'. The carrying value of the investment at acquisition date is \$3.8 million, the residual cost of acquisition. Minimal transaction costs were also capitalised to the cost of the investment.

It has been determined that the Group has significant influence over GROW through representation on the board of directors who are ultimately responsible for the key operating and financial decisions of the company. Refer to Note 12 for further details on equity accounting for interests in associates.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2023

## 9. Acquisitions (continued)

### Prior year transactions (continued)

#### c) Acquisition of Joint Venture interest in Longreach Alternatives Ltd

On 30 September 2021, the Group acquired a 34.06% shareholding in Longreach Alternatives Ltd ('Longreach'). Longreach is an Australian based diversified asset management firm that identifies, builds and invests into growing world class alternative investment management teams. Investment opportunities are across market segments in Australian and the US including alternative income, private credit, quantitative equity and real assets. The joint venture relationship provides the Group with collaboration opportunities in the alternative asset industry in Australia.

The Group has joint control with another major shareholder and both are responsible for the overall direction and supervision of Longreach. Cash consideration of AUD \$12.9 million (USD\$9.3 million) was paid to acquire the following assets recorded within the joint venture interest on acquisition date:

	Final USD'000
<b>Investment in joint venture interest comprises of:</b>	
▪ Share of the consolidated net assets of Longreach	997
▪ Goodwill	7,958
▪ Intangibles – Management rights	380
<b>Total consideration &amp; investment value at acquisition date</b>	<b>9,312</b>
Net cash flow on acquisition	9,312

Identified intangibles of goodwill and management rights are recorded within the investments carrying value. Transaction costs of USD \$0.7 million were also capitalised to the investment. Purchase price accounting has been finalised in the current period with the fair value of management right intangibles reducing by USD \$0.5 million and an increase to goodwill by USD \$0.5 million inclusive of a minor reduction in share of Longreach's net assets.

Refer to Note 12 for further details on equity accounting for interests in a joint venture.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2023

## Operating assets and liabilities

This section provides information on the operating assets and liabilities of the Group, including explanations of key assets used to generate operating results and the corresponding liabilities. Where an accounting policy or key estimate is specific to a single note, the policy or estimate is described in the note to which it relates.

## 10. Trade receivables and other assets

### Consolidated USD'000

	Note	2023	2022
<b>Current</b>			
Trade receivables from contracts with customers		17,728	15,867
Prepayments		2,314	1,654
Contingent consideration asset		2,620	-
Finance lease receivable	14(b)	508	503
Other receivables		1,212	680
		<b>24,382</b>	<b>18,704</b>
<b>Non-current</b>			
Guarantees and deposits		2,978	2,247
Contingent consideration asset		-	1,000
Finance lease receivable	14(b)	2,950	3,457
		<b>5,928</b>	<b>6,704</b>

### Trade receivables from contracts with customers

Trade receivables due from contracts with customers comprise management service fees, performance fees, recoverable costs, licence fees, outgoings and other operating expenses on-charged under agreements with external parties to licence office space. Related party receivables at balance date are negligible.

Trade receivables are non-interest bearing and are generally on 30 to 90 day terms. Trade receivables are initially recognised at transaction price, being the amount to which the Group has the right to invoice for the period for the services or recoverable costs provided.

Due to the short-term nature of the Group's trade receivables and the historically low default rate on payment by customers, there is no credit allowance against trade receivables as at 30 June 2023 or 30 June 2022. In determining this credit allowance, the Group has considered forward looking factors specific to the receivables and the economic environment and determined that any allowance would be insignificant.

### Other receivables and prepayments

Other receivables and prepayments relate to items such as prepaid expenses (principally in relation to software licences and insurance policies), short-term deposits, interest receivable on cash deposits, pending redemptions from investments in Group managed products, and the current portion of finance leases receivable. Further details are provided for finance lease receivables at Note 14.

### Contingent consideration asset

As part of the GROW investment acquired during the period (Refer Note 9(b)), the Group's shareholding will increase by 2.91% (2022: 3.33%) for no further consideration if earnings targets are not met by an agreed timeframe. The fair value of this asset was \$0.2 million at acquisition date and is subsequently remeasured each balance date based on the fair value of the GROW business and the probability of contingent events occurring.

The carrying amount of these assets is a reasonable approximation of fair value. The Group's exposure to credit risk, currency risk and impairment losses related to trade and other receivables is disclosed in Note 21.



# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2023

## 11. Investments at fair value

Consolidated USD'000

	2023	2022
<b>Financial assets at fair value through other comprehensive income</b>		
Investments in unquoted securities of externally managed entities	159,000	84,471
<b>Financial assets at fair value through profit and loss</b>		
Investments in unquoted securities of externally managed entities	323,132	289,246
Investments in unquoted securities of Group managed entities	13,786	13,229
	<b>495,918</b>	<b>386,946</b>

### Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income comprise non-controlling equity holdings in unquoted securities of US based entities over which the Group does not have significant influence.

The Group has elected to account for these investments at fair value with changes to fair value recognised through other comprehensive income in the fair value reserve.

Upon sale or derecognition of these investments, any gain or loss will be transferred to retained earnings.

### Financial assets at fair value through profit and loss

These assets have been classified as fair value through profit and loss upon initial recognition with changes in fair value recognised in profit and loss. These investments comprise of:

- Investments in unquoted securities of Group managed entities; and
- Investments in unquoted securities of externally managed entities which comprise of the six investments in the NGI Strategic Portfolio. Fair value movements are recorded through the profit and loss to better align with the fair value movements expected in the corresponding redemption payment liability to acquire non-controlling interests in the acquired partnerships (see Note 18).

Note 21 provides details on the methods used to determine fair value for measurement and disclosure purposes.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2023

## 12. Investment in joint ventures and associates

### a) Interest in joint venture

#### Consolidated USD'000

	2023	2022
Opening balance	9,840	-
Acquisition of shareholding inclusive of transaction costs	-	10,008
Share of profit from joint venture net of intangibles amortisation	1,017	268
Dividends received	(127)	
Foreign exchange translation difference	(325)	(436)
<b>Balance at 30 June</b>	<b>10,405</b>	<b>9,840</b>

### b) Interest in associates

#### Consolidated USD'000

	2023	2022
Opening balance	3,658	-
Acquisition of shareholding inclusive of transaction costs	-	3,868
Gain on deemed disposal	213	-
Share of loss from associate	(379)	(210)
<b>Closing balance</b>	<b>3,492</b>	<b>3,658</b>

### Joint arrangements

Joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. Investments in joint ventures are accounted for using the equity method.

The Group has a 34.06% (2022: 34.06%) interest in Longreach Alternatives Ltd ('Longreach'), a joint venture in an Australian based diversified asset management firm. Longreach investments are across market segments in Australian and the US including alternative income, private credit, quantitative equity and real assets

The Group jointly controls Longreach with another major shareholder, both are responsible for the overall direction and supervision of Longreach. The Shareholders Agreement is contractually structured so that both major shareholders are responsible for the overall direction and supervision of Longreach. Decisions over relevant activities require both major shareholders to agree.

Consideration paid exceeded the Group's share of consolidated net assets in Longreach of which the majority, \$7.5 million relates to goodwill given the growth potential in this business. A value of \$0.4 million (2022: provisional \$0.8 million) was allocated as management rights over several investment mandates in place. These rights are estimated to have an eight year life and are amortised over this period, reducing the share of profits recognised. Intangibles associated with interests in joint ventures are incorporated within the investment balance on the Group's balance sheet. Refer to Note 9(c) for further details on final acquisition accounting for this investment.

The Group receives a small fee from Longreach for providing financial and accounting support to maintain the books and records of the consolidated group. There are no other fees received, purchases made or commitments to the joint venture entity as at balance date however Longreach and Lighthouse are in the process of establishing a joint venture to distribute products for mutual benefit.

Longreach is expected to pay dividends in relation to its profits subject to ensuring ongoing compliance with the financial requirements under its Australian Financial Services License.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2023

## 12. Interest in joint ventures and associates (continued)

### Associates

Associates are entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Significant influence may exist for shareholdings less than 20% if through voting power, significant influence can be demonstrated. Investments in associates are accounted for using the equity method.

The Group has significant influence over GROW Investment Group ('GROW') a newly formed entity capitalising on opportunities in the Chinese asset management industry and the continued evolution of China's markets. The Group holds a 5.84% (2022: 6.67%) shareholding in GROW and has 20% (2022: 25%) representation on the board of directors following the introduction of a new investor in September 2022. The board is ultimately responsible for the key operating and financial decisions of the company to which the Group has influence over.

Consideration paid exceeded the Group's share of net assets in GROW as operations are establishing. As such Goodwill of \$3.8 million is incorporated within this investment balance. Refer to Note 9(b) for further details on final acquisition accounting for this investment.

The GROW Investment group has a 31 December financial year end and therefore the Group utilises management accounts to equity account for this investment. There are no fees received, purchases made or commitments to the associate entity. There are no restrictions on the ability for GROW pay dividends from distributable profits.

None of the Group's joint ventures or associates are listed on any public exchange.

### Equity method

Under the equity method, the investment in an associate or a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets.

Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

Identifiable intangibles relating to the associate or joint venture are also included in the carrying amount of the investment with the Group's share of related amortisation adjusted against the share of profit and loss recorded at each balance date.

The aggregate of the Group's share of profit and loss from associates and joint ventures is shown on the face of the profit and loss statement and represents profit and loss after tax and non-controlling interests in the subsidiaries of associates or joint ventures. Any change in other comprehensive income of those investees is presented as part of the Group's other comprehensive income. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associates or joint ventures. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, then recognises the loss as 'Share of profit and loss of joint ventures and associates' in the profit and loss statement.

Upon loss of significant influence over an associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit and loss.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2023

## 13. Plant and equipment

	Consolidated US\$'000			
	Furniture & equipment	Computer equipment & software	Leasehold improvements	Total
<b>Cost</b>				
Balance at 1 July 2021	2,567	7,738	4,662	14,967
Additions	345	2,175	296	2,816
Disposals	-	-	-	-
<b>Balance at 30 June and 1 July 2022</b>	<b>2,912</b>	<b>9,913</b>	<b>4,958</b>	<b>17,783</b>
Additions	1,829	2,538	1,565	5,931
Disposals	-	-	-	-
<b>Balance at 30 June 2023</b>	<b>4,741</b>	<b>12,451</b>	<b>6,523</b>	<b>23,715</b>
<b>Depreciation</b>				
Balance at 1 July 2021	(1,465)	(5,690)	(1,557)	(8,712)
Depreciation for the year	(199)	(1,636)	(515)	(2,350)
Disposals	-	-	-	-
<b>Balance at 30 June and 1 July 2022</b>	<b>(1,664)</b>	<b>(7,326)</b>	<b>(2,072)</b>	<b>(11,062)</b>
Depreciation for the year	(215)	(1,675)	(601)	(2,491)
Disposals	-	-	-	-
<b>Balance at 30 June 2023</b>	<b>(1,879)</b>	<b>(9,001)</b>	<b>(2,673)</b>	<b>(13,553)</b>
<b>Carrying amounts</b>				
At 1 July 2021	1,102	2,048	3,105	6,255
At 30 June and 1 July 2022	1,248	2,587	2,886	6,721
<b>As at 30 June 2023</b>	<b>2,862</b>	<b>3,450</b>	<b>3,850</b>	<b>10,162</b>

### Recognition and measurement

Items of plant and equipment are measured at cost less accumulated depreciation and impairment.

Cost includes expenditures that are directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment. Ongoing repairs and maintenance is expensed as incurred.

An item of plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use. Gains and losses on disposal of an item are determined by comparing the proceeds from disposal with the carrying amount, and are recognised in profit and loss.

### Depreciation

Depreciation is recognised in the profit and loss on a straight-line basis over the estimated useful life of the asset as follows:

Leasehold improvements:	Lease term
Computer software and equipment:	2-3 years
Furniture and equipment:	5-20 years

The residual value, the useful life and the depreciation method applied to an asset are reassessed at least annually. The carrying value of plant and equipment is reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2023

## 14. Leases

### a) Group as lessee

Amounts recognised in the balance sheet

#### Right-of-use assets

	Consolidated US\$'000	
	Office premises	Total
Balance at 1 July 2021	13,700	13,700
Additions	1,887	1,887
Modification adjustment	4,889	4,889
Depreciation for the period	(2,375)	(2,375)
Balance at 30 June 2022	18,101	18,101
Additions	5,188	5,188
Modification adjustment	(518)	(518)
Depreciation for the period	(3,005)	(3,005)
<b>Balance at 30 June 2023</b>	<b>19,766</b>	<b>19,766</b>

#### Lease liabilities

	Consolidated US\$'000							
	Balance at 30 June 2022	Cash flows	Foreign exchange	Modification adjustment	New leases	Other	Transfer to current	Balance at 30 June 2023
Lease liabilities - current	2,466	(2,782)	-	-	-	89	3,822	3,595
Lease liabilities - non-current	22,080	-	281	(522)	5,110	-	(3,822)	23,127
	<b>24,546</b>	<b>(2,782)</b>	<b>281</b>	<b>(522)</b>	<b>5,110</b>	<b>89</b>	<b>-</b>	<b>26,722</b>

The Group discounts lease payments using each leases incremental borrowing rate and are determined for each lease based on its maturity profile.

Lease payments have been discounted using incremental borrowing rates of 3.00% to 6.68% (2022: 3.00% to 4.9%).

The Group classifies interest paid as cash flows from operating activities.

The lease for Lighthouse's head office location was modified during the period to apply a credit of rent for delayed access to their new premises. The lease term remains unchanged and the right of use asset and lease liability were decreased by \$1 million as a result.

The Chicago office lease was also modified during the period to extend the lease term by two years increasing lease liability by \$0.5 million.

### Amounts recognised in the statement of profit and loss

	Consolidated US\$'000	
	2023	2022
Lease interest expense (included in finance costs)	1,113	867
Expense relating to short-term leases (included in occupancy expense)	325	128
Expense relating to leases of low-value assets that are not shown above as short-term leases (included in occupancy expense)	3	3
Expense relating to variable lease payments not included in the measurement of lease liabilities	1,505	1,080
Income from subleasing right-of-use assets (included in finance income)	232	263

Total cash outflow for leases in 2023 was \$2.8 million (2022: \$3.2million).

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2023

## 14. Leases (continued)

### a) Group as lessee (continued)

#### Contractual cash flows

	Consolidated US\$'000						
	2023 Total	2022 Total	6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years
30 June 2022 Lease liabilities – undiscounted	-	29,189	1,863	1,587	3,962	14,387	7,390
30 June 2023 Lease liabilities – undiscounted	31,873	-	2,277	2,554	4,594	14,437	8,011
Future finance charges	(5,151)	(4,643)					
Lease liabilities in the statement of financial position	<b>26,722</b>	<b>24,546</b>					
Current	3,595	2,466					
Non-current	23,127	22,080					

#### Lessee accounting policies

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Assets and liabilities arising from a lease are initially measured on a present value basis.

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred or restoration obligations, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method over the term of the lease. An impairment review is undertaken for any right-of-use lease asset that shows indicators of impairment, and an impairment loss is recognised against any right-of-use lease asset that is impaired.

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases of office premises that have a lease term of 12 months or less, and leases of low-value assets comprising certain equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The lease liability is initially measured at the present value of the remaining lease payments, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease liabilities include the net present value of fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments (linked to an index or a rate), and any expected residual value guarantee payments.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. Possible future cash outflows amounting to \$16.1 million (2022: \$13.9 million) were not included in the lease liability because it is not reasonably certain that the leases will be extended.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit and loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2023

## 14. Leases (continued)

### b) Group as sublessor

Amounts recognised in the balance sheet

Note	Consolidated US\$'000						
	2023 Total	2022 Total	6 months or less	6-12 months	1-2 years	2-3 years	More than 3 years
30 June 2022 Finance lease receivable – undiscounted	-	4,820	388	347	709	734	2,642
30 June 2023 Finance lease receivable – undiscounted	4,085	-	350	359	734	761	1,881
Unearned finance income	(627)	(860)					
Finance lease receivable in the statement of financial position	3,458	3,960					
Current	508	503					
Non-current	2,950	3,457					

Amounts recognised in the statement of profit and loss

	Consolidated US\$'000	
	2023	2022
Finance income on net investment in the lease	232	263

Current period cash inflows for subleases was \$735 thousand (2022: \$727 thousand).

The Group currently subleases one of its office premises and in both cases for the whole of the remaining term of the head lease. These leases are classified as a finance lease.

### Lessor accounting policies

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. At inception of each sublease, the Group determines whether it is a finance lease or an operating lease. It assesses the lease classification with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset.

If an arrangement contains lease and non-lease components, the Group applies AASB 15 to allocate the consideration in the contract.

Finance income is recognised over the term of the sublease based on a pattern reflecting a constant rate of return on the lessor's net investment in the lease. For purposes of calculating finance income on the sublease, the Group has used the incremental borrowing rate on the head lease.



# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2023

## 15. Intangible assets

### Consolidated US\$'000

	Goodwill	Trademarks	Software	Client relationships	Total
<b>Cost</b>					
Balance at 1 July 2021	499,519	1,900	2,050	1,077	504,546
Additions	-	-	-	-	-
Balance at 30 June and 1 July 2022	499,519	1,900	2,050	1,077	504,546
Additions	-	-	-	-	-
Work in progress – internally developed	-	-	2,080	-	2,080
<b>Balance at 30 June 2023</b>	<b>499,519</b>	<b>1,900</b>	<b>4,130</b>	<b>1,077</b>	<b>506,626</b>
<b>Amortisation and impairment losses</b>					
Balance at 1 July 2021	(405,718)	(1,283)	(2,050)	(1,077)	(410,128)
Amortisation for the year	-	(95)	-	-	(95)
Impairment losses	-	-	-	-	-
Balance at 30 June and 1 July 2022	(405,718)	(1,378)	(2,050)	(1,077)	(410,223)
Amortisation for the year	-	(95)	-	-	(95)
Impairment losses	-	-	-	-	-
<b>Balance at 30 June 2023</b>	<b>(405,718)</b>	<b>(1,473)</b>	<b>(2,050)</b>	<b>(1,077)</b>	<b>(410,318)</b>
<b>Carrying amounts</b>					
At 1 July 2021	93,801	617	-	-	94,418
At 30 June and 1 July 2022	93,801	522	-	-	94,323
<b>At 30 June 2023</b>	<b>93,801</b>	<b>427</b>	<b>2,080</b>	<b>-</b>	<b>96,308</b>

### Goodwill

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. For the Group's accounting policy relating to the measurement of goodwill at initial recognition through a business combination, refer Note 32.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

### Other intangible assets

Other intangible assets acquired by the Group, which have finite lives, are measured at cost less accumulated amortisation and accumulated impairment losses.

### Amortisation

Except for goodwill, intangible assets are amortised on a straight-line basis in profit and loss over their estimated useful lives, from the date that they are available for use. The estimated useful lives for the current and comparative periods are as follows:

Trademarks	20 years
Capitalised software costs	5 years

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2023

## 15. Intangible assets (continued)

### Impairment testing of intangible assets

The carrying amounts of the Group's intangible assets which have an indefinite life are reviewed at least annually, or when an impairment indicator exists. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit (CGU) exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGU.

Impairment losses are recognised in profit and loss. An impairment loss recognised in respect of a CGU is allocated first to reduce the carrying amount of any goodwill allocated to the CGU and then to reduce the carrying amount of the other assets in the CGU on a pro-rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation and amortisation, if no impairment loss had been recognised.

### Cash Generating Units

The Group has two CGU's which is unchanged from the prior year; the US Lighthouse Group (US CGU) and NGI Strategic Group (Strategic CGU). Corporate costs, assets and liabilities associated with the Australian corporate business are allocated accordingly between each CGU.

### Impairment testing as at 30 June

Intangible assets subject to impairment testing, remain within the US based funds management cash generating unit (US CGU). An impairment assessment is not required for the NGI Strategic CGU as no intangibles are associated and assets are measured at fair value each balance date.

All of the Group's intangibles are associated with the US CGU totalling \$96.3 million (2022: \$94.3 million). The carrying value of the US CGU tested at 30 June 2023 includes \$10.1 million (2022: \$6.7 million) of directly attributable plant and equipment.

Impairment testing carried out on the US CGU as at 30 June 2023 and 30 June 2022 did not result in the recognition of any impairment losses.

### Recoverable amount

The recoverable amount of the CGU was determined based on a value-in-use calculation where cashflows were disaggregated between net fee related earnings and performance fee earnings. Each component has distinctly different risk profiles and accordingly different discount rates applied. Historically a blended WACC rate was applied to consolidated earnings.

The calculation utilises five years of cash flow projections. The first three years of these projections are based on financial forecasts approved by the board of directors, which are then extrapolated over an additional two years.

Revenue for the additional two years is extrapolated using an independently sourced industry long term growth rate. Investment management costs and operating expenses are extrapolated based on ratios consistent with the third year of the approved financial forecasts.

Key assumptions used in the calculation are discount rates and terminal value growth rates:

Key assumption	2023	2022
Discount rate – Net fee related earnings	14%	
Discount rate – Performance fee earnings	21%	13.1%
Long term & terminal value growth rate	3%	2.1%

The discount rate is a post-tax measure calculated based on US risk factors as well as other risk factors specific to the industry and operational nature of the business, including a market interest rate of 4.6% (2022: 4.1%).

The terminal growth rate is based on the forecast long-term growth rate for Open-End Investment Funds in the United States.

A reasonably possible change in these assumptions would not result in an implied impairment of this CGU.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2023

## 16. Trade and other payables

### Consolidated USD'000

	2023	2022
<b>Current</b>		
Trade creditors	164	539
Distribution costs payable	723	505
Accruals	2,942	1,868
Profit share payable to non-controlling interest	34,923	42,483
Other payables	1,875	470
	<b>40,627</b>	<b>45,865</b>
<b>Non-current</b>		
Other long-term liabilities	350	302
	<b>350</b>	<b>302</b>

### Trade creditors, accruals & other payables

Trade creditors are non-interest bearing and normally settle on 30 to 90 day terms. The carrying amount of these liabilities is a reasonable approximation of fair value. Current period accruals includes non-operating accruals of \$0.9 million relating to transaction costs.

### Profit share to non-controlling interests

Profit share arrangements with non-controlling interests and related party Blue Owl (formerly Dyal Capital Partners), relate to the Strategic Portfolio's earnings. The Group settles the profit share arrangement in cash within two months from balance date.

## 17. Employee benefits

### Consolidated US\$'000

	2023	2022
<b>Current</b>		
Short-term incentives	2,724	3,394
Liability for annual leave entitlements	182	251
Liability for long service leave entitlements	105	100
	<b>3,011</b>	<b>3,745</b>
<b>Non-current</b>		
Liability for long service leave entitlements	9	4

### Short-term benefits

Short-term employee benefit obligations are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be measured reliably. These liabilities are not discounted.

### Long-term benefits

The Group's obligation in relation to long-term employee benefits is the amount of future benefits that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. The discount rate used is the relevant corporate bond rate at reporting date.

Once benefits become entitled, they are transferred to short-term benefits on the basis they can be taken at the employee's request. Amounts are not discounted once reclassified.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2023

## 18. Other financial liabilities

### Consolidated USD'000

	Note	2023	2022
<b>Current</b>			
Deferred consideration payable	9 & 9(a)	97,938	48,344
		<b>97,938</b>	<b>48,344</b>
<b>Non-current</b>			
Deferred consideration payable	9(a)	-	6,399
Borrowings		9,581	-
Financial liabilities at amortised cost – Convertible notes		1,655	1,600
Financial liabilities at fair value – Redemption payment liability (a)		160,007	128,373
		<b>171,243</b>	<b>136,372</b>

### Current and non-current classification

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification. A liability is current when it is:

- It is expected to be settled in the normal operating cycle
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period
- It is held primarily for the purpose of trading, or
- It is due to be settled within twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

### Deferred consideration

Consideration payable associated with business combinations and investment acquisitions that are not contingent upon future events is considered deferred consideration. This financial liability is recorded at fair value at acquisition date based on discounted cash flows. Interest accretion is recognised as a finance expense.

Both Marble Capital and Invictus Capital acquisitions, included contractual terms to defer a portion of consideration for up to two years. Both parties can call on some amounts ahead of scheduled anniversary payment dates subject to certain conditions outside of the Group's control. Consequently, a significant portion of this deferred consideration is considered a current liability. Note 9 includes further details on deferred consideration for these acquisitions and Note 21 outlines a contractual maturity profile.

### Convertible notes

The Company issued 102,283 convertible notes with a face value of \$1,000 to one holder, issued as part consideration to acquire the Strategic Portfolio investments in 2021. Each note is convertible into fully paid ordinary shares of the parent of the Group.

Total notes on issue at balance date are 60,222,763 shares (2022: 68,222,761 shares). During the period 11,994 notes were converted to 7,999,998 ordinary shares (2022: nil).

The notes are converted at the option of the holder at any time and at the option of the issuer after two years (subject to maximum ownership limits). The notes are required to be converted on their 10 year maturity date. To the extent regulatory requirements prohibit conversion into Navigator Global Investment securities by maturity date, alternative options are available to both parties to allow conversion. In the remote instance this cannot occur by maturity date a provision is available for unconverted notes to be redeemed for cash at the prevailing share price. The convertible notes are considered a compound instrument with the presentation of the equity portion included in Note 20.

The convertible notes are non-interest bearing and entitled to participate in discretionary dividends declared by the Company. No voting rights are associated with the convertible notes.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2023

## 18. Other financial liabilities (continued)

### Borrowings

On 30 June 2022 the Group entered into a new credit agreement with its current lender, BMO Harris Bank N.A. ('BMO'), for a new senior, secured credit facility in the aggregate principal amount of an immediate \$50 million of capacity. This line of credit was increased to \$70 million in December 2022, with the funding sourced from an additional lender, Byline Bank, administered by BMO. The facility matures on 30 June 2025 and is secured by a charge over certain Group assets.

The increased borrowing capacity provides the Group with flexible financing to maximise shareholder returns and to fund deferred consideration related to Marble Capital & Invictus Capital transactions (refer Note 9). At balance date, the Group has undrawn funds of \$60 million (2022: \$50 million).

The applicable interest rate is benchmarked to the secured overnight financing rate ("SOFR") administered by the Federal Reserve Bank of New York and adjusted for an applicable term and margin rate. Accrued interest is included in other payables on the balance sheet.

Borrowings are subject to the following financial covenants tested quarterly:

- Debt to Adjusted EBITDA ratios;
- Fixed Charge Cover Ratio (first tested in June 2023);
- Minimum Group AUM levels; and
- Minimum Group investment in Lighthouse Funds.

Breaches in meeting the financial covenants would permit the lender to immediately call for amounts drawn and/or restrict further drawdowns. There have been no breaches of financial covenants in the current period.

Borrowings are initially measured at fair value net of directly attributable transaction costs. Following initial recognition borrowings are subsequently measured at amortised cost using the effective interest rate method.

Gains and losses are recognised in profit and loss when the liabilities are derecognised as well as through the effective interest amortisation process.

### a) Redemption payment liability

Opening fair value / as at acquisition date
Unrealised fair value changes recognised in profit and loss
Closing fair value

The Group has a written put arrangement over the non-controlling interest in acquired partnerships; NGI Strategic Holdings (A) Limited Partnership and NGI Strategic Holdings (B) Limited Partnership. The deferred consideration payable represents the fair value of non-controlling interest held by the vendor which the Group has an obligation to acquire in FY2026. Once this redemption payment is made, the two acquired partnerships will be wholly owned entities of the Group.

The fair value of estimated consideration is calculated over two discrete measurement periods; Calendar year 2021-2023 and calendar years 2024-2025, and payable in financial year ending 2026. The amount is determined as the average relevant gross earnings of the six portfolio investments (ownership adjusted) over a minimum distribution threshold with the average relevant gross earnings multiplied by 2.25x up to a maximum undiscounted amount of \$200 million.

#### Consolidated USD'000

2023	2022
128,373	79,717
31,634	48,656
<b>160,007</b>	<b>128,373</b>

The fair value at balance date estimates future cash flows based on earnings of the portfolio investments that align with estimates utilised to determine the fair value of the corresponding fair value investment assets. Amounts are discounted by 7.9% (2022: 11.6%) to present value, comprising of the cost of debt plus a risk premium to reflect variability in earnings.

As the redemption payment is considered contingent consideration, fair value movements are recorded through profit and loss and discounted to determine its present value.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2023

## Capital and risk

This section provides information on how Navigator Global Investments Limited manages its capital and financial risk entailing disclosures explaining the Group's:

- capital management, including structure, policies, and related accounts balances; and
- exposure to financial risks, including market risks, credit risk, liquidity risk, and the risk arising from financial instruments.

Where an accounting policy or key estimate is specific to a single note, the policy or estimate is described in the note to which it relates.

## 19. Capital management

Capital management of the Group focuses on aiming to ensure:

- that the Group continues as a going concern;
- there is sufficient cash flow to meet operating requirements;
- that it meets financial covenants attached to the interest-bearing borrowings;
- flexibility is maintained for future business expansion; and
- that the payment of dividends is supported in accordance with the Group's dividend policy.

The Company's capital comprises ordinary shares and convertible notes on issue.

### Regulatory Capital Requirements

The following capital requirements were complied with throughout the year:

- LHP Ireland Fund Management Limited, a wholly owned subsidiary, is required by Central Bank of Ireland to maintain a prescribed capital amount, determined as:
  - a base requirement of 125 thousand Euros
  - plus .02% of excess over 250 million Euros in assets under management,
  - plus an additional .01% of the assets under management for potential liability risk.
- LH NR UK (Management) LLP, a wholly owned partnership is required by Financial Conduct Authority to have capital requirements in four forms:
  - Permanent minimum capital requirement;
  - Fixed overhead requirement of 25% of fixed overheads;
  - Own funds in excess of own funds threshold requirement; and
  - Risk responsive computation for potential liability risk.
- NR Capital Management (HK) Limited, a wholly owned entity is required by the Securities and Futures Commission to maintain a fixed liquid capital balance based on the type of license held.

### Line of Credit

During the current period the line of credit with BMO Harris Bank N.A. ('BMO'), increased to \$70 million in December 2022, from \$50 million at 30 June 2022. The funding was sourced from an additional lender, Byline Bank with the facility administered by BMO. The facility matures on 30 June 2025 and is secured by a charge over certain Group assets.

The increased borrowing capacity provides the Group with flexible financing to maximise shareholder returns and to fund deferred consideration related to the Marble Capital & Invictus Capital transactions. As at balance date the Group has undrawn funds of \$60 million (2022: \$50 million).



# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2023

## 20. Capital & Reserves

### a) Share capital

#### Ordinary shares

Opening balance 1 July

Issued 13 April 2022 through an institutional placement

Issued 18 May 2022 through a share purchase plan

Less: Transaction costs arising on share issue

Issued upon conversion of notes

**Total share capital at 30 June**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

The Company does not have authorised capital or par value in respect of issued shares. All ordinary shares rank equally with regard to the Company's residual assets. Ordinary shares have the right to receive dividends as declared and are entitled to one vote per share at general meetings of the Company.

### b) Non-share capital

Non-share capital of \$87.8 million (2022: \$99.8 million) represents the equity component of 90,289 (2022: 102,283) convertible notes issued as part consideration for a business combination in 2021. During the period 11,994 notes were converted to 7,999,998 ordinary shares.

As these notes are a compound instrument, the liability component is included in Other financial liabilities at Note 18.

### c) Parent entity reserve

The parent entity profits reserve comprises the balance of accumulated profit for the Company not yet distributed as dividends and available as dividends in future years.

### d) Translation reserve

The translation reserve records foreign currency differences arising from the translation of operations which have a functional currency that is different to the Group's presentation currency. In particular the foreign operations of Longreach that has a functional and reporting currency of AUD.

Note	Shares '000		US\$'000	
	2023	2022	2023	2022
	235,692	202,672	356,186	320,146
	-	30,400	-	35,024
	-	2,620	-	2,728
	-	-	(15)	(1,712)
(b)	8,000	-	11,994	-
	<b>243,692</b>	<b>235,692</b>	<b>368,165</b>	<b>356,186</b>

In the 2022 financial year, the Group successfully raised equity from the following activities:

- Fully underwritten Institutional Placement representing approximately 15% of pre-existing capital. Shares successfully placed were issued at a fixed price of A\$1.55/share.
- Share Purchase Plan following the completion of the Placement to eligible retail shareholders in Australia and New Zealand. Shares successfully placed were issued at A\$1.48/share being the lower of placement price and a 2% discount to the 5-day VWAP up to closing date.

### e) Fair value reserve

The fair value reserve comprises the movement in fair value of financial assets through other comprehensive income above or below their original purchase value, net of tax. Cumulative fair value adjustments are transferred to retained earnings upon derecognition which for the current period was \$0.9 million (2022: \$nil).

### f) Share based payment reserve

In the current period the Group provided benefits to its employees in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares ('equity settled transactions').

The share-based payments reserve is used to recognise:

- the grant date fair value of options and performance rights issued to employees but not exercised;
- the grant date fair value of shares issued to employees; and
- the grant date fair value of deferred shares granted to employees but not yet vested.

All share based payment instruments are unvested as at balance date. Refer to Note 3 for further details on share based payment expenses for the period.



# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2023

## 21. Financial risk management

### Classes of financial instruments

The Group held the following non-derivative financial assets and liabilities:

Classification	Description	Note
<b>Assets</b>		
Financial assets at amortised cost	The carrying amount of these assets is a reasonable approximation of fair value <ul style="list-style-type: none"> <li>Cash</li> <li>Trade and other receivables</li> </ul>	5 10
Financial assets at fair value through profit and loss (FVTPL)	<ul style="list-style-type: none"> <li>Contingent consideration asset</li> <li>Non-controlling investments in unquoted securities of Group managed entities</li> <li>Non-controlling investments in unquoted securities of externally managed entities include the Strategic Portfolio of investments. Fair value movements in these assets through profit and loss reasonably align with the corresponding movements in financial liability (see below).</li> </ul> <p>The Group does not have significant influence over any of the entities associated with these investments.</p>	10 11 11
Financial assets at fair value through other comprehensive income (FVOCI)	<ul style="list-style-type: none"> <li>Non-controlling equity holdings in US based entities over which the Group does not have significant influence. These investments include the Marble Capital &amp; Invictus Capital investments.</li> </ul> <p>Fair value movements in these assets are recognised through a reserve within other comprehensive income.</p>	11
<b>Liabilities</b>		
Financial liabilities at amortised cost	The carrying amount of these assets is a reasonable approximation of fair value <ul style="list-style-type: none"> <li>Trade and other payables</li> <li>Lease liabilities</li> <li>Convertible note liability</li> <li>Deferred consideration</li> </ul>	16 14 18 18
Financial liability at fair value through profit and loss (FVTPL)	<ul style="list-style-type: none"> <li>Redemption payment liability which represents the obligation to acquire the remaining partnership interests in NGI Strategic Holdings (A) LP and NGI Strategic Holdings (B) LP. These partnerships hold the interest in the Strategic Portfolio investments.</li> </ul> <p>Fair value movements including the unwinding of discounts are recognised through profit and loss within Finance Costs.</p>	18

### Derecognition of financial instruments

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which control, or substantially all the risks and rewards of ownership are transferred. The Group derecognises a financial liability when its obligations under the liability is discharged or cancelled or expire.

### Offset of financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position if there is a currently enforceable legal right to offset and there is an intention to either to settle on a net basis or to realise the asset and settle the liability simultaneously.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2023

## 21. Financial risk management (continued)

### Fair value of financial instruments

#### Fair value hierarchy

The Group classifies fair value measurements using a fair value hierarchy that reflects the subjectivity of the inputs used in making the measurements. The different levels of fair value hierarchy are:

- 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.

#### Fair value measurements

The following table shows the fair values of financial assets and liabilities and their levels in the fair value hierarchy.

		Consolidated USD'000			
	Note	Level 1	Level 2	Level 3	Total
				2022	
Financial assets at fair value through other comprehensive income					
Investments in unquoted securities of externally managed entities	11	-	-	84,471	84,471
Financial assets at fair value through profit and loss					
Contingent consideration asset	10	-	-	1,000	1,000
Investment in unquoted securities of externally managed entities	11	-	-	289,246	289,246
Investments in unquoted securities of Group managed entities	11	-	13,229	-	13,229
Financial liabilities					
Redemption payment liability	18	-	-	128,373	128,373
		2023			
Financial assets at fair value through other comprehensive income					
Investments in unquoted securities of externally managed entities	11	-	-	159,000	159,000
Financial assets at fair value through profit and loss					
Contingent consideration asset	10	-	-	2,620	2,620
Investment in unquoted securities of externally managed entities	11	-	-	323,132	323,132
Investments in unquoted securities of Group managed entities	11	-	13,786	-	13,786
Financial liabilities					
Redemption payment liability	18	-	-	160,007	160,007

There were no transfers between levels during the financial years ended 30 June 2023 or 30 June 2022.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2023

## 21. Financial risk management (continued)

### Valuation techniques used to derive level 2 and level 3 fair values

The fair value of financial instruments that are not in an active market are determined using valuation techniques. These valuation techniques maximise the use of observable market data where available, and if so, the instrument is included in level 2. If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3, as is the case for unlisted equity securities. Specific valuation techniques are outlined below in addition to those detailed in Note 18(a).

#### Share in unquoted securities of Group managed entities

The Group holds investments in Group managed entities, each with an external administrator who is responsible for determining the fair value of the underlying investments. This used to calculate the net asset value per share at which any investor in the entity can redeem their investment holding ('the exit price'). This exit price is used to fair value of these investments at each balance date. All significant inputs required to fair value the investments are observable (level 2) and changes in fair value for these investments are recorded in profit and loss.

#### Contingent consideration asset

A contingent consideration asset is recognised in 'Other assets' on the balance sheet relating to an investment in associate. The assets value is based on an expectation of whether the associate entity will meet EBITDA targets by a specified timeframe. If targets are not reached the Group's shareholding increases for nil additional consideration. Company earnings are unobservable inputs and considered level 3.

#### Unquoted securities of externally managed entities

Equity holdings in other externally managed entities are unquoted and are considered level 3 as the inputs to the fair value are not based on observable market prices.

#### Alternative asset managers

A portfolio of investments in alternative asset managers, each operating within their own niche market. The Group engaged external, independent and qualified valuers specialising in unquoted securities to determine the fair value of the Group's investment in each alternative asset manager.

A combination of market and income approaches were utilised by the external valuer based on forecasted cashflows prepared by management. This approach differs from the prior period where only an Income approach was applied through inhouse valuations. The utilisation of external valuers evolved the process into a more robust and balanced approach. Certain assumptions on model inputs including growth rates on net fee related earnings, performance fee income and carried interest are made. The probabilities of various estimates within the range can be reasonably assessed and are used in management's estimate of fair value.

#### Other externally managed entities:

The Group has small investments in an operator of an online marketplace for alternative investments & a boutique asset manager. Continued uncertainty as to the on-going viability of these investments, carrying value continues to be \$nil. The Group's small ownership in a text analytic platform provider was extinguished during the period.

### Movement in Level 3 financial instruments

	Note	Consolidated USD'000			
		Contingent consideration asset	Investments in unquoted securities		Total
		Through profit and loss	Through profit and loss	Through other comprehensive income	
<b>Opening balance 1 July 2021</b>		-	238,068	-	238,068
Acquisitions	9(a)-(b)	200	-	84,471	84,471
Increase/(Decrease) in fair value		800	51,178	-	51,178
<b>Closing balance 30 June 2022</b>		<b>1,000</b>	<b>289,246</b>	<b>84,471</b>	<b>373,717</b>
Acquisitions	9	-	-	93,294	93,294
Increase/(Decrease) in fair value		1,620	33,886	(18,765)	15,121
<b>Closing balance 30 June 2023</b>		<b>2,620</b>	<b>323,132</b>	<b>159,000</b>	<b>482,132</b>

Refer to Note 18(a) for movement in Level 3 financial liability.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2023

## 21. Financial risk management (continued)

### Significant unobservable inputs to valuation:

The significant unobservable inputs used in the fair valuation measurements categorised within level 3 of the fair value hierarchy, together with a quantitative sensitivity analysis are shown below:

Description	Valuation technique	USD'000		Unobservable inputs	Sensitivity of the input to fair value
		Fair value at 30 June 2023	Fair value at 30 June 2022		
Alternative asset managers Investments in unlisted equity securities in externally managed entities	Income & Market approach	482,132	373,717	Expected earnings through the measurement period	A 1% change in revenue growth increases/decreases earnings results in a \$13.8m increase / \$13.2m decrease (2022: 1% change, \$25.1m increase/\$23.6m decrease)
				WACC applied to net fee related earnings ranged from 13 – 22.5% (June 2022: 16.9 – 19.5% <sup>1</sup> )	A 0.5% increase/decrease in the WACC would decrease value \$3.9m / \$4.1m increase value (2022: 0.5% change, \$8.5m decrease / \$9.4m increase)
				Discount rate ranged from 27 – 41% (2022: of 32.4% <sup>1</sup> ) applied to performance fee & carried interest earnings, a higher degree of variability in earnings	A 0.5% increase/decrease in the discount rate would result in a \$2.4m decrease in value / \$2.5m increase in value (2022: 0.5% change, \$2.3m decrease/\$2.4m increase)
				Transaction prices associated with actual market transactions for similar investments ranged from 6.5x – 12x (2022: n/a)	A 0.5x increase/decrease in market multiples would result in a \$9.6m increase/decrease in value (2022: n/a)
Other Investments in unlisted equity securities in externally managed entities	Market approach	-	-	A share price from a historical capital raise was utilised as an indicative fair value price for equity held.	Any increase in the price per share would result in an increase in the fair value from nil.
Redemption payment liability recorded at fair value	DCF	(160,007)	(128,373)	Expected earnings through the measurement period.	A 1% increase/decrease in the growth rate would not result in a change as the \$200m cap remains projected (2022: 1% change, \$0.1m increase / \$3.0m decrease)
				A discount rate of 7.9% (2022: 11.6%) was applied a meaningful decrease due to the impact of the payment being capped at \$200 million.	A 0.5% increase/decrease in the discount rate would result in a \$2.2m decrease / \$2.3m increase in value (2022: 0.5% change, \$2.4m decrease/ increase)
Contingent consideration asset	Market approach	2,620	1,000	A share price from a recent capital raise was utilised as an indicative fair value for potential increment in equity held.	A 10% increase/decrease in the price per share would result in a \$0.3m increase/ \$0.3m decrease (2022: 10% change, \$0.1m increase/decrease)
				A probability scenario is applied based on expected achievement of earnings target by a specific timeframe. Current period expectation is 100% (2022: 50%)	A 10% decrease in the probability factor would result in a \$0.3m decrease in value (2022: 10% change, \$0.2m) increase/decrease)

<sup>1</sup> Grossed up for the impact of minority asset liquidity discount previously for comparison purposes. Previously this discount directly applied to cash flows.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2023

## 21. Financial risk management (continued)

### Risk Management

The Group has direct and indirect exposure to credit risk, liquidity risk and market risk (including currency risk, interest rate risk and equity price risk) arising from its activities.

These risks can impact the Group's net profit and total equity value through:

- fluctuations in the value of the Group's investments and other financial assets and liabilities;
- the effect of market risks on the Group's Assets Under Management (AUM), which can impact management and performance fees; and
- the amount of interest earned on the Group's cash balances and paid on debt drawn.

### Market risk

Market risk is the risk that changes in market prices, such as interest rates, foreign exchange rates and equity prices will affect the Group's income or the value of its holdings of financial instruments.

#### Interest rate risk

Previously, the Group's exposure to interest rate risk related to cash and term deposits which mature in less than 90 days. However having drawn on the line of credit facility during the period the exposure to interest rate risk has heightened.

	Consolidated US\$'000	
	2023	2022
<b>Profit and loss (decrease) / increase</b>		
Interest rate + 1%, net of tax	88	-
Interest rate - 1%, net of tax	(88)	-

A change in interest rates at reporting date would have impacted the carrying value of the Group's variable rate deposits, and would therefore not have impacted the Group's equity or profit and loss.

The redemption payment liability is also exposed to interest rate risk in the form of the cost of debt included within the discount rate. Refer to sensitivities for level 3 unobservable inputs performed above for impact on the Group's profit and loss.

### Price risk

The Group is exposed to price risk in relation to the value of its investments, and indirectly through the impacts on management and performance fees earned from the fluctuations in the value of the AUM in the investment products it manages due to market price movements.

#### Management fees

The Group earns management fees as a percentage of the assets it manages on behalf of its funds and clients.

Management fees will be impacted by changes in the value of these assets from movements in the individual prices of the underlying securities held as well as the fluctuations in exchange rates for assets which are not denominated in USD. The following table summarises the sensitivity of management fees to a change in AUM due to movements in market prices:

	Consolidated US\$'000	
	2023	2022
<b>Profit and loss (decrease) / increase</b>		
Fair value + 5%, net of tax	2,967	2,756
Fair value - 5%, net of tax	(2,967)	(2,756)

The impact of any change to management fees due to changes in AUM from inflows and outflows of assets by clients due to changes in market prices has not been estimated.

#### Performance fees

The Group earns performance fees from some of its funds and clients. The Group's entitlement to performance fees varies between the relevant funds and clients, and generally is dependent on the relevant fund or client portfolio outperforming a high watermark and in some cases a benchmark hurdle over a performance period. Given the nature of performance fees, the Group is subject to the risk that in any given financial year it may earn no performance fees.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2023

## 21. Financial risk management (continued)

### Price risk (continued)

#### Investments

The Group's investments comprise of:

- Unquoted securities of US based companies externally managed which have been designated as either fair value through other comprehensive income or through profit and loss. Refer above for level 3 significant unobservable inputs into fair values and sensitivities for each.
- Unquoted securities of investment funds managed by the Group. Fair value movements for these level 2 investments are recorded through profit and loss. The following table summarises the sensitivity of the fair value (after tax) of these assets to movements in market prices:

	Consolidated US\$'000	
	2023	2022
Financial assets at fair value through profit and loss Level 2 investments		
<b>Profit and loss (decrease) / increase</b>		
Fair value + 5%, net of tax	534	496
Fair value - 5%, net of tax	(534)	(496)

### Currency risk

The Group is exposed to currency risk on revenue, distribution income, expenses, receivables, and payables that are denominated in a currency other than the respective functional currencies of the Group entities.

In addition, currency risk on the investment held in an Australian joint venture and the share of profits recognised. The following significant exchange rates applied during the year:

	2023	2022
AUD/USD: Average rate	0.6735	0.7259
AUD/USD: 30 June spot rate	0.6630	0.6889
GBP/USD: Average rate	1.2047	1.3314
GBP/USD: 30 June spot rate	1.2714	1.2132
EUR/USD: Average rate	1.0476	1.1280
EUR/USD: 30 June spot rate	1.0891	1.0447
HKD/USD: Average rate	0.1276	-
HKD/USD: 30 June spot rate	0.1276	-

At reporting date, the Group's direct exposure to currency risk relates to:

- Transactions associated with Navigator Global Investments Limited (the parent entity of the Australian listed group). This entity retains a number of working capital balances denominated in AUD including cash, receivables, trade and other payables and employee benefits which are translated to the Group's functional currency of USD.
- Translation of an AUD denominated investment associated with the joint venture interests acquired during the period. The Group's carrying value is translated at period end with changes reflected in the foreign currency translation reserve.
- AUD, GBP & HKD denominated balances recognised by the Lighthouse Group which has a functional currency of USD. These balances comprise of trade receivables due from a third party for management and performance fees on funds for which Lighthouse performs investment services.
- EURO distributions are received from a French investment and is translated to the Group's functional currency of USD as soon as practically possible to minimise currency fluctuations. As the investment held is a non-monetary asset, sensitivity on the currency impact on recorded fair values is not required.



# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2023

## 21. Financial risk management (continued)

### Currency risk (continued)

The following table summarises the sensitivity of these balances held at reporting date to movement in these currencies against the USD, with all other variables held constant

	Consolidated US\$'000	
	2023	2022
AUD/USD: appreciation of 10%, net of tax	450	2,008
AUD/USD: depreciation of 10%, net of tax	(450)	(2,008)
GBP/USD: appreciation of 10%, net of tax	440	221
GBP/USD: depreciation of 10%, net of tax	(440)	(221)
EURO/USD appreciation of 10%, net of tax	3	377
EURO/USD depreciation of 10%, net of tax	(3)	(377)
HKD/USD appreciation of 10%, net of tax	14	-
HKD/USD depreciation of 10%, net of tax	(14)	-

### Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's cash deposits and receivables. The carrying amount of these financial assets represents the Group's maximum credit risk exposure.

#### Cash and lease guarantee deposits

Cash and lease guarantee deposits held in Australia are held with bank counterparties which are rated A-1+ (Standard & Poor's).

Cash and lease guarantee deposits held in the United States are held in deposit accounts which are rated between A+ and A / A-1 (Standard & Poor's).

### Trade and other receivables

At reporting date, 60% of the Group's trade and other receivables excluding contingent assets, related to amounts receivable from products managed by the Group (2022: 69%).

As at reporting date, the Group did not have any receivables which were past due. Due to the short-term nature of the Group's trade receivables, the fact that the majority relate to Group managed products, and the historically low default rates, the application of the expected credit loss model has not resulted in the recording of a material credit allowance as at 30 June 2023 or 30 June 2022. In determining this credit allowance, the Group has considered forward looking factors specific to the receivables and the economic environment.

### Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it has sufficient resources available to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group maintains 12 month rolling forecasts and 5 year cash projections, which assist it in monitoring cash flow requirements. The Group ensures that it has sufficient cash on demand to meet operational requirements in the short term and has appropriate strategies in place to satisfy long term obligations.

The Group also has access to a Line of Credit of \$70 million which has increased by \$20 million since the prior period with funding sourced from an additional lender, Byline Bank, administered by BMO. As at 30 June 2023, the Group has \$60 million of this line of credit available.

The liquidity approach adopted by the Group excludes the potential impact of extreme circumstances which cannot be predicted.



# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2023

## 21. Financial risk management (continued)

### Liquidity risk (continued)

The following are the contractual maturities of non-derivative financial liabilities as at balance date:

Consolidated US\$'000								
	Note	Carrying value	Contractual cash flows	6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years
<b>30 June 2022</b>								
Trade and other payables – current	16	45,865	(45,865)	(45,865)	-	-	-	-
Trade and other payables – non-current	16	50	(50)	-	-	(50)	-	-
Convertible note	18	1,600	(2,143)	-	-	-	-	(2,143)
Deferred consideration	18	54,743	(55,250)	(41,438)	(6,906)	(6,906)	-	-
Redemption payment liability	18(a)	128,373	(199,830)	-	-	-	(199,830)	-
		<b>230,631</b>	<b>(303,138)</b>	<b>(87,303)</b>	<b>(6,906)</b>	<b>(6,956)</b>	<b>(199,830)</b>	<b>(2,143)</b>
<b>30 June 2023</b>								
Trade and other payables – current	16	40,627	(40,627)	(40,627)	-	-	-	-
Convertible note	18	1,655	(2,143)	-	-	-	-	(2,143)
Deferred consideration	18	97,938	(103,594)	(96,688)	(6,906)	-	-	-
Borrowings	18	9,581	(10,000)	-	-	(10,000)	-	-
Redemption payment liability	18(a)	160,007	(200,000)	-	-	-	(200,000)	-
		<b>309,808</b>	<b>(356,364)</b>	<b>(137,315)</b>	<b>(6,906)</b>	<b>(10,000)</b>	<b>(200,000)</b>	<b>(2,143)</b>

Refer to Note 14 for contractual maturities of the Group's lease liabilities.

The above maturity analysis is based on contractual terms, as classified in the balance sheet of the Group. Deferred consideration relating to Marble Capital and Invictus Capital acquisitions are not variable in nature however the majority can be called upon by sellers. Subject to certain conditions which are outside the control of the Group, sellers may make capital calls ahead of defined anniversary dates resulting in amounts included in the 6 months or less maturity category.

### Subsequent event impacts on liquidity

The Group anticipates settlement of the \$200 million redemption payment will be accelerated to H1 of FY2024 having entered into definitive documentation for a transaction with holders of the Class II units as announced on 1 August 2023.

The transaction which is subject to shareholder & other regulatory approvals (as further outlined in the Subsequent events Note 27), will be funded by a combination of equity through the issue of shares and convertible notes and remaining paid by cash to a maximum of \$40 million. As a result, the contractual obligation will be reduced to nil with a potential increase to borrowings of up to \$40 million by next reporting date.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2023

## Group structure

This section outlines how the Navigator Global Investments Limited's group structure affects the financial position and performance of the Group as a whole including disclosures on the Group's composition and key parent entity disclosures. Where an accounting policy or key estimate is specific to a single note, the policy or estimate is described in the note to which it relates.

## 22. Group entities

The consolidated financial statements of the Group include the following entities:

Name	Country of incorporation	% Equity interest	
		2023	2022
HFA Lighthouse Holdings Corp	United States	100	100
HFA Lighthouse Corp	United States	100	100
LHP Investments, LLC	United States	100	100
Lighthouse Investment Partners, LLC	United States	100	100
Lighthouse Partners UK, LLC	United States	100	100
North Rock Capital Management LLC	United States	100	100
NR Technology Group, LLC	United States	100	100
NGI Strategic Holdings I, Inc	United States	100	100
NGI Strategic Holdings II, Inc	United States	100	100
Mission Crest Capital Management, LLC	United States	100	100
Pier61 Partners, LLC	United States	100	100
Luminae Partners, LLC	United States	100	100
NGI Strategic Australia Pty Ltd	Australia	100	100
NGI Strategic Holdings Ltd	Cayman Islands	100	100
NGI Strategic Holdings (A) LP	Cayman Islands	71	71
NGI Strategic Holdings (B) LP	Cayman Islands	56	56
Lighthouse Partners Limited (HK)	Hong Kong	100	100
LHP Ireland Fund Management Limited	Ireland	100	100
North Rock Capital Management (UK) LLP <sup>1</sup>	United Kingdom	100	100
LH NR UK Limited	United Kingdom	100	100
NR Capital Management (HK) Limited	Hong Kong	100	-
Lighthouse Partners (DIFC) Limited	UAE	100	-
<sup>1</sup> Formerly LH NR UK (Management) LLP			

## Basis of consolidation

The consolidated financial statements are those of the Group, comprising Navigator Global Investments Limited and all entities that Navigator Global Investments Limited controlled during the period and at reporting date.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement in the investee and has the power to affect those returns through its power over the investee.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. The assets, liabilities, income and expenses of a subsidiary are included in the consolidated financial statements from the date the Group gains control, until the date the Group ceases to control the subsidiary.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2023

## 23. Parent entity disclosures

As at, and throughout the financial year ended 30 June 2023, the parent company of the Group was Navigator Global Investments Limited.

### Company US\$'000

	2023	2022
<b>Result of the parent entity</b>		
Profit for the year	30,127	40,698
<b>Total comprehensive income for the year</b>	<b>29,802</b>	<b>40,262</b>
<b>Financial position of the parent at year end</b>		
Current assets	4,890	21,439
Total assets	419,497	397,365
Current liabilities	(1,045)	(575)
Total liabilities	(2,871)	(2,363)
<b>Net assets</b>	<b>416,626</b>	<b>395,002</b>
<b>Total equity of the parent comprising of</b>		
Share capital	368,165	356,186
Non-share capital	87,824	99,818
Accumulated losses	(99,342)	(99,342)
Parent entity profits reserve	51,021	29,897
Translation reserve	4,309	4,635
Share based payments reserve	4,649	3,808
<b>Total equity</b>	<b>416,626</b>	<b>395,002</b>

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2023

## Other disclosures

This section includes information that must be disclosed to comply with the Accounting Standards, the Corporations Act 2001 or the Corporations Regulations but the Directors do not consider to be significant in understanding the financial performance and position of the Group.

## 24. Related parties

### Key management personnel remuneration

The key management personnel remuneration included in 'employee expense' (see Note 3(a)) is as follows:

#### Consolidated US\$

	2023	2022
Short-term employee benefits	5,502,810	5,498,342
Long-term employee benefits	6,877	10,422
Post-employment benefits	123,175	106,253
Share-based payment transactions	564,880	48,088
<b>Total compensation paid to key management personnel</b>	<b>6,197,742</b>	<b>5,663,105</b>

Detailed remuneration disclosures are provided in the remuneration report on pages 23 to 37.

### Transactions with key management personnel

Apart from the details disclosed in this note, no director has entered into a material contract with the Group since the end of the previous financial year and there were no material contracts involving directors' interests existing at year-end.

A donation of \$100,000 was made to Oxbridge Academy, a director related entity of the CEO, Sean McGould. There were no other transactions with key management personnel during the year.

### Other related party transactions

#### Revenue from group managed products

During the financial year Group entities recognised management fees, performance fees and fund reimbursement revenue received or receivable of \$169,411,131 (2022: \$116,877,834) from investment products for which group entities act as general partner, investment manager or managed account service provider. Amounts receivable from these products at 30 June 2023 were \$10,882,406 (2022: \$8,785,812).

#### Investment in products

As at 30 June 2023, Group entities hold \$13,786,151 of investments in products for which they act as investment manager or managed account service provider (2022: \$13,228,740). Refer Note 11 for additional detail.

During the financial year, the Group recognised distributions from its investments in these products of \$nil (2022: nil).

For the years ended 30 June 2023 and 30 June 2022, the Group has not recorded a credit allowance relating to amounts owed by related parties. Additional information regarding the Group's assessment of credit risk in relation to related party receivables and investments is disclosed in Note 21.

#### Other

There have been no guarantees provided or received for any related party receivables.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2023

## 25. Auditors Remuneration

### Consolidated US\$

	2023	2022
<b>Fees to Ernst &amp; Young</b>		
EY (Australia):		
Audit and review of financial reports for the Group and controlled entities	320,126	400,756
Other non-audit services (advisory)	-	38,214
Overseas member firms of EY (Australia):		
Audit and review of financial reports for the Group and controlled entities	340,713	233,870
<b>Total fees to Ernst &amp; Young</b>	<b>660,839</b>	<b>672,840</b>
<b>Audit fees to other audit firms</b>		
Other audit firms (Australia):		
Other non-audit services (taxation)	38,204	76,344
Other non-audit services (advisory)	24,918	10,450
Total fees to other audit firms (Australia)	63,122	86,794
Overseas member firms of other auditors:		
Audit and review of financial reports for controlled entities	14,254	35,891
Other non-audit services (taxation)	854,989	333,166
Other non-audit services (advisory)	104,480	466,208
Total fees to overseas member firms of other auditors	973,723	835,265
<b>Total fees to other audit firms</b>	<b>1,036,845</b>	<b>922,059</b>
<b>Total auditor's remuneration</b>	<b>1,697,684</b>	<b>1,594,899</b>

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2023

## 26. Commitments & contingencies      27. Subsequent events

### Commitments

At 30 June 2023 the Group had commitments of \$309 thousand (2022: \$592 thousand) relating to the completion of lease fit outs for a new leased premises.

### Investment fund related obligations

The Company's subsidiary Lighthouse Investment Partners, LLC acts as the Investment Manager for certain private investment funds under Delaware Law, Cayman Islands Law, Irish Law and Illinois law. Due to its role as Investment Manager the subsidiary may be subject to contingent liabilities as a result of its obligations to the funds. The directors of Lighthouse Investment Partners, LLC consider that all obligations have been met to 30 June 2023.

### Guarantees

The Group provides a guarantee to one of the externally managed entities for its share in a banking facility. In the event of default this guarantee may be called upon which would be incurred jointly with other investors. During the period, the facility has been drawn in full and the guarantee provided totals \$3.3 million (2022: \$nil).

### Events occurring after reporting period

On 1 August 2023, the Group entered into definitive documentation for a transaction with certain affiliates of GP Strategic Capital (formerly known as Dyal Capital) ("GP Strategic Affiliates"), a platform of Blue Owl (NYSE: OWL) regarding the accelerated acquisition of incremental profit distributions and settlement of the 2026 redemption liability for total consideration of \$200 million.

This will result in:

- a) Cancellation of the scheduled redemption payment in CY26 (currently recorded as a non-current liability at present value on the Group's balance sheet (Note 18(a))) to acquire GP Strategic Capital Affiliates' share of profit distributions from the NGI Strategic Portfolio; and
- b) Acquire GP Strategic Capital Affiliates' share of profit distributions from the NGI Strategic Portfolio with effect from 1 July 2023. This will entitle the Group to 100% of distributions received from the portfolio with no corresponding payable to non-controlling interest such as that in current trade and other payables.

Consideration will be funded by a combination of an entitlement offer to all Navigator shareholders and convertible note holders, a placement of Navigator shares to GP Strategic Capital Affiliates, with remaining consideration paid by cash or debt to a maximum of \$40 million.

The transaction which is subject to shareholder & other regulatory approvals, will be structured so that GP Strategic Capital Affiliates' relevant interest in Navigator's ordinary shares will not exceed 46.5% as convertible notes will be issued to GP Strategic Affiliates to give the effect to the economic terms of the Entitlement Offer or Placement (as applicable).

Assuming the transaction settles in December 2023, the expected impact on the profit and loss will be an expense of \$34.7 million excluding transaction costs. This reflects a fair value adjustment to bring the redemption payment liability its gross value of \$200 million.

There has not arisen in the interval between the end of the reporting period and the date of signing this report, any item, transaction or event of a material nature, likely to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2023

## Basis of preparation

This section sets out the basis upon which the Group's financial statements are prepared as a whole including information on new accounting standards, amendments and interpretations, and whether they are effective for the current or later years. How these changes are expected to impact the financial position and performance of the Group are outlined where relevant.

## 28. Corporate information

The financial report of Navigator Global Investments Limited (the 'Company') for the year ended 30 June 2023 was approved by the board of directors on the 24<sup>th</sup> day of August 2023.

The consolidated financial statements of the Company as at and for the year ended 30 June 2023 comprise the Company and its subsidiaries (the 'Group'). Entities within the consolidated group are outlined in Note 22.

The Company is a for profit company limited by shares incorporated in Australia and is listed on the Australian Securities Exchange. The registered office of the Company is Level 21, 10 Eagle Street, Brisbane QLD 4000.

## 29. Statement of compliance

The consolidated financial statements are general purpose financial statements prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards (AASB) and other authoritative pronouncements of the Australian Accounting Standards Board. The consolidated financial statements also comply with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

During the period, disclosures reflect changes to the comparative period to conform to the current period's presentation. Details of the Group's accounting policies, including changes during the year, are included in Note 32 as well as within the individual notes to the financial statements.

## 30. Basis of measurement

The consolidated financial statements have been prepared on a going concern basis. The consolidated financial statements have been prepared on a historical cost basis except for the following items:

Items	Measurement basis	Note disclosure
Financial assets at fair value through profit and loss & other comprehensive income	Fair value	11 & 21
Contingent consideration asset	Fair value	10 & 21
Financial liabilities at fair value through profit and loss	Fair value	18 & 21

Where the Group's accounting policies and disclosures require the determination of fair value, the methods used to measure fair are outlined in Note 21.

## 31. Functional and presentation currency

The consolidated financial statements are presented in US dollars ('USD') unless otherwise stated, which is the Company's functional currency.

The amounts contained in this financial report have been rounded to the nearest thousand dollars in accordance with the ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 dated 24 March 2016, unless otherwise stated.

### Translation of foreign currency

Transactions in foreign currencies are translated to the respective functional currency of Group entities at rates of exchange ruling on the date of those transactions. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation at the year-end exchange rate of monetary assets and liabilities denominated in foreign currencies, are recognised in profit and loss.



# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2023

## 32. Other accounting policies

### Business combinations

The acquisition method of accounting is used to account for all business combinations regardless of whether equity instruments or other assets are acquired. Consideration transferred for the acquisition of an entity comprises the:

- fair values of the assets transferred
- liabilities incurred to the former owners of the acquired business
- equity interest issued by the group
- fair value of asset or liabilities resulting from a contingent consideration arrangement; and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions measured at their fair values at the acquisition date. The group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

If the consideration transferred, amount of non-controlling interest (if any) and the fair value of any previously held equity interests in the acquired entity, exceeds the fair value of assets acquired, goodwill is recorded on the balance sheet. If consideration amounts are less than the fair value of the net identifiable assets of the business acquired, the bargain difference is recorded in profit and loss.

Where deferred consideration is agreed, the amounts payable in the future are discounted to their present value as at the date of exchange. Contingent consideration is classified as either equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in the profit and loss.

For business combinations achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from a remeasurement is recognised in the profit and loss.

Transaction costs associated with the acquisition are expensed as incurred.

### Non-controlling interests

When a business combination involves an agreement to purchase the non-controlling interest at a later date (referred to as a put arrangement), the Group will consider it as a discrete transaction. When the Group does not have a present ownership interest in the non-controlling interest shares, the Group has elected not to account for the non-controlling interest on initial acquisition. As a result, the redemption payment is recorded as a financial liability and the shares subject to the put are accounted for when acquired. Changes in the put liability is subsequently recognised in profit and loss, and if the option expires, is treated as a disposal of a portion of a business.

### Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes:

- Note 6 - recognition of deferred tax assets: availability of future taxable profit against which carried forward tax losses can be used;
- Note 10 – contingent consideration asset; assessment of probable outcomes;
- Note 11 - fair value measurement of investments;
- Note 12 – classification of joint arrangements and assessment of significant influence in associates.
- Note 15 - impairment test: key assumptions underlying recoverable amounts of intangible assets; and
- Note 18 – other liabilities which includes a redemption payment estimated on future forecasted earnings of underlying investments held.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2023

## 32. Other accounting policies (continued)

### Changes in accounting policies

#### New and amended standards

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for the current reporting period:

- AASB 2020-3 Annual Improvements 2018-2020 and other amendments
- AASB 2021-7(a) Effective date of amendments to AASB 10 and AASB 128 and general editorial corrections

The amendments listed above did not have any impact on the Group's financial statements.

#### Accounting standards and interpretations issued but not yet effective

The following Australian accounting standards and interpretations that are relevant to the Group's operations have been issued but are not yet effective and have not been adopted by the Group for the current period. These standards are not expected to have a significant impact on the Group's consolidated financial statements:

- AASB 2014-10 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)
- AASB 2020-1, 2020-6 & 2022-6 Amendments regarding the classification of Liabilities as Current or Non-current
- AASB 2021-2 Amendments to Disclosure of Accounting Policies and definition of Accounting Estimates
- AASB 2021-5 Amendments to Deferred Tax related Assets and Liabilities arising from a single transaction
- AASB 2022-7 Editorial corrections to AAS an repeal of superseded and redundant standards.

# DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Navigator Global Investments Limited (the 'Company') we state that:

1. In the opinion of directors:

(a) the consolidated financial statements and notes that are set out on pages 40 to 94, and the Remuneration report on pages 23 to 37 of the Directors' report, are in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the Group's financial position as at 30 June 2023 and of its performance for the financial year ended on that date; and
- (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

2. The directors have been given the declarations required by Section 295A of the *Corporations Act 2001* from the Chief Executive Officer and Chief Financial Officer for the financial year ended 30 June 2023.

3. The directors draw attention to note 92 to the consolidated financial statements, which includes a statement of compliance with International Financial Reporting Standards.



**Michael Shepherd, AO**

Chairman and Non-Executive Director



**Suvan de Soysa**

Non-Executive Director

Sydney, 24 August 2023



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working world**

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## **Independent auditor's report to the members of Navigator Global Investments Limited**

### **Report on the audit of the financial report**

#### **Opinion**

We have audited the financial report of Navigator Global Investments Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 30 June 2023, the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- a. Giving a true and fair view of the consolidated financial position of the Group as at 30 June 2023 and of its consolidated financial performance for the year ended on that date; and
- b. Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

#### **Basis for opinion**

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Key audit matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial report* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.

## Investment Valuation

Refer to Notes 11 and Note 21 of the financial report

Why significant	How our audit addressed the key audit matter
<p>The Group has a significant investment portfolio comprising primarily of six minority interests in unlisted investment managers including Bardin Hill Investment Partners, LP, Waterfall Asset Management, LLC, Capital Fund Management S.A., Capstone Investments Advisors, LLC, Pinnacle Asset Management, LP, MKP Capital Management, LLC (Strategic Portfolio) and two minority interests in unquoted securities in Invictus Capital Partners and Marble Capital. As at 30 June 2023, the value of these unlisted investments was US\$482 million which equates to 63% of total assets.</p> <p>As disclosed in the Group's accounting policy disclosed in Note 11, the Strategic Portfolio are financial assets recognised at fair value through profit or loss, and Invictus Capital Partners and Marble Capital are financial assets recognised at fair value through other comprehensive income in accordance with Australian Accounting Standards.</p> <p>Key assumptions such as the growth rates and discount rates applied to the management fee and performance fee income streams can have a significant impact on the fair value of these financial assets and amounts recorded in the financial statements.</p> <p>Given the significant estimation and judgement involved in measuring the fair value of investments, we considered this to be a key audit matter.</p> <p>Note 11 to the financial statements provides a summary of the Group's accounting policy relating to the investments and Note 21 includes the disclosures relating to the significant unobservable inputs to the valuation.</p>	<p>Our audit procedures relating to the valuation of the investments included the following:</p> <ul style="list-style-type: none"> <li>• Obtained an understanding of the key processes adopted by management to determine the fair value of the investments at balance date;</li> <li>• Evaluated the qualifications, competence, and objectivity of the external valuer engaged by management;</li> <li>• Confirmed the ownership interest with the respective investee fund managers at 30 June 2023;</li> <li>• Obtained the most recent audited financial statements of the underlying investment managers, reviewing the nature of the underlying investments held and the recorded fair values of the investments, including the accounting basis adopted for such valuations;</li> <li>• Assessed the independence, competence and objectivity of the auditing firms of the managers and the content of their audit opinions;</li> <li>• Obtained from management their assessment of the most recent unaudited financial information of the asset managers and evaluated the reasonableness of any material fair value movements (or the lack thereof) within the discounted cash flow models supporting the fair value;</li> <li>• We involved our valuation specialists in the assessment of the valuation methodologies and assumptions used by the Group;</li> <li>• Our valuation specialists tested the accuracy of the model used by the external valuer, and on a sample basis we challenged the underlying cash flow assumptions and agreed to underlying supporting documentation;</li> </ul>

Why significant	How our audit addressed the key audit matter
	<ul style="list-style-type: none"> <li>• Obtained the assurance report on the internal controls of the investment manager's administrators in relation to fund administration services for the year ended 30 June 2023, and assessed the auditor's independence, qualifications and objectivity and the results of their procedures; and</li> <li>• Assessed the adequacy of the Group's disclosures included in Notes 11 and 21 to the financial statements.</li> </ul>

## Recoverability of the US cash generating unit

Refer to Note 15 of the financial report

Why significant	How our audit addressed the key audit matter
<p>Significant judgement and estimations are involved in determining the value-in-use ("VIU") of the US cash generating unit ("CGU").</p> <p>VIU is the Group's method for measuring the recoverable amount of the US CGU (including goodwill) at balance date and is used to assess the carrying amount of the CGU for impairment.</p> <p>The model used by the Group to measure the VIU of the CGU is complex due to the assumptions and estimations used in forecasting the future cash flows of the CGU.</p> <p>Given the level of judgement and estimation involved in determining VIU, and the relative amount of goodwill allocated to the US CGU, we considered this to be a key audit matter.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>• Tested the mathematical accuracy of the CGU's VIU model;</li> <li>• Evaluated the Group's assumptions and estimates in relation to the forecast cash flows based on most recent Board approved forecasts by performing sensitivity analysis and evaluating and testing the key assumptions used to determine the VIU;</li> <li>• Evaluated the qualifications, competence and objectivity of the external specialists engaged by management;</li> <li>• Considered the accuracy of the Group's cash flow forecasts by comparing historic forecasts to actual performance;</li> <li>• Involved our valuation specialists in assessing growth rate and discount rate used in the VIU model. Where applicable, we corroborated key assumptions with external information;</li> <li>• Assessed whether the forecast cash flows in the VIU model were consistent with those used to test recoverability of the CGU's deferred tax assets;</li> <li>• Performed sensitivity analysis by varying key assumptions and assessing the impact on the recoverable amount of the CGU; and</li> </ul>

Why significant	How our audit addressed the key audit matter
	<ul style="list-style-type: none"> <li>Assessed the adequacy of the disclosures included in Note 15 to the financial statements.</li> </ul>

## Acquisition

Refer to Note 9 of the financial report

Why significant	How our audit addressed the key audit matter
<p>The Group completed the acquisition of Invictus Capital Partners on 4 August 2022 for total consideration of \$100 million to be paid over a three-year period.</p> <p>Given the size of the acquisition, we considered this to be a key audit matter.</p> <p>Note 9 discloses a summary of the acquisition and the Note 32 disclosed the Group's accounting policies relating to the acquisition.</p>	<p>Our audit procedures for the acquisition included the following:</p> <ul style="list-style-type: none"> <li>Assessed whether the transaction was accounted for in accordance with the relevant requirements of Australian Accounting Standards;</li> <li>Assessed the Group's determination of any deferred or contingent consideration; and</li> <li>Assessed the adequacy of the Group's disclosures included in Note 9 to the financial statements.</li> </ul>

## Information other than the financial report and auditor's report thereon

The directors are responsible for the other information. The other information comprises the information included in the Company's 2023 annual report, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report 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.

## Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.



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

### **Auditor's responsibilities for the audit of the financial report**

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is 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 the Australian Auditing Standards 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 this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

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

We communicate with the 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.

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

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

## Report on the audit of the Remuneration Report

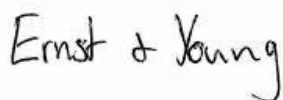
### Opinion on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2023.

In our opinion, the Remuneration Report of Navigator Global Investments Limited for the year ended 30 June 2023, complies with section 300A of the *Corporations Act 2001*.

### Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.



Ernst & Young



Nathan Young  
Partner  
Brisbane  
24 August 2023

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# SHAREHOLDER INFORMATION

## ASX additional information

As at 17 August 2023

Additional information required by the Australian Securities Exchange Limited (ASX) Listing Rules and not disclosed elsewhere in this document is set out below.

### Number of security holders and securities on issue

Navigator has issued the following securities:

- 243,692,009 Ordinary Shares held by 3,841 shareholders; and
- 90,289 Convertible Notes held by 1 noteholder.

### Substantial shareholdings

The following beneficial owners have a substantial relevant interest in ordinary shares of Navigator Global Investments Limited:

Category	Number of ordinary shares	%
Blue Owl Capital Inc. and its controlled entities	48,524,304	19.91%
Navigator Global Investments Limited <sup>1</sup>	48,524,304	19.91%
Perennial Value Management Limited	24,596,000	10.09%
Sean McGould, his controlled entities and associates	19,438,084	7.98%
Eley Griffiths Group	17,099,575	7.02%
Norges Bank	13,865,008	5.69%

<sup>1</sup> The Company lodged has a substantial relevant interest in its ordinary shares due to restrictions on disposal of the shares under a Shareholder Agreement with entities associated with Blue Owl Capital Inc. A substantial shareholder notice setting out details of the Shareholder Agreement was lodged with the ASX on 1 February 2021.

### Twenty largest holders

Name	Number of ordinary shares held	Percentage of capital held
Citicorp Nominees Pty Limited	66,590,512	27.33%
J P Morgan Nominees Australia Pty Limited	58,616,610	24.05%
National Nominees Limited	21,987,909	9.02%
HSBC Custody Nominees (Australia) Limited	11,522,455	4.73%
Priority Investment Management Pty Ltd	7,275,617	2.99%
BNP Paribas Nominees Pty Ltd	5,778,701	2.37%
UBS Nominees Pty Ltd	5,683,638	2.33%
HSBC Custody Nominees (Australia) Limited – NT-Commonwealth Super Corp	5,279,594	2.17%
HSBC Custody Nominees (Australia) Limited – GSCO ECA	4,890,123	2.01%
BNP Paribas Nominees Pty Ltd – IB AU Noms RetailClient DRP	2,554,217	1.05%
Washington H Soul Pattinson and Company Limited	1,990,000	0.82%
Australian Executor Trustees Limited	1,797,731	0.74%
BNP Paribas Nominees Pty Ltd Hub24 Custodial Serv Ltd	1,444,319	0.59%
Mr Shay Shimon Hazan-Shaked	1,350,000	0.55%
Neweconomy Com AU Nominees Pty Ltd	1,158,281	0.48%
Mr Mark Sheffield Hancock & Brig Ian Denis Westwood	944,465	0.39%
Mr James William Tonkin & Mrs Sharon Kathleen Tonkin	700,000	0.29%
Brispot Nominees Pty Ltd	592,955	0.24%
HSBC Custody Nominees (Australia) Limited- A/C 2	460,316	0.19%
Bond Street Custodians Limited	450,000	0.18%

## ASX additional information (continued)

### Distribution of shareholdings

Range	Number of holders of ordinary shares	% of holders	Number of ordinary shares	% of share
1-1,000	961	25.02%	498,935	0.20%
1,001-5,000	1,329	34.60%	3,690,256	1.51%
5,001-10,000	581	15.13%	4,444,514	2.82%
10,001-50,000	803	20.91%	17,663,057	7.25%
50,001 – 100,000	96	2.5%	6,856,815	2.81%
100,001 and over	71	1.85%	210,538,432	86.40%
<b>Total</b>	<b>3,841</b>	<b>100.00%</b>	<b>235,692,011</b>	<b>100.00%</b>

The number of shareholders holding less than a marketable parcel of ordinary shares is 279.

### Voting rights

#### Ordinary Shares

The Company has 243,692,009 fully paid ordinary shares on issue.

The fully paid ordinary shareholders of the Company are entitled to vote at any meeting of the members of the Company and their voting rights are:

- on a show of hands – one vote per shareholder; and
- on a poll – one vote per fully paid ordinary shares.

#### Convertible Notes

Noteholders do not have any voting rights on the Convertible Notes held by them.

### On-market buy-back

There is no current on-market buy-back.

### Unquoted securities

#### Convertible Notes

The Company issued 102,283 Convertible Notes on 1 February 2021. Total notes on issue at balance date are 90,289 notes representing 60,222,763 shares (2022: 68,222,761 shares) following a conversion of 11,994 notes on 6 June 2023 in accordance with the Convertible Note Deed.

The notes are converted at the option of the holder at any time and at the option of the issuer after two years (subject to maximum ownership limits).

Name	Number of Convertible Notes held	Percentage held
J P Morgan Nominees Australia Pty Limited in its capacity as custodian for Blue Owl Capital Inc in its capacity as trustee for Dyal Trust I	90,289	100%

There is no price payable on conversion of the Convertible Notes.

### Restricted securities and voluntary escrow

There are no securities in voluntary escrow.

Affiliates of Blue Owl Capital Inc. have entered into a Shareholder Agreement with the Company which contains restrictions related to their holding of Shares and Convertible Notes. Blue Owl Capital Inc and its affiliates may only dispose of Ordinary Shares and Convertible Notes representing in aggregate up to 8,400,000 Ordinary Shares in the first two years to 31 January 2023, and representing in aggregate up to 40,524,306 Ordinary Shares in the first five years to 31 January 2026, other than where Blue Owl Capital Inc or its affiliates make a change of control offer in connection with the Company receiving a third party change of control offer.

### Stock exchange listings

The Company's securities are not listed on any other stock exchange.

## ASX additional information (continued)

The following sets out the key terms of the Convertible Notes:

### Ordinary shares issued on conversion

Each Convertible Note will be convertible into Shares ranking equally with other existing fully paid ordinary shares in the Company.

The Company must procure official quotation of the Shares issued on conversion.

### Convertible Noteholder conversion rights

A Convertible Noteholder may, at any time, require the conversion of all or some of its outstanding Convertible Notes, subject to the following regulatory restrictions:

- (a) where such conversion is a notifiable action for the Convertible Noteholder under the FATA and that Convertible Noteholder has not received FIRB approval in respect of such conversion;
- (b) where such conversion would contravene section 606 of the Corporations Act;
- (c) such conversion is subject to the expiration of a waiting period under the HSR Act, until the expiration of such waiting period; or
- (d) where such conversion is prohibited by any applicable law or regulation.

### Company Conversion Rights

On an annual basis from the seventh anniversary of the issue date, the Company may require conversion of all or some of the Convertible Notes. Where the Company requires the conversion for some of the Convertible Notes:

- (a) the aggregate face value of all Convertible Notes to be converted on that date must be at least US\$1 million; and
- (b) if there is more than one Convertible Noteholder, the conversion must be pro rata for each Convertible Noteholder based on the number of Convertible Notes held by that Convertible Noteholder as a proportion of all Convertible Notes on issue.

### Maturity Date

The Convertible Notes will mature on 1 February 2031, subject to extension where a regulatory approval or consent in respect of the conversion of Convertible Notes is required.

On the Maturity Date the Convertible Notes will be converted or redeemed for cash in certain circumstances.

### Restrictions on transfer

The Convertible Notes are transferrable:

- (a) without the prior written consent of the Company, provided that if such transfer is a notifiable action under the FATA, that the Convertible Noteholder has received FIRB approval in respect of such transfer and such transfer is not or would not otherwise be prohibited or restricted pursuant to any applicable law or regulation; or
- (b) otherwise, subject to the prior written consent of the Company (such consent may be given or withheld at the absolute discretion of the Company).

US law transfer restrictions also apply to the transfer of Convertible Notes.

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