



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2019 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer: 917 327 122
Organisasjonsform: Aksjeselskap
Foretaksnavn: NAVICO GROUP AS
Forretningsadresse: Elganeveien 1
4373 EGRERSUND

Regnskapsår

Årsregnskapets periode: 01.01.2019 - 31.12.2019

Konsern

Mørselskap i konsern: Ja
Konsernregnskap lagt ved: Ja

Regnskapsregler

Regler for små foretak benyttet: Nei
Benyttet ved utarbeidelsen av årsregnskapet til selskapet: Regnskapslovens alminnelige regler
Benyttet ved utarbeidelsen av årsregnskapet til konsernet: IFRS

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet: Jeroen van de Polder
Dato for fastsettelse av årsregnskapet: 24.06.2020

Grunnlag for avgivelse

År 2019: Årsregnskapet er elektronisk innlevert
År 2018: Tall er hentet fra elektronisk innlevert årsregnskap fra 2019

Det er ikke krav til at årsregnskapet m.v. som sendes til Regnskapsregisteret er undertegnet. Kontrollen på at dette er utført ligger hos revisor/enhetens øverste organ. Sikkerheten ivaretas ved at innsender har rolle/rettighet for innsending av årsregnskapet via Altinn, og ved at det bekreftes at årsregnskapet er fastsatt av kompetent organ.

Brønnøysundregistrene, 26.10.2021



Resultatregnskap

Beløp i: USD	Note	2019	2018
RESULTATREGNSKAP			
Driftsresultat			
Annen finanskostnad		1 137 000	353 000
Sum finanskostnader		1 137 000	353 000
Netto finans		-1 137 000	-353 000
Ordinært resultat før skattekostnad		-1 137 000	-353 000
Ordinært resultat etter skattekostnad		-1 137 000	-353 000
Skattekostnad på ekstraordinært resultat	3		1 000
Årsresultat		-1 137 000	-354 000



Balanse

Beløp i: USD	Note	2019	2018
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Finansielle anleggsmidler			
Investering i datterselskap	1	272 080 000	272 080 000
Sum finansielle anleggsmidler		272 080 000	272 080 000
Sum anleggsmidler		272 080 000	272 080 000
Omløpsmidler			
Varer			
Fordringer			
Kundefordringer		22 724 000	6 199 000
Sum fordringer		22 724 000	6 199 000
Bankinnskudd, kontanter og lignende			
Bankinnskudd, kontanter og lignende		95 000	
Sum bankinnskudd, kontanter og lignende		95 000	
Sum omløpsmidler		22 819 000	6 199 000
SUM EIENDELER		294 899 000	278 279 000
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Aksjekapital		906 000	906 000
Overkurs		284 072 000	284 072 000
Sum innskutt egenkapital		284 978 000	284 978 000
Opptjent egenkapital			
Udekket tap		14 494 000	13 357 000



Balanse

Beløp i: USD	Note	2019	2018
Sum opptjent egenkapital		-14 494 000	-13 357 000
Sum egenkapital	2	270 484 000	271 621 000
Sum langsiktig gjeld		0	0
Kortsiktig gjeld			
Betalbar skatt		142 000	17 000
Annen kortsiktig gjeld		24 273 000	6 641 000
Sum kortsiktig gjeld		24 415 000	6 658 000
Sum gjeld		24 415 000	6 658 000
SUM EGENKAPITAL OG GJELD		294 899 000	278 279 000



Konsernets resultatregnskap

Beløp i: USD	Note	2019	2018
RESULTATREGNSKAP			
Inntekter			
Salgsinntekt	6,7	343 819 000	372 857 000
Sum inntekter		343 819 000	372 857 000
Kostnader			
Varekostnad	9	184 532 000	194 452 000
Lønnskostnad	11	82 998 000	77 006 000
Avskrivning	12	57 724 000	47 814 000
Annen driftskostnad	10,13	38 379 000	22 459 000
Sum kostnader		363 633 000	341 731 000
Driftsresultat		-19 814 000	31 126 000
Finansinntekter og finanskostnader			
Annen finansinntekt	14	347 000	12 021 000
Sum finansinntekter		347 000	12 021 000
Annen finanskostnad	14	28 482 000	24 349 000
Sum finanskostnader		28 482 000	24 349 000
Netto finans		-28 135 000	-12 328 000
Ordinært resultat før skattekostnad		-47 949 000	18 798 000
Skattekostnad på ordinært resultat	19	-1 453 000	3 526 000
Ordinært resultat etter skattekostnad		-46 496 000	15 272 000
Årsresultat		-46 496 000	15 272 000
Minoritetsinteresser		-1 146 000	-516 000
Årsresultat etter minoritetsinteresser		-45 350 000	15 788 000
Overføringer og disponeringer			
Overføring til/fra annen egenkapital		-46 496 000	15 272 000
Sum overføringer og disponeringer		-46 496 000	15 272 000



Konsernets balanse

Beløp i: USD	Note	2019	2018
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Forskning og utvikling	15,16	62 756 000	65 508 000
Konsesjoner, patenter, lisenser, varemerker o.l.	15,16	147 108 000	159 291 000
Utsatt skattefordel	19	1 354 000	1 498 000
Goodwill	15,16	204 448 000	205 538 000
Sum immaterielle eiendeler		415 666 000	431 835 000
Varige driftsmidler			
Tomter, bygninger og annen fast eiendom	17	13 364 000	14 247 000
Maskiner og anlegg	17	29 090 000	27 360 000
Driftsløsøre, inventar, verktøy, kontormaskiner	17	12 278 000	13 613 000
Sum varige driftsmidler		54 732 000	55 220 000
Finansielle anleggsmidler			
Andre fordringer	20	1 147 000	2 921 000
Sum finansielle anleggsmidler		1 147 000	2 921 000
Sum anleggsmidler		471 545 000	489 976 000
Omløpsmidler			
Varer			
Varer	21	67 572 000	84 174 000
Sum varer		67 572 000	84 174 000
Fordringer			
Kundefordringer	22	57 518 000	62 623 000
Andre fordringer	23	5 135 000	7 125 000
Sum fordringer		62 653 000	69 748 000
Bankinnskudd, kontanter og lignende			
Bankinnskudd, kontanter og lignende	24	10 132 000	15 068 000
Sum bankinnskudd, kontanter og lignende		10 132 000	15 068 000
Sum omløpsmidler		140 357 000	168 990 000



Konsernets balanse

Beløp i: USD	Note	2019	2018
SUM EIENDELER		611 902 000	658 966 000
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Aksjekapital		906 000	906 000
Overkurs		284 072 000	284 072 000
Sum innskutt egenkapital		284 978 000	284 978 000
Opptjent egenkapital			
Annen egenkapital			3 741 000
Udekket tap		42 568 000	
Sum opptjent egenkapital		-42 568 000	3 741 000
Minoritetsinteresser		-501 000	732 000
Sum egenkapital	25	241 909 000	289 451 000
Gjeld			
Langsiktig gjeld			
Utsatt skatt	19	27 956 000	31 590 000
Sum avsetninger for forpliktelser		27 956 000	31 590 000
Annen langsiktig gjeld			
Gjeld til kredittinstitusjoner	26,28	227 030 000	221 880 000
Øvrig langsiktig gjeld	27	15 468 000	13 305 000
Sum annen langsiktig gjeld		242 498 000	235 185 000
Sum langsiktig gjeld		270 454 000	266 775 000
Kortsiktig gjeld			
Gjeld til kredittinstitusjoner	26,28	25 057 000	7 836 000
Leverandørgjeld	29	66 043 000	86 425 000
Betalbar skatt	19	1 533 000	1 148 000
Annen kortsiktig gjeld	30	6 906 000	7 331 000
Sum kortsiktig gjeld		99 539 000	102 740 000



Konsernets balanse

Beløp i: USD	Note	2019	2018
Sum gjeld		369 993 000	369 515 000
SUM EGENKAPITAL OG GJELD		611 902 000	658 966 000



NAVICO ANNUAL REPORT

LOWRANCE

SIMRAD

B&G

C-MAP

navico



TABLE OF

Mission Statement	3	Corporate Governance	47
Strategic Report	4	Board of Directors	48
CEO Statement	6	Corporate Executive Committee	50
Our Story So Far	8	Financial Summary	52
Global Operations	11	Consolidated Financial Statements	53
Lowrance Overview	14	Board of Directors' Report 2019	54
Lowrance Story So Far	15	Consolidated Financial Statements	61
Lowrance New Products	17	Consolidated Balance Sheet	62
Lowrance Partnerships	19	Consolidated Statement of Changes in Equity	63
B&G Overview	21	Consolidated Cash Flow Statement	64
B&G Story So Far	22	Notes to the Consolidated Financial Statements	65
B&G New Products	24	Financial Statements of Navico Group AS	110
B&G Partnerships	26	Notes to the Company Financial Statements	112
Simrad Overview	28	Independent Auditor's Report	116
Simrad Story So Far	29	Company Structure	118
Simrad New Products	31	Company Information	119
Simrad Partnerships & Highlights	34		
C-MAP Overview	36		
C-MAP Story So Far	37		
C-MAP New Products	39		
C-MAP Partnerships & Highlights	42		
Our Customers	44		



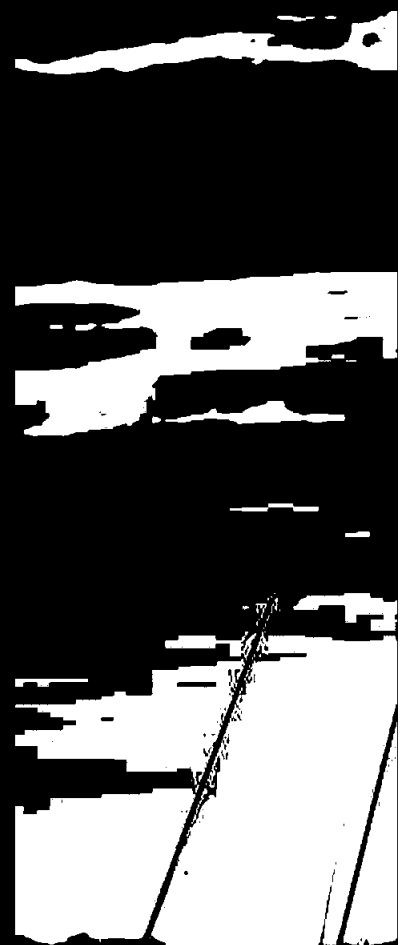
STATEMENT

Our mission is to provide solutions for boating with outstanding solutions for performance, safety and enjoyment on the water.

Our focus on making boating safer, more enjoyable and more accessible has resulted in the release of a number of world leading products.

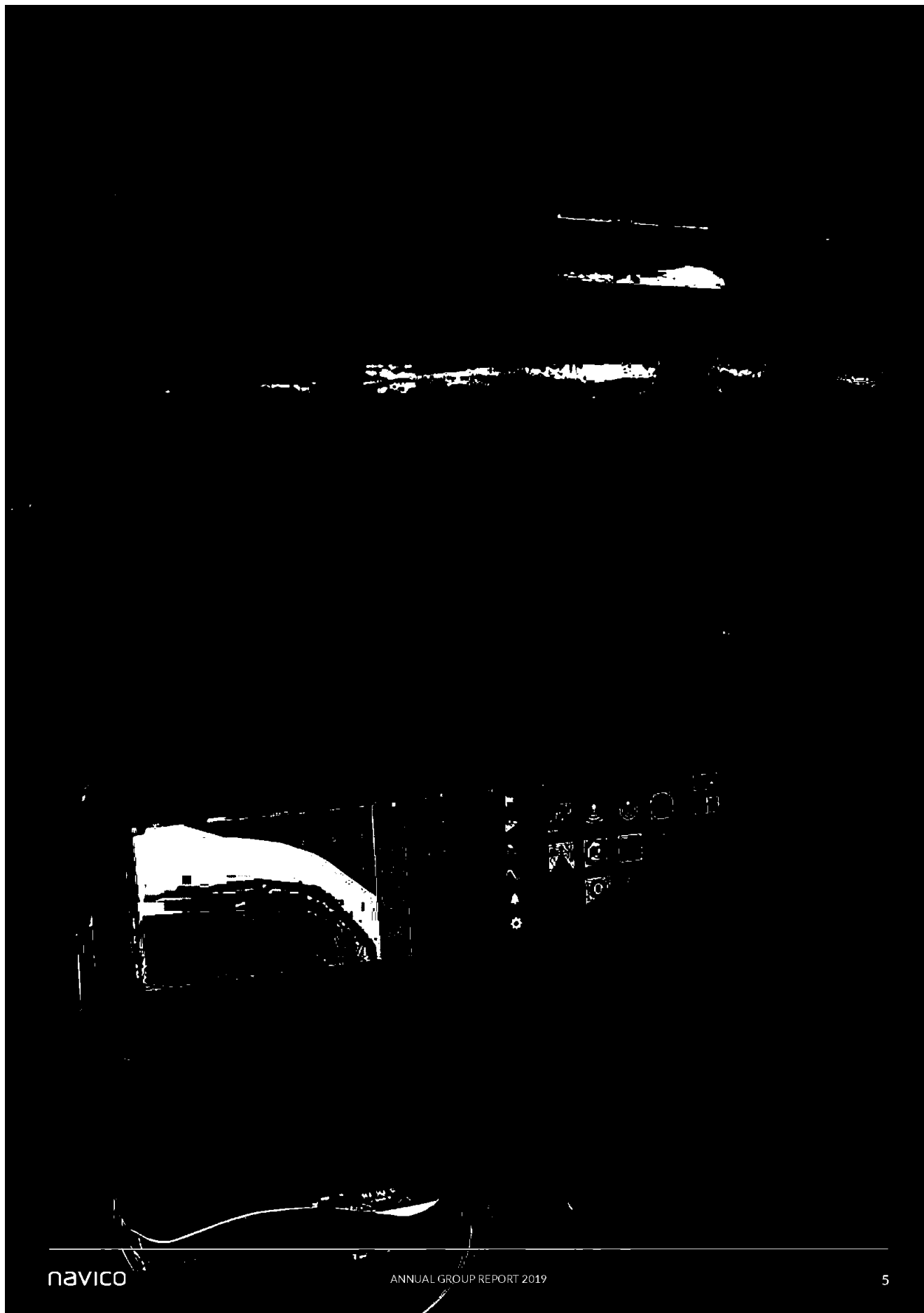
Innovation is at the heart of Navico's business model and culture, this is coupled with an unprecedented product launch schedule that enables us to deliver a broad range of recreational boating activities.

Our mission is to achieve our vision, continue to enhance the boating experience, deliver an outstanding product and increase our market share.





REPORT





CEO STATEMENT

2019 was undoubtedly a very important year for Navico. In many ways, it was a year of re-prioritisation, re-focus and consolidation. However, it was a vital step in the continued success of our business. Largely because of the work undertaken in 2019, we are now better positioned than ever to succeed in 2020 and the long term.

Looking purely from a revenue perspective, Navico was down roughly 8% in revenue when compared to our record breaking 2018. However, it's important to note that two of our four brands (Simrad and B&G) still recorded their second best year ever. C-MAP was relatively flat, while Lowrance came under significant pressure from our competitors with new product launches and development in sonar technology.

The reality is that the marine electronics market is changing quickly with fiercer competition than ever before. Added to this, there is an influx of smart, interconnected technology moving us closer to realising the 'smart boat' concept. Many manufacturers are investing heavily to develop better products in this area for our customers, including ourselves.

Despite these trends in the market, 2019 for Navico was about sharpening our focus, getting the basics right and focusing in on our brands. I became CEO of this fantastic company at the end of June 2019 and one of my first priorities was to begin planning a reorganisation of our business that would allow us to execute on the basics, become more efficient and put our brands at the forefront of everything we do.

Take our brands for example. The combined total heritage of our brands is 236 years – how many other companies can say that? It's our brands that hold the value with customers, and we needed to ensure that all decisions moving forwards (from Sales, Marketing and R&D) would be made with those brands top of mind. Therefore, in the second half of 2019, we reshaped the business to revolve around Lowrance, Simrad, B&G and C-MAP.

We also made operational decisions that would reduce the complexity of the business. Navico is a company made up of around 1,800 people but it is a truly global business operating in over 20 different countries and nearly 40 different sites. To reduce complexity and drive efficiency, we took the step to remove all Product Groups and create one R&D team, one Sales Team and four brands operating as P&Ls (led by Brand EVPs) all working towards a common goal.

What also became clear very quickly in my tenure was the importance of our people in defining the future success of Navico. Without our people, there would be no products, no innovation, and no relationships with our customers. In 2019, we took the step of developing a formal HR function, as well as a brand new 'People' organisation to serve our employees.

Aside from organisational changes, we also introduced some fantastic new products for the very first time. The Lowrance Ghost Trolling Motor was our first ever trolling motor in the inland fishing category, which we released in November 2019. The reception of Ghost so far in the market has been excellent.

In 2019, we spent time and resource investing and improving some of our core products and I'm excited about what's in the pipeline for 2020.

After nine months, I'm proud to lead Navico. I've witnessed first hand the passion of our people all over the world, the strength of our products and the strong relationships we have with customers, across all of our channels. With these three key ingredients, combined with the work we've taken to optimise and simplify our business, we are in a great position to capitalise on moving forward.

In 2020, the COVID-19 pandemic will bring unprecedented challenges and is set to permanently change the world and how we do business. What we do know is that boating is a safe activity when it comes to social distancing. That is going to be essential for Navico's future and continued success.

Knut Frostad
Chief Executive Officer







OUR STORY SO FAR.

1946

The Simrad Group was initially established as a radio communications company for fishing vessels expanding into the manufacturing of navigation, communication, auto-steering and fishfinding technologies.

1955

Brookes & Gatehouse partnership founded by Major RN Gatehouse and Ronald Brookes in the UK. The Heron DF (Direction Finding) aerial was one of their first products quickly followed by other groundbreaking navigational tools to dominate the marketplace for decades to come.

1959

Lowrance introduces the first FISH-LO-K-TOR portable sonar unit 'The Little Green Box' in the USA. The company went on to develop depth sounders, computerized charts, sonar and also branched out into the navigational market including the launch of the world's first LCD product to offer integrated GPS, mapping and sonar capabilities.

1986

B&G was purchased by Lewmar, an engineering company which specialised in products for the marine leisure market.

1988

Together with Lewmar, B&G began developing its first autopilot. B&G autopilot products continue to dominate the market to this day.

2005

The Simrad Group was purchased by the Kongsberg Group in 1996, and then sold to Nordic private equity fund Altor.





2006

Navico is born from the acquisition of B&G and the merger of Simrad Yachting AS and Lowrance Electronics which also included the Eagle brand by their common owner, Nordic private equity fund Altor.

2007

Navico acquires the marine electronics division of Brunswick New Technologies creating the world's largest supplier of marine electronics for recreational boats, included are the brands of MX Marine, Navman marine and Northstar.

2014

Navico acquires Consilium AB's radar business assuming all operations of the radar business. The company also acquires Contour Innovations, a mapping and geospatial software company that created the LakeTrax platform which powers Navico's Insight Genesis global map-making tool. Later that year, MARIS (Maritime Information Systems) was also acquired.

Navico launches new GoFree products including the Insight Genesis personalised mapping service with Social Map community data sharing. BioBase aquatic map, the online GoFree shop which offers content from Jeppesen, NV Charts and more, wireless telematics solutions and the GoFree family of mobile apps for IOS and Android products.

2015

By 2015 Navico sees through its 5-year operational turnaround where 7 brands become 3, 6 production sites become 1, 16 product platforms become 1, and R&D and competence centers are enhanced.

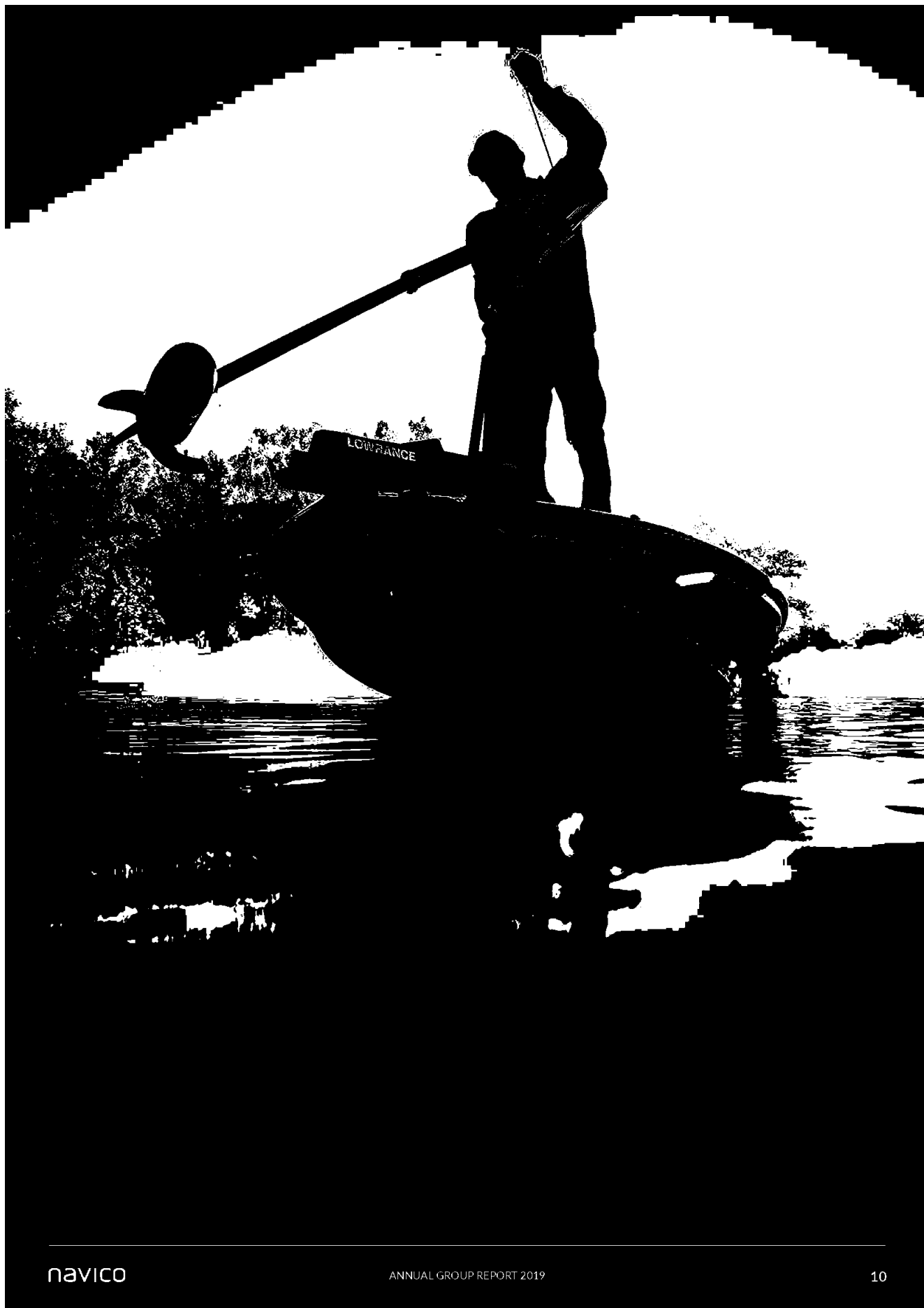
2016

Navico centralizes its manufacturing operations in Ensenada, Mexico adding 50,000 sq ft to its facility where every product is relentlessly tried and tested.

2018

Navico establish their Global division in London to lead the company's digital B2C transformation developing their e-commerce platform and companion apps.



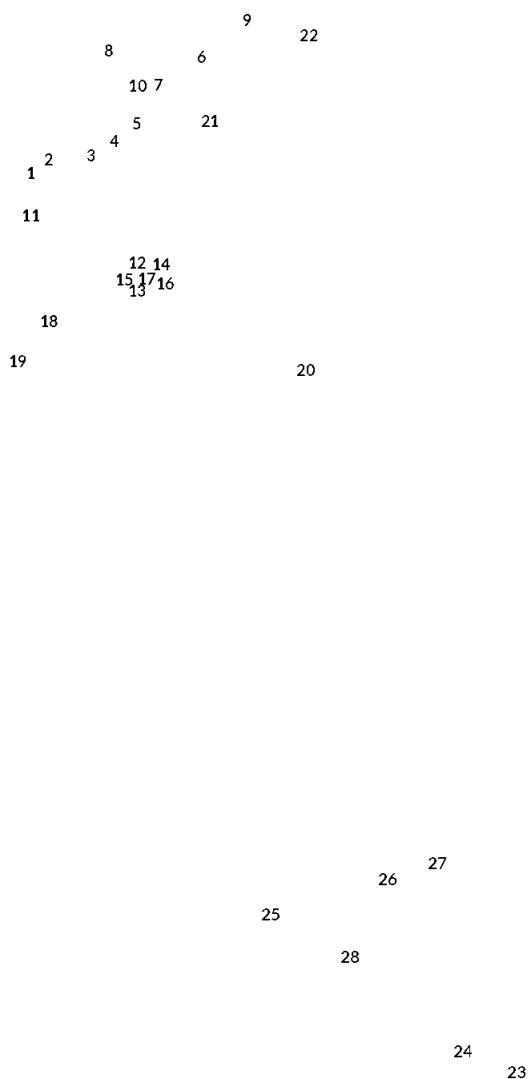




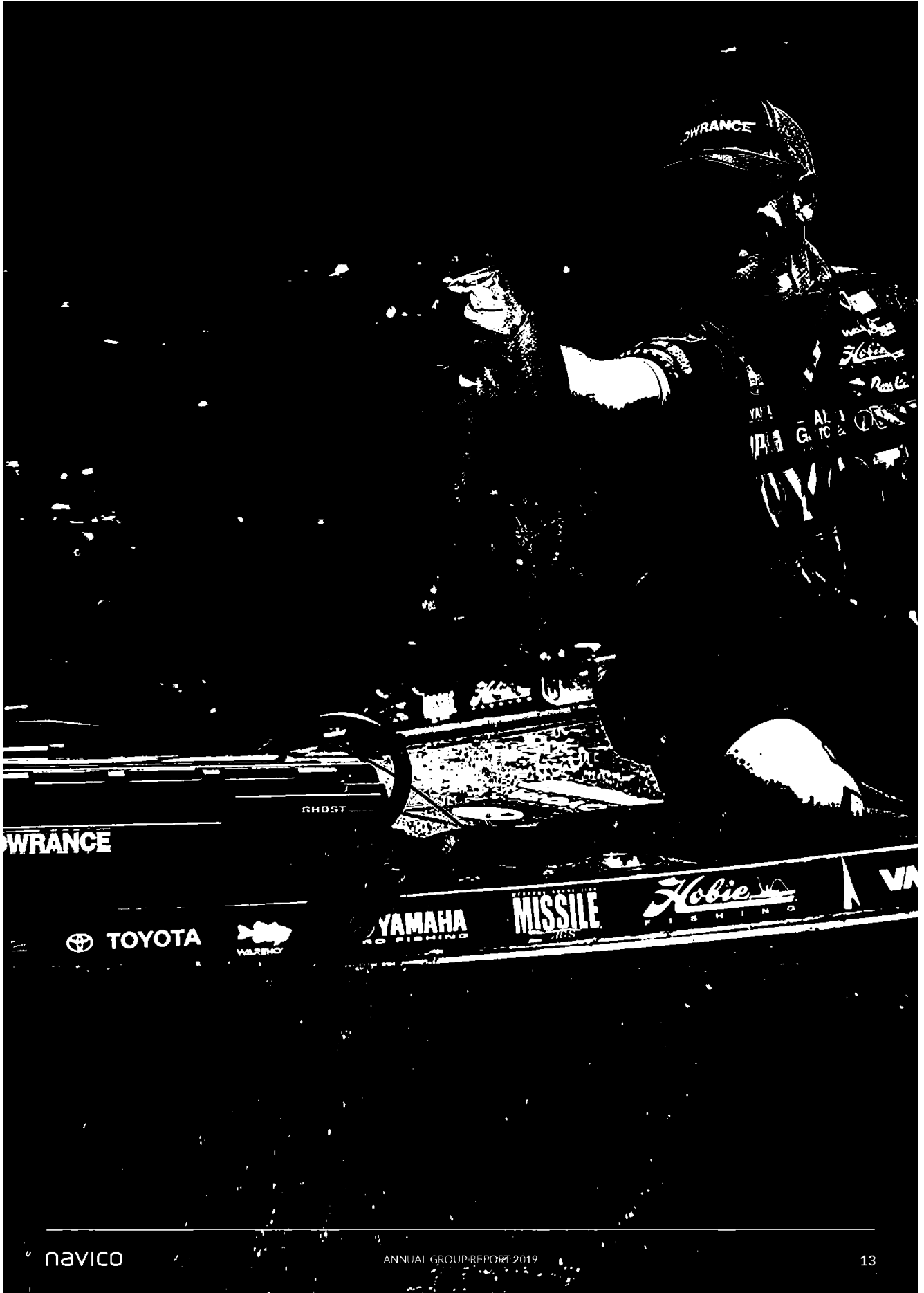
GLOBAL OPERATIONS

- 1 Southampton (UK)
- 2 London (UK)
- 3 Dordrecht (Netherlands)
- 4 Emden (Germany)
- 5 Eckemförde (Germany)
- 6 Hamnvägen (Sweden)
- 7 Gothenburg (Sweden)
- 8 Egersund (Norway)
- 9 Vantaa (Finland)
- 10 Aalborg (Denmark)
- 11 Nantes (France)
- 12 Milan (Italy)
- 13 Viareggio (Italy)
- 14 Montagnana (Italy)
- 15 Massa (Italy)
- 16 Forlì (Italy)
- 17 Pisa (Italy)
- 18 Barcelona (Spain)
- 19 Alicante (Spain)
- 20 Athens (Greece)
- 21 Gdansk (Poland)
- 22 St Petersburg (Russia)

- 23 Auckland (New Zealand)
- 24 Sydney (Australia)
- 25 Pune (India)
- 26 Suzhou (China)
- 27 Tokyo (Japan)
- 28 Singapore
- 29 Tulsa (US)
- 30 Merrimack (US)
- 31 Mashpee (US)
- 32 Oakland (US)
- 33 Minneapolis (US)
- 34 Ensenada (Mexico)
- 35 Edmonton (Canada)









LOWRANCE OVERVIEW

Established in 1957, Lowrance is the leading electronics manufacturer for fishing, providing products and services that enable users to catch more fish.

With a reputation for innovation and a loyal customer base, the products are a staple in fishing arsenals for all freshwater and coastal anglers, whether they are heading out for fun with friends, as a serious hobby, or as a professional.

2019 started with the sad loss of our founder Darrell J Lowrance, a great innovator and leader. He was a true pioneer of the fishing and marine industry and is sorely missed. We hope to continue his vision and ensure his name lives on through the high quality products and the brand he created.

In testament to this, Lowrance launched its first ever trolling motor, Ghost, quiet by name and powerful by design. This hugely popular freshwater trolling motor, won a number of awards, including a prestigious DAME award for design and innovation.

Towards the end of the year, Lowrance also launched its new Hook Reveal fishfinders, which brought increased choice of sonar options, Fish Reveal and Genesis Live mapping to our value range of products, to sit alongside the ever popular premium HDS Live and mid-range Elite Ti 2 Fishfinders/Chartplotters.

In emerging technologies and innovations, Lowrance developed a new integrated boat marine electronics solution, which has been unveiled with select Ranger boats in 2020. Whilst in sonar, we were excited to develop our first ever new line of sonar, LiveSight which allows anglers to see fish in realtime for the first time on a Lowrance sonar.





2006

Lowrance is merged with Simrad Yachting and other brands. This merger creates Navico, now the largest recreational marine electronics manufacturer in the world.

2008

Lowrance announces a complete overhaul to its line of GPS and sonar devices with the introduction of the Lowrance High Definition Systems (HDS). These multifunction displays mark the first use of the renowned Navico Operating System (NOS), and greatly extend the functionality of the Lowrance line to include radar, AIS, real-time weather, integrated audio and advanced sonar imaging options.

2009

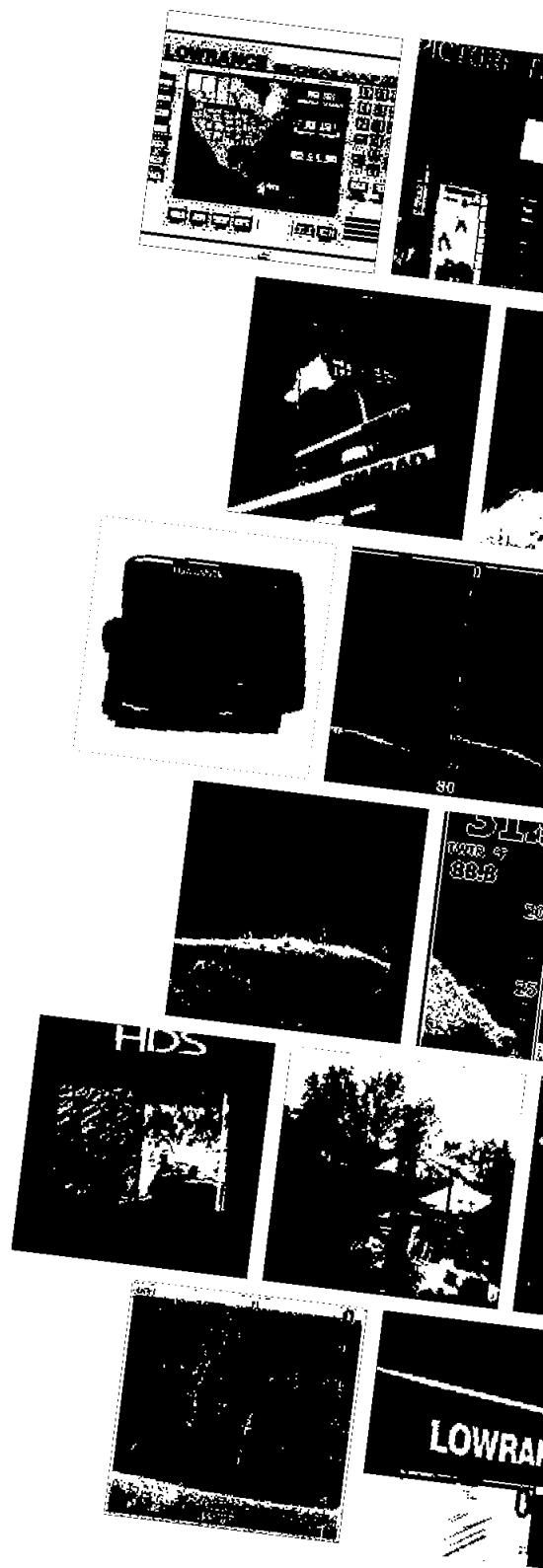
Lowrance makes sonar history with the introduction of its gamechanging DownScan Imaging™, giving anglers a photo-like image of what is directly beneath their boat. Rocks look like rocks, trees look like trees and fish look like fish.

2017

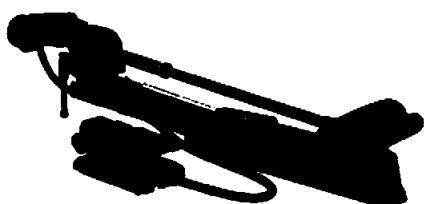
Lowrance builds on its industry leading sonar scanning technology with the introduction of FishReveal, a unique DownScan view that combines CHIRP sonar to light up fish. Superior high-resolution views of bottom and structure meets clearly defined targets.

2019

Lowrance breaks new ground with the development of its first trolling motor - Ghost. Four years of research, development and 10,000 testing hours later, Lowrance delivered the quietest, most reliable, and most powerful trolling motor on the market, the first of its kind to have a brushless motor.



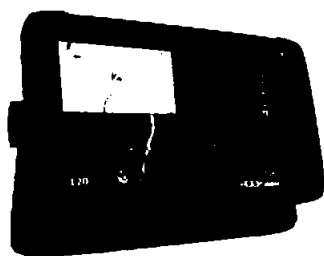
LOWRANCE NEW PRODUCTS



Product: Ghost Trolling Motor

Launched: July

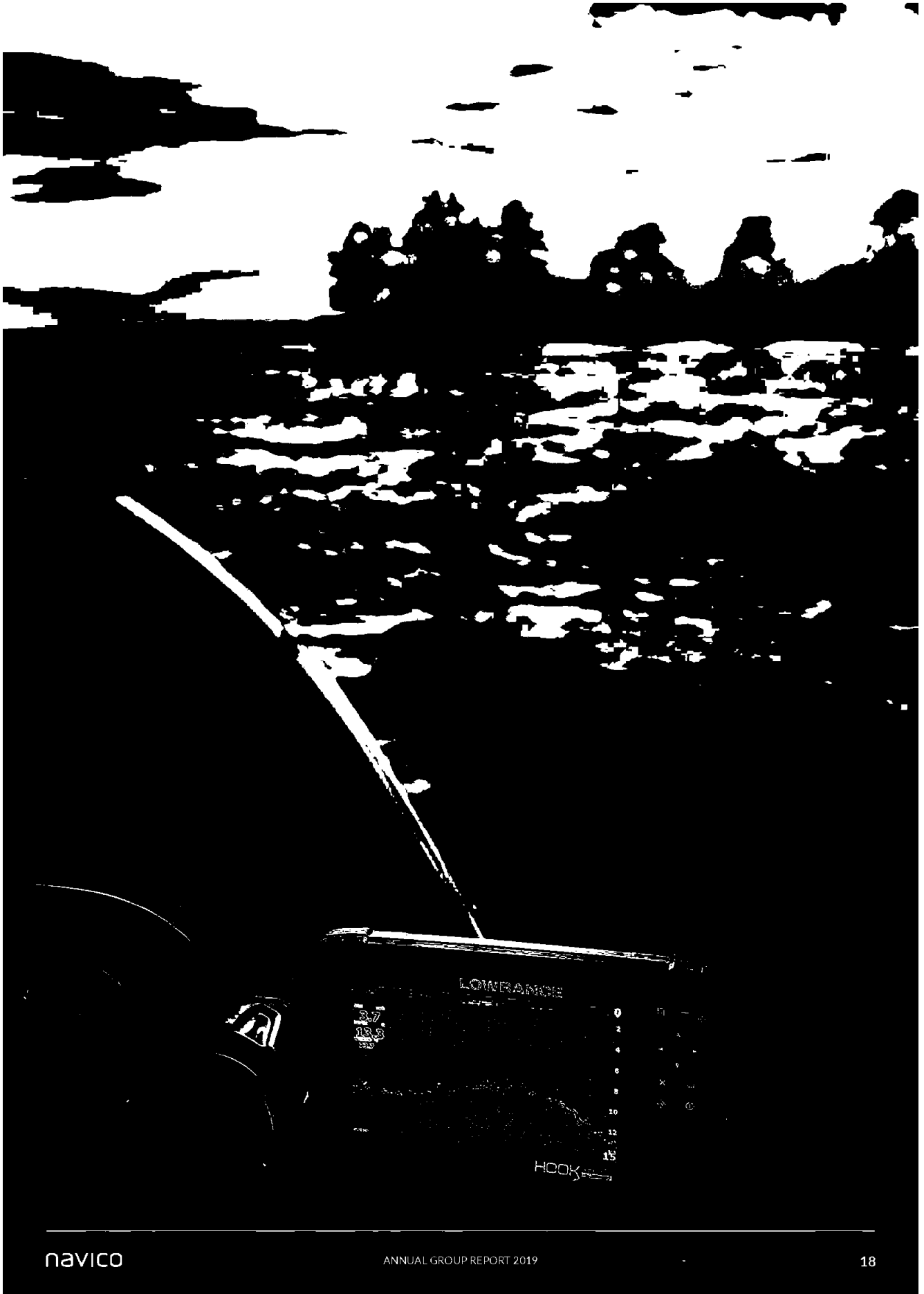
Market rationale: Lowrance's first trolling motor, and therefore first introduction into this segment, which had previously been dominated by two other brands.



Product: Hook Reveal

Launched: December

Market rationale: Introduction of a new value range fishfinder, which offered improved mapping, fish reveal and better choice of deep water sonar to support variances across regions and types of fishing.



navico

ANNUAL GROUP REPORT 2019

18



LOWRANCE PARTNERSHIPS

Partnerships & Ambassadors

In competition it was a strong year, with many tournament wins and top 10's from our Lowrance professional ambassadors, highlights included:

- **Edwin Evers** who won the season-ending Redcrest Championship, along with the Overall Points Championship.
- **Drew Cook** won the Bassmaster Rookie of the Year.
- **Scott Canterbury** won the overall Bassmaster Angler of the Year honours.

2019 also saw the first year of the Major League Fishing Bass Pro Tour, supported by Lowrance, to rival the Bassmaster Tournament Trail.





B&G OVERVIEW

B&G continues to create dedicated and easy to use products and features, designed and tested by sailors, to enable and inspire even more sailors to be their best, whatever kind of sailing they do.

Whether it is sailing across a bay, club racing or racing around the world, B&G understands the importance of having reliable, accurate, and fast marine electronics which ensure sailors get the critical sailing data and information they need, when they need it.

2019 continued our vision with a host of innovative products launched, some top racing successes and cruising feats. We started the year by launching a free software upgrade to Vulcan and Zeus3 chartplotter users, which offered sailors the chance to plan their passage at home using the free C-MAP Embark App. C-MAP Embark Sync allows you to share waypoint, route and track data between the app and your chartplotter to save you time on the boat and let you re-live your trips when you're back on dry land. The release also extended Advanced Windplot functionality to Vulcan chartplotters.





B&G STORY SO FAR.

1955

Major R.N. Gatehouse, a passionate sailor, left the Army to form a partnership with Ronald Brookes. Later that year they launched the Heron Short Wave and Long Wave Radios, first used by Sir Vivian Fuch and Sir Edmund Hilary in the world's first trans-Atlantic Expedition.

1958

B&G launched the Hecta, the world's first transistorised echo sounder.

1966

Gypsy Moth IV was fully equipped with B&G instrumentation for Sir Francis Chichester's single-handed circumnavigation.

1971

Hadrian, the world's first marine DR computer and later the Horatio sailing performance computer, believed to be the first instrument of its kind were launched.

1974

Ramon Carlin wins the first ever Whitbread Round the World Race with Sayula II fully equipped with B&G.

1980

The Hercules multi-function data computer was launched and was awarded the Design Council Award, for introducing computers to everyday boating.

1988

The Helmstar Autopilot was launched.

1990

B&G was installed on 90% of the 1990 Whitbread Boats, including the outright winner Steinlager II, skippered by Sir Peter Blake, as well as Tracy Edward's Maiden.





2002

H1000 launched including range of instruments, autopilot and chartplotters aimed for medium sized sailboats and powerboats.

2004

Release of RemoteVision, and acquisition of Sailmath technologies, WTP and Deckman.

2010

Zeus is born - the world's first sailing specific multifunction display unit and chartplotter, it includes a whole host of original features including laylines, polar tables and the ability to download GRIB weather files.

2011

Triton launch - B&G brings instruments and autopilot technology to a wider audience.

2013

Francis Gabbard wins Vendée Globe in just over 78 days equipped with B&G.

2015

The Vulcan Series is launched, the first dedicated sailing chartplotter just for cruisers.

2019

Technical Supplier of Inaugural SailGP Series - the new global, spectator-orientated circuit utilising the 50-foot America's Cup catamarans.



B&G NEW PRODUCTS



WS300 and WS700 wind sensors

Launched: February

Market rationale: B&G wind sensors already led the market in terms of reliability and accuracy, but we spent months in the wind tunnel and out on the water to develop our new sensors. Following over 500 individual wind tunnel tests and over 200,000 hours of field testing, the WS300 and WS700 wind sensors offer wired or wireless connectivity, exceptional accuracy and improved aerodynamics to deliver the best wind data to your instruments.

They are already in use by top teams including all SailGP boats and INEOS TEAM UK.

Product: V60-B VHF Radio

Launched: July

Market rationale: B&G became the first marine electronics manufacturer in the world to combine an AIS transceiver and responder in one VHF radio package. Offering support for wireless handsets, AIS send-and-receive capability, an integral GPS receiver and Navigation mode, a compact way to improve safety on the water.



Product: HALO20 and 20+ radar

Launched: November

Market rationale: Another breakthrough in safety afloat came with the introduction to the market of the new HALO20 and 20+ radomes. Lightweight and consuming minimal power, these small domes deliver our award-winning HALO pulse-compression radar technology. This brings VelocityTrack* Doppler Technology and MARPA target tracking to smaller boats, delivering crystal clear radar images in ranges of up to 36nm - and offers 60 rpm operation at close range.







B&G PARTNERSHIPS

Partnerships

Since 1955 B&G has been providing electronics for the best sailors and premier events in the world. From Francis Chichester's voyage on Gypsy Moth IV to François Gabard's Vendée Globe win and every Volvo Ocean Race winner since 1973.

2019 also saw B&G top the podium in sailing events around the globe. Highlights included the Biennial Fastnet Race, which saw B&G-equipped boats take the top three spots in Line Honours rankings and Overall in IRC; as well as podium positions throughout the large fleet. In the autumn, the Transat Jaques Vabre saw B&G-equipped IMOCA, Class 40 and Multi50 yachts dominate, with instruments and autopilots ensuring the short-handed racers could perform at their best 24/7.

B&G were announced as Technical Supplier to the inaugural SailGP – the new global, spectator-orientated circuit racing the 50-foot America's Cup catamarans. The fleet and event organisation utilising B&G wind sensors, navigation and communication equipment to maximum effect.

B&G equipment can also be found assisting INEOS Team UK challenge for the 2021 America's Cup.

Elsewhere, B&G equipment helped Barba head into the frozen Arctic in search of Orcas and scientific research, while YouTube stars Sailing Uma used their B&G radar, autopilot and chartplotter to navigate the foggy Grand Banks and head across the Atlantic. Later, fellow ambassadors Sailing La Vagabond took a more southerly route across the Atlantic to Lisbon in winter with climate activist Greta Thunberg aboard.

Looking ahead to 2020

In 2020 B&G will continue to work with fellow cruising and expedition sailors, Vendée Globe racers, Sail GP, and INEOS Team UK, to help develop and test our products, push innovation, and share their stories through exciting and engaging content, in the different arenas and conditions that our users sail in.

As we look ahead to the next 12 months developing easy to use solutions that focus on the differing sailing consumer needs will be key in creating an improved user-friendly experience across all on board and mobile devices. B&G continues to help all types of sailors stay safe while going faster making navigation easier to increase on-water enjoyment with a clear choice of the best dedicated sailing products, features, and integrations available.







SIMRAD OVERVIEW

A pioneer in marine technology systems since 1946, Simrad has become the brand of choice for a broad range of demanding customers – from explorers and adventurers to premium yacht builders, charter and workboat captains, and more.

With deep knowledge in marine radio, gyro and autopilots to the creation of new MFD categories and revolutionary advances in sonar and radar, Simrad has the expertise to develop solutions ranging from plug and play simplicity to custom solutions for mega yachts. The perfect platform to deliver everything powerboating and sportfishing enthusiasts need for the on-water activities they love, and for commercial captains to get the job done.

During 2019 the Simrad brand achieved a few key milestones including the highest July sales ever, the brand's first foray into the value boating sector with the launch of CRUISE, and expansion of the HALO domes family. Despite this, overall performance for the year was largely flat versus the previous year.





SIMRAD STORY SO FAR.

1946

Willy Simonsen started 'Simonsen Radio A/S' to manufacture radio telephones for the Norwegian fishing fleet.

1947

Simonsen Radio was chosen by the Norwegian Defence Research Establishment to develop sonar and echo sounders for the civilian market.

1950

The first Simrad echo sounder for fishery fleets was sold in 1950.

1970

Simrad launches the Echo Integrator, a special signal processor which integrates echo signals appearing on the output of an echo-sounder.

1996

Kongsberg Gruppen acquires Simrad ASA and renames it Kongsberg Simrad.

2005

Kongsberg Maritime signs an agreement with the Nordic private equity fund Altor for the sale of the parts of Simrad that develop, manufacture and sell maritime electronics for use in yachts and small commercial vessels.

2006

Navico is born from the merger of Simrad Yachting AS and Lowrance Electronics Inc.





2009

Broadband Radar is introduced, the most significant radar breakthrough since 1940 (3G Radar).

2017

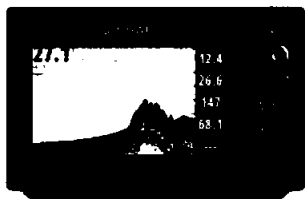
Simrad GO7 Standalone multi-touch display is released. Our most affordable entry level option.

2018

A paradigm shift is created in the industry with the creation of a new display category, called the Information Display.



SIMRAD NEW PRODUCTS



Product: Cruise chartplotter

Launched: March

Market rationale: An inexpensive chartplotter first and foremost, targets the recreational/ leisure boater looking for basic functionality and plug-and-play usability.

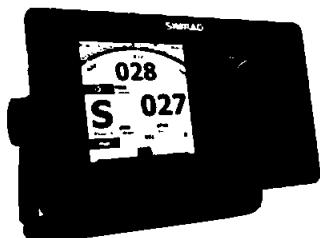


Product: HALO20 and 20+ pulse compression dome radars

Launched: December

Market rationale: Following on from the successful launch of HALO24 in 2018, the radar dome family was extended in Q4 with the addition of the 20" formats - HALO20 and HALO20+. The latter offering the same functionality as the HALO24 (at a slightly reduced range) with industry-first 60 RPM operation at close range for an almost real-time view and VelocityTrack™ for the ultimate in collision avoidance. Especially relevant to powerboaters moving at higher speeds or sportfishermen keeping an eye on the weather or to find flocks of birds that mark the best waters to fish. HALO20 is a more basic version with reduced functionality and range.

New product initiatives specifically for the commercial sector, included:



AP70 MK2 autopilot:

The new generation autopilot which replaced both the AP70 and AP80 as the IMO/SOLAS autopilot controller offer. Retaining much of the well-reputed platform of its predecessors, the AP70 MK2 features a new display and modernised software interface.



GNSS (Global Navigation Satellite System):

A new compass and instruments system I3XX / I5XXX and P3XX and P5XXX.



S3009 Navigational Echosounder:

Providing reliable and accurate bottom tracking and depth recording on a wide range of commercial vessels, the S3009 exceeds the latest performance standards for IMO compliance.





SIMRAD PARTNERSHIPS & HIGHLIGHTS

Simrad recorded a number of significant new business wins and secured strategic partnerships with premium boat manufacturers, government agencies and commercial operators, included but not limited to:

- Axopar Boats: Simrad Information Display System (Dual 12") for the new Axopar 37 boat
- Brabus Marine: Simrad Information Display System (Dual 12" + 9") for the new Brabus Shadow 900
- Brunswick: Simrad NSO Evo3 Information Display System (Dual 16") for the new SLX 400 Sea Ray boat.
- Crevalle 26: Simrad Information Display System (Dual 12"), Halo 24 and Naviop Digital Switching.
- Ultimate Marine Power - Sydney Harbor Ferry Fleet: Simrad NSS16 x 2, Halo24, HS60, V5035 and accessories.
- Malaysian Government: 4G radar as the new replacement dome radar for their enforcement vessels.
- Nordland Hansa: Simrad NSS, HALO and GO units for firebrigades and police in Germany and Austria.

Note: it is not possible to list all government/commercial contracts due to confidentiality agreements.

Looking ahead to 2020

Key developments for the Simrad brand focus primarily on the Recreational space during 2020.

2020 kicks off with the launch of the SIMRAD® NSO evo3S Glass Bridge display. Featuring the new iMX 8 integrated six-core processor, this display is designed to deliver an unprecedented user experience for large sportfishing vessels and power boats, NSO evo3S is the brand's iconic, high-end product range. The range also fulfils an important role in delivering bridge displays for large superyachts as part of a fully, integrated boat solution. Shipments commence in March/April.

Mid-year sees the arrival of the eagerly awaited NSS evo3S - the brand's largest sales and margin contributor. Also featuring the new iMX 8 processor, this range will deliver unprecedented levels of built-in functionality using charts, radar, sonar, and more. Shipments are scheduled to commence in June.

Development is underway to bring the next level of functionality to the GO series. The GO range caters to the large sweet spot in the mid-range market. This new development will feature a new operating system and will bring a whole new level of functionality to our products. The aim with the new GO range will be to occupy #1 space in the mid-range market.





C-MAP OVERVIEW

C-MAP sets an industry standard for navigation and situational awareness, our products and services are used widely in the marine industry, from boaters to commercial shipping companies, thanks to the partnership with the vast majority of chart plotters and commercial navigation equipment manufacturers.

C-MAP constantly develop cartography products and services to make sure our customers get the most accurate and easy to understand charts and services on the market. By developing reliable, easy to use and cost effective products, we strive to ensure customer satisfaction at every level.

Since the inception back in 1985 with the first CF-85 C-MAP vector chart proprietary format for recreational marine followed by the introduction of the CM-93 vector chart format for commercial marine. C-MAP has been constantly bringing the latest technology to the marine industry.

A lot of good things happened for C-MAP during 2019, after the 2018 merger with the Navico group and started to see synergies between our technology, and Navico's chart plotters by offering new generation MFD's with embedded cartography; plus the addition of BioBase as our premier automated cloud solution for mapping, analysis and archival of spatial aquatic data for professionals, to support a sustainable outdoor experience. In addition we also made important progress in the mobile market with C-MAP Embark App which continues to collect very positive feedback and ratings around the world.

In the commercial space, we added new functionality to our existing eco-system and added a new and fresh look to our fleet manager application. Today we can offer our customer a seamless experience where they can get the latest official charts required for their voyage to the performance and weather analysis for the following 15 days.

Financially 2019 was a key year for C-MAP, turning around the declining revenue trend of the past few years bringing growth versus 2018 and creating new revenue streams which will set a good foundation for a stronger growth in 2020.



C-MAP STORY SO FAR.

1985

C-MAP founded by Fosco Bianchetti and Giampaolo Petrocchi. C-MAP invents the first vector format for marine electronic charts, called CF-85. C-MAP and TWS produces GEONAV, the first marine charting system for the recreational market. C-MAP also design special operating software to allow users to manipulate the data and perform navigational calculations on screen.

1986

C-MAP starts the OEM service, releasing to the market the PAN NAVIGATOR, a charting system based on CF-85.

1987

C-MAP Italy expands business by creating a 'white label' system and licensing packages to other chart plotter manufacturing partners.

1993

C-MAP creates CM-93 supplying data to large commercial vessels to International Maritime Organisation performance standards.

1995

C-MAP introduce next generation of electronic chart technology (C-MAP NT) providing smoother yet faster functionality. Bianchetti reached his goal of providing the recreational boater and professional navigation with reliable, easy-to-use and affordable electronic cartography.

1997

The growth of the fishing, boating and camping market in the USA and Canada saw the introduction of the Inland Cartography and SuperLake Series. C-MAP creates C-MAP NT+, the enhancement of NT.





2000

C-MAP creates C-MAP MAX, the new format embedding port services and marina pictures.

2007

C-MAP acquired by The Boeing Company and merged into Jeppesen as their marine business unit.

2008

Jeppesen Marine release C-MAP 4D electronic charting format for the Recreational market with 3D, raster maps and satellite imagery adopted by leading OEMs.

2013

Jeppesen Marine release C-MAP MAX N for Navico products; the enhanced version C-MAP MAX N+ is released in 2014.

2016

Nordic private equity fund Altor and Goldman Sachs Merchant banking, acquires Jeppesen marine division from Boeing. Jeppesen marine change name back to C-MAP ITALY S.r.l.

2018

C-MAP merges with Navico and becomes one of its four key brands, fully integrated into the Navico business.

2019

The Commercial Division offering a range of services to improve commercial operators from route optimization to data management. C-MAP ITALY acquires GEOMIND S.r.l.

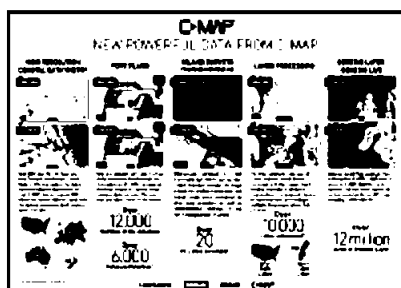


C-MAP NEW PRODUCTS



C-MAP Reveal for US waters

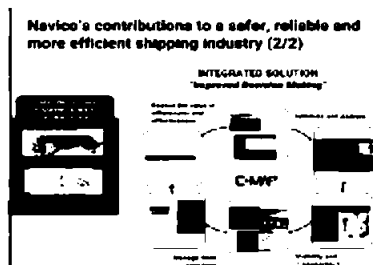
Market rationale: A superior chart presentation with ultra-high sea floor definition for improved customer experience for fishing and outdoor activities, first launch was made in US water.



Data improvement for worldwide cartography

Market rationale: new markets and MFD's technology required better and improved cartography. This is why during 2019 we added:

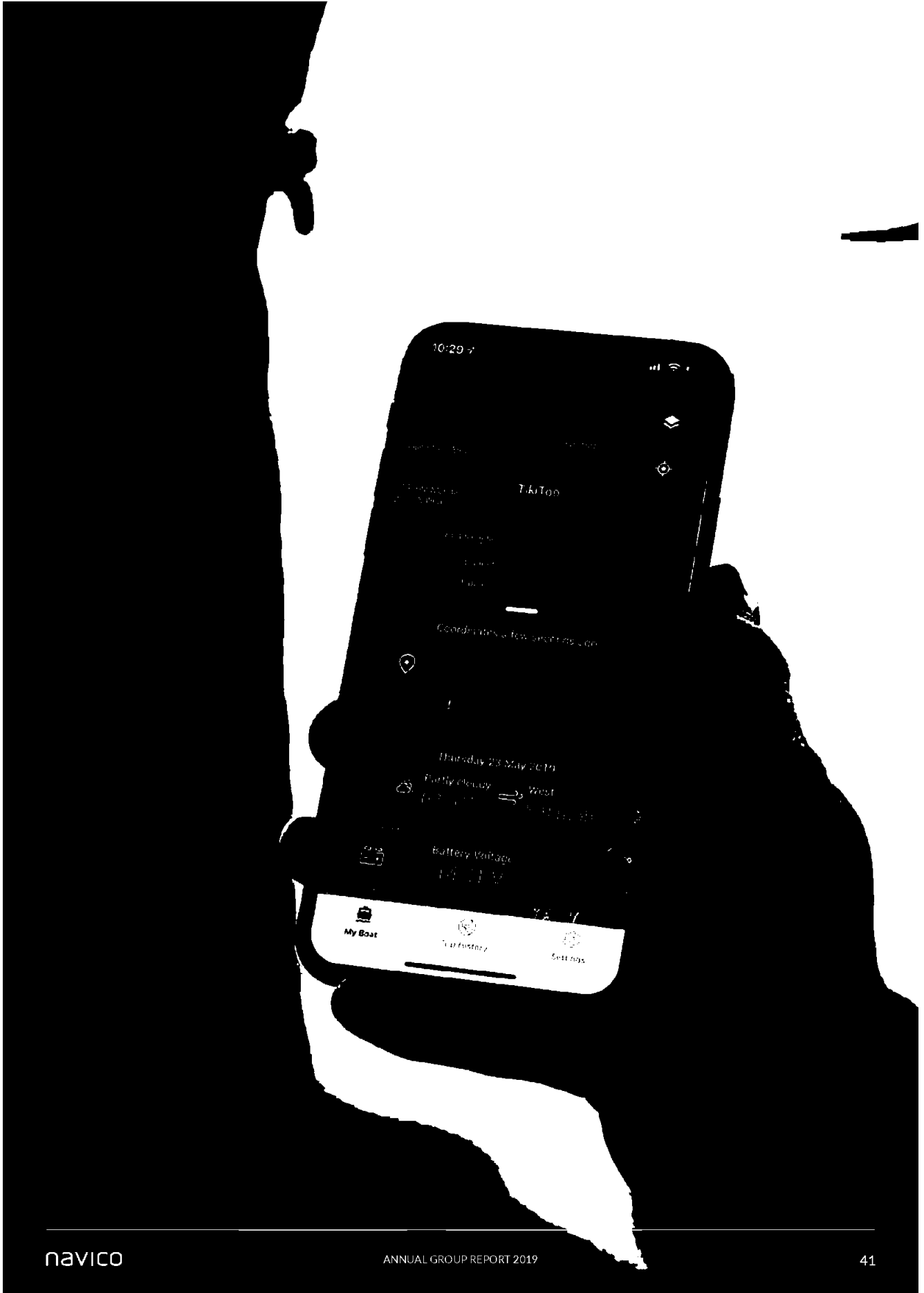
- High Resolution bathymetry for US, NZ, Australia and Europe offering the latest and most accurate data.
- We added over 6,000 updated ports and marinas reaching an impressive number of 12,000 records in our database.
- Over 20 US inland lakes with precision contour HD and over 10,000 lakes processed worldwide.
- Added over 12 million acres of surveyed data using C-MAP genesis.



C-MAP IMS full eco-system

Market rationale: The commercial shipping industry is currently under a lot of pressure with fuel prices going up and ship owners trying to find new, more efficient ways of vessel operation. This is where our eco system plays an important role as we provide pre-voyage, during-voyage and after-voyage decision support tools and services:

- Unique weather routing optimization algorithm.
- C-MAP's Integrated Maritime Suite (IMS) includes tools for route planning and optimization, weather viewing and analysis.
- Manage Chart licenses efficiently and within port state compliance.
- Automate tedious route planning tasks.
- Open Platform integrates with multiple ECDIS makers and charts data providers.





C-MAP PARTNERSHIPS & HIGHLIGHTS

C-MAP B2B Highlights

- US Coastguard contract for REC (5 years)
- US MSC contract for Commercial (5 years)
- Maran Tankers full usage of our solution and charts
- Dkart renewal with MPA and NHS (3 years)

Looking ahead to 2020

2020 is the year when our Recreational eco system will come to life with the introduction of our new technology CMT. This will allow for a very easy and seamless experience from mobile, PC, MFD with the same functionality and look and feel, giving the opportunity to plan your weekend trip from your phone then easily have it available on your MFD when you reach the boat.

We also started a few new projects late in 2019 to improve the surveys and quality of the cartography for the US and Canada Inland, which for the ones we have deployed already are getting positive feedback from customers.

We will be also launching our reveal technology for New Zealand and Australia, where we have already started promoting it to our customers and receiving positive initial reviews.

On the commercial side, 2020 will be a year for business consolidation, having all products with a refreshed look and feel as well as functionality. We will be focusing our energy on making transactions easier for our distributors and customer with the introduction of automated tools and processes for chart ordering.







OUR CUSTOMERS

Navico has seven main customer types. Each customer type have their own business requirements and different levels of support from Navico.



Wholesalers:

Wholesalers are important partners in the sales, stock management and distribution of our product portfolio. Our wholesale customers provide an essential service, not only promoting our products to their customer base but also helping with local level logistical management.



Independent Distributors:

Our independent distributors provide extended reach into markets where Navico has no direct on the ground presence. Navico's distributor network is present across Asia, EMEA and South America. Each year Navico hosts distributor conferences to provide support for this network and to exchange market insights and best practices.



Boat Builders:

Boat Builders is an area of continuing success for Navico. Navico provide brand and OEM (Original Equipment Manufacturer) solutions to boat builders. The three major areas of success in this market have been the development of a specialist boat builder team within Navico, who are able to collaborate and provide solutions with boat builders at the design stage of new models. In addition, we have seen significant demand for both complex and simple boat integrations. Finally, in 2019, our boat builder team has had a significant number of successes with leading boat building manufacturers, such as, Axopar Boats, Brabus Marine, SeaRay, Sunseeker and Azimut Yachts for which they were jointly nominated for a METS Boat Builder Award in November.



Custom:

The custom category, provides bespoke solutions and installations across both recreational and commercial vessels. It is a key segment for Navico, as the different type of systems requested are more complex and connected to additional equipment, like radar and autopilots, which can be controlled via single-touch multi-functional displays. This customer segment also requires substantial field support and Navico supports them with training and the system builder online tool that allows a customer to design and cost out a full integrated system in a matter of minutes. To date over \$1b of systems have been specified using this tool.



Retailers:

National retailers are mainly present in the USA and Australia but several other European countries have individual retailers. Retailers offer Navico a unique opportunity to showcase our products and a consolidated solution to support our marketing efforts on a national scale. Navico run significant promotional activities with retailers and support in-store sales and execution with a team of over 800 Pro Staff globally.



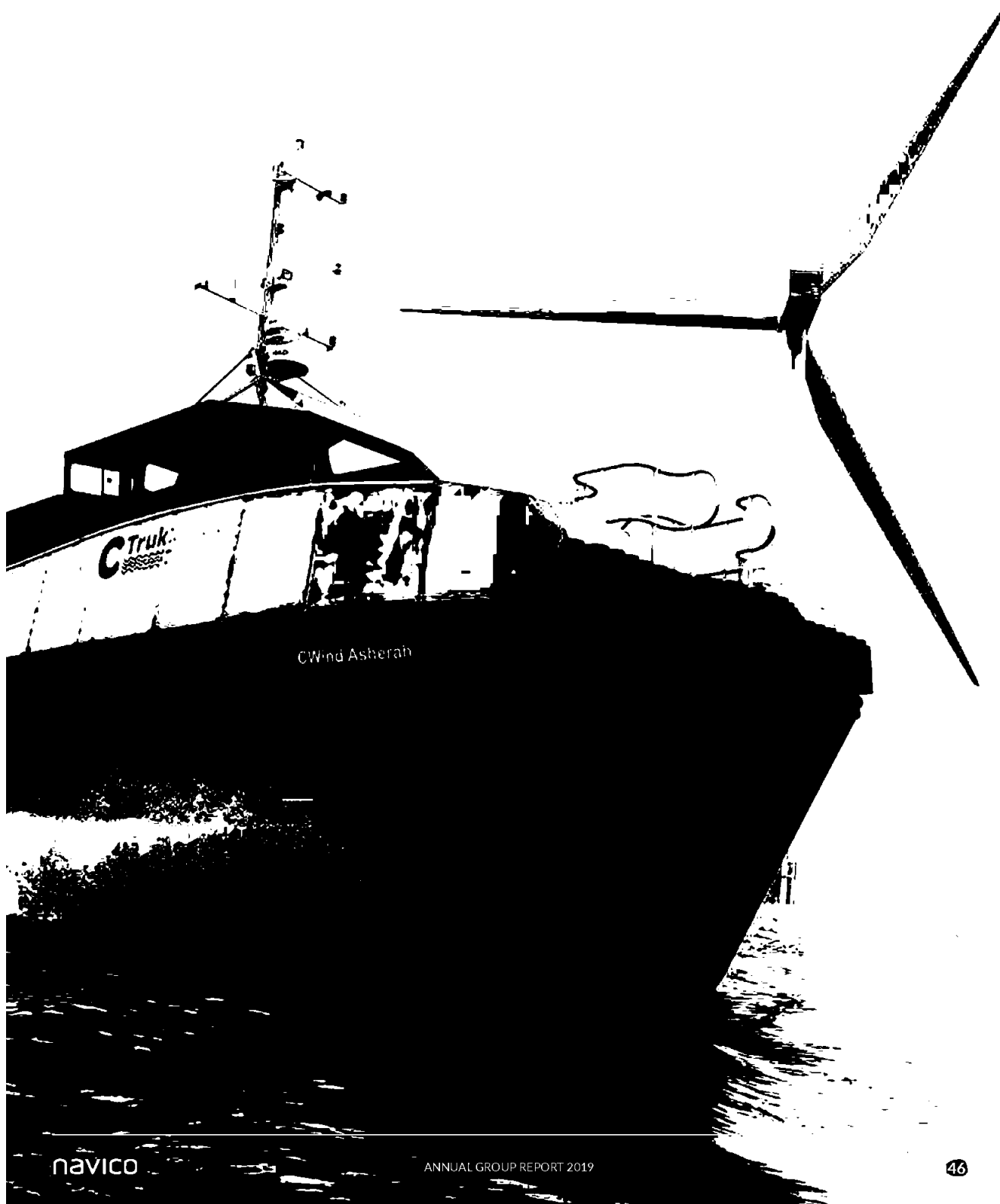
E-Commerce:

The marine industry has been slow to adapt to eCom as a channel partly due to lack of consolidation and partly due to the complexity of the systems and installation. However, E-Commerce is growing across the sector, as an extension of the traditional business. Although currently a small share of the market, Navico geared up to support the development of this market via third party resellers and our own websites.



Local:

This category provides that all-important on the ground presence in key locations. The local customers are serviced both directly by Navico and through our wholesalers and distributors. To support our local customers Navico have an online sales portal where customers can place orders and track delivery. In addition, the portal provides a range of sales support and educational tools.





CORPORATE



BOARD OF DIRECTORS

Hugo Maurstad (Chairman)



A partner at Altor Equity Partners, the investment advisor for the Altor funds, Hugo's career has seen him work across a variety of investments, including Lindorff, Helly Hansen, Eltek ASA and EWOS. Hugo is currently the Chairman of the Board of Rossignol Group, Navico Group, SATS Group, XXLASA, and he serves on the board of Sbanken ASA. Prior to joining Altor in 2004, Hugo had a 13-year career at McKinsey & Company. A Norwegian national, Hugo has a Master in General Economics.

Malou Aamund



Malou is the Country Director for Google Denmark. She has previously held international leadership positions at Microsoft and IBM in Europe, EMEA and Americas. She currently serves on the board of KIRKBI, DSV and MUDP under the Danish Ministry of Environment. Malou was a Member of Parliament for four years and acted as a spokesperson on science, technology and innovation. She holds a MSc. in Economics and Business (1995).

Michael Bruun



Michael is a managing director in the Merchant Banking Division (MBD) in London, responsible for corporate European healthcare and nutrition investing and corporate investing in Scandinavia. He is a member of the MBD Corporate Investment Committee. Michael has been with MBD since 2010 and has worked in London and New York. Previously, he was an associate in the Nordic Mergers & Acquisitions team in the Investment Banking Division (IBD). He joined Goldman Sachs in 2004 as an analyst in the Fixed Income, Currency and Commodities Division and transferred to IBD in 2005. He became a vice president in 2010 and was named managing director in 2013 and partner in 2016. Michael serves on the boards of Hamlet Protein, HRA Pharma, Navico AS, New Energy Investment s.á r.l. and Trackunit. Michael earned a BA in Economics from the University of Copenhagen in 2002 and an MSc in Economics from University of Copenhagen and Cornell University in 2004.

Live Haukvik



Live is working as an advisor and board member. She has extensive board experience from several blue-chip companies. Live was CFO/COO in Komplet Group from 2012 until January 2020. She has wide experience as an executive director of a diverse range of listed, fast-growing companies. She also has experience as partner at Considium Consulting Group and for KPMG. Live holds a Master of Finance from Université de Fribourg, Switzerland, and a Master of Management from The Norwegian Business School (BI).



David Hess

A Principal at Altor Equity Partners, the investment advisor for the Altor funds, David previously worked for global investment bank Morgan Stanley focusing on M&A, primarily for clients within energy-related industries. David also serves as a deputy Director of the board of Haarslev. A Danish national, David has an MSc from the Copenhagen Business School.



Martin Hintze

Martin is a managing director in the Merchant Banking Division and co-heads the corporate equity investing business in Europe. He is a member of the MBD Corporate Investment Committee. Martin joined Goldman Sachs in 1999 in the Investment Banking Division in Frankfurt and joined the Principal Investment Area in the London office in 2000. He was named managing director in 2005 and partner in 2008. Martin serves on the boards of Continental Bakeries, Flint Group, Navico and Xella International. Martin earned a BA from European Business School in 1992 and an MS and a PhD from Technical University Berlin in 1994 and 1998, respectively. He is a CFA charterholder.



Karl-Thomas Newmann

Karl-Thomas (KT) Neumann has a PhD in Electrical Engineering and 30 years of experience working in the auto industry. In 1993, he joined Motorola as an engineer, and rose to Director of Automotive Strategy. In 1999, he moved to Volkswagen AG, where he headed the groupwide electronics strategy. In 2004, KT worked as CTO and Board Member at Continental Automotive Systems, where he oversaw the acquisition of Siemens-VDO, making Continental the second-largest supplier of automotive electronics in Germany. He was then promoted to CEO in 2008. He returned to VW in 2009, taking a newly created position of leading the company's electric propulsion initiatives. He later became President & CEO of the Volkswagen Group China. From 2013 to 2017, he was CEO of Adam Opel AG, where he was widely noted for improving the image of the 155-year-old carmaker. KT joined Canoo in May 2018 to lead the company's connected car experience, mobility concepts, marketing and the European market. Being a passionate sailor he crossed the Atlantic in 2017.



John Scott

Based in New Zealand, John Scott was previously part of the Navico Management Team as EVP, Devices, leading global product management and marketing activities. He previously worked in a variety of engineering, sales, operations and management roles for Brunswick, Navman and Volex/ Ericsson and ran his own company.

CORPORATE EXECUTIVE COMMITTEE



Knut Frostad, President & CEO

Knut was appointed President and CEO of Navico in June 2019. Prior to this, Knut has been an active Navico board member for 14 years, the CEO of the Volvo Ocean Race and twice participated in the Olympic Games (1988 & 1992) as well as four Volvo Ocean Races. Knut combines his extensive business background in management with his unrivaled experience in the industry. He is also considered a renowned motivational speaker.



Olivier Bellin, CFO

Olivier joined Navico in early 2020. With 20 years of experience in finance and supply chain for high tech companies, he has a track record of transforming business performance, fund raising and driving profitable. He was previously COO and CFO of Canoo, an Electric Vehicle start-up based in LA and he previously held multiple roles at ST Microelectronics in Americas including VP Finance and CFO.



Jim Brailey, CSO

Jim has been with Navico since his employer Simrad® joined the fold. Responsible for all manufacturing operations, planning, distribution, logistics and sourcing, he previously worked in EMEA logistics and offshore, marine and military industries.



Max Cecchini, EVP C-MAP

From 2013 Max held various roles at Luxottica, where most recently he was the group's VP of Digital Innovation. In this capacity he led the company's innovation lab in San Francisco and developed the industry-leading Virtual Try On software for sunglasses. Max also possesses a very strong management consultancy background, having worked for both PA Consulting Group and Boston Consulting Group (BCG). At BCG, he was a member of the Technology, Media and Telecoms (TMT) practice where he led the digital strategy and organisational design for media and telecommunications companies in Europe and Asia.



Chris Davies, General Counsel

Chris joined Navico in 2019 and is responsible for all of Navico's global legal services, corporate compliance and IP portfolio. He previously held General Counsel and Chief Privacy Officer roles at the leading international technology company InMobi and the European price comparison service Kelkoo, after spending his early in-house years at The Financial Times. Chris holds a Bachelor's degree in Law and a Masters in Intellectual Property.



Alan Davis, EVP B&G

Alan is EVP for Navico's sailing brand, B&G. Alan joined Navico in 2005, previously holding a range of roles at B&G covering technical sales, service management and product management before leading the Recreational Division. Alan is a lifelong boating enthusiast with a background of competitive sailing.



Mike Fargo, EVP Simrad

Mike joined Navico in 2007 and led the Commercial Marine Business Unit until he became EVP for the Simrad brand (Recreational and Commercial) in early 2020. He has 25 years of experience in technology sales management, business development and product management. Mike has twice lived and worked in Europe as well as the US. He has a BS in Engineering, and an MBA in Operations from Northeastern University.



Simon Little, CPO

Simon is leading Navico's journey towards becoming a people-centric company. Prior to joining Navico at the beginning of 2020, Simon held a number of roles at Dyson across their automotive business, Dyson's Research and Product Innovation community, a new UK Connectivity businesses and delivery of Dyson's first Science and Technology Lab in Shanghai. Previously, Simon worked at Cable & Wireless setting up an HR function to support their geographically dispersed business. Simon is a Chartered Fellow of the CIPD.



Jordi Neves, CMO

Jordi began his career at Procter & Gamble, gaining unparalleled experience in the innovation and brand building space. Jordi's career has taken him around the world working with companies such as Hewlett Packard and DHL, where he delivered state-of-the-art technology and digital transformation programs. Jordi also has extensive experience leading marketing, communication and technology in sailing events like America's Cup and the Volvo Ocean Race.



Alain Pakiry, CCO

Alain brings 25 years of experience in high-tech and consumer-facing sales and general management roles in the US, Europe and APAC. He started his career in 1993 in the video-gaming industry with UbiSoft, one of the leading worldwide publishers, where he established a presence in the US. In 2004 he moved to Switzerland to lead the EMEA go-to-market strategy for Logitech, the PC accessories company. He then became CMO of TomTom, the GPS devices manufacturer, based in the Netherlands. Alain's last corporate role was CEO Europe for Chinese-based TCL, one of the largest consumer electronics company worldwide.



Jeroen van de Polder, CAO

Jeroen joined Navico in 2012. He is responsible for all Finance activities within the Group. He previously held a variety of roles at EY in the international audit practice. He is a licenced public auditor in The Netherlands.



Maurice van Riek, CTO

Maurice is leading Navico's R&D organisation to drive innovation and deliver new products. Maurice has over 25 years of working in executive roles for the technology enterprises such as Kudelski Group, Siemens Mobile and Infineon Technologies. At the Kudelski Group he was responsible for product management and R&D of all digital television products, managing 650 people. He holds a Master of Science in Electrical Engineering and Computer Sciences, and received further executive and leadership education at INSEAD and IMD.



Lucas Steward, EVP Lowrance

Lucas has been EVP of Lowrance since January 2020, having worked in the marine industry for the past 22 years, 11 at Navico. Lucas is hugely passionate about fishing and prior to becoming EVP for Lowrance, he has held four roles at Navico: Trolling Motor Product Owner, Lowrance Product Line Director, Standalone/ Sonar Product Manager, and Americas Customer Service Manager. Most recently he supported Lowrance successful entry of a new product category with its Ghost trolling motor.



FINANCIAL SUMMARY

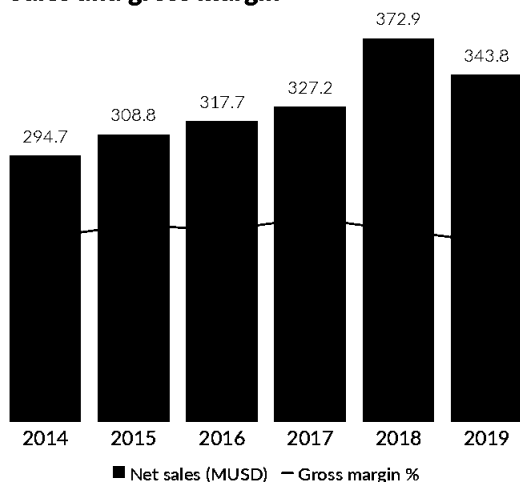
USD (millions)	2014*	2015*	2016*	2017	2018	2019
Income statement						
Net sales	294.7	308.8	317.7	327.2	372.9	343.8
Gross profit	138.3	149.4	151.9	161.0	178.4	159.3
Adjusted EBITDA**	44.1	61.7	67.2	77.1	74.6	47.3
Adjusted EBIT***	18.8	34.9	42.2	48.6	43.6	8.6
Balance sheet						
Inventories	63.8	61.4	59.4	78.3	84.2	67.6
Trade and other receivables	51.8	52.3	61.0	64.9	69.7	62.7
Total assets	281.2	279.0	593.2	629.8	659.0	611.9
Shareholders' equity	(96.8)	(97.4)	244.8	264.0	289.4	241.9
Cash flow and investments						
Cash flow from operating activities	38.2	43.7	35.7	54.3	80.2	39.6
Net investments	32.1	28.2	23.5	39.7	31.1	37.6
Performance ratios (%)						
Gross margin	46.9%	48.4%	47.8%	49.2%	47.8%	46.3%
Operating margin (EBITDA)	15.0%	20.0%	21.1%	23.6%	20.0%	13.8%
Adjusted EBITDA reconciliation						
Operating result as per annual report	18.8	27.5	16.8	22.7	31.1	(19.8)
Separately disclosed items	-	7.3	21.6	10.3	(4.3)	9.4
Amortization and depreciation (PPA)	-	-	3.8	15.6	16.8	19.1
Adjusted EBIT	18.8	34.9	42.2	48.6	43.6	8.6
Amortization and depreciation (regular)	25.3	26.8	25.1	28.5	31.0	38.6
Adjusted EBITDA	44.1	61.7	67.2	77.1	74.6	47.3

* Pro-forma numbers to reflect actual Navico activities. The years up to and including 2016 relate to consolidated financial statements of Navico Holding AS. Numbers are not adjusted for IFRS 16 impact.

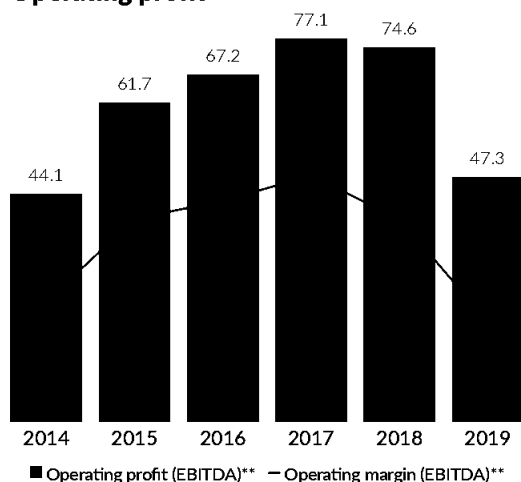
** before separately disclosed items

*** before separately disclosed items and before PPA depreciation and amortization

Sales and gross margin



Operating profit





CONSOLIDATED FINANCIAL



BOARD OF DIRECTORS'

Navico Group AS ("Navico" or "the Company") is a holding company for businesses which develop, manufacture and sell electronics for recreational boats and commercial vessels, together with its subsidiaries, referred to as "the Group" or "Navico Group".

An eventful year

Navico Group delivered USD 343.8 million in revenues over 2019, which is a decline of close to 8% driven by a variety of factors, amongst others negative impacts from currency developments and strong competition in some specific markets. The decline in revenues also lead to a decrease in operational performance, with EBITDA amounting to USD 47 million. The board will propose not to pay out a dividend, but to invest the capital into further product development.

(All amounts in brackets are comparative figures for 2018 unless otherwise specifically stated)

The Group's individual brands each have a strong heritage in the marine industry that stretch back over several decades. Along with the consolidation of brands and products, Navico Group continued to invest heavily in its R&D capabilities with a relentless focus on cost efficient design initiatives, driving down direct costs and reaching high pace of the new product introductions. The Group's brand strategy, paired with its efficient, high quality products are the cornerstone of the Company's DNA.

The Group achieved an operating result of USD 19.8 million negative (USD 31.1 million positive) for the year. Net Sales for the Group in 2019 decreased to USD 343.8 million from USD 372.8 million in the previous year, a decline mainly caused by an adverse impact of currencies combined with strong competition in specific markets.

R&D resources have been working on the ambitious programs for new product introductions. This continued strong focus on research and development resulted in new products, which represented innovation and technological development, better functionality, more efficient design. Throughout the last couple of years, Navico Group has received a large number of awards for Innovation. The awards were received for a wide number of different products showing the strength of the Group's product portfolio.

Navico Group has met all its covenants and the Board is of the opinion that this will be the case for 2020 as well.

Overview of the business

Navico has its statutory seat in Egersund, Norway. The Group has manufacturing facilities in Mexico and Italy and had a total of 1,656 employees at 31 December 2019 (1,931 at 31 December 2018).

Navico Group is a specialist electronics company; its brands deliver technology in mapping, sonar, radar and value-added applications for the marine industry. Navico is one of the world's largest providers of recreational marine electronics products. The business' key strength is its focus on four segmented brands that meet specific consumer needs: Lowrance is aimed at Fishing, particularly in freshwater and near coastal areas, Simrad is focused on Powerboat owners for cruising and sportfishing, B&G serves the Sailing market and C-MAP provides digital charting solutions used in the three other brands, but also externally. This focus on specific consumer groups per brand enables Navico to develop products with meaningful and practical features that provide a real benefit to the user. The approach drives an ambitious R&D programme, which includes a rigorous approach to development and production costs, ensuring Navico products are both of outstanding quality and competitively priced.

Navico also addresses the needs of fleet owners by offering a comprehensive portfolio of navigation solutions under the Simrad brand and C-MAP brand that covers autosteering, radar, ECDIS, positioning, and fishing equipment to digital charts and voyage optimization services. These solutions are supported 24/7 by a global network of Navico technicians and 150 certified partner dealers spanning across over 40 countries. Simrad has a strong position in the light marine segment. It continues to strengthen its position in this market segment and also expand its offering into the high seas segment, by introducing new solutions.

1. Highlights 2019

- Successful introduction of the premium freshwater trolling motor and entering trolling motor market
- Acquisition of GeoMind Srl in April, designer and developer of new technologies and software products for GIS-based applications, specializing in the field of 3D visualizations
- Knut Frostad appointed as President & CEO of the Company as of June 2019
- Key strategic investments into new products to be launched



2. Financial review

The following financial review is based on the consolidated financial statements of Navico Group AS and its subsidiaries. The statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU as well as the Norwegian accounting legislation.

In the view of the board, the income statement, the statements of comprehensive income, changes in equity and cash flow, the balance sheet and the accompanying notes provide satisfactory information about the operations, financial results and position of the Group and the parent company at 31 December 2019.

Consolidated statement of income and comprehensive income

In 2019 the consolidated operating revenues amounted to USD 344 million (USD 373 million). The 8% decrease primarily driven by negative currency impacts in EMEA and APAC, combined with strong competition in predominantly AMER within our Lowrance brand.

Cost of goods sold amounted to USD 185 million (USD 194 million). Operating expenses before depreciation, amortisation, impairment charges and separately disclosed items came to USD 112 million (USD 104 million). The increase in operating expenses was mainly related the full year effect of the merger of the C-MAP activities in the middle of 2018, combined with further investments into product development, marketing and the organization. Operating profit before depreciation, amortisation and separately disclosed items (Adjusted EBITDA) amounted to USD 47.3 million (USD 74.6 million).

Operating result (EBIT) for the year was USD 19.8 million negative (USD 31.1 million positive in 2018). The EBIT margin was negatively impacted by the decrease in revenue and consequently gross profit due to the reasons mentioned above, increased opex due to full-year effect of the C-MAP merger, and separately disclosed items (see note 13 for further details).

Net financial items amounted to USD 28.1 million negative (USD 12.3 million negative), 2018 being impacted by the successful repricing of the finance structure done in May 2018.

Profit before income taxes came to USD 47.9 million negative (USD 18.8 million) and net loss for the period was USD 46.5 million (USD 15.3 million profit).

Financial position, financing and liquidity

Total non-current assets amounted to USD 472 million (USD 490 million) at 31 December, the decrease was mainly driven by depreciation/amortization of fixed assets.

Total current assets came to USD 140 million (USD 169 million), the decrease being attributed to a decrease in inventories and cash and cash equivalents. Decrease in inventories was driven by the working capital measures put in place during 2019 and decrease in cash and cash equivalents was due to lower operating results during 2019 compared to 2018. Working capital, consisting of inventories, receivables and prepayments, less trade and other payables, amounted to USD 64 million (USD 67 million). The decrease is mainly attributable to the decrease in inventory and trade receivables that is partially offset by the decrease in trade and other payables.

Total shareholders' equity was USD 242 million (USD 289 million) at 31 December 2019, mainly affected by the loss for the year and the impact of other comprehensive income.

Total liabilities were USD 370 million (USD 370 million). Total interest-bearing debt amounted to USD 252 million (USD 230 million). The parent company has a revolving credit facility of USD 25 million.

Cash flow

Net Cash flow from operating activities was USD 39.6 million (USD 80.2 million), the decrease is mainly due to a lower operational performance resulting from decline in revenues.

Net cash flow used in investing activities was USD 37.6 million (USD 31.1 million), mainly related to the development of the new products and investment in technology.

Net cash flow used in financing activities was USD 9.8 million (USD 39.9 million), mainly related to interest paid and repayment of debt partially offset by the increase in bank overdraft.

3. Research and development (R&D)

The development of new products is key within the Group. The R&D activities are distributed across different competence centers around the world where we leverage small dedicated teams with core knowledge, together with a global organization. In accordance with IFRS we capitalize when a project reaches the development-stage (prior to development in the research phase the costs are expensed in the income statement). Spending on the Group's R&D projects in 2019 totalled USD 47.9 million (USD 36.9 million). USD 27.0 million (USD 23.6 million) has been capitalized as development costs in the balance sheet.



4. Risk and risk management

Credit risk

The risk of counterparties not having the economic ability to fulfil their obligations has proven quite low over the last few years. Nevertheless, the Group has hedged against this risk through a credit insurance program. The risk is also limited because the Group's total amount of receivables is distributed across many customers. At the same time there is a continued focus in the Group on collecting receivables in order to reduce the exposure further and improve liquidity.

Currency risk

The Group is exposed to fluctuations in the exchange rates, as revenue in Europe is mainly in Euro and revenue in Australia is in AUD, while only a minor part of the Group's administrative expenses is in Euro, AUD, and other non-USD currencies. The main part of the Group's expenses is in USD. The Company entered into forward contracts in 2019 to limit the currency risks versus Euro, AUD and MXN.

Liquidity risk

The Company's liquidity weakened due to the business performance in 2019.

Accounting estimates risk

The Company is exposed to accounting estimates risk where on each balance sheet date certain estimates will bear a risk of applying incorrect estimates, which could affect the income-statement and balance sheet. Management is responsible for these estimates and obtains consistency in applying these estimates throughout the years.

Interest-rate risk

The Company is exposed to interest-rate risk as the Company's finance structure is based on a variable interest component. However the interest bearing debt has largely been hedged from a variable interest to a fixed interest by an Interest Rate Swap which will be effective till March 2023. The Company hasn't applied for any hedge accounting.

COVID-19 (coronavirus disease) pandemic risk

As explained in Note 2.1 Going concern basis of accounting and Note 36 Events after the balance sheet date in the financial statements, the COVID-19 outbreak and resulting measures taken by various governments to contain the virus have already negatively affected our business since the middle of March 2020. In addition to the already known effects, the macroeconomic uncertainty causes disruption to economic activity and it is unknown what the longer term impact on our business may be. The scale and duration of this pandemic remain uncertain but are expected to further impact our business in the near future. The main risks that result from the current uncertain situation regarding COVID-19 are:

- Supply chain: shortages of components, logistic challenges, risk of workforce sickness at production facilities.
- Workforce distancing has been in place at the production facility in Mexico, zero tolerance to sickness at work, regular staff temperature checks introduced, daily crisis management team meetings to review new actions
- Revenues and profitability: the Group expects to see decline in demand during the second and third quarter of 2020. The Group is in the process of assessing the impact of the COVID-19, the scale and duration of these developments remain uncertain but Management already introduced several cost measures to mitigate the expected slow-down in operating activity.
- Decreased working hours throughout the organization and decreased travelling were implemented.
- The Group will limit its investments to necessary replacements of assets until it has clarity as to when government measures will end and business activity will improve
- Impairments: accounts receivable might become at risk of additional impairment in case Navico customers will start to experience liquidity issues. This risk is closely monitored together with our credit insurance provider. The Group does not see impairment risk for the inventory on hand due to the healthy state of the inventory combined with the relative strong product margins.
- Financing and liquidity: liquidity and covenant risks are being monitored on an on-going basis. The Group secured additional financing for up to USD 20 million under receivables purchase agreement subsequent to the balance sheet date to ensure additional liquidity in avolatile and uncertain market environment.

5. Going concern

The consolidated financial statements have been prepared on a going concern basis, which assumes that the Group will be able to meet the mandatory repayment terms of the bond-financing and other payments that become due. The board has confirmed that this assumption can be made based on the Group's budgets and long-term forecasts, although the impact of the previously mentioned COVID-19 pandemic risk remains uncertain.

Board of Directors agrees to the assessment of Management that uncertainty remains over the Group's performance and liquidity situation during 2020 due to the impact of COVID-19, including the company's ability to continuing as a going concern. Through the measures taken by management as a response to the COVID-19 development, and the various scenarios considered at the date of authorization of these financial statements, Board of Directors has a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future.

Navico Group AS's Board of Directors see significant growth opportunities in Marine Electronics sector. The Board of Directors believes the Company is working and investing on strategic and innovative products which will continue to improve Navico customers' experiences. The Board of Directors therefore continues to support Navico Group AS going forward.



6. Parent company results and allocation of net profit

The annual financial statements for the parent company are prepared in accordance with the Norwegian Accounting Act. The parent company's loss before income taxes amounted to USD 1.1 million (USD 0.4 million loss), while net profit was USD 1.1 million negative (USD 0.4 million negative).

The board proposes that the statutory Navico Group AS negative annual result of USD 1.1 million is deducted from the retained earnings.

7. Corporate social responsibility

Corporate social responsibility (CSR) is about running the business in a responsible and sustainable manner over time, and in a way which contributes to a positive, trusting relationship between Navico and the Group's stakeholders. Navico Group has identified ethics, anti-corruption and health, safety and the environment (HSE) as particularly relevant components of the Group's CSR, and structured efforts are being made to strengthen these areas.

Considerations relating to the working environment, sickness absence and occupational injuries are covered in the section on employees and the organisation.

Ethics and anti-corruption

Navico Group has zero tolerance of corruption and a well-developed anti-corruption program. All employees take a dedicated e-learning program with dilemma training to help them become better equipped for dealing with circumstances which may be difficult to handle. All employees have signed Navico Group's ethical code of conduct, and a handbook on anti-corruption has been composed.

Natural environment

Navico Group's goal is to enhance environmental awareness among all its employees throughout the entire organization and in the production phases.

Navico Group monitors the following performance indicators at the factory in Mexico:

- Annual energy consumption: kW/h 3.8 million in 2019 (2018: kW/h 4.3 million).
- Waste recycling: since 2010 Navico Group started a recycling project for special handling waste (cardboard, paper, plastic, metal, wood). During 2019, kg 315 thousand of waste was recycled (2018: kg 371 thousand). Navico Group production processes do not include the burning of fossil fuels, and the generation of greenhouse gases is due to the consumption of electricity and the use of vehicles owned by the company. During 2019, our factory in Mexico generated 1,778 tons of CO₂.
- Navico Group generates limited volume of hazardous waste (waste contaminated with chemicals, solder dross and electronics waste). The waste with chemicals is disposed as hazardous waste according to Mexican regulations and the rest is recycled. All electronic waste is recycled (25.7 thousand kg in 2019 compared to 26.1 thousand kg in 2018). Solder dross recovery process has allowed Navico Group to reduce the generation of the waste (700 kg in 2019 compared to 681 kg in 2018 and 1,191 kg in 2017).

Navico Group holds ISO 14001:2015 (specifies the requirements for an environmental management system that an organization can use to enhance its environmental performance) and OHSAS 18001-2007 (Occupational Health and Safety Management Certification which provides a framework to identify, control and decrease the risks associated with health and safety within the workplace).

Local community

Navico Group also contributes to the local community by donation of GPS to units for the fire department, collection of items for support in cities affected by natural disasters, donations for the elderly house, and donations for dogs association.

8. Employees, organisation and equal opportunities

Navico Group is a specialist electronics company, based on knowledge and technology, and the Group had 1,656 well-qualified employees at 31 December 2019 (2018: 1,931 employees). This team develops the company's brands which operate in navigation, fish-finding equipment and value-added applications for the marine industry.

Restructuring measures after the C-MAP merger and organizational optimization made during 2019 contributed to a decrease in number of employees.

Employees and expertise

Recruitment capability, employee satisfaction and expertise development are important conditions for Navico Group's success. This is reflected in the company's day-to-day operations.

Navico Group has a constant need to strengthen its expertise and capacity, both in line management and in project management. Great emphasis is accordingly given to the development of managers, and substantial resources are devoted to such work.

Structural capital

Navico Group has modern and efficient offices throughout the world.



Working environment

The board considers the working environment and collaboration with union officials to be good. Employee participation is ensured at several levels in the Group.

Sickness absence and injuries

Navico Group works systematically with HSE management and makes concerted efforts to mitigate health risks and prevent injuries. No serious occupational injuries or accidents that resulted in material damage or personal injury were reported during the year. Sick leave is limited and monitored on a regional basis.

Equal opportunities

The purpose of Norway's Anti-Discrimination Act is to promote equal opportunities and rights, and to prohibit discrimination on the grounds of ethnicity, skin colour, language, religion and beliefs. Navico Group works actively to promote the objectives of the Act in the Group.

The Group aspires to provide a workplace in which full equality exists between men and women. The Group has introduced conditions to its policies so as to assure no discrimination occurs based on gender in areas such as salaries, promotions, or recruitment.

At 31 December 2019 the company board consisted of two female and six male directors. The Group is working to recruit more female employees in executive positions.

Navico Group aims to be a workplace with no discrimination on the grounds of disability. Active efforts are made to design and customise physical conditions so that the Group's various functions can be used by as many as possible. Workplaces and jobs are customised on an individual basis for employees or job applicants with disabilities.

Over 95% per cent of employees in Navico Group had a mother tongue other than Norwegian at 31 December 2019, with more than 20 different languages represented.

The Group does not discriminate on the grounds of gender, disability, ethnicity, religion or the like. The board and the executive management are conscious of this in recruitment, appointment, pay and customisation of working conditions, and in work on developing attitudes.

Changes to the board and the executive management

During 2019 the board has been strengthened with key knowledge by the appointment of Live Haukvik and John Scott as independent members of the board of directors.

Dividends

The board of directors have suggested to not distribute dividends for 2019, in order to pursue growth opportunities and liquidity within the Company

External auditor

The annual General Meeting has appointed Erik Sørensen (EY) as the Group's external auditor.

9. Outlook

The Group strategy has been further developed during 2019 with a strategy plan within the Board of Directors and the Corporate Executive Committee, and is strongly focused on the further development of our Brands, but also focusing on key strengths and markets, combined with extending the product portfolio. We expect these initiatives to drive growth. The Group was able to present stable growth in sales and EBITDA in the Recreational marine electronics market for the past decade due to sustainable competitive advantage through an R&D and innovation.

As the marine electronics industry shifts away from solely offering hardware to offering an array of crucial services that work across all screens, including MFDs, smartphones and tablets, Navico Group is taking steps to ensure that it offers services to help consumers have an improved marine experience both on and off the boat.

While, the effects of COVID-19 will put near-term pressure on customer confidence throughout the affected regions and the supply chain of Navico, recreational and light commercial marine market fundamentals remain intact and should provide for attractive opportunities going forward. How severe long-term implications of COVID-19 may affect the global economy and the marine industry in particular will depend crucially on how fast the recovery of the consumer confidence will be among major industrialized economies.

The Company has taken measures to maintain sustainable operating activities and cope with the volatile market environment and uncertainty: close collaboration and daily demand tracking of the major customers, cost measures throughout the organization were implemented, secured additional financing for up to USD 20 million, applications to the government support throughout the globe, and is working on the sale of non-core assets.

The above-mentioned pre-emptive measures taken by the Group confirm the strategic principles of the Group to maintaining stringent capital allocation to ensure flexibility under the current conditions and to benefit from expected market improvements.

Forward looking statements reflect current views about future events and are, by their nature, subject to significant risks and uncertainties because they relate to events and depend on circumstances in the future.

10. Events after balance sheet date

Change of RCF provider

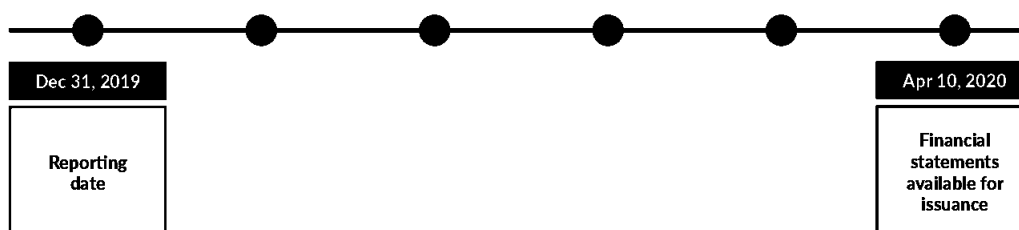
On 12 March 2020, the Group changed RCF provider. Amount, collateral, maturity date and interest rate remained the same.

New securitization financing under the existing credit agreement

On 12 March 2020, the Group signed Qualified Securitization Financing under the existing long-term credit agreement with a facility limit of USD 20 million and maturity date is in 2023.

COVID-19 (global coronavirus outbreak)

After the balance sheet date, we have seen macro-economic uncertainty with regards to COVID-19 (coronavirus) global outbreak.



Note 1: World Health Organization

The COVID-19 outbreak has developed rapidly in 2020, with a significant number of infections. Measures taken by various governments to contain the virus have affected economic activity and the group's business in various ways:

- A reduction in the supply of certain components from China has affected our ability to meet the customer demand for certain products.
- The expected reduction of economic activity during the second and third quarter of 2020 for our main customers made management to ask all Navico employees to switch to a reduced working hours of 80% of their regular working hours starting 20 April 2020 till 31 July 2020.
- Government measures and guidances introduced throughout the countries where Navico operates, led majority of Navico employees to work from home.

As a result of these effects, our cumulative revenues in the first three months of 2020 were approximately 6% lower than the same period last year with the major negative impact identified in March 2020. During the same period, group's operating results have increased approximately 8% due to the cost measures implemented during 2019 and early 2020.

In the period since 31 December 2019, the Company has not incurred additional losses due to impairments recognised on outstanding receivables or write-down of inventories.

Governments in the countries in which we operate have also announced the implementation of government assistance measures which may mitigate the impact of the COVID-19 outbreak on our results and liquidity. We are currently investigating the extent to which we can apply for such government assistance in the countries in which we operate. However, the details of available arrangements and the period through which they remain available are subject to change and uncertainty.

Depending on the duration of the COVID-19 crisis and continued negative impact on economic activity, the Company may experience further negative results, liquidity restraints and incur additional impairments on its assets in 2020. The exact impact on our activities in the remainder of 2020 and thereafter cannot be predicted. We also refer to Note 2.1 Going concern basis of accounting.

Navico adjusted its travel and meeting policy by restricting travelling to business critical levels and encouraging video-conferencing for all internal meetings. Quarantine policy was implemented throughout the organization. The crisis management team was set up with daily calls that reacts promptly to the changes throughout the geographical presence of Navico. Separate measures were implemented at the manufacturing site in Mexico, such as zero-tolerance on sickness at work and regular staff temperature checks. Further mitigations include developing back-up plans with suppliers and 3PL providers. COVID-19 hit world regions gradually, with Asia starting to recover and lift lockdown measures first. Close supply management focus allows Navico to move inventory to areas with solid demand. During these uncertain weeks, the Group has also implemented detailed business continuity plans with its partners and suppliers in an effort to secure the continuation of operations while caring for the health and well-being of its employees and customers.

Liquidity and covenant risks are being monitored on an on-going basis. The Group secured additional financing for up to USD 20 million subsequent to the balance sheet date have ensured additional liquidity in a volatile and uncertain market environment.



The Group is in the process of assessing the impact of the COVID-19, the scale and duration of these developments remain uncertain but could affect our earnings, cash flow and financial condition. We get mixed signals from the market with decline in demand for one type of products and increase for other types. The situation also varies from region to region. At the issuance date of the report, we were not able to estimate the financial impact on Group financials

Egersund, 29 April 2020

Board of Directors

Mr. Hugo Maurstad - Chairman

Mrs. Malou Aamund

Mr. Michael Bruun

Ms. Live Haukvik

Mr. Karl-Thomas Neumann

Mr. David Hess

Mr. Martin Hintze

Mr. John Scott

President & CEO

Mr. Knut Frostad



CONSOLIDATED

Consolidated Statement of Income

USD (thousands)	Notes	2019	2018
Revenue	6, 7	343,819	372,857
Cost of sales	9	(184,532)	(194,452)
Gross profit		159,287	178,405
Other operating expenses	10	(29,000)	(26,784)
Employee benefit expenses	11	(82,998)	(77,006)
Depreciation, amortization and impairment	12	(57,724)	(47,814)
Separately disclosed items	13	(9,379)	4,325
Results from operating activities		(19,814)	31,126
Finance income	14	347	2,890
Finance expense	14	(25,752)	(20,658)
Net foreign exchange gains & losses	14	(1,210)	(3,691)
Other income	14	(1,520)	9,131
Net finance costs		(28,135)	(12,328)
Profit / (loss) before tax		(47,949)	18,798
Income tax benefit / (expense)	19	1,453	(3,526)
Profit / (loss) for the year		(46,496)	15,272
Profit / (loss) attributable to:			
Equity holders of the parent		(45,350)	15,788
Non-controlling interests		(1,146)	(516)

Consolidated Statement of Comprehensive Income

USD (thousands)	2019	2018
Profit / (loss) for the year	(46,496)	15,272
Other comprehensive income		
Exchange differences on translation of foreign operations	454	(921)
Net other comprehensive income to be reclassified to profit or loss in subsequent periods	454	(921)
Other comprehensive income / (loss)	454	(921)
Total comprehensive income / (loss) for the year	(46,042)	14,351
Total comprehensive income / (loss) attributable to:		
Equity holders of the parent	(44,896)	14,866
Non-controlling interests	(1,146)	(516)



Consolidated Balance Sheet

<i>USD (thousands)</i>	Notes	31 December 2019	31 December 2018 Restated
Assets			
Intangible assets	15, 16	414,312	430,336
Property, plant and equipment	17	54,732	55,220
Other non-current assets	20	1,147	2,921
Deferred tax assets	19	1,354	1,498
Total non-current assets		471,545	489,975
Inventories	21	67,572	84,174
Trade and other receivables	22	57,518	62,623
Prepayments	23	5,135	7,125
Cash and cash equivalents	24	10,133	15,068
Total current assets		140,358	168,990
Total assets		611,902	658,965
Total equity attributable to owners of the Company		242,410	288,718
Non-controlling interests		(501)	732
Total equity	25	241,909	289,450
Liabilities			
Interest-bearing loans and borrowings	26, 28	227,030	221,880
Other non-current liabilities	27	15,468	13,305
Deferred income tax liabilities	19	27,956	31,590
Total non-current liabilities		270,454	266,776
Interest-bearing loans and borrowings	26, 28	25,057	7,836
Trade and other payables	29	66,043	86,425
Provisions	30	6,906	7,331
Current income tax liabilities	19	1,533	1,148
Total current liabilities		99,539	102,740
Total liabilities		369,994	369,516
Total equity and liabilities		611,902	658,966



Consolidated Statement of Changes in Equity

USD (thousands)	Attributable to owners of the parent						
	Issued capital	Share premium	Retained Earnings	Translation reserve	Total	Non-controlling interest	Total equity
Balance at 1 January 2019	906	284,072	3,535	205	288,718	732	289,450
Capital contribution from shareholders	-	-	-	-	-	-	-
Total comprehensive income for the year							
Profit / (loss) for the year	-	-	(45,350)	-	(45,350)	(1,146)	(46,496)
Other comprehensive income							
Exchange differences on translation of foreign operations	-	-	-	454	454	-	454
Other comprehensive income for the year	-	-	-	454	454	-	454
Total comprehensive income for the year	-	-	(45,350)	454	(44,896)	(1,146)	(46,042)
Changes in ownership interests in subsidiaries							
Acquisition of non-controlling interests	-	-	(1,412)	-	(1,412)	(87)	(1,499)
Balance at 31 December 2019	906	284,072	(43,227)	659	242,410	(501)	241,909

USD (thousands)	Attributable to owners of the parent						
	Issued capital	Share premium	Retained Earnings	Translation reserve	Total	Non-controlling interest	Total equity
Balance at 1 January 2018 Restated	595	258,383	2,659	1,157	262,794	1,248	264,042
Capital contribution from shareholders	311	25,689	-	-	26,000	-	26,000
C-MAP Group merger through pooling of interest	-	-	(14,396)	(31)	(14,427)	-	(14,427)
Total comprehensive income for the year							
Profit / (loss) for the year	-	-	15,272	-	15,272	-	15,272
Other comprehensive income							
Exchange differences on translation of foreign operations	-	-	-	(921)	(921)	-	(921)
Other comprehensive income for the year	-	-	-	(921)	(921)	-	(921)
Total comprehensive income for the year	-	-	15,272	(921)	14,351	-	14,351
Changes in ownership interests in subsidiaries							
Movement in non-controlling interest	-	-	-	-	-	(516)	(516)
Balance at 31 December 2018	906	284,072	3,535	205	288,718	732	289,450



Consolidated Cash Flow Statement

USD (thousands)	Notes	2019	2018
Cash flows from operating activities			
Profit / (loss) for the year before tax		(47,949)	18,797
Non cash adjustment to reconcile profit before tax to net cash flow			
Depreciation / amortisation and impairment of assets	12	57,724	47,814
Finance income	14	(347)	(2,890)
Finance costs	14	25,752	20,658
Net foreign exchange income / (expenses)	14	1,210	3,691
Net other finance income / (expenses)	14	1,520	(9,131)
Change in provisions		(425)	(137)
Other non-cash items (forex translation related)		987	1,322
		38,472	80,124
Foreign currency (gains) / losses		(1,210)	(3,691)
Income tax (paid) / received		(1,925)	(2,896)
		(3,135)	(6,587)
Decrease / (increase) in inventories		16,603	(5,114)
Decrease / (increase) in trade and other receivables		7,236	5,582
(Decrease) / increase in payables		(19,592)	6,225
Changes in working capital:		4,247	6,693
Net cash from (used in) operating activities		39,584	80,230
Cash flows from investing activities			
Purchase of property, plant and equipment	17	(7,409)	(9,172)
Purchase of intangible assets	15	(27,901)	(25,219)
Acquisition of a subsidiary, net of cash acquired		(2,241)	3,298
Net cash used in investing activities		(37,551)	(31,093)
Cash flows from financing activities			
Interest paid	26	(17,518)	(16,239)
Payment of lease liabilities	26	(4,096)	(4,040)
(Decrease) / increase in other non current liabilities		(153)	(1,418)
(Decrease) / increase bank overdraft	26	17,366	(8,720)
Repayment of debt	26	(6,500)	(6,500)
Settlements of swaps		3,933	-
Bank fees	26	-	(2,997)
Net cash from financing activities		(6,968)	(39,914)
Net increase / (decrease) in cash and cash equivalents		(4,935)	9,223
Cash and cash equivalents at 1 January		15,068	5,845
Cash and cash equivalents at 31 December		10,133	15,068



NOTES TO THE

Sub-Contents

1. Corporate information	66
2. Basis of preparation	66
3. Basis of consolidation	67
4. Summary of significant accounting policies	68
5. Significant accounting judgments, estimates and assumptions	81
6. Revenues and balances related to contracts with customers	83
7. Business combinations and acquisition of non-controlling interests.	84
8. C-MAP merger	85
9. Cost of sales	86
10. Other operating expenses	86
11. Employee benefit expenses	87
12. Depreciation and amortization	87
13. Separately disclosed items	88
14. Financial income and expense	88
15. Intangible assets and goodwill	89
16. Impairment	90
17. Property, plant and equipment	92
18. IFRS 16 lease disclosures	93
19. Income taxes	94
20. Other non-current assets	96
21. Inventories	96
22. Trade and other receivables	96
23. Prepayments	97
24. Cash at bank and in hand	97
25. Issued capital and reserves	97
26. Interest bearing loans and borrowings	98
27. Other non-current liabilities	99
28. Fair values	99
29. Trade and other payables	100
30. Provisions	101
31. Commitments and contingencies	101
32. Financial risk management objective and policies	102
33. Related party transactions	106
34. Workforce	107
35. Remuneration of key management	107
36. Events after the balance sheet date	108
38. Approval of the Financial Statements	115



1. Corporate information

Navico Group AS ("Navico" or "the Company") is a holding company for businesses which develop, manufacture and sell electronics for recreational boats and commercial vessels, together with its subsidiaries, referred to as "the Group". Navico has its statutory seat in Egersund, Norway. These consolidated financial statements for the year ended 31 December 2019 were authorised for issue by the Board of Directors on 29 April 2020. The address of the registered office is Nyaskaiveien 2 in Egersund (Norway).

2. Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU. The consolidated financial statements have been prepared based on the standards and interpretations that were effective at 31 December 2019.

The consolidated financial statements have been prepared on a historical cost basis, except for derivatives that are measured at fair value. The consolidated financial statements are presented in USD and amounts are rounded to the nearest thousands, except when otherwise indicated. As a result of such rounding, amounts and percentages presented may not add up to the total.

Some reclassifications have been made in the comparative numbers in financial statements with notes compared to the annual financial statements for 2018. This includes changes in presentation or names of line items due to changes made to the operational segments.

Navico is in full compliance with all covenant requirements in its finance agreements as per 31 December 2019.

With respect to its subsidiary Navico UK Limited (registered number 00565631), included in these consolidated financial statements, Navico Group AS has given a guarantee in the form prescribed by the United Kingdom Companies Act 2006, which enables Navico UK Limited to obtain exemption from audit requirements under section 479A of the United Kingdom Companies Act 2006 for the year ended 31 December 2019.

A similar guarantee has been provided by Navico Group AS in relation to the subsidiary Navico Logistics Europe BV.

2.1 Going concern basis of accounting

The consolidated financial statements have been prepared on a going concern basis, which assumes that the Group will be able to meet the mandatory repayment terms of the bond-financing as disclosed in Note 26 and other payments that become due.

The Group has recognised a net loss after tax USD 46.5 million for the year ended 31 December 2019 and, as at that date, current assets exceed current liabilities by USD 40.8 million. However, as described in Note 36, a global coronavirus outbreak happened after the end of the reporting period. Furthermore, recent developments related to lockdown throughout European countries as well as closure of the borders might disrupt our supply and delivery processes.

Management believes that the timely repayment of the bond-financing quarterly payments and other obligatory payments will occur as required during the next 12 months and will be met out of operating cash flows or from alternative forms of capital raising such as proceeds from new Qualified Securitization Financing signed on 12 March 2020 and potential sale of non-core assets.

Management is taking necessary measures to ensure sustainability of the Group's operations. Navico adjusted its travel and meeting policy by restricting travelling to minimal levels and encouraging video-conferencing for all internal meetings. Quarantine policy was implemented throughout the organization. The crisis management team was set up with daily calls that reacts promptly to the changes throughout the geographical presence of Navico. Separate measures were implemented at the manufacturing site in Mexico, such as zero-tolerance on sickness at work and regular staff temperature checks. Further mitigations include developing back-up plans with suppliers and third-party logistics providers.

Management acknowledges that uncertainty remains over the Group's performance and liquidity situation during 2020 due to the impact of COVID-19, including the company's ability to continuing as a going concern. However, through the measures taken as described above, and the various scenarios considered at the date of authorization of these financial statements, management has a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future.

Navico Group AS's Board of Directors sees significant growth opportunities in Marine Electronics sector. The Board of Directors believes the Company is working and investing on strategic and innovative products which will continue to improve Navico's customers' experiences. The Board of Directors therefore continues to support Navico Group AS going forward.



3. Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 December 2019. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has (i) power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee); (ii) exposure, or rights, to variable returns from its involvement with the investee; (iii) the ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including (i) the contractual arrangement(s) with the other vote holders of the investee; (ii) rights arising from other contractual arrangements, (iii) the Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Subsidiaries

As at 31 December 2019, the Group had direct or indirect interests in the following subsidiaries, the particulars of which are set out below:

Company <i>(amounts in thousands)</i>	Place of operation	Country of incorporation	Currency	Nominal value of issued share capital	Percentage of equity attributable to the company	
					2019	2018
Navico SA, France	Treillieres, France	France	EUR	59	100%	100%
Navico UK Ltd	Romsey, England	United Kingdom	GBP	1,227	100%	100%
Navico Logistics Europe BV	Dordrecht, Netherlands	Netherlands	EUR	18	100%	100%
Navico GmbH	Schleswig, Germany	Germany	EUR	100	100%	100%
Navico Italia SRL	Milano, Italy	Italy	EUR	15	100%	100%
Navico Marine Electronics S.L	Alicante, Spain	Spain	EUR	159	100%	100%
Navico Inc.	Tulsa, Oklahoma, USA	USA	USD	78,363	100%	100%
Electronica Lowrance de Mexico, S.A. de C.V.	Ensenada, Mexico	Mexico	MXN	60,000	100%	100%
Navico Auckland Ltd	Auckland, New Zealand	New Zealand	NZD	35,000	100%	100%
Navico Australia PTY Ltd	Sydney, Australia	Australia	AUD	4,081	100%	100%
Navico (Suzhou) Trading Company LTD	Suzhou, China	China	CNY	12,906	100%	100%
Navico Sweden AB	Goteborg, Sweden	Sweden	SEK	500	100%	100%
Navico RBU Italia SRL	Milano, Italy	Italy	EUR	10	100%	100%
Nav Marine Electronics Oy	Finland	Finland	EUR	3	100%	100%
Contour Innovations LLP	Minneapolis, USA	USA	USD	-	100%	100%
Navico Marine Singapore Pte. Ltd.	Singapore	Singapore	SGD	101	100%	100%
Maritime Information Systems AS ¹	Tonsberg, Norway	Norway	NOK	n/a	-	100%
Navico Rus LTD.	St. Petersburg, Russia	Russia	RUB	10	100%	100%
Nanna U.S. BidCo, LLC	Tulsa, Oklahoma, USA	USA	USD	-	100%	100%
Navico Holding AS	Egersund, Norway	Norway	NOK	203,608	100%	100%
Naviop SRL	Forli, Italy	Italy	EUR	100	100%	100%
Yacht Defined AB	Stockholm, Sweden	Sweden	SEK	50	100%	100%
Navico Sweden II AB ²	Goteborg, Sweden	Sweden	SEK	340	70%	49%
HOC Yachts AB	Stockholm, Sweden	Sweden	SEK	50	70%	49%
Navico Canada Inc.	Edmonton, Alberta, Canada	Canada	CAD	-	100%	100%
Brookes & Gatehouse Ltd	Hampshire, United Kingdom	United Kingdom	GBP	-	100%	100%
Digital Marine Solutions Holding AS ³	Egersund, Norway	Norway	NOK	n/a	-	100%
Navico Norway AS	Egersund, Norway	Norway	NOK	200	100%	100%
C-Map India Private Limited	Maharashtra, India	India	INR	2,500	100%	100%
Navico Hellas MEPE	Attica, Greece	Greece	EUR	25	100%	100%
C-Map Japan K.K.	Tokyo, Japan	Japan	JPY	10,000	100%	100%
Cruise LLC	St. Petersburg, Russia	Russia	RUB	15	100%	100%
C-Map Italy Srl	Massa, Italy	Italy	EUR	234	100%	100%
GeoMind S.r.l.	Pisa, Italy	Italy	EUR	30	100%	0%
C-Map Poland SP. z o.o.	Gdansk, Poland	Poland	PLN	5	100%	100%
DMS Assurance LLC ⁴	Delaware, Jersey, USA	USA	USD	-	100%	100%

1. Maritime Information Systems AS was merged into Navico Norway AS as of 1 January 2019.

2. Navico Holding AS increased its share in the Navico Sweden II AB and HOC Yachts AB respectively to 70% via conversion of the convertible debenture.

3. Digital Marine Solutions Holding AS was merged into Navico Holding AS effective as of 7 January 2019.

4. DMS Assurance was dissolved 23 January 2020.



Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. Navico Group AS owns, directly or indirectly, 100% of the voting interest in all subsidiaries, except for Navico Sweden II AB and HOC Yachts AB.

Intra-group transactions

All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated on consolidation.

Change in the ownership

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

Non-controlling interests

Non-controlling interests (NCI) represent the equity in a subsidiary not attributable, directly or indirectly, to Navico Group AS. Total comprehensive income within a subsidiary is attributed to the non-controlling interest even if that results in a deficit balance. The NCI relates to Navico Sweden II AB and HOC Yachts AB. Due to immateriality, summarised financial information about these subsidiaries is not provided. Navico has an economic interest of 70% of both companies, and 70% of the voting interest.

4. Summary of significant accounting policies

The following are the significant accounting policies applied by the Group in preparing its consolidated financial statements:

4.1 Business combination and goodwill and common control transactions

Business combinations are accounted for using the acquisition method as defined in IFRS 3 Business Combinations. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value, and the amount of any non-controlling interest in the acquiree. For each business combination, the Group measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition related costs are expensed as incurred, and included in the line item "separately disclosed items" in the statement of income.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, is recognised in profit or loss.

Goodwill is initially measured at cost, being the excess of the consideration transferred, plus the amount of any non-controlling interest, plus the acquisition-date fair value of the acquirer's previously held equity interest in the acquiree in a business combination achieved in stages, over the net of the acquisition-date amounts of identifiable assets acquired and liabilities assumed. Any negative goodwill is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

4.1.1 Common control transactions

IFRS 3 does not apply to a business combination of entities or businesses under common control (common control transaction). A business combination involving entities or businesses under common control is a business combination in which all of the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory. Navico accounts for a common control transaction by including the carrying values of assets and liabilities as measured by the acquiree according to IFRS based on the pooling of interest method. Income and expenses are consolidated from the date of pooling of interest, without restating any comparative figures.

In 2018 this is relevant for the common control transaction with C-MAP that had the same owners as Navico, and was transferred to Navico by its owners on 30 June 2018.



4.2 Foreign currency translation

The presentation currency of the Group is USD. Each entity of the Group records transactions and items in the statement of financial position in its functional currency. Transactions denominated in currency other than the functional currency are recorded at the spot exchange rates prevailing at the date of the transactions. The functional currency of the parent is USD. Rounding differences may mean that amounts and percentages reported do not necessarily add up to the total shown.

Monetary assets and liabilities denominated in a currency other than the functional currency of the entity are translated at the closing rates.

Exchange differences resulting from the settlement of these transactions and from the translation of monetary items are recognised in the income statement.

Non-monetary assets denominated in a currency other than the functional currency continue to be translated against the rate at initial recognition and will not result in exchange differences. On consolidation, the statement of financial position of subsidiaries whose functional currency are not in USD are translated into USD at the closing rate. The consolidated statements of comprehensive income of these entities are translated into USD at the average monthly rates for the year.

Exchange differences arising from the translation of the net investment in entities with a functional currency other than USD are recorded through other comprehensive income in the translation reserve.

The same applies to exchange differences arising from borrowings and other financial instruments in so far as they hedge the currency risk related to the net investment. On disposal of an entity with a functional currency other than the USD, the cumulative exchange differences relating to the translation of the net investment are recognized in the income statement.

4.3 Revenue recognition

Performance obligations and revenue recognition policies

Revenue is measured based on the consideration specified in the contract with the customer, adjusted with estimated discounts etc. The Group recognises revenue when it transfers control over a good or service to a customer.

The following provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms and the related revenue recognition policies.

The Group primarily sells standard products. This is primarily equipment to be used in different kind of boats and vessels. The Group also sell licenses of its or third parties intellectual property (IP). It also provides some services.

Standard products

Products include radars, fishfinders, autopilots, navigation systems, sonars, trolling motors, communication equipment and instruments / gauges, compasses, instruments and fishing echo sounders. The Group also sells some equipment that are provided by third parties, where the Group has evaluated that it is the principal. Software that is embedded in a hardware as an operating system, is regarded as a part of the equipment.

Customers obtain control of standard products when the goods are shipped from the Group's warehouse based on ex works incoterm. Invoices are generated at that point in time and usually payable within 30-60 days.

Revenue is recognised when the goods are shipped. See general description of discounts and rebates below.

Standard products account for approximately 95% of total revenues for the Group in 2019.

Licenses

The Group sells licenses to its own intellectual property (IP), for example maps, raw data and software. In the middle of 2018, Navico integrated the C-MAP brand of commercial digital charts, increasing such sales for the Group.

Most licenses are separate performance obligations. However, some are embedded in a hardware as an operating system, and therefore regarded as a part of the equipment (see above).

License of intellectual property is largely a right to use the Group's IP as it exists at a point in time ("right to use" license). For such licenses, revenue is recognised when the customer receives access to use the IP.

For some right to use licenses, the Group also provides subsequent services (updates etc.) which is regarded as a separate performance obligation (see below).

For licenses, invoices are generally generated when the license period starts, and usually payable within 30 days.

Some license payments received are based on sales realised by the customer. The Group regards this as a sales based royalty. Revenue is recognised when the customer performs the sale and report it to the Group. The Group invoices the customers at the end of a month or quarter based on data received from the customer. Example is sale of raw data to vendors that integrates it into their products.



The Group sells some electronic navigational charts (ENCs) that are provided by third parties, where the Group has evaluated that it is the principal. Some of these agreements are regarded as promising the customer a right to use license, see above. In some ENC sales, the customer is by law not allowed to operate (sail) without having downloaded the latest upgrades or updates, and the Group has evaluated that in these situations the initial chart is not separate from the subsequent service. Revenue is therefore recognised over time, on a time-based measurement basis. The ENC and services are provided to the Group by an external party. The Group evaluates that it receives the services from the third party at the time it satisfies its promise to the customer, and any prepayment is recognised as prepaid expenses. These contracts are typically for a term of one year, but can also cover a shorter period such as 3 or 6 months. Invoices are generally generated at the start of the contract. This can be at any point during the year. Invoices are usually payable within 30 days.

Services

The Group has developed software systems that it uses to provide services to its customers. A customer receives a right to access the Group's software systems as it exists at any point in time. The customer is dependent on the Group's infrastructure to derive benefits of the license, and expects and is dependent on the Group operating, maintaining, updating the content and systems at all times. Examples include value added services provided by C-MAP, such as fleet management software, weather routing and voyage optimization.

The Group has assessed that in these contracts it does not provide a separable license, but instead provides the customer with a service. The customer receives and consumes the benefits as time passes, and the Group recognizes revenue on a straight-line basis over the license period or the specific voyage. For these services, invoices are generally generated monthly, after the performance of the service and are usually payable within 30 days.

For some right to use licenses, the Group also provides subsequent services (updates etc.) which is regarded as a separate performance obligation (see below). Revenue is recognised at the time the service is performed. Progress measure differs between the types of service, including on a time basis when the promise is regarded as to stand-ready to deliver, based on cost incurred compared to total costs when the cost incurred is regarded as satisfaction of the promise, or when specific services are delivered, for example a specific upgrade.

The Group also offers other services. Some are provided by the Group's employees or hired personnel, such as service on board. The Group has assessed that it provides the customer with a service, and that the customer receives and consumes the benefits when the service is performed, and this is the time of revenue recognition. For these services, invoices are generally generated when the service are delivered, or at least monthly, and usually payable within 30 days.

Other performance obligations

The Group provides some freight services, insignificant extended warranties and promotional rebates that provides the customer's customer with a discount on future purchases. These are separate performance obligations. However, these performance obligations are not separately accounted for due to immateriality. Additionally, for freight and promotions the timing between fulfilling the performance obligations are short, and it would have an insignificant effect on timing of revenue recognition.

General information on discounts, rebates, coverage of advertising etc.

The Group offers some early payment and volume discounts, promotional rebates, price protection, and coverage of advertising performed by customer for the Group's products. The Group has used the practical expedient not to adjust for financing component as the difference between transfer for promised good or service and payment is less than one year. Volume discounts, price protection and coverage of advertising where the Group cannot demonstrate to have received a separate service are regarded as variable consideration, which normally can be estimated based on past experience without constraint of revenue recognition. Variable consideration is estimated using expected value method. Discount and price protection primarily relates to standard products. For coverage of advertising where the Group receives a distinct service and can estimate the fair value of what it receives is recognized as an expense, at the time the service is received.

Warranties

The Group offers assurance type warranties for product defects. The Group recognizes provision for warranties when the underlying product is sold based on historical incurred warranty costs data. The Group expects to settle the majority of the liability over the next year.

4.4 Distinction between current and non-current

An asset is classified as current when it is expected to be realised or sold, or to be used in the Group's normal operating cycle, or falls due or is expected to be realised within 12 months after the end of the reporting period. Other assets are classified as non-current. Liabilities are classified as current when they are expected to be settled in the normal operating cycle of the Group, are held for trading, are expected to be settled within 12 months of the end of the reporting period, or if the Group does not have an unconditional right to postpone settlement for at least 12 months after the reporting date. All derivatives are classified as current.

4.5 Intangible assets

Following initial recognition intangible assets are carried at historic cost less accumulated amortization and any impairment losses. Costs of software maintenance are expensed when incurred.

Intangible assets with definite useful lives are amortised over their estimated useful lives and assessed for impairment whenever there is an indication of impairment. The amortization method is normally straight line, with no estimated residual value. The estimated useful lives and the amortisation methods are reviewed at least at the end of each year. Intangible assets with indefinite useful lives, intangible assets under construction and goodwill are not amortised, but instead tested for impairment at least at the end of each year. Currently the Group has determined that brand names have indefinite useful lives.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the income statement when the asset is derecognised.

The trademarks used to identify and distinguish main products of the Group (Lowrance, Simrad, B&G, C-MAP) are automatically renewed every ten years at little cost and are well established. The Group intends to renew the trademarks continuously and evidence supports its ability to do so. An internal analysis of product life cycle studies and market and competitive trends provides evidence that the product will generate net cash inflows for the Group for an indefinite period. Therefore, the trademark is carried at cost without amortisation, but is tested for impairment in accordance with note 16.

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale
- Its intention to complete and its ability to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

The development projects mainly relate to development of new products, development of new solutions, development of online applications, etc.

Software includes acquired software licenses.

Amortisation of the asset begins when development is complete and the asset is available for use. The currently estimated useful lives are as follows:

Category	Years
Developed products	3 - 5
Goodwill	Indefinite
Brand name	Indefinite
Customer relations	15
Software	3 - 5

4.6 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation calculated and less any impairment losses. Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives to their estimated residual values (normally zero). Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

Subsequent expenditure is added to the carrying value of the asset or is recognised separately when it is probable that future economic benefits related to the expenditure will flow to the Group, and the cost can be measured reliably. The carrying amount related to replaced parts is expensed.

The estimated remaining lives of assets, depreciation methods and residual values are reviewed at the end of the year, taking into account of commercial and technological obsolescence as well as normal wear and tear. The currently estimated useful lives are as follows:

Category	Years
Land (freehold)	Indefinite
Buildings	10 - 50
Plant and machinery	5 - 20
Other equipment	3 - 15

Freehold land is not depreciated. An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use or the sale of the asset. Any gain or loss arising on derecognition of the asset is recorded in the income statement.



4.7 Leases

The Group early adopted IFRS 16 Leases retrospectively as from 1 January 2018, see note 4.17 for further information. The Group is the lessee in all its lease contracts.

Group as a lessee

IFRS 16 introduced a single, on-balance sheet lease accounting model for lessees. The Group recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. The Group does not recognize assets and liabilities for short-term leases (12 months or less) or for leases of low value items.

The right-of-use asset is included in the line "property, plant and equipment" in the consolidated balance sheet. Lease liabilities are included in the line current and non-current "interest-bearing loans and borrowings"

A right-of-use asset is depreciated on a straight-line basis over the shorter of remaining useful life and remaining lease term, presented as part of "depreciation, amortization and impairment" in the consolidated statement of income. Interest expense on the lease liability is included as a component of "finance expenses" in the consolidated statement of income, and added to the lease liability. Net lease payment is recognised as a reduction to the lease liability.

4.8 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

4.9 Financial Instruments

The Group adopted IFRS 9 Financial Instruments as from 1 January 2018, see note 4.17 for further information.

4.9.1 Financial assets

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets. All financial assets are recognised initially at fair value, with addition of transaction costs for assets not at FVTPL.

A financial asset is measured at amortised cost if it meets both of the following conditions, and is not designated as at FVTPL:

- It is held within a business model whose objectives is to hold assets to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

The Group's financial assets are primarily cash and cash equivalents, trade receivables and a non-current loan to the owners (related parties). Based on the nature of these assets and how they are managed, the Group has evaluated that these qualify for classification as measured at amortised cost.

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses, impairments and any gain or loss on derecognition are recognized in profit or loss.

The Group has some derivatives that is uses for economic hedges, but has not applied hedge accounting. Derivatives are at FVTPL, classified as assets if the fair values are positive. These assets are subsequently measured at fair value. Net gains and losses, including any interest income, are recognized in profit of loss.

Before implementation of IFRS 9 as of 1 January 2018, the Group had financial assets in the categories loans and receivables and derivatives at FVTPL. In practice, subsequent measurement and gains and losses were similar to those under IFRS 9. The impairment model under IFRS 9 is different, but the Group has evaluated that any effect of the change was not significant at 1 January 2018, see note 4.17 for further description.

Impairment of financial assets

The Group recognizes loss allowances at an amount equal to lifetime expected Credit losses (ECL) on trade receivables and contract assets (the Group has insignificant amounts of contract assets).

The Group measures loss allowances at 12-months ECLs for the receivables on related parties and bank balances that are determined to have low credit risk at the reporting date and for which credit risk has not increased significantly since initial recognition. When determining whether the credit risk of a financial asset has increased significantly, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort.



The Group assesses at each reporting date whether financial asset carried at amortized cost are credit impaired. A financial asset is credit impaired based on one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence of credit impairment includes the following observable data: significant financial difficulty of the debtor, a breach of contract such as a default or being more than 120 days past due, the restructuring of a receivable by the Group on terms that the Group would not consider otherwise, or it is probable that the debtor will enter bankruptcy or other financial reorganization, or the disappearance of an active market for a security because of financial difficulties.

Loss allowances are deducted from the gross carrying amount of the financial asset. The gross carrying amount of a financial asset is written off when the Group has not reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

Navico uses a provision matrix method for both trade receivables and contract assets for the customers on initial recognition. The provision matrix is based on its historical observed default rates which are adjusted for forward-looking estimates. Navico opted for the provision matrix method due to the large number of customers (approximately 4000 customers with sales over 1,000 USD).

Navico provision matrix specifies fixed provision rates based on days past due (not overdue, less than 30 days overdue, overdue more than 30 days but less than 90 days, overdue more than 90 days but less than 120 days, over 120 days) for groups of customers in different geographies that have similar loss patterns.

Forward-looking estimates include (i) any signs of the deterioration of financial position for significant customers; (ii) correlation of default rates and GDP growth.

For overdue payments, the Group individually makes an assessment with respect to the timing and amount of write-off of the gross carrying amount based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

4.9.2 Financial liabilities

The Group's financial liabilities include trade and other payables, bank overdrafts, loans and borrowings and derivatives.

Financial liabilities are classified as measured at amortised cost or FVTPL. For the Group, only derivatives are classified as FVTPL. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense, foreign exchange gains and losses and any gain or loss on derecognition are recognized in profit or loss.

Fair value of financial instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs. For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include:

- Using recent arm's length market transactions;
- Reference to the current fair value of another instrument that is substantially the same;
- A discounted cash flow analysis or other valuation models.

An analysis of fair values of financial instruments and further details as to how they are measured are provided in note 28.

4.9.3 Derivative financial instruments

The Group uses derivative financial instruments such as forward currency contracts and interest rate swaps. The purpose is to economically hedge currency and interest rate risks. Hedge accounting has not been applied.

Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are recognised in profit or loss.



4.10 Inventories

Inventories are valued at the lower of cost and net realisable value, including costs incurred in bringing each product to its present location and condition. Inventories are accounted for as follows:

Raw materials:

- Purchase cost on a first in, first out basis

Finished goods and work in progress:

- Cost of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs to sell.

4.11 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a post-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecasts which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses, including impairment on inventories, are recognised in the income statement in those expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years.

The following criteria are also applied in assessing impairment of specific assets:

Goodwill

Goodwill is tested for impairment annually as at 31 December and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than their carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

Intangible assets with indefinite useful lives

Intangible assets with indefinite useful lives are tested for impairment annually as at 31 December either individually or at the CGU level, as appropriate and when circumstances indicate that the carrying value may be impaired.

4.12 Cash and cash equivalents

Cash and cash equivalents in the consolidated statement of financial position and cash flows comprise cash at banks and on hand and short-term deposits with a maturity of three months or less.



4.13 Provisions

Provisions are recognised when all of the following conditions are met:

- There is a present legal or constructive obligation as a result of past events;
- It is probable that a transfer of economic benefits will settle the obligation; and
- A reliable estimate can be made of the amount of the obligation.

The probable amount required to settle long-term obligations is discounted if the effect of discounting is material. Where discounting is used, the increase in the provision due to the passage of time is recognised as interest costs.

Provision for warranties is recognised when the underlying products or services are sold. The provision is based on historical warranty data, and a weighting of all possible outcomes against their associated probabilities. The warranty provision is revised at the end of each reporting period.

4.14 Long term employee benefits

Defined contribution plans

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

4.15 Income taxes

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the end of the reporting period in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the income statement.

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

If management concludes that it is probable that the tax authority would accept the treatment in the tax return, assuming that the tax authority would have full knowledge of all relevant information, the treatment in the tax return is used in the financial statements. If it is not probable that the tax authority would accept the treatment, management reflects the uncertainty using the most likely amount or the expected value, whichever provides a better prediction.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised

The Group's accounting policy is that at initial recognition of a right-of-use asset and a lease liability, the initial recognition exemption for deferred tax in paragraphs 15 and 24 of IAS 12 does not apply to the extent the amounts recognised for the temporary differences are the same.



The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, would be recognised subsequently if new information about facts and circumstances changed. The adjustment would either be treated as a reduction to goodwill (as long as it does not exceed goodwill) if it is incurred during the measurement period or recognised in profit or loss.

Sales tax

Revenues, expenses and assets are recognised net of the amount of sales tax, except:

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- Receivables and payables are stated with the amount of sales tax included

4.16 Cash flow statement

The cash flow statement has been prepared using the indirect method.

Cash flows denominated in foreign currencies are translated at estimated average exchange rates. Cash exchange differences are included separately in the cash flow statement.

Interest paid are included in cash flow from financing activities.

Dividend distributions are included under cash flow from financing activities.

Transactions for which no cash or cash equivalents are exchanged, including finance leases are not included in the cash flow statement.

The Group classifies cash payments for the interest and principal portion of the lease liability within financing activities. Payments for short-term leases, payments for leases of low-value assets and variable lease payments not included in the measurement of the lease liability are classified as part of operating activities.

4.17 Changes in accounting policies and disclosures

Change in significant accounting policies

The Group has initially applied IFRS 15, IFRS 9 and IFRS 16 from 1 January 2018. Other new or changes standards effective from 1 January 2018 and 1 January 2019 did not have a material effect on the Group's financial statements.

The Group has applied these standards retrospectively, with restatement of comparative information throughout these financial statements for IFRS 16 and IFRS 15. However, the implementation of IFRS 15 did not have any effects other than some reclassifications and note disclosures. The effect of applying IFRS 16 is mainly related to the Group as a lessee attributed the following:

- Recognition of right of use (RoU) assets and lease liabilities in the balance sheet.
- Recognition of lease expenses as depreciation and interest expenses, instead of other operating expenses in the statement of income. In the initial period of a lease contract, total expenses increase compared to a straight-line recognition of lease expenses according to the previous IAS 17.
- Presentation in the cash flows statement, whilst net cash flow is unaffected.



IFRS 15

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaced IAS 18 Revenue, IAS 11 Construction contracts and related interpretations. Under IFRS 15, revenue is recognised when a customer obtains control of the goods and services. Determining the timing of transfer of control – at a point in time or over time – requires judgement.

The Group has adopted IFRS15 using the full retrospective approach. The Group has used the practical expedients in IFRS15.C5 for completed contracts.

The Group primarily sells standard products. The customers are primarily distributors that resell the Group's products. The Group has assessed and concluded that the implementation of IFRS 15 did not have any effect on equity, the income statement or the cash flow statement. The Group has evaluated that it has no contract assets. There is also no change in the balance sheet; the Group's only contract liabilities are limited amounts of prepaid revenues, which is not separately disclosed in the balance sheet but instead in a note. The Group has trade receivables as described in IFRS 15. Furthermore, the Group has determined that it has no costs to obtain or fulfil a contract that is required to be capitalised according to IFRS 15. The Group does not grant the customer a right of return (except for defect products) that would give rise to a refund liability and an asset. Payment made by the Group to vendors for future updates and upgrades of Electronic Navigational Charts (ENCs) is recognised as a prepaid cost in the balance sheet. The Group recognise warranty provisions according to IAS 37.

IFRS 9

IFRS 9 Financial Instruments sets out requirements for the classification, measurement and derecognition of financial assets and financial liabilities, and introduces new rules for hedge accounting and a new impairment model for financial assets. The standard replaces IAS 39 Financial Instruments: Recognition and Measurement.

As a result of the adoption of IFRS 9, the Group has adopted consequential amendments to IAS 1 Presentation of Financial Statements, which require impairment of financial assets to be presented in a separate line item in the income statement or disclose in the notes if not material. Previously the Group included the impairment of trade receivables in the line item "other operating expenses", which is now presented separately in the note 10 "Other operating expenses". The amounts were USD 0.6 million in both 2018 and 2017. Due to materiality impairment of trade receivables were not disclosed as a separate line item in the income statement. Impairment losses on other financial assets are presented under "financial expenses", similar to the presentation under IAS 39, and not presented separately in the income statement due to materiality considerations.

Additionally, the Group has adopted consequential amendments to IFRS 7 Financial Instruments: Disclosures that are applied to disclosures about 2018 but have not been generally applied to comparative information.

Changes in accounting policies resulting from the adoption of IFRS 9 have been applied retrospectively, except that the Group has used the exemption not to restate comparative information for prior periods with respect to classification and measurement (including impairment) requirements. Accordingly, the information presented for 2018 does not generally reflect the requirements of IFRS 9, but rather those of IAS 39. Any differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of IFRS 9 would under this transition method have been recognized to equity at 1 January 2018. As discussed elsewhere, the Group has concluded that there is no effect to be recognized to equity at 1 January 2018.

Due to the transition method chosen by the Group in applying IFRS 9, comparative information has not been restated to reflect the requirements of the new standard except for separately presenting impairment loss on trade receivables in the note "Other operating expenses".

IFRS 9 replaces the "incurred loss model" in IAS 39 with an "expected credit loss" (ECL) model. With relevance for the Group, the new impairment model applies to financial assets measured at amortised cost and contract assets. Under IFRS 9, credit losses are recognized earlier than under IAS 39, and impairment losses are generally expected to increase and become more volatile. Due to the history with limited realized losses, the Group's established policy, procedures and control relating to customer credit risk management and previously applied policy for estimating credit losses, the Group has concluded that the loss provision at 1 January 2018 would not have been significant increased under the IFRS 9 loss model, and no additional impairment has been recognized at transition to IFRS 9. See note 5.2 for further discussion of credit losses.

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. IFRS 9 eliminates the previous IAS 39 categories of held to maturity, loans and receivables and available for sale. The Group's financial assets (in addition to cash and cash equivalents) are primarily trade receivables and a non-current loan to the owners (related parties). The Group has evaluated that these qualify for classification as measured at amortised cost. The Group has also some derivatives that are classified as assets if the fair values are positive.



IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. The adoption of IFRS 9 has not had a significant effect on the Group's accounting policies related to financial liabilities and derivative financial instruments.

The Group uses derivatives for economic hedges but has not applied hedge accounting under IAS 39 or IFRS 9.

The following table explains original measurement categories under IAS 39 and the new measurement categories under IFRS 9 at 1 January 2018. There was no effect on the carrying amounts of financial assets or liabilities at 1 January 2018 due to the adopting of IFRS 9.

USD (thousands)	Original classification IAS 39	New classification IFRS 9	Carrying amount ¹
Financial assets			
Derivatives	Held-for-trading	Mandatorily at FVTPL	4,717
Non current receivables	Loans and receivables	Amortised cost	10,816
Trade receivables	Loans and receivables	Amortised cost	56,477
Receivables from related parties and other debtors	Loans and receivables	Amortised cost	2,983
Cash and cash equivalents	Loans and receivables	Amortised cost	5,845
Total financial assets			80,838
Financial liabilities			
Interest-bearing loans and borrowings	Other financial liabilities	Other financial liabilities	258,486
Contingent consideration	Other financial liabilities	Mandatorily at FVTPL	2,424
Other non-current liabilities	Other financial liabilities	Other financial liabilities	1,995
Trade and other payables (excl. contract liabilities and accruals)	Other financial liabilities	Other financial liabilities	42,484
Derivatives	Held-for-trading	Mandatorily at FVTPL	567
Lease liabilities	N/a ²	Other financial liabilities	14,099
Total financial liabilities			320,055

1. Original and new amount is equal, except for lease liabilities

2. The lease liabilities were not recognized in the balance sheet before the implementation of IFRS 16, so no "original amount"

IFRS 16

IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low value items. Lessor accounting remains to a large extent unchanged, i.e. lessors continue to classify leases as finance or operating leases. IFRS 16 replaces IAS 17 Leases and related interpretation guidance.

IFRS 16 is mandatory from 1 January 2019. The Group has elected to early implement IFRS 16 as of 1 January 2018 applying full retrospective approach.

The Group is the lessee in all lease contracts, and has no material contracts in which it is the lessor. The Group has for all lease contracts elected the recognition exemptions for short-term leases and leases of low value items.

The Group has in the consolidated balance sheet elected to present right-of-use assets together with "property, plant and equipment. Lease liabilities are included in current and non-current "interest-bearing loans and borrowings" in the consolidated balance sheet. Specifications are provided in the notes.

In the consolidated income statement, the Group present interest expense on the lease liability as a component of "finance expenses", and the depreciation charge for the right-of-use asset as part of "depreciation, amortization and impairment".

In the statement of cash flows, the Group classifies cash payments for the interest and principal portion of the lease liability within financing activities, and short-term lease payments, payments for leases of low-value assets and variable lease payments not included in the measurement of the lease liability within operating activities.

Amendments to IFRS 9 Financial Instruments - Prepayment Features with Negative Compensation

Under IFRS 9, a debt instrument can be measured at amortised cost or at fair value through other comprehensive income, provided that the contractual cash flows are 'solely payments of principal and interest on the principal outstanding' (the SPPI criterion) and the instrument is held within the appropriate business model for that classification. The amendment to IFRS 9 clarify that a financial asset passes the SPPI criterion regardless of the event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract.

The amendments should be applied retrospectively and are effective for annual periods beginning on or after 1 January 2019. These amendments had no impact on the consolidated financial statements of the Group.



Amendments to IAS 19 Employee Benefits – Plan Amendment, Curtailment or Settlement

The amendments address the accounting when a plan amendment, curtailment or settlement occurs during a reporting period.

The amendments should be applied prospectively to plan amendments, curtailments or settlements occurring on or after the beginning of the first annual reporting period that begins on or after 1 January 2019, with earlier application permitted.

The amendments had no impact on the consolidated financial statements of the Group as it did not have any plan amendments, curtailments, or settlements during the period.

Amendments to IAS 28 Investments in Associates and Joint Ventures - Long-term Interests on Associates and Joint Ventures

The amendments clarify that a company applies IFRS 9 Financial Instruments to long-term interests in an associate or joint venture to which the equity method is not applied but that, in substance, form part of the net investment in the associate or joint venture (long-term interests). This clarification is relevant because it implies that the expected credit loss model in IFRS 9 applies to such long-term interests.

The amendments also clarified that, in applying IFRS 9, an entity does not take account of any losses of the associate or joint venture, or any impairment losses on the net investment, recognised as adjustments to the net investment in the associate or joint venture that arise from applying IAS 28 Investments in Associates and Joint Ventures.

The amendments should be applied retrospectively and are effective for annual periods beginning on or after 1 January 2019. Exceptions could be applied. Since the Group does not have such long-term interests in its associate and joint venture, the amendments had no impact on the Group's consolidated financial statements.

IFRIC 23 Uncertainty over Income Tax Treatments

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12 Income Taxes and does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments.

The Interpretation specifically addresses:

- Whether an entity considers uncertain tax treatments separately;
- The assumptions an entity makes about the examination of tax treatments by taxation authorities;
- How an entity determines taxable profit or loss, tax bases, unused tax losses, unused tax credits and tax rates;
- How an entity considers changes in facts and circumstances.

The Group determines whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments and uses the approach that better predicts the resolution of the uncertainty.

The Group applies significant judgement in identifying uncertainties over income tax treatments. Since the Group operates in a complex multinational environment, it assessed whether the Interpretation had an impact on its consolidated financial statements.

Upon adoption of the Interpretation, the Group considered whether it has any uncertain tax positions, particularly those relating to transfer pricing. The Company's and the subsidiaries' tax filings in different jurisdictions include deductions related to transfer pricing and the taxation authorities may challenge those tax treatments. The Group determined, based on its tax compliance and transfer pricing study that it is probable that its tax treatments (including those for the subsidiaries) will be accepted by the taxation authorities. The Interpretation did not have an impact on the consolidated financial statements of the Group.



Annual Improvements Cycle - 2015-2017

The IASB issued the 2015-2017 cycle improvements to its standards and interpretations, primarily with a view to removing inconsistencies and clarifying wording. These improvements include:

- IFRS 3 Business Combinations - Previously held interest in a joint operation: The amendments clarify that when an entity obtains control of a business that is a joint operation, it applies the requirements for a business combination achieved in stages, including remeasuring previously held interests in the assets and liabilities of the joint operation at fair value. In doing so, the entity remeasures its entire previously held interest in the joint operation. An entity applies the amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2019. These amendments had no impact on the consolidated financial statements of the Group as there is no transaction where joint control is obtained.
- IFRS 11 Joint Arrangements - Previously held interest in a joint operation: The amendments clarify that when a party that participates in, but does not have joint control of, a joint operation in which the activity of the joint operation constitutes a business as defined in IFRS 3, obtains joint control of the joint operation, the previously held interests in that joint operation are not remeasured. An entity applies the amendments to transactions in which it obtains joint control on or after the beginning of the first annual reporting period beginning on or after 1 January 2019. These amendments had no impact on the consolidated financial statements of the Group as there is no transaction where a joint control is obtained.
- IAS 12 Income Taxes - Income tax consequences of payments on financial instruments classified as equity: The amendments clarify that the income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity recognises the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity recognised the originating transaction or event that generated the distributable profits giving rise to the dividend. An entity applies the amendments for annual reporting periods beginning on or after 1 January 2019. When an entity first applies the amendments, it applies them to the income tax consequences of dividends recognised on or after the beginning of the earliest comparative period.

Since the Group's current practice is in line with these amendments, they had no impact on the consolidated financial statements of the Group.

- IAS 23 Borrowing Costs - Borrowing costs eligible for capitalisation: The amendments clarify that an entity treats as part of general borrowings any borrowings originally made to develop a qualifying asset when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete. An entity applies the amendments to borrowings costs incurred on or after the beginning of the annual reporting period in which the entity first applies the amendments. An entity applies the amendments for annual reporting periods beginning on or after 1 January 2019. Since the Group's current practice is in line with these amendments, they had no impact on the consolidated financial statements of the Group.

New standards and interpretations issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these standards and interpretations, if applicable, when they become effective.

- Amendments to IFRS 3 Business Combinations - Definition of a business, effective 1 January 2020.
- IFRS 17 Insurance Contracts, effective 1 January 2021
- Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors - Definition of material, effective 1 January 2020.

Amendments to IFRS 3 Business Combinations - Definition of a business

The narrow-scope amendments clarify how to determine whether an acquired set of activities and assets is a business or not. The amendments clarify the minimum requirements for a business; remove the assessment of whether market participants are capable of replacing any missing elements; add guidance to help entities assess whether an acquired process is substantive; narrow the definitions of a business and of outputs; and introduce an optional fair value concentration test.

Companies are required to apply the amended definition of a business to acquisitions that occur on or after 1 January 2020. Earlier application is permitted. Since the amendments apply prospectively to transactions or other events that occur on or after the date of first application, the Group will not be affected by these amendments on the date of transition.

Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors – Definition of material

The amended definition of material clarify that the materiality assessment will need to take into account how primary users could reasonably be expected to be influenced in making economic decisions.

The amendments clarify that the assessment of materiality will depend on the nature or magnitude of information. The amendments also clarify that, in assessing whether an information could reasonably be expected to influence decisions of the primary users, an entity must consider the characteristics of those users as well as its own circumstances.

The amendments to IAS 1 and IAS 8 are required to be applied for annual periods beginning on or after 1 January 2020. The amendments must be applied prospectively and earlier application is permitted. Since the Group's current practice is in line with the amendments, the Group does not expect any effect on its consolidated financial statements.

5. Significant accounting judgments, estimates and assumptions

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

5.1 Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements:

Revenue recognition

As the Group's primary performance obligation is to provide standard products, there is no significant judgment in determining the timing of satisfaction of performance obligations. Judgment is generally required in applying the license guidance in IFRS 15. However, the Group is of the opinion that for its existing licenses there is no significant judgment in determining which licenses are separate, and of which are right to use and right to access licenses. For licenses that cannot be separated from services and right to access licenses, the Group primarily stands ready to perform on a time increment basis, and revenue is recognised on a straight line basis over the license period.

In most contracts there is one type of performance obligations or control is transferred to the customer for different types within a short period of time, therefore, there is no significant judgment in allocating the transaction price to performance obligations.

The Group has determined that it is a principal in sale of ENC's to its customer, primarily because the company can determine the sales price (within limits) and the customer requires Navico infrastructure (network, decoding key) in order to receive updates during the subscription period and install them on its ECDIS system.

The Group has determined that it is a principal in resale of third party hardware to its customer, primarily because the hardware has been custom made to suit our requirements (e-token decoders and radar boards integrating radar images into the ECDIS, enabling overlay with cartography) and Navico can determine the sale price of the products offered.

The Group has different kinds of discount, rebates, price protection etc. These are primarily accounted for as variable consideration. The variable consideration is estimated, in most cases based on historical experience with the specific customer or type of customer. The transaction price is generally not constrained, except for new customers where historical evidence is not regarded as sufficiently relevant.

5.2 Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Impairment

The recoverable amounts of non-financial assets are based on a value-in-use calculation for the assets or cash generating units concerned. The model is based on a five year forecast of discounted cash flows, plus a terminal value. The net discounted cash flows are calculated post tax.

The key assumptions in the cash flow projections for the first five years relate to the market growth for the cash generating units and the related revenue projections. The growth is based on the growth of the global and regional nautical markets, and the production capacity of the production facilities and are set at the average market growth rate by management.



Cash flow projections beyond the five-year forecast period are based on a growth rate of 2.0%

Unfavourable changes compared to the assumptions made, as well as increase in market interest rates and risk premiums, may lead to impairment losses in subsequent periods.

Development costs

The Group capitalises costs for product development projects. Initial capitalisation of costs is based on management's judgement that technological and economic feasibility is confirmed, usually when a product development project has reached a defined milestone according to an established project management model. In determining the amounts to be capitalised, management makes assumptions regarding the expected future cash generation of the project, discount rates to be applied and the expected period of benefits. At 31 December 2019, the carrying amount of capitalised development costs was USD 27.0 million (2018: USD 23.6 million).

Depreciation and amortization

Depreciation and amortisation are based on management estimates of the future useful lives of property, plant and equipment and intangible assets. The Group currently does not amortise brand names as it has determined that the useful lives are indefinite. Estimates may change due to technological developments, competition, changes in market conditions, inability to defend the market position, expectations for replacements or disposal of assets and other factors. Technological and market developments are difficult to predict and the Group's views on the trends and pace of development may change over time. Management periodically reviews the expected future useful lives of property, plant and equipment and intangible assets taking into consideration the factors mentioned above and other important factors. In case of significant changes in estimated useful lives, depreciation and amortization charges are adjusted prospectively, see note 15 and 17. Changes may also give rise to impairment, as discussed above. In the case of replacements or disposals any remaining carrying value will be recognized to the statement of income, net of any proceeds receivable.

Taxes

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. When an entity has a history of recent losses, the entity recognizes a deferred tax asset arising from unused tax losses only to the extent that the entity has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which the unused tax losses can be utilized by the entity. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies. In the event that actual future results differ from estimates, and depending on tax strategies that Navico may be able to implement, changes to the measurement of deferred taxes could be required, which could impact on the Group's financial position and result.

IAS 12 also states that unused tax losses is a strong evidence that future taxable profit may not be available.

Warranties

A provision is recognised for expected warranty claims on products currently under warranty period, based on past experience of the level of repairs and returns. It is expected that these costs will be incurred in the next financial year. Assumptions used to calculate the provision for warranties were based on current sales levels and current information available about returns based on the warranty period for all products sold.

Business combinations

Navico has made material business combinations, starting with the establishment of the Group in 2017.

The Group is required to allocate the purchase price of acquired companies, to the assets acquired and liabilities assumed based on their estimated fair values. Such valuations require management to make significant estimates and assumptions. The acquired intangible assets recognized by the Group include customer relationships, brand name, developed technology and in-process research and development. The significant tangible assets primarily include land and building, office equipment, machinery and plant.

Critical estimates in the evaluations of useful lives for such assets include, but are not limited to; contract periods and expected developments in technology and markets and the strength of brand names. Critical estimates in valuing certain assets include, but are not limited to; future expected net cash flows for customer contracts and hypothetical patent licensing, and replacement costs for in-process research and development and property, plant and equipment. Management's estimates of fair value and useful lives are based upon assumptions believed to be reasonable, but which are inherently uncertain and unpredictable and, as a result, actual results may differ from estimates.



6. Revenues and balances related to contracts with customers

6.1 Disaggregation of revenues

The Group believes the description of the main types of performance obligations (standard products, licenses, services and other) in the accounting policies is useful for the users of the financial statements to understand the revenue recognition policies, judgments and estimates for the Group. However, the disaggregation is not according to these main types of performance obligations. Disaggregation of revenues is based on what the Group discloses externally as well as what is used by the Chief Operating Decision Maker in evaluating performance and allocating resources.

In the following table, revenue from contracts with customers is disaggregated by primary brands.

<i>USD (thousands)</i>	2019	2018
Lowrance	155,138	189,978
Simrad	130,045	135,421
B&G	28,140	29,362
C-MAP	30,496	18,096
Total	343,819	372,857

6.2 Contract balances

The following table provides information about receivables, contract assets and contract liabilities from contracts with customers. The Group has no contract assets. Contract liabilities relates to prepayment received, primarily for annual subscriptions for which revenue is deferred over a period of one year.

<i>USD (thousands)</i>	31 December 2019	31 December 2018
Receivables, which are included in "trade and other receivables"	56,386	63,012
Contract assets	n/a	n/a
Contract liabilities, which is prepaid revenues included in "trade and other payables"	3,967	4,003

Contract assets relate to the Group's rights to consideration for work completed but not billed at the reporting date on made-to-order products. For the period presented there were no such.

The contract liabilities primarily relate to the advance consideration received from customers for annual subscriptions that are recognized as revenue pro rata during the subscription, generally over a period of 12 months, in exceptional cases up to 24 months. The amount in the balance at the end of a year is expected to be recognised as revenues during the next year. All contract liabilities at 31 December 2018 has been recognised as revenue during 2019.

Due to the nature of the Group's performance obligations no significant amount of revenue has been recognised in a year for performance obligations satisfied (or partially satisfied) in a previous year.



7. Business combinations and acquisition of non-controlling interests.

Acquisitions 2019

Acquisition of GeoMind S.r.l.

On 11 April 2019 C-MAP Italy acquired 100% of the issued shares in GeoMind S.r.l., a designer and developer of new technologies and software products for GIS-based applications, with a particular specialization in the field of 3D visualization, for consideration of USD 2.2m.

The acquisition and successful integration of GeoMind's technologies is expected to further contribute to Navico's growing portfolio of online digital and mobile platforms and marine navigation services.

The fair values of the identifiable assets and liabilities of GeoMind S.r.l. as at the date of acquisition were:

USD (millions)	Fair value recognised on acquisition
Property, plant and equipment	2
Intangible assets	1,735
Trade and other receivables	142
Cash and cash equivalents	284
Deferred tax liabilities	(416)
Trade and other payables	(107)
Total net identifiable assets at fair value	1,641
Non-controlling interest of acquiree's net assets	-
Goodwill arising on acquisition	601
Purchase consideration	2,241
Paid in cash	1,685
Contingent consideration liability	557
Purchase consideration	2,241

The goodwill of USD 0.6 million comprises the value of expected synergies arising from the acquisition including GeoMind workforce. A liability at fair value of USD 0.6 million was recognized which relates to the remaining payments of the purchase consideration in the next two years. Payments are subject to the achieving eight objectives in the 24 months following the acquisition. These objectives relate to the development of GeoMind tools, their integration into Navico products, and coverage of the specified geographies.

From the date of acquisition, GeoMind S.r.l. contributed USD 14 thousand of revenue and USD 61 thousand to profit before tax of the Group. If the combination had taken place at the beginning of the year, Group revenue would have been USD 3 thousand higher and profit before tax for the Group would be USD 49 thousand lower.

Acquisition of additional interest in HOC Yacht

On 30 September 2019, the Group called for full conversion of the convertible debenture into common shares increasing its ownership interest in Navico Sweden II AB and HOC Yachts AB to 70.0%. The convertible debenture at the date of conversion was equal to USD 1.5 million.

The carrying value of the net assets of Navico Sweden II AB (excluding goodwill on the original acquisition) was USD 0.5 million. Following is a schedule of additional interest acquired in Navico Sweden II AB:

USD (thousands)	
Convertible debenture converted into additional interest in Navico Sweden II AB	1,499
Carrying value of the additional interest in Navico Sweden II AB	(87)
Difference recognised in retained earnings	1,412



8. C-MAP merger

Merger of C-MAP Group AS

Marine Innovations Group AS owns indirectly 98.30% of Navico Group AS and was until 30 June 2018 the indirect owner of 98.21% of C-MAP Group AS. On 30 June 2018, Marine Innovations Group transferred the ownership of C-MAP Group AS to Navico Group AS by contribution in kind. Navico Group AS issues shares to Nanna MidCo I AS as a consideration.

Navico accounts for this common control transaction applying pooling of interest method by including the carrying values of assets and liabilities as measured by Navico Group AS according to IFRS on 30 June 2018 (equity balances were carried over). Income and expenses are consolidated from 30 June, without restating any comparative figures. Any difference between consideration transferred and the net assets acquired is recognized directly to equity.

The carrying values as measured in C-MAP Group AS according to IFRS on 30 June 2018:

USD (thousands)	Carrying values at 30 June 2018
Assets	
Intangible assets	29,225
Property, plant and equipment	2,647
Other non-current assets	488
Deferred tax assets	1,083
Total non-current assets	33,443
Inventories	754
Trade and other receivables	6,164
Prepayments	3,724
Cash and cash equivalents	4,257
Total current assets	14,899
Total assets	48,342
Total equity attributable to owners of the Company	11,573
Liabilities	
Interest-bearing loans and borrowings	9,913
Other non-current liabilities	2,009
Deferred income tax liabilities	2,795
Total non-current liabilities	14,718
Interest-bearing loans and borrowings	500
Trade and other payables	17,236
Contract liabilities	4,292
Current income tax liabilities	24
Total current liabilities	22,052
Total liabilities	36,769
Total equity and liabilities	48,342

From 30 June 2018, C-MAP Group AS contributed revenues of USD 13.7 million and a loss before tax of USD 2.2 million.

Had all business combinations in 2018 occurred on 1 January 2018, revenue would have been USD 386.7 million and profit before tax for the Group would have been USD 15.6 million.



9. Cost of sales

USD (thousands)	2019	2018
Cost of product sold	(151,823)	(164,030)
Cost of service sold	(9,852)	(7,191)
Warranties and return expenses	(9,519)	(8,928)
Freight and transport costs	(12,143)	(12,311)
Other costs	(1,195)	(1,992)
Total	(184,532)	(194,452)

Costs of goods sold comprises costs of two Navico factories (Ensenada and RBU) and products outsourced to the third party. Costs of goods sold comprise the following elements:

- Materials: include raw materials and finished products purchased from third parties.
- Employee benefit expenses
- Variable overheads: electricity, repair & maintenance, scrap variances, consumption parts
- Fixed overheads

Costs of service sold comprise: materials, employee-benefit expenses, third-party services for outsourced services.

Warranties and return expenses comprise credit notes to a number of dealers for faulty products, costs associated with servicing the customer to solve the warranty issue, change in warranty provision.

Freight and transport costs include both inbound and outbound freight. Outbound freight is recharged to customers.

Decrease in the cost of sales was driven by the decline of the business during 2019.

10. Other operating expenses

USD (thousands)	2019	2018
Total marketing expense	(18,976)	(18,317)
Total office costs	(16,022)	(14,298)
Total purchased services	(14,404)	(12,600)
Total travel and entertainment	(6,808)	(7,216)
Impairment of trade receivables	(2,082)	(589)
Other costs	29,292	26,236
Total	(29,000)	(26,784)

Increase in other operating expenses is driven by full-year effect of the C-MAP merger and partially offset by the cost-saving measures implemented during 2019.

The purchased services consist of audit fees (see below), legal fees and other professional fees.

Impairment of the trade receivables increased during 2019 compared to 2018 due to change in the ageing of the accounts receivables, bankruptcies of several customers in AMER and EMEA.

Other costs mainly contain capitalization of development cost.

Group audit fees (EY) excluding VAT

USD (thousands)	2019	2018
Statutory audit of financial statements	(646)	(476)
Other assurance services	-	-
Tax advisory services	(65)	(236)
Other non-audit services	(119)	(62)
Total	(830)	(774)



Research and development costs

The Group's research and development concentrates on the development of new products in marine electronics, additional functionality to existing products, improved designs. Research and development costs that are not eligible for capitalization have been expensed in the period incurred and amounted to USD 20,887 thousand during 2019 (2018 - USD 13,341 thousand).

Capitalization of development cost

USD (thousands)	2019	2018
Personnel cost	15,593	13,114
Tools and operating materials	2,708	3,521
Third party services	7,385	5,881
Travel and entertainment	778	578
Other costs	514	516
Total	26,978	23,611

Increase in the capitalization of the development costs is driven by the full-year effect of C-MAP merger in 2018, and more investments made in new products.

11. Employee benefit expenses

USD (thousands)	2019	2018
Wages and salaries	(66,109)	(62,272)
Social security costs	(10,006)	(8,571)
Pension charges	(2,835)	(2,583)
Other costs	(4,048)	(3,581)
Total	(82,998)	(77,007)

The pension charges are based on the premiums paid for the defined contribution plans. The Company has a defined contribution pension scheme for Norwegian employees that complies with the Norwegian occupational pension legislation.

Increase in the employee benefit expenses during 2019 compared to 2018 was driven by the full-year effect of the C-MAP merger that added 210 employees to the Group, and annual salary increases for employees that was partially offset by the cost-saving initiatives implemented during 2019.

12. Depreciation and amortization

USD (thousands)	2019	2018
Depreciation	(6,390)	(6,279)
Depreciation of the Right of Use assets	(4,107)	(3,518)
Depreciation (PPA)	(1,484)	(1,448)
Total Depreciation	(11,981)	(11,245)
Amortization	(28,151)	(21,252)
Amortization (PPA)	(17,592)	(15,317)
Total Amortization	(45,743)	(36,569)
Total Depreciation and Amortization	(57,724)	(47,814)

Depreciation (PPA) and amortization (PPA) represent depreciation and amortization related to the step up in the intangible and tangible fixed assets through purchase price allocation performed during the Navico group formation in 2016 and subsequent acquisitions.

Refer to notes 15 and 17.



13. Separately disclosed items

USD (thousands)	2019	2018
Legal dispute and settlement	732	(13,441)
Restructuring costs	4,582	133
C-MAP strategy and integration costs	900	2,125
Business combination and pre-acquisition costs	135	118
Fees to external advisors to explore future strategic alternatives for the group	3,030	6,741
Total	9,379	(4,325)

Legal costs during 2019 relate to disputes that were all conclusively resolved during 2019 either through settlement or final judgment. The 2018 amount predominantly relates to the settlement received after several years of legal disputes with a competitor about "downscan" sonar technology. A patent-sharing deal which included broad cross-licensing of patents and other intellectual property was announced with the competitor compensating Navico.

Restructuring costs during 2019 mostly related to severance payments due a restructuring of the sales and service function throughout the whole organization, changes in the management team, and moving from own warehouse to a 3PL solution in the Netherlands.

C-MAP strategy and integration costs were incurred costs in relation to the merger effected as per 30 June 2018 between Navico and C-MAP where C-MAP merged into Navico by means of a contribution in kind. The costs predominantly relate to severance payments in 2019 and legal expenses, consulting expenses and expenses related to the legal restructuring of several legal entities in 2018. As these costs specifically relate to this exceptional event we have classified these as separately disclosed items.

The Business combination costs for 2019 and 2018 relate to smaller add-on business combinations in order to establish a foot-print within the accelerated digital boating experience. As growing our operations by means of business combinations is not part of our strategy we have classified these as items affecting comparability.

Fees to external advisors to explore future strategic alternatives for the Group represent costs related to the strategic advisory, market research, assessment of the future market growth for Navico existing and new products.

14. Financial income and expense

USD (thousands)	2019	2018
Finance costs		
Interest on bank loans and overdrafts	(23,238)	(19,954)
Net change in fair value of derivatives	(1,732)	-
Finance charges payable under operating leases	(782)	(704)
Total finance costs	(25,752)	(20,658)
Finance income		
Interest income	347	165
Net change in fair value of derivatives	-	2,725
Total finance income	347	2,890
Net foreign exchange expenses	-	-
Net foreign exchange income / (expenses)	(1,210)	(3,691)
Net foreign exchange income / (expenses)	(1,210)	(3,691)
Other finance expenses	(1,930)	(1,806)
Other finance income	410	10,937
Net other finance income / (expenses)	(1,520)	9,131
Net finance income/(cost) in profit and loss	(28,135)	(12,328)

Other finance expenses include rating agency costs, bank fees and credit card merchant fees for accepting credit card payments.

During 2018, other finance income mainly includes profit recognized from the refinancing of bond facility. In May 2018, Navico signed amendments to the bond financing facility that resulted in an interest rate decrease from Libor +5.75% to Libor + 4.5%. For more details, refer to note 26.



15. Intangible assets and goodwill

<i>USD (thousands)</i>	Development projects	Goodwill	Brand Name	Customer relations	Purchase of software	Other	Total
Balance at 1 January 2019							
Purchase Price	121,020	205,538	66,117	98,678	5,413	12,236	509,002
Accumulated amortisation and impairment	(55,512)	-	-	(14,213)	(2,394)	(6,546)	(78,665)
Carrying amount	65,508	205,538	66,117	84,465	3,019	5,690	430,337
Acquisition of a subsidiary	1,735	601	-	-	-	-	2,336
Additions – internally developed	26,978	-	-	-	-	-	26,978
Investments	-	-	-	-	610	313	923
Transfers	-	-	-	-	32	-	32
Disposals	-	-	-	(834)	(359)	(652)	(1,845)
Translation Differences (CTA)	7	(307)	-	(79)	(109)	(52)	(540)
Amortisation Disposals	-	-	-	834	349	651	1,834
Amortisation	(31,473)	-	-	(7,888)	(2,078)	(2,920)	(44,359)
Impairment	-	(1,384)	-	-	-	-	(1,384)
Reversal impairment	-	-	-	-	-	-	-
Balance period	(2,753)	(1,090)	-	(7,967)	(1,555)	(2,660)	(16,025)
Balance at 31 December 2019							
Purchase Price	149,733	205,832	66,117	97,844	5,696	11,897	537,119
Accumulated amortisation and impairment	(86,978)	(1,384)	-	(21,347)	(4,232)	(8,867)	(122,807)
Carrying amount	62,756	204,448	66,117	76,497	1,464	3,030	414,312
Balance at 1 January 2018							
Purchase Price	87,148	201,712	64,722	89,124	3,152	9,144	455,002
Accumulated amortisation and impairment	(29,235)	-	-	(7,558)	(837)	(3,345)	(40,975)
Carrying amount	57,913	201,712	64,722	81,566	2,315	5,799	414,027
Acquisition of a subsidiary	11,374	4,258	1,395	9,554	755	1,889	29,225
Additions – internally developed	23,611	-	-	-	-	-	23,611
Investments	-	-	-	-	1,502	106	1,608
Transfers	(1,113)	-	-	-	32	1,113	32
Disposals	-	-	-	-	(28)	(16)	(44)
Translation Differences (CTA)	(739)	(432)	-	(142)	12	(294)	(1,594)
Amortisation Disposals	-	-	-	-	26	15	41
Amortisation	(25,538)	-	-	(6,513)	(1,595)	(2,922)	(36,568)
Impairment	-	-	-	-	-	-	-
Reversal impairment	-	-	-	-	-	-	-
Balance period	7,595	3,826	1,395	2,899	704	(109)	16,311
Balance at 31 December 2018							
Purchase Price	121,020	205,538	66,117	98,678	5,413	12,236	509,002
Accumulated amortisation and impairment	(55,512)	-	-	(14,213)	(2,394)	(6,546)	(78,665)
Carrying amount	65,508	205,538	66,117	84,465	3,019	5,690	430,337



16. Impairment

The Group performed an impairment test on the carrying values of goodwill, intangible assets, tangible non-current assets, and net working capital in accordance with the requirements of IAS 36 Impairment of assets. Value in use (VIU) has been used as recoverable amount. The tests comprised NPV (net present value) analyses of forecasted future cash flows by CGU (cash generating unit). The three geographical areas, Americas, EMEA and APAC, were identified as the respective CGUs for the consolidated financial statements. The goodwill for these respective CGU's amounts to USD 141 million for Americas, USD 41 million for EMEA and USD 23 million for APAC.

Allocated per CGU

USD (thousands)	Goodwill		Intangible assets with indefinite useful life (Brand names)	
	2019	2018	2019	2018
AMER	140,803	143,200	39,822	39,822
EMEA	40,625	39,250	26,295	26,295
APAC	23,020	23,088	-	-
Total	204,448	205,538	66,117	66,117

The Group performed its annual impairment test in December 2019 and 2018.

The annual impairment test did not give rise to any impairment on the CGU level. Headroom was estimated for each CGU.

At the same time during 2019, majority of the assets of HOC Yachts business were disposed with a loss of USD 854 thousand. This event led to a goodwill impairment of HOC Yachts for USD 1,384 thousand.

The impairment test model is based on a five year forecast of discounted cash flows, plus a terminal value. The net discounted cash flows are calculated post-tax.

A business case was used for each CGU as the basis for the cash flow estimates which covered the period 2020 to 2024. The business cases were based on the Group's strategic five year plan, and adjusted to reflect recent changes in internal rolling forecasts, and in relevant market data. Both the five year plan and the rolling forecasts are "bottom-up-models" where all input data is produced by entities in the Group.

The input data in the business case is based on data from renowned external sources such as Reuters, HIS Global Insight, in addition to all relevant internal information such as changes in orders, customer portfolio, fitment rate for products, geographical development, market shares, maintenance capex needed, etc. The compounded annual revenue growth rate (CAGR) per CGU is: 7.3% for the period 2020 to 2024. The annual growth rate in the terminal value is 2.0% throughout all geographies.

WACC model for Navico:

The required rate of return was calculated by using the WACC model. The input data of the WACC was chosen by an individual assessment of each parameter. Information from representative sources, peer groups, inflation forecasts per country, country risks, etc. was used to determine the best estimate. The WACC was calculated to be 10.14% (2018: 11.5%) post-tax. WACC for AMER and EMEA CGUs was 10.22% and 10.04% respectively, while WACC for APAC was estimated as 10.46% driven by the higher inflation differential for the countries in the area. The pre-tax discount rate was 12.27% for the Group, 12.18% in AMER region, 13.91% in APAC region, and 11.94% for EMEA CGU.

Key assumptions used in value in use calculations and sensitivity to changes in assumptions.

The calculation of value in use for AMER, AMEA, and APAC area CGUs is most sensitive to the following assumptions:

- Sales growth rates
- Gross margins
- Discount rates
- Growth rates used to extrapolate cash flows beyond the forecast period.



Sensitivity analysis:

The cash flow model was tested for sensitivity of input data to discover whether or not changes in key assumptions would cause impairment. A sensitivity-analysis was performed to reveal what changes needed in the key assumptions, for the group for each year in the five year business plan (including the terminal value), to result in impairment. Key assumptions were tested separately. Management analysis is presented below.

Sales growth rates – Sales growth rates are based on average growth rates achieved in the past (excluding abnormal 2019) Entering new market of trolling motors in December 2019 was also factored in the sales growth. Sales growth assumptions for 2020-2023 period also include new product launches. Sales growth rates in the range from 11.7% to 5% are applied to the forecast period (till 2023). Sales growth in the further periods is based on the long-term inflation forecast.

Decreased demand can lead to a decline in sales growth. A decrease in the sales growth rate during 2020-2023 for 3% compared to projections would result in impairment on group level of c. USD 46m. Every percentage point drop below that level on an annual basis during 2020-2023 will lead to an extra impairment of c. USD 50m.

Gross margins - Gross margins are based on average values achieved during 2017-2019 (2019 was excluded for AMER and APAC as abnormal year for Navico). The gross margins achieved were 46.3% in 2019, 47.8% in 2018, and 49.2% in 2017.

Increase in the costs of raw materials and decrease in prices due to competition can lead to a decline in the gross margin. A decrease in the gross margin below 45.1% would result in an impairment on the group level of c. USD 45m with every percentage point drop below 45.1%.

Discount rates - Discount rates represent the current market assessment of the risks specific to each CGU, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and its operating segments and is derived from its weighted average cost of capital (WACC). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Group's investors. The cost of debt is based on the interest-bearing borrowings the Group is obliged to service. Segment-specific risk is incorporated by applying individual beta factors. The beta factors are evaluated annually based on publicly available market data. Adjustments to the discount rate are made to factor in the specific amount and timing of the future tax flows in order to reflect a pre-tax discount rate.

A rise in the discount rate to 12.0% (i.e. +1.86%) on the group level would result in an impairment of c. USD 3m. Every percentage point increase in a discount rate would result in an additional impairment of c. USD 45m.

Growth rate estimates - Rates are based on the forecast inflation rates for 2024 published by IMF. Long-term inflation rate is used to extrapolate cash flows beyond the forecast period.

Management recognizes that the speed of technological change and increased competition can have a significant impact on growth rate assumptions. Planned investments in research and development are expected to allow Navico to move with a pace of industry innovation. A reduction of growth rate to negative 3.6% annually for the long-term growth rate would result in an impairment. We see this risk as remote.

Growth rate in terminal period was assumed at the level of 2.0% for all CGUs. A reduction of growth rate in terminal value to negative 1.5% would result in an impairment. We see this risk as remote.

During the beginning of 2020, COVID-19 and its implications on consumer behavior and demand marine electronic equipment worldwide has impacted Navico as described in note 36 "Events after the balance sheet date" and Board of Directors report.

Since COVID-19 outbreak and national and localized lockdowns affecting global trade was initiated after the balance sheet date, this is considered a non-adjusting event and is not reflected in the impairment test. So far in 1st quarter 2020, the Group has experienced a drop in sales of 6% compared to the last year. Implications of COVID-19 on consumer demand in 2020 and long-term are uncertain in the moment, with the situation changing daily in different regions and customer channels.



17. Property, plant and equipment

<i>USD (thousands)</i>	Right-to-use assets (lease)	Land and Buildings	Machinery and Plant	Office Equipment	Construction in progress	Total
Balance at 1 January 2019						
Purchase Price	18,850	16,441	11,761	23,329	6,587	76,968
Accumulated depreciation and impairment	(6,548)	(2,194)	(3,291)	(9,716)	1	(21,748)
Carrying amount	12,302	14,247	8,470	13,613	6,588	55,220
Acquisition of a subsidiary	-	-	-	2	-	2
Investments	4,229	1	871	2,113	4,424	11,638
Transfers	-	139	650	2,060	(2,881)	(32)
Disposals	(3,932)	(45)	(712)	(4,230)	-	(8,919)
Translation Differences	226	7	(61)	(161)	-	11
Disposals depreciation	3,932	-	698	4,163	-	8,793
Depreciation	(4,107)	(985)	(1,607)	(5,282)	-	(11,981)
Balance period	348	(883)	(161)	(1,335)	1,543	(488)
Balance at 31 December 2019						
Purchase Price	19,147	16,536	12,570	23,274	8,130	79,657
Accumulated depreciation and impairment	(6,497)	(3,172)	(4,261)	(10,996)	1	(24,925)
Carrying amount	12,650	13,364	8,309	12,278	8,131	54,732
Balance at 1 January 2018						
Purchase Price	16,838	15,357	9,784	17,728	5,238	64,945
Accumulated depreciation and impairment	(3,188)	(1,131)	(1,619)	(4,831)	-	(10,769)
Carrying amount	13,650	14,226	8,165	12,897	5,238	54,176
Acquisition of a subsidiary	1,468	528	359	292	-	2,647
Investments	1,284	231	123	2,230	6,587	10,455
Transfers	-	325	1,515	3,366	(5,238)	(32)
Disposals	(741)	-	(20)	(287)	-	(1,048)
Translation Differences	(582)	(21)	(21)	(68)	1	(691)
Disposals depreciation	741	-	10	206	-	957
Depreciation	(3,518)	(1,042)	(1,661)	(5,023)	-	(11,244)
Balance period	(1,349)	21	305	716	1,350	1,044
Balance at 31 December 2018						
Purchase Price	18,850	16,441	11,761	23,329	6,587	76,968
Accumulated depreciation and impairment	(6,548)	(2,194)	(3,291)	(9,716)	1	(21,748)
Carrying amount	12,302	14,247	8,470	13,613	6,588	55,220

Right to use assets (lease) relate to land and buildings category only.

Disposals of the right to use assets relate to the lease agreements that expired during the year. Disposals of machinery and office equipment mainly relates to the closure of warehouse in the Netherlands.

See note 18 for more information on leases.



18. IFRS 16 lease disclosures

The following amounts relating to leases has affected the consolidated income statement:

USD (thousands)	Line item	2019	2018
Depreciation	Depreciation, amortisation and impairment	(4,107)	(3,518)
Interest expense	Finance expense	(782)	(704)
Expense related to short-term leases (lease term less than 12 months)	Other operating expenses	(160)	(165)
Expense related to leases of low value items	Other operating expenses	(330)	(352)
Expense relating to variable lease payments not included in the measurement of lease liabilities	Other operating expenses	(1,909)	(1,247)
Income from subleasing right-of-use assets	Other operational income	511	515

Other information

USD (thousands)	USD (thousands)	2019	2018
Total cash outflow for leases	Operating activities - short term leases, low value assets, variable lease payments)	(2,399)	(1,763)
	Financing activities - paid Interest	(782)	(704)
	Financing activities - installments on interest bearing liabilities	(3,314)	(3,336)
Additions to right-of-use assets	Non-cash, see note 17	4,229	1,284
Gains or losses arising from sale and leaseback transactions	N/a	N/a	N/a
The carrying amount of right-of-use assets at the end of the reporting period	See note 17	12,650	12,302

See note 32.4 for maturity analysis of lease liabilities.

The Group does not disclose the amount of its lease commitments for its portfolio of short-term leases to which it is committed at the end of 2019 and 2018 because they are not significantly dissimilar to the portfolio of short-term leases to which the short-term lease expense disclosed above relates.

The Groups leasing activities primarily relates to lease of office space in the US, the Netherlands, Australia, New Zealand, UK and Norway. The Group also has some lease of vehicles.

The Group's office space leases are normally annually adjusted with a consumer price index. Some of the Group's office space lease contracts include extension options or early termination rights for the Group. In general, extension options have been included if we have high intention to prolong an agreement, and termination options not included, in the estimated lease term provided the total lease term does not exceed 5-10 years. The Group has no significant residual value guarantees.

There are no restrictions or covenants imposed by leases.

Navico is not involved in sales and leaseback transactions.



19. Income taxes

The income tax on 2019 result was USD 1,454 thousand positive, which represents an effective income tax rate of 3.0% negative, and can be broken down as follows:

USD (thousands)	2019	2018
Current tax (expense) / benefit		
Current year	(3,394)	(4,312)
Prior-year adjustments	45	(3)
	(3,349)	(4,315)
Deferred tax (expense) / benefit		
Current year	4,807	745
Prior-year	(4)	44
	4,803	789
Total income tax (expense) / benefit	1,453	(3,526)

The relationship between the income tax rate in Norway and the effective tax rate on the result is as follows:

Tax (expense) / benefit

USD (thousands)	2019	2018
Result before tax	(47,949)	18,798
Income tax 22% (2018: 23%)	10,549	(4,323)
Reconciliation:		
Prior-year	45	41
Change in tax rate (Norwegian / foreign)	(312)	(478)
Change in US tax-rate	-	-
Change in non-recognition of deferred tax assets	(7,756)	2,194
Permanent differences / IFA depreciation at Group	(293)	(232)
Other	(779)	(728)
Total income tax (expense) / benefit	1,454	(3,526)
Domestic income tax rate	-22.0%	-23.0%
Deviating rates and other effects	19.0%	4.2%
Total effective tax rate	-3.0%	-18.8%



The balance of deferred tax assets and deferred tax liabilities is presented in the table below:

<i>USD (thousands)</i>	2019	2018
At 1 January		
Deferred tax assets	1,498	1,718
Deferred tax liabilities	(31,590)	(29,953)
Total	(30,092)	(28,235)
Changes deferred tax :		
Addition as a result of the business combination	-	-
Income tax expense in income statement	4,738	789
C-MAP merger-balance	-	(2,577)
Exchange rate difference	36	9
Recognition of a deferred tax liability due to business combinations	(371)	-
Change in the non-recognition of deferred tax assets	(814)	(1,021)
Movement in eliminations	(119)	(253)
Other effects	20	1,196
Total	3,490	(1,857)
At 31 December		
Deferred tax assets	1,354	1,498
Deferred tax liabilities	(27,956)	(31,590)
Total	(26,602)	(30,092)

The deferred tax assets and liabilities relate to the following balance sheet items:

<i>Deferred tax assets/(liabilities)</i>	31 December 2019	31 December 2018
<i>USD (thousands)</i>		
Intangible assets	(34,166)	(39,176)
Property, plant and equipment	498	416
Inventories	700	773
Receivables	504	239
Current provisions	1,651	1,812
Other current liabilities	(1,668)	(1,698)
Total	(32,481)	(37,634)
Tax loss carry forward	56,189	46,679
Not recognised	(50,310)	(39,136)
Net deferred tax assets and (liabilities)	(26,602)	(30,092)

In the USA, deferred tax assets have been recognized on all Net Operating Losses and tax credits carried forward. The total net operating losses carried forward amount to approximately USD 37 million (USD 24 million of Earnings Stripping's and USD 13 million other available tax-credits) and will expire in the years 2026-2031. There are offsetting deferred tax liabilities for the Group related to the businesses in the USA, primarily in form of fair value adjustments from the business combinations in 2017 on which deferred tax liabilities were calculated. These are offset in the balance sheet, to a net deferred tax liability.

The non-recognized deferred tax assets of USD 50.3 million mainly relate to tax losses in Norway and has no expiry date.



20. Other non-current assets

USD (thousands)	31 December 2019	31 December 2018
Guarantee deposits	872	2,380
Other long term receivables	275	541
Total	1,147	2,921

Guarantee deposits mainly include bank deposit for credit cards payment by customers, rent deposits, customs related deposits.

Other long-term receivable at 31 December 2019 and 31 December 2018 mainly include asset in C-MAP Norway that relates to the pension premiums prepayment. Prepaid pension contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available.

21. Inventories

USD (thousands)	31 December 2019	31 December 2018
Raw materials and consumables	21,968	24,765
Intermediates and finished goods	39,526	53,463
Work in progress	6,078	5,946
Total	67,572	84,174

During the year an amount of USD 1,800 thousand (2018: USD 1,801 thousand) was recognised as an expense for write-down of inventories carried at net realizable value. This is recognised in cost of sales and mainly relate to raw materials which are not being used anymore.

Work in progress mainly relates to partly finished goods in the factories in Ensenada and RBU.

22. Trade and other receivables

USD (thousands)	31 December 2019	31 December 2018
Trade receivables	56,386	63,012
Less: Allowance for doubtful debts	(3,864)	(2,873)
Receivables from related parties	-	-
Other debtors	3,975	1,555
Other Accruals	1,021	929
Total Current Trade and other receivables	57,518	62,623

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix at 31 December 2019 and 31 December 2018:

USD (thousands)	not past due	Past due					Total
		1-30 days	31-60 days	61-90 days	91-120 days	120+ days	
31 December 2019							
Expected credit loss rate	0.1%	1.0%	1.0%-10.0%	5.0%-25.0%	5.0%-40.0%	40-75%	
Estimated total gross carrying amount at default	40,321	7,897	1,459	748	1,188	4,773	56,386
Expected credit loss	(40)	(79)	(74)	(74)	(182)	(3,415)	(3,864)
Net trade receivables	40,281	7,818	1,385	674	1,006	1,358	52,522

USD (thousands)	not past due	Past due					Total
		1-30 days	31-60 days	61-90 days	91-120 days	120+ days	
31 December 2018							
Expected credit loss rate	0.1%-0.5%	0.1%-1.0%	0.1%-5.0%	5.0%-10.0%	25.0%-45.0%	100%	
Estimated total gross carrying amount at default	47,547	7,867	2,052	1,153	1,735	2,657	63,012
Expected credit loss	(159)	(71)	(61)	(90)	(566)	(1,926)	(2,873)
Net trade receivables	47,388	7,796	1,991	1,063	1,169	731	60,139



The movement of the allowance for doubtful debts during 2019 and previous period is presented below.

	31 December 2019	31 December 2018
<i>USD (thousands)</i>		
At 1 January	2,873	1,802
Acquisition of subsidiary	6	762
Charge for the year	2,082	589
Utilized	(1,097)	(281)
Balance	3,864	2,873

See note 32.3 on credit risk of trade receivables, which discusses how the Group manages and measures credit quality of trade receivables that are neither past due nor impaired.

Increase in the allowance for doubtful debts at 31 December 2019 compared to the previous period reflects the management estimation of the future losses impacted the deterioration of the financial position of one of the customers.

23. Prepayments

Decrease in prepayment at 31 December 2019 to USD 5,135 thousand compared to previous periods (31 December 2018: USD 7,125 thousand) relates to the partial usage of prepayments for IT licenses.

24. Cash at bank and in hand

	31 December 2019	31 December 2018
<i>USD (thousands)</i>		
Balance at 31 December	10,133	15,068

Navico Group has a cash pool agreement with DNB bank. All main cash generating companies participate in the cash pooling arrangement.

Interest is calculated on a notional basis using the net balance of all the separate bank accounts. In addition, the Group instigates regular physical transfers to settle balances. However, such transfers are not required under the terms of the cash-pooling arrangement and are not performed at the reporting date. Cash pool balances are presented on a net basis.

Decrease in the cash and cash equivalents balances at 31 December 2019 compared to the previous period is explained by the following factors: operating loss during 2019 and increased capex investments.

25. Issued capital and reserves

Issued share capital and share premium

The issued share capital of Navico Group AS amounts to NOK 7,665 thousand (translated to USD 906 thousand using exchange rate 0.118 NOK/USD) and comprises 255,500 thousand ordinary shares of NOK 0.03 each. Each share gives one vote in the general assembly.

100% of the shares of Navico Group AS are owned by Nanna MidCo II AS.

	Number of shares	Value per share, NOK	Par value, USD thousands	Share premium	Total
At 31 December 2017	255,500,000	0.02	595	258,383	258,978
Increase in share capital due to C-MAP merger	-	0.01	311	25,689	26,000
At 31 December 2018	255,500,000	0.03	906	284,072	284,978
At 31 December 2019	255,500,000	0.03	906	284,072	284,978

The share capital of the Company was increased by NOK 2,555,000 in 2018, by increasing the nominal value of the Company's shares by NOK 0.01 from NOK 0.02 in 2017 to NOK 0.03 in 2018.

No new shares are issued in connection with the share capital increases.

Other changes/translation differences

Translation difference amounts arise due to conversion rate differences at year end.

Dividend

The Group has no restrictions for dividend distributions to the shareholders, subject to (i) for the availability of distributable reserves according to the Norwegian Companies Act and (ii) certain customary restrictions and limitations within the Groups financing arrangements.



26. Interest bearing loans and borrowings

Non-current loans and borrowings

USD (thousands)	31 December 2019	31 December 2018
Term loans	235,625	242,125
Non-current portion of capitalised finance cost	(9,822)	(15,337)
Valuta swaps/ Forward contracts	1,227	(4,908)
Total	227,030	221,880

The long-term financing agreement is a bond-financing that the Company entered into with GLAS USA LLC as the administrative agent and GLAS Americas LLC as the collateral agent (a First Lien Credit Agreement) for an amount of USD 260.0 million.

The costs related to the long-term finance agreement were capitalized and are amortized over the term of the finance agreement.

USD (thousands)	Notes	Lease liabilities		Bank loans and borrowings	
		2019	2018	2019	2018
Carrying value 1 January		13,028	14,099	234,625	258,486
New non-current liabilities		-	-	-	-
Increase/(decrease) in bank overdraft		-	-	17,366	(8,720)
Repayment of debt		-	-	(6,500)	(6,500)
Payment of lease liabilities and accrued interest		(3,314)	(3,336)	-	-
Increase related to the additions to right-of-use assets	17	4,229	1,284	-	-
Business combination	17	-	1,468	-	-
Accrued interest	18	782	704	17,518	16,535
Interest on loans paid		(782)	(704)	(17,518)	(16,239)
Capitalized fees and costs		-	-	-	(21,846)
Amortisation of capitalized fees and costs		-	-	5,360	2,997
Revaluation of loan due to refinancing		-	-	-	10,445
Currency effects		98	(487)	10	(534)
Carrying value 31 December		14,041	13,028	250,861	234,625
<i>Long-term</i>	27	11,353	9,498	225,803	226,788
<i>Short-term</i>	29	2,688	3,530	25,057	7,836

Bond financing agreement contains limited financial covenant (super senior net leverage ratio should not exceed 0.57:1.00. Super senior net leverage ratios is calculated as revolving credit facility divided by adjusted EBITDA). Financial covenant is only applicable when revolving credit facility is used for more than 35% of total amount.

There was no breach of financial covenant during the reporting periods.

In May 2018, Navico signed amendments to the bond financing facility. The main change was decrease in the interest rate from Libor +5.75% to Libor + 4.5%. Refinancing costs were capitalized and are amortized over the term of the finance agreement.

At the same time, profit on loan modification of USD 11.7 million was recognised at the date of restructuring, with the respective adjustment to the book value of the debt. Original effective interest rate to be applied till maturity of the debt in 2023.

Current loans and borrowings

USD (thousands)	31 December 2019	31 December 2018
Term loans	6,500	6,500
Revolving credit facility	23,974	6,641
Bank overdraft	33	-
Current portion of capitalised finance cost	(5,449)	(5,305)
Total	25,057	7,836

In the refinancing as per 31 March 2017 the multicurrency revolving credit facility of USD 25 million (RCF) remained in place. Undrawn amount was USD 1.0 million at 31 December 2019.

Explanation of changes in liabilities included in financing activities in the cash flow statement.



27. Other non-current liabilities

<i>USD (thousands)</i>	31 December 2019	31 December 2018
Long term Lease Liability (IFRS16)	11,353	9,498
Non-current deferred compensation	2,757	2,895
Fair value contingent consideration	549	1,149
Other non-current liabilities	809	(237)
Total	15,468	13,305

Non-current deferred compensation relates to the TFR balances in Italy. In Italy upon termination of the employment relationship, the employee is entitled to receive the severance pay (trattamento di fine rapporto - TFR), which is calculated by adding up the equivalent of the gross annual salary for each year of service divided by 13.5.

Fair value contingent consideration relates to the acquisition of GeoMind in 2019. A liability was recognized which relates to the remaining payments of the purchase consideration to the Sellers in the next two years. Payment is subject to the fulfilment of certain conditions.

28. Fair values

Set out below is a comparison by class of the carrying amounts and fair values of the Group's financial instruments that are carried in the financial statements.

Terms and conditions schedule of outstanding non-current loans :

<i>USD (thousands)</i>	Currency	Nominal interest rate	Year of maturity	Fair value 31 December 2019	Carrying amount 31 December 2019
Term loan	USD	LIBOR + 4.5%	2023	(235,625)	(235,625)
Interest rate swap	USD		2023	(1,227)	(1,227)
Total				(236,852)	(236,852)

<i>USD (thousands)</i>	Currency	Nominal interest rate	Year of maturity	Fair value 31 December 2018	Carrying amount 31 December 2018
Term loan	USD	LIBOR + 4.5%	2023	(242,125)	(242,125)
Interest rate swap	USD		2020	4,908	4,908
Total				(237,217)	(237,217)

Terms and conditions schedule of outstanding current loans :

<i>USD (thousands)</i>	Currency	Nominal interest rate	Year of maturity	Fair value 31 December 2019	Carrying amount 31 December 2019
Loan TLB	USD	LIBOR + 4.5%	2020	(6,500)	(6,500)
RCF	USD	LIBOR + 5%	2020	(23,974)	(21,188)
Total				(30,474)	(27,688)

<i>USD (thousands)</i>	Currency	Nominal interest rate	Year of maturity	Fair value 31 December 2018	Carrying amount 31 December 2018
Loan TLB	USD	LIBOR + 4.5%	2019	(6,500)	(6,500)
RCF	USD	LIBOR + 5%	2019	(6,641)	(6,641)
Total				(13,141)	(13,141)



The fair values of the financial liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

- Cash and short-term deposits, trade receivables, trade payables and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.
- Long-term fixed-rate and variable-rate receivables/borrowings are evaluated by the Group based on parameters such as interest rates, specific country risk factors and individual creditworthiness of the debtor.
- As at 31 December 2019, the carrying amounts of such receivables/borrowings approximates their estimated fair values.
- The Group enters into derivative financial instruments with various counterparties, principally financial institutions with investment grade credit ratings. Derivatives valued using valuation techniques with market observable inputs are primarily interest rate swaps and foreign exchange forward contracts. The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates and interest rate curves.

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

As at 31 December 2019 the Group held the following financial instruments carried at fair value on the statement of financial position:

Assets and liabilities measured at fair value

USD (thousands)	Level 1	Level 2	Level 3	Total
31 December 2019				
Interest rate swap - non hedged	-	(1,227)	-	(1,227)
Total assets	-	(1,227)	-	(1,227)
Contingent consideration liabilities	-	-	549	549
Interest-bearing loans and borrowings (floating rate borrowings)	-	263,313	-	263,313
Total liabilities	-	263,313	549	263,862

During the reporting period ending 31 December 2019, there were no transfers between Level 1 and Level 2 fair value measurements. The level 2 derivative contracts are valued by means of confirmations by the bank, combined with the development of interest-rates and currency rates.

29. Trade and other payables

USD (thousands)	31 December 2019	31 December 2018
Accounts payable to suppliers and trade creditors	41,290	54,388
Personnel related liabilities	7,438	8,110
Payroll related taxes	1,672	2,026
Contract liabilities	3,967	4,003
Short term Lease liability (IFRS16)	2,688	3,530
Other liabilities and accruals	8,872	14,622
VAT payable	116	(254)
Total	66,043	86,425

Terms and conditions of the above financial liabilities:

- Trade payables are non-interest bearing and are normally settled on 30-60 day terms
- Other liabilities, personnel related liabilities and accruals are non-interest bearing and have an average term of six months

The decrease in the accounts payable to suppliers and trade creditors is at 31 December 2019 compared to previous period is attributed to the decreased purchases of inventory towards the end of the year and more attention paid to the working capital management during 2019.



30. Provisions

The provisions of USD 6.9 million fully relates to the warranty provision (2018: USD 7.3 million). This provision for warranties relates to liabilities that arise as a result of sold products where the Group has assured that the products comply with specifications and will function as intended in the warranty period, which is normally 12 months. Assurance type warranties are provided according to local laws and regulations and business practice in the relevant market.

The provision is based on estimates derived from historical warranty data associated with similar products and services. It is expected that these costs will be incurred in the next financial year.

Warranties

USD (thousands)	2019	2018
At 1 January	7,331	7,468
Provisions made during the period	9,519	8,928
Provisions used during the period	(9,944)	(9,065)
At 31 December	6,906	7,331
Analysis of provisions:		
Non-current	-	-
Current	6,906	7,331
At 31 December	6,906	7,331

31. Commitments and contingencies

31.1 Legal claims and disputes

The Group has a process in place to monitor legal claims periodically and systematically. The Group is involved in legal proceedings. These proceedings are mainly related to patents and license disputes. In cases where it is probable that the outcome of the proceedings will be unfavorable, and the financial outcome can be measured reliably, a provision has been recognized in the financial statements.

In February 2018 the Group ended their legal dispute with a competitor relating to sonar and auto guidance patents. The agreement includes a broad cross licensing of patents and other intellectual property, which will bring new innovations to the market faster and benefit all marine customers.

The settlement received from one of the competitors in February 2018 was USD 16.5 million. At the same time, release of previously accrued receivable of USD 2.0 million was made. Legal costs associated with the legal dispute amounted to USD 0.7 million in financial year 2018.

For the periods presented in these financial statements, the Group has not recognised any provisions for legal claims and disputes.

31.2 Future commitments

USD (thousands)	Within one year	Between two and five years	More than five years	Total
31 December 2019				
IT Service	61	39	-	100
Vehicles	453	729	-	1,183
Office rentals	215	384	-	599
Other	117	29	8	154
Total	847	1,181	8	2,036
31 December 2018				
IT Service	69	80	-	149
Vehicles	435	804	-	1,238
Office rentals	177	90	-	267
Other	7	24	-	31
Total	688	998	-	1,685



31.3 Guarantees

Two guarantees for USD 364 thousand in total has been issued to suppliers for deliveries (2018: USD 364 thousand). A financial support letter was issued from Navico Holding AS to Navico Auckland Ltd to give assurance of financial support in the future.

32. Financial risk management objective and policies

The Group holds the following financial instruments:

<i>USD (thousands)</i>	Notes	31 December 2019	31 December 2018
Financial assets			
Derivatives not designated as hedging instruments			
Interest rate swap	26	(1,227)	4,908
Cash flow swaps		182	1,199
Debt instruments at amortized cost			
Non-current receivables	20	1,147	2,921
Trade receivables (net)	22	52,522	60,139
Receivables from related parties and other debtors	22	3,975	1,555
Cash and cash equivalents	24	10,133	15,068
Total financial assets		66,732	85,790
Financial liabilities			
Interest-bearing loans and borrowings			
Current loans and borrowings	26	25,057	7,836
Non-current loans and borrowings	26	227,030	221,880
Long term Lease Liability (IFRS16)	27	11,353	9,498
Short term Lease liability (IFRS16)	29	2,688	3,530
Other financial liabilities			
Derivatives not designated as hedging instruments			
Cash flow swaps		-	-
Financial liabilities at fair value through profit or loss			
Contingent consideration	27	549	1,149
Other financial liabilities at amortised cost, other than interest-bearing loans and borrowings			
Trade and other payables (excl. contract liabilities and accruals)	29	50,751	64,227
Other non-current liabilities		3,748	3,857
Total		321,117	311,977

The Group's exposure to various risks associated with the financial instruments is discussed further in the note. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of financial assets and liabilities mentioned above.

32.1 Financial risk management

The main financial risks faced by the Group relate to market risk (comprising interest rate risk, currency risk, price risk and credit risk) and liquidity risk. The Group's financial policy is aimed at minimizing the effects on profit or loss of fluctuations in currency exchange rates and interest rates in the short term and following market rates in the long term. The Group uses financial derivatives to manage financial risks relating to business operations and does not enter into speculative derivative positions. The Group aims to maintain a stable and preferably rising financial position.

32.2 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises the following types of risk: interest rate risk and currency risk. Financial instruments affected by market risk include loans and borrowings, deposits, debt and equity investments and derivative financial instruments.

The sensitivity analyses in the following sections relate to the position as at 31 December in 2019 and 2018.

32.2.1 Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a foreign currency).

It is the Group's policy to partly hedge the currency risks resulting from sales and purchases at the moment of recognition of the trade receivables and trade payables. In addition, operating companies may - under strict conditions - opt for hedging currency risks from firm commitments and forecasted transactions. The currencies giving rise to these risks are primarily the Euro, Australian dollar, the New Zealand dollar, the Norwegian Krone and the Mexican peso. The risks arising from currency exposures are regularly reviewed and hedged when appropriate. The Group uses flexible forward contracts to hedge the exposure to fluctuations in foreign exchange rates. At year-end the Group did not have open positions, but hedged the expected 2020 cash flows in foreign currencies till December 2020 with the combination of put and call options.

When presenting the consolidated results of the Group, results from subsidiaries with functional currencies different from USD are translated at average exchange rates for the period. Change in USD currency rate expose the Group for translation exposure on the results.

32.2.2 Foreign currency risk sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in EUR, AUD, NZD, CNY, NOK, MXN, and GBP exchange rates, with all other variables held constant. A reasonable possible change is estimated as a 20% change from the exchange rate at the year-end 2019 and as a 10% change from the exchange rate at the year-end 2018, with all other variables held constant. A +10-20% change indicates a strengthening of the foreign currencies against functional currencies of the individual entities. A -10-20% change represents a weakening of the foreign currencies against functional currencies of the individual entities.

The impact on the Group's profit before tax is due to changes in the fair value of monetary assets and liabilities. The impact on the Group's pre-tax equity equals the impact of the Group's profit before tax as there are no monetary items that impact other movements in equity.

Foreign exchange rate risk sensitivity to foreign exchange movements in the above example has been calculated on a symmetric basis. The symmetric basis assumes that an increase or decrease in foreign exchange movement would result in the same amount. The method assumes the currency in question is used as a stable denominator.

USD (thousands)	Net exposure at 31 December 2019	Effect on profit before tax Change in exchange rate		Effect on pre-tax equity Change in exchange rate	
		+20%	-20%	+20%	-20%
EUR / USD	9,645	1,929	(1,929)	-	-
NOK / USD	(2,480)	(496)	496	-	-
GBP / USD	(780)	(156)	156	-	-
DKK / USD	(270)	(54)	54	-	-
RUB / USD	(358)	(72)	72	-	-
GBP / EUR	289	58	(58)	-	-
RUB / EUR	(200)	(40)	40	-	-
AUD / USD	(819)	(164)	164	-	-
NZD / USD	(229)	(46)	46	-	-
CNY / USD	1,867	373	(373)	-	-
MXN / USD	(1,063)	(213)	213	-	-
NZD / AUD	850	170	(170)	-	-

USD (thousands)	Net exposure at 31 December 2018	Effect on profit before tax Change in exchange rate		Effect on pre-tax equity Change in exchange rate	
		+10%	-10%	+10%	-10%
EUR / USD	13,091	1,309	(1,309)	-	-
NOK / USD	(3,056)	(306)	306	-	-
GBP / USD	422	42	(42)	-	-
EUR / NOK	(998)	(100)	100	-	-
NZD / USD	(3,433)	(343)	343	-	-
CNY / USD	1,460	146	(146)	-	-
MXN / USD	(1,483)	(148)	148	-	-
NZD / AUD	1,052	105	(105)	-	-

Navico's exposure to foreign currency changes for all other currencies is not material except for the currencies as indicated above.

32.2.3 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market interest rates. The Group's interest rate risk policy is aimed at minimizing the cash flow interest rate risks associated with the financing of the company and thus at the same time optimizing the net interest costs. This policy translates into a certain desired profile of fixed-interest and floating-interest positions, including cash and cash equivalents. After a refinancing in 2017, the Interest Rate Swap of the Group covers approximately 90% of the bank borrowings during 2018 period. In March 2019, Interest Rate Swap was changed for Interest Rate Collar with the maturity date in March 2023 covering approximately 90% of the bank long-term borrowings during 2019.

32.2.4 Interest rate sensitivity

The following table demonstrates the profit and loss sensitivity to a reasonably possible change in market interest rates (LIBOR) on net interest bearing debt and cash and the interest rate swap. In the table, the cash flow and profit and loss effect on the Interest Rate Swap offsets parts of the effect on the bank borrowings. With all other variables held constant, the Group's result before tax is affected through the impact on floating rate as follows:

2019 USD (thousands)	Increase/decrease in basis points	Effect on profit before tax
USD	+50	(136)
USD	-50	136

The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

32.3 Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily for trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

Trade receivables and contract assets

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. Credit quality of the customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. The management has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, if they are available, financial statements, credit agency information, industry information, and in some cases bank references. Credit limits are established for each customer usually based on the credit insurance company indication. Any sales exceeding those limits require approval from the management.

Outstanding customer receivables are regularly monitored and shipments to majority of the customers are covered by credit insurance. The credit insurance is considered to be an integral part of trade receivables credit management. Navico has a credit insurance with Coface for most of its customers and countries resulting in relative low risks for doubtful debts. During 2019, the insured percentage of the sales of maritime electronics amounted to 90% excl. VAT.

At 31 December 2019 and 2018, the Group had large amount of different customers with a broad regional spread. There were five main customers with a total balance around USD 16.8 million (2018: USD 18.1 million) accounting for 30% (2018: 29%) of the total amounts receivable.

As per 31 December 2019 and 2018, the maximum exposure to credit risk for trade and other receivables by geographic region was as follows:

USD (thousands)	31 December 2019	31 December 2018
AMER	30,909	34,521
APAC	6,020	6,968
EMEA	19,457	21,523
Total intangible fixed assets	56,386	63,012

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (by geographical region).

Goods are sold subject to retention of title clauses, so that in the event of non-payment the Group may have a secured claim. The Group does not otherwise require collateral in respect of trade and other receivables.



The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The calculation reflects the reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written-off if past due for more than one year and are not subject to enforcement activity.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

Set out below provision matrix used at 31 December 2019 and 31 December 2018:

%	2019			2018		
	AMER	APAC	EMEA	AMER	APAC	EMEA
Not Due	0.1%	0.1%	0.1%	0.5%	0.1%	0.1%
<30days	1.0%	1.0%	1.0%	1.0%	0.1%	1.0%
30-60 days	10.0%	1.0%	1.0%	5.0%	0.1%	3.0%
60-90 days	25.0%	5.0%	5.0%	10.0%	10.0%	5.0%
90-120 days	40.0%	5.0%	5.0%	45.0%	25.0%	25.0%
> 120 days	75.0%	20.0%	60.0%	100.0%	40.0%	100.0%

32.4 Liquidity risk

The Group operates several legal entities in several countries. To address the liquidity risk, the Group applies cash pooling in most of the countries as far as foreign currency exchange policies of countries allow this. The Group also monitors with high frequency its cash-balances and cash forecasts. When required, additional debt or equity based money transfers between the Group's entities are implemented.

Floating-rate and fixed-rate borrowings and short-term monetary liabilities analyzed by maturity are summarized in the following table. The Group manages financial liabilities and related derivative contracts on the basis of the remaining contractual maturities of these instruments. Therefore the remaining maturities presented in the following table provide an appropriate understanding of the timing of the cash flows related to these instruments, and amounts are not expected to differ from those reported. Financial assets are not linked to financial liabilities in order to meet cash outflows on these liabilities.

The groups interest bearing loans and borrowing expire 31 December 2023. For the applicable interest rate please refer to note 29.

Contractual maturities of financial liabilities, including estimated interest and interest on Interest Rate Swaps.

31 December 2019								Carrying amount
USD (thousands)	1 Year	2 Years	3 Years	4 Years	5 Years	> 5 Years	Total	
Lease liabilities	2,688	2,847	2,513	1,735	1,533	2,725	14,041	14,041
Interest bearing loans and borrowings	27,721	6,500	6,500	222,625	-	-	263,346	263,346
Interest payable on interest bearing loans and borrowings	14,865	14,461	14,058	10,279	-	-	53,663	-
Contingent consideration	549	-	-	-	-	-	549	549
Trade and other payables (excl. contract liabilities)	59,388	-	-	-	-	-	59,388	59,388
Total	105,211	23,808	23,071	234,639	1,533	2,725	390,987	337,324

31 December 2018								Carrying amount
USD (thousands)	1 year	2 years	3 years	4 years	5 years	> 5 years	Total	
Lease liabilities	3,530	2,174	1,961	1,542	699	3,122	13,028	13,028
Interest bearing loans and borrowings	13,141	6,500	6,500	6,500	222,625	-	255,266	255,266
Interest payable on interest bearing loans and borrowings	17,240	16,785	16,329	15,874	11,607	-	77,835	-
Contingent consideration	1,149	-	-	-	-	-	1,149	1,149
Trade and other payables (excl. contract liabilities)	78,892	-	-	-	-	-	78,892	78,892
Total	113,952	25,458	24,790	23,916	234,931	3,122	426,170	348,335

Interest is calculated based on interest rates at the end of the relevant year.



32.5 Derivatives - not used in hedge accounting

To hedge interest rate cash flow risk on the interest bearing liabilities, the Group uses an Interest Rate Swap to convert parts of the interest bearing liabilities from a variable interest rate to a fixed interest. The new Interest Rate Collar was entered into in March 2019, and has a term to 31 March 2023. Interest Rate Collar covers approximately 90% of the Group long-term debt. The principle amount of the interest rate swap is USD 215 million at 31 December 2019 and decreases every quarter in line with the debt repayment schedule. The cash flows are that Navico pays LIBOR 1 month variable rate between cap rate of 2.63% and floor rate of 1.405%. Interest Rate Collar agreement substituted Interest Rate Swap that was entered into in March 2017, and had term to 30 September 2020. After a refinancing in 2017, the Interest Rate Swap covered approximately 90% of the bank borrowings. The principle amount of the interest rate swap was USD 230 million with fixed rate of 1.279%.

The fair values of the contracts were as follows:

USD (thousands)	Carrying amount		Net
	Asset	Liabilities	
31 December 2019	-	(1,227)	(1,227)
31 December 2018	4,908	-	4,908

The Group uses flexible forward contracts to hedge part of the exposure to fluctuations in foreign exchange rates. At year-end 2019 and 2018, the Group had no open positions, but hedged the expected 2020 cash flows in foreign currencies during 2019.

During 2019, the Group reported net change in derivatives as a finance costs of USD 1,732 thousand (2018: finance income of USD 2,725 thousand), see note 14.

32.6 Capital management

For the purpose of the Group's capital management, capital includes issued share capital, share premium and all other equity reserves attributable to the equity holders of the parent. The primary objective of the Group's capital management is to maximise the shareholder value.

In order to achieve this overall objective, the Group's capital management, amongst other things, aims to ensure that it meets the limited financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the periods presented in these consolidated financial statements.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group primarily monitors capital using a leverage ratio, which is net debt to EBITDA. The Group's policy is to decrease the leverage ratio considerably, by improving the operating result.

33. Related party transactions

Altor and Goldman Sachs Merchant Banking Division as majority shareholders are qualified as related parties, as well as C-MAP Group (prior to the merger at 30th June 2018, the company was owned by the majority shareholders and was a company under common control with Navico Group AS). During 2019, the Group also had operations with Invenco Group Ltd, the entity that is controlled by John Scott (the member of Board of Directors of the Group).

In addition to the transactions and balances detailed elsewhere in the financial statements, the Group had the following transactions and outstanding balances with this related party during the year and at the end of the reporting period:



Related party transactions

USD (thousands)	Sales to related parties	Purchases from related parties	Amounts owed by related parties	Amounts owed to related parties
<i>The entity is controlled by a member of the key management personnel</i>				
Invenco Group LTD				
2019	161	-	-	-
2018	-	-	-	-
<i>A company owned by the majority shareholder</i>				
C-MAP Group AS				
2019	-	-	-	-
2018*	729	3,093	-	-

USD (thousands)	Interest received	Amounts owed by related parties
<i>A company owned by the majority shareholder</i>		
C-MAP Group AS		
2018*	518	-

* Sales to and purchases for C-MAP Group in 2018 are presented for the first six months of the year as C-MAP Group merged with Navico Group at 30th June 2018 (note 7). Therefore, there are no outstanding balances with C-MAP Group AS at 31 December 2018.

The Group enters into limited transactions with related parties (see table above) and when it does enter in such transactions these are always done following the at arm's length principle. The main transactions with Invenco Group Ltd include supply of engineering resources by Navico to Invenco for a specific engineering project delivery. The main transactions with C-MAP group included purchase of cartography products by Navico, making promotion campaigns for C-MAP.

Since September 2016, Marine Innovations Group AS owns C-MAP Group and Navico Group. There were no transactions with the Marine Innovations Group AS during the reporting period.

Outstanding balances with related parties

There were no outstanding balances with related parties (as specified above) at 31 December 2019 and 31 December 2018.

34. Workforce

The total number of employees at year end of the Group, converted into full time equivalents, amounted to 1,656 employees (2018 - 1,931 employees).

35. Remuneration of key management

The Board determines all aspects of the remuneration of the Chief Executive Officer. The remuneration of the Chief Executive Officer consists of the following main elements:

- Basic salary
- Variable pay based on an annual performance-related compensation system
- Certain compensation in kind, e.g. company car and telephone allowances
- Pension and insurance schemes

and is disclosed in the table below.

USD (thousands)	2019	2018
Base salary	753	516
Bonus earned	376	66
Pension benefits	32	83
Other taxable benefits	148	-
Group management	1,308	665

All amounts are exclusive of social security tax. Compensation in foreign currencies has been translated to USD at average exchange rates for the relevant years. All amounts include payments and benefits from Navico Group AS and subsidiaries to the Chief Executive Officer.

Base salary in the table above represents the amounts, including holiday pay that has been paid in the year. Fixed base salary is normally adjusted at 1st of April every year.

The bonuses are annual performance bonuses for 2019 and 2018. The amounts in the tables above represent the bonuses earned during the fiscal year, and are normally paid and reported as taxable income for the employee in the subsequent year.

The amounts in the tables for pension benefits include the expense (premiums) for the year for defined contribution plan.

Other taxable benefits include benefits like coverage of automobile expenses / vehicle allowance, telephone allowance, additional medical and life insurance, housing allowance, school fees, etc.

The Chief Executive Officer is eligible to an annual bonus up to 50% of his annual salary. The bonus is linked to the Group's performance. Any bonus in respect of the current bonus year ending 31 December 2019 will be pro-rated.

In case of termination of employment from the company, the Chief Executive Officer is entitled to a severance pay equal to the monthly salary of 3 months.

Changes to the Group Management in 2019

Leif Ottosson resigned as President & CEO of the Group effective 28 June 2019 due to early retirement and has since then not been a member of the Group Management. The termination date of the employment in all companies of the Group was 31 December 2019. Leif Ottosson received base salary, bonus and other relevant benefits till his termination date. The severance payments for former President & CEO in 2019 were according to the termination agreement. Mr. Ottosson was entitled to a severance payment equal to three months of his base salary.

Knut Frostad has been employed as President & CEO as of 28 June 2019. Previously, Mr. Frostad acted as Chief Marketing and Digital Officer in January-June 2019, and as a Board member during 2017 and 2018.

36. Events after the balance sheet date

Change of RCF provider

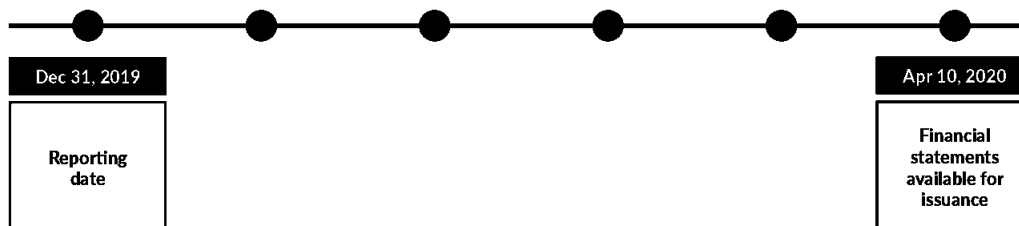
On 12 March 2020, the Group changed RCF provider from Danske Bank and Rabobank to Black Diamond Capital Management. Amount, collateral, maturity date and interest rate remained the same.

New securitization financing under the existing credit agreement

On 12 March 2020, the Group signed Qualified Securitization Financing under the existing long-term credit agreement with Black Diamond Capital Management with a facility limit of USD 20 million. The interest rate was agreed at the level of LIBOR + 7.0% (subject to a LIBOR floor of 2.0%). The maturity date is in 2023.

COVID-19 (global coronavirus outbreak)

After the balance sheet date, we have seen macro-economic uncertainty with regards to COVID-19 (coronavirus) global outbreak.



Note 1: World Health Organization

The COVID-19 outbreak has developed rapidly in 2020, with a significant number of infections. Measures taken by various governments to contain the virus have affected economic activity and the group's business in various ways:

- A reduction in the supply of certain components from China has affected our ability to meet the customer demand for certain products.
- The expected reduction of economic activity during the second and third quarter of 2020 for our main customers made management to ask all Navico employees to switch to a reduced working hours of 80% of their regular working hours starting 20 April 2020 till 31 July 2020.
- Government measures and guidances introduced throughout the countries where Navico operates, led majority of Navico employees to work from home.



As a result of these effects, our cumulative revenues in the first three months of 2020 were approximately 6% lower than our 2019 revenues in the same period with the major negative impact identified in March 2020. During the same period, group's operating results have increased for approximately 8% due to the cost measures implemented during 2019 and early 2020.

In the period since 31 December 2019, the company has not incurred additional losses due to impairments recognised on outstanding receivables or write-down of inventories.

Governments in the countries in which we operate have also announced the implementation of government assistance measures which may mitigate the impact of the COVID-19 outbreak on our results and liquidity. We are currently investigating the extent to which we can apply for such government assistance in the countries in which we operate. However, the details of available arrangements and the period through which they remain available are subject to change and uncertainty.

Depending on the duration of the COVID-19 crisis and continued negative impact on economic activity, the company may experience further negative results, liquidity restraints and incur additional impairments on its assets in 2020. The exact impact on our activities in the remainder of 2020 and thereafter cannot be predicted. We also refer to Note 2.1 Going concern basis of accounting.

Navico adjusted its travel and meeting policy by restricting travelling to business critical levels and encouraging video-conferencing for all internal meetings. Quarantine policy was implemented throughout the organization. The crisis management team was set up with daily calls that reacts promptly to the changes throughout the geographical presence of Navico. Separate measures were implemented at the manufacturing site in Mexico, such as zero-tolerance on sickness at work and regular staff temperature checks. Further mitigations include developing back-up plans with suppliers and 3PL providers. COVID-19 hit world regions gradually, with Asia starting to recover and lift lockdown measures first. Close supply management focus allows Navico to move inventory to areas with solid demand. During these uncertain weeks, the Group has also implemented detailed business continuity plans with its partners and suppliers in an effort to secure the continuation of operations while caring for the health and well-being of its employees and customers.

Liquidity and covenant risks are being monitored on an on-going basis. The Group secured additional financing for up to USD 20 million subsequent to the balance sheet date have ensured additional liquidity in a volatile and uncertain market environment.

The Group is in the process of assessing the impact of the COVID-19, the scale and duration of these developments remain uncertain but could affect our earnings, cash flow and financial condition. We get mixed signals from the market with decline in demand for one type of products and increase for other types. Situation also varies from region to region. At the issuance date of the report, we were not able to estimate the financial impact on Group financials.



COMPANY FINANCIAL STATEMENTS OF

Company Balance Sheet

<i>USD (thousands)</i>	Notes	31 December 2019	31 December 2018
Assets			
Intangible assets		-	-
Property, plant and equipment		-	-
Financial fixed assets	1	272,080	272,080
Deferred tax assets		-	-
Total non-current assets		272,080	272,080
Inventories		-	-
Trade and other receivables		22,724	6,199
Cash and cash equivalents		95	-
Total current assets		22,820	6,199
Total assets		294,900	278,279
Total equity attributable to owners of the Company		270,484	271,621
Non-controlling interests		-	-
Total equity	2	270,484	271,621
Liabilities			
Interest-bearing loans and borrowings		-	-
Other non-current liabilities		-	-
Deferred income tax liabilities		-	-
Total non-current liabilities		-	-
Bank overdraft		24,273	6,641
Trade and other payables		142	17
Provisions		-	-
Current income tax liabilities		-	-
Total current liabilities		24,416	6,658
Total liabilities		24,416	6,658
Total equity and liabilities		294,900	278,279



Company Statement of Income

USD (thousands)	Notes	2019	2018
Revenue		-	-
Cost of sales		-	-
Gross profit		-	-
Other operating expenses		-	-
Employee benefit expenses		-	-
Depreciation, amortization and impairment		-	-
Separately disclosed items		-	-
Results from operating activities		-	-
Finance income		(0)	(0)
Finance expense		(1,137)	(353)
Net finance costs		(1,137)	(353)
Profit / (loss) before tax		(1,137)	(353)
Income tax benefit / (expense)	3	-	(1)
Profit / (loss) for the year		(1,137)	(354)

Company Cash Flow Statement

USD (thousands)	2019	2018
Cash flows from operating activities		
Profit / (loss) for the year before tax	(1,137)	(354)
Adjustments for:		
Decrease / (increase) in trade and other receivables	(16,525)	9,101
(Decrease) / increase in payables	125	(27)
Decrease / (increase) in other non current assets		
Changes in working capital:	(16,400)	9,074
Net cash from (used in) operating activities	(17,537)	8,720
Cash flows from investing activities		
Acquisition of a subsidiary, net of cash acquired		
Net cash used in investing activities	-	-
Cash flows from financing activities		
Proceeds from issue of shares		
(Decrease) / increase bank overdraft	17,632	(8,720)
(Decrease) / increase in other non current liabilities		
Net cash from financing activities	17,632	(8,720)
Net increase / (decrease) in cash and cash equivalents	95	-
Cash and cash equivalents at 1 January	(0)	(0)
Cash and cash equivalents at 31 December	95	(0)



NOTES TO THE

Basis of preparation

The financial statements have been prepared in accordance with the Norwegian Accounting Act and generally accepted accounting principles in Norway.

Parent Company

Navico Group AS is the parent company of the Group and holds the following subsidiaries (directly or indirectly):

Company <i>(amounts in thousands)</i>	Place of operation	Country of incorporation	Currency	Nominal value	Percentage of equity	
				of issued share capital	2019	2018
Navico SA, France	Treillieres, France	France	EUR	59	100%	100%
Navico UK Ltd	Romsey, England	United Kingdom	GBP	1,227	100%	100%
Navico Logistics Europe BV	Dordrecht, Netherlands	Netherlands	EUR	18	100%	100%
Navico GmbH	Schleswig, Germany	Germany	EUR	100	100%	100%
Navico Italia SRL	Milano, Italy	Italy	EUR	15	100%	100%
Navico Marine Electronics S.L	Alicante, Spain	Spain	EUR	159	100%	100%
Navico Inc.	Tulsa, Oklahoma, USA	USA	USD	78,363	100%	100%
Electronica Lowrance de Mexico, S.A. de C.V.	Ensenada, Mexico	Mexico	MXN	60,000	100%	100%
Navico Auckland Ltd	Auckland, New Zealand	New Zealand	NZD	35,000	100%	100%
Navico Australia PTY Ltd	Sydney, Australia	Australia	AUD	4,081	100%	100%
Navico (Suzhou) Trading Company LTD	Suzhou, China	China	CNY	12,906	100%	100%
Navico Sweden AB	Goteborg, Sweden	Sweden	SEK	500	100%	100%
Navico RBU Italia SRL	Milano, Italy	Italy	EUR	10	100%	100%
Nav Marine Electronics Oy	Finland	Finland	EUR	3	100%	100%
Contour Innovations LLP	Minneapolis, USA	USA	USD	-	100%	100%
Navico Marine Singapore Pte. Ltd.	Singapore	Singapore	SGD	101	100%	100%
Maritime Information Systems AS ¹	Tonsberg, Norway	Norway	NOK	n/a	-	100%
Navico Rus Ltd.	St. Petersburg, Russia	Russia	RUB	10	100%	100%
Nanna U.S. BidCo, LLC	Tulsa, Oklahoma, USA	USA	USD	-	100%	100%
Navico Holding AS	Egersund, Norway	Norway	NOK	203,608	100%	100%
NavioP SRL	Forli, Italy	Italy	EUR	100	100%	100%
Yacht Defined AB	Stockholm, Sweden	Sweden	SEK	50	100%	100%
Navico Sweden II AB ²	Goteborg, Sweden	Sweden	SEK	340	70%	49%
HOC Yachts AB	Stockholm, Sweden	Sweden	SEK	50	70%	49%
Navico Canada Inc.	Edmonton, Alberta, Canada	Canada	CAD	-	100%	100%
Brookes & Gatehouse Ltd	Hampshire, United Kingdom	United Kingdom	GBP	-	100%	100%
Digital Marine Solutions Holding AS ³	Egersund, Norway	Norway	NOK	n/a	-	100%
Navico Norway AS	Egersund, Norway	Norway	NOK	200	100%	100%
C-Map India Private Limited	Maharashtra, India	India	INR	2,500	100%	100%
Navico Hellas MEPE	Attica, Greece	Greece	EUR	25	100%	100%
C-Map Japan K.K.	Tokyo, Japan	Japan	JPY	10,000	100%	100%
Cruise LLC	St. Petersburg, Russia	Russia	RUB	15	100%	100%
C-Map Italy Srl	Massa, Italy	Italy	EUR	234	100%	100%
GeoMind S.r.l.	Pisa, Italy	Italy	EUR	30	100%	0%
C-Map Poland SP. z o.o.	Gdansk, Poland	Poland	PLN	5	100%	100%
DMS Assurance LLC ⁴	Delaware, Jersey, USA	USA	USD	-	100%	100%

1. Maritime Information Systems AS was merged into Navico Norway AS as of 1 January 2019.

2. Navico Holding AS increased its share in the Navico Sweden II AB and HOC Yachts AB respectively to 70% via conversion of the convertible debenture.

3. Digital Marine Solutions Holding AS was merged into Navico Holding AS effective as of 7 January 2019.

4. DMS Assurance was dissolved 23 January 2020.



1. Financial fixed Assets

The financial fixed assets can be specified as follows:

<i>USD (thousands)</i>	31 December 2019	31 December 2018
Investment in shares	272,080	272,080
Total	272,080	272,080

The investment in shares is related to the following acquisitions:

- Navico Holding AS, amounting USD 263,492 thousand (2018: USD 237,492 thousand)
- Digital Marine Solutions Holding AS, zero in 2019 due to merger with Navico Holding AS (2018 USD 26,000 thousand).
- Nanna US Bidco LLC, amounting USD 8,588 thousand (2018: USD 8,588 thousand).

2. Shareholders' equity

<i>USD (thousands)</i>	Issued capital	Share premium	Retained earnings	Total
Balance at 31 December 2017	595	258,383	(12,990)	245,988
Capital contribution from shareholders	311	25,689	-	26,000
Exchange difference on capital and share premium				-
Total comprehensive income for the year				-
Profit / (loss) for the year	-	-	(354)	(354)
Corrections of previous periods			(14)	(14)
Balance at 31 December 2018	906	284,072	(13,357)	271,621
Capital contribution from shareholders	-	-	-	-
Exchange difference on capital and share premium				-
Total comprehensive income for the year				-
Profit / (loss) for the year	-	-	(1,137)	(1,137)
Corrections of previous periods			-	-
Balance at 31 December 2019	906	284,072	(14,494)	270,484

The authorised capital of the Group amounts to NOK 7,665 thousand (USD 914 thousand) and comprises 255,500 thousand ordinary shares of NOK 0.03 each. Further information regarding shareholder's equity is to be found in note 25 to the consolidated financial statements.

At 30 June 2018, the transfer of the C-MAP group into Navico Group by way of a contribution in kind took place. The merger was made in three steps:

1. The shareholders of CM TopCo (MIG AS and C-MAP MFN), transferred the shares in CM TopCo to Nanna MidCo I by way of a contribution in kind in exchange for share capital and premium.
2. Nanna MidCo I transferred the shares in CM TopCo to Nanna MidCo II by way of a contribution in kind in exchange for share capital and premium.
3. Nanna MidCo II transferred the shares in CM TopCo to Navico Group AS by way of a contribution in kind in exchange for share capital and premium.

During step 3, the share capital of Navico Group AS was increased by NOK 2,555,000 by increasing the nominal value of the Company's shares by NOK 0.01 from NOK 0.02 to NOK 0.03.

In connection with the share capital increase, a contribution of USD 0.1017612524 per share, of which NOK 0.01 per share constitutes share capital, was made to the Company by its shareholder Nanna MidCo II AS. No new shares were issued in connection with the share capital increase.

Settlement of the contribution was made by the transfer of 18,200,000 preference shares and 7,800,000 ordinary shares in CM TopCo AS to the Navico Group AS. The effect on equity is reflected in the table above.



3. Income tax

<i>USD (thousands)</i>	31 December 2019	31 December 2018
Result before tax	(1,137)	(354)
Income tax 22% (2018 - 23%)	250	81
Corrected for tax adjustments of:		
Change in non-recognition of deferred tax assets	(250)	(82)
Other	-	-
Total income tax (expense) / credit	-	(1)
Deferred tax assets/(liabilities)	31 December	31 December
<i>USD (thousands)</i>	2019	2018
Intangible assets	-	-
Property, plant and equipment	-	-
Inventories	-	-
Receivables	-	-
Current provisions	-	-
Other current liabilities	-	-
Total	-	-
Tax loss carry forward	2,025	807
Not recognised	(2,025)	(807)
Net deferred tax assets and (liabilities)	-	-

4. Workforce

At 31 December 2019, the company did not employ any employees (31 December 2018: zero employees were employed).



38. Approval of the Financial Statements

The Financial Statements were approved and authorised for issue by the board of directors of the Company.

Egersund, 29 April 2020

Board of Directors

Mr. Hugo Maurstad - Chairman

Mrs. Malou Aamund

Mr. Michael Bruun

Ms. Live Haukvik

Mr. Karl-Thomas Neumann

Mr. David Hess

Mr. Martin Hintze

Mr. John Scott

President & CEO

Mr. Knut Frostad



INDEPENDENT

To the Annual Shareholders' Meeting of Navico Group AS

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Navico Group AS comprising the financial statements of the parent company and the Group. The financial statements of the parent company comprise the balance sheet as at 31 December 2019, the income statement and statement of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

The consolidated financial statements comprise the balance sheet as at 31 December 2019, the income statement, statements of comprehensive income, cash flows and changes in equity for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion,

- the financial statements are prepared in accordance with the law and regulations
- the financial statements present fairly, in all material respects, the financial position of the parent company as at 31 December 2019, and of its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway
- the consolidated financial statements present fairly, in all material respects the financial position of the Group as at 31 December 2019 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU

Basis for opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company and the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in Norway, and we have fulfilled our ethical responsibilities as required by law and regulations. We have also complied with our other ethical obligations in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

Other information consists of the information included in the Company's annual report other than the financial statements and our auditor's report thereon. The Board of Directors and Chief Executive Officer (management) are responsible for the other information. Our opinion on the financial statements does not cover the other information, and we do not express any form of assurance conclusion thereon.

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

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway for the financial statements of the parent company and International Financial Reporting Standards as adopted by the EU for the financial statements of the Group, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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



Auditor's responsibilities for the audit of the financial statements

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

As part of an audit in accordance with law, regulations and generally accepted auditing principles in Norway, including ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also

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

We communicate with those charged with governance 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.

Report on other legal and regulatory requirements

Opinion on the Board of Directors' report

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report concerning the financial statements, the going concern assumption, and proposal for the allocation of the result is consistent with the financial statements and complies with the law and regulations.

Opinion on registration and documentation

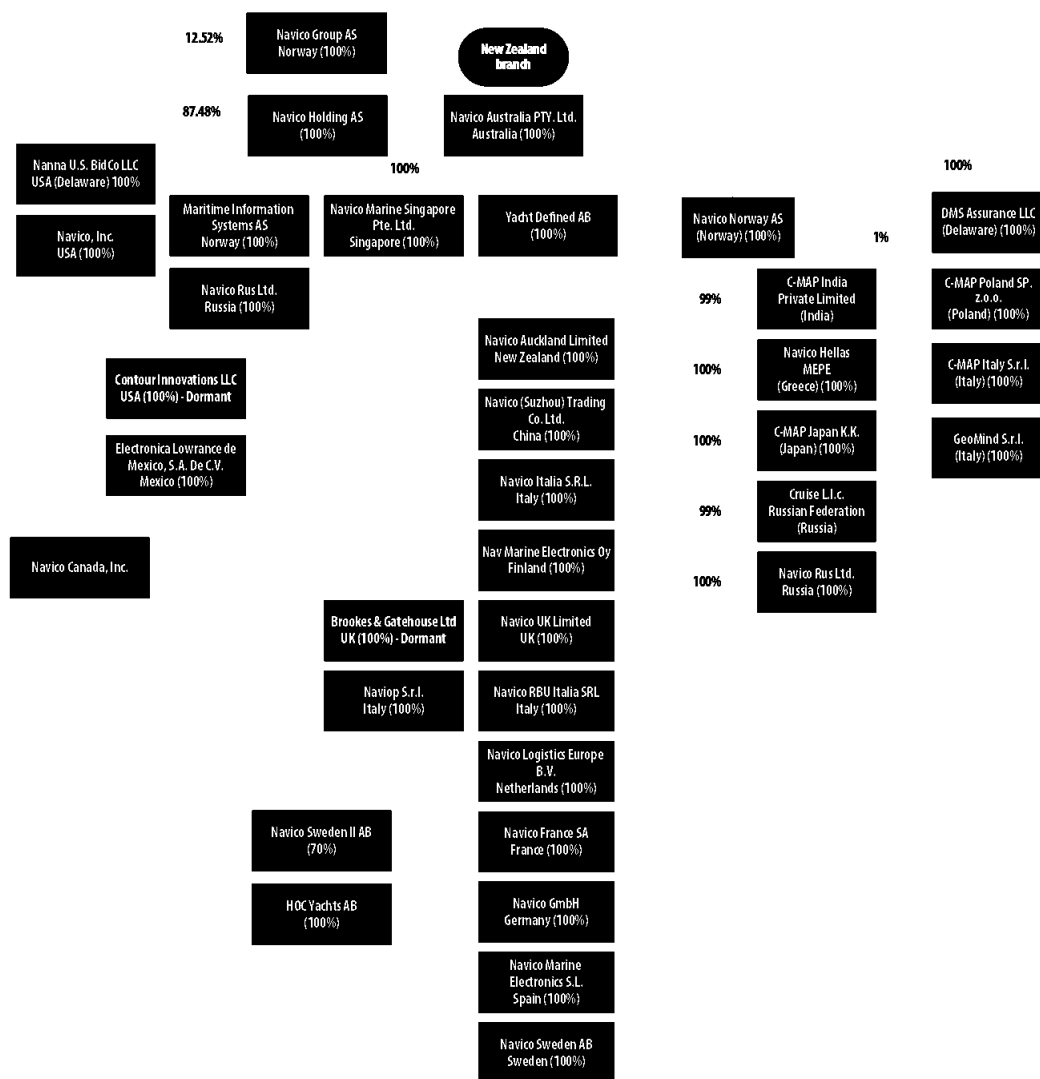
Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, «Assurance Engagements Other than Audits or Reviews of Historical Financial Information», it is our opinion that management has fulfilled its duty to ensure that the Company's accounting information is properly recorded and documented as required by law and bookkeeping standards and practices accepted in Norway.

Stavanger, 29 April 2020
ERNST & YOUNG AS

Erik Søreng
State Authorised Public Accountant (Norway).



COMPANY





COMPANY

Americas

Navico Inc. (USA)

4500 S. 129th East Avenue,
Ste. 200 Tulsa, OK 74134
Tel: +1 918 437 6881
10 Al Paul Lane,
Suite 101,
Merrimack, NH 03054
Tel: +1 603-324-2042

Electronica Lowrance de Mexico, S.A. de C.V.

Ave. Reforma
#1648 Valle Verde
Ensenada, B.C. 22839
Mexico
Tel: +52 (646) 175-1100

Asia Pacific

Navico Australia Pty. Ltd

Unit 5, 12 Mars Road
Lane Cove
NSW 2066
PO Box 4121
NSW 1595
Australia
Tel: +61 2 9936 1000

Navico Auckland Ltd

44 Arrenway Drive, Rosedale
Auckland 0632
PO Box 331, 146 Takapuna
Auckland 0740
New Zealand
Tel: +64 9 925 4500

Navico Marine Singapore Pte. Ltd

52 Telok Blangah Road
#01-06 Telok Blangah House
Singapore 098829
Tel +65 62762472

Navico Shanghai Trading Company Ltd

Building E1, No. 8 Qiming Road,
IFTZ East District,
No. 288 Shengpu Road,
Suzhou Industrial Park,
JianSu Province, China
Tel: +86 512 87778880

Navico (Suzhou) Trading Company Ltd

Building E1, No. 8 Qiming Road,
IFTZ East District,
No. 288 Shengpu Road,
Suzhou Industrial Park,
JianSu Province, China
Tel: +86 512 87778880

Europe, Middle East and Africa

Navico Group AS

Nyåskaiveien 2
4370 Egersund
Norway
Tel: +47 480 531 22

Navico Holding AS

Nyåskaiveien 2
4370 Egersund
Norway
Tel: +47 480 531 22

Navico RBU Italia Srl.

Montagnana Val di Pesa,
Via Romita 26
Montespertoli (FI) 50025
Italy
Tel: +39 0571 681 21

Navico Italia Srl.

Navico Italia Srl
Via Benadir 14
20142 Milan
Tel: +39 02 26882701

Navico Logistics Europe BV

Laan van Europa 450
3317 DB Dordrecht
The Netherlands
Tel: +31 78 65 30 000

Navico S.A.

Exapole Bat F.
275 Bd Marcel Paul
44800 SAINT HERBLAIN
France
Tel: +33 (0)2 28 01 23 01

Navico Ltd. (UK)

First Floor, Templars House,
Lulworth Close,
Chandlers Ford,
Hampshire
UK, S053 3TJ
Tel: +44 1794 51 8448
Hammersmith Foundry
77 Fulham Palace Road
London W6 8JA

Navico GmbH

Marienthaler Str. 17
27340 Eckernförde
Germany
Tel: +494351-883290

Østre Alle 6

9530 Støvring
Denmark
Tel: +45 434 49900

Navico Marine Electronics S.L.

Pujades, 51-55, 3º Box 35
08005 Barcelona
ESPAÑA
Tel: +34 934334109
Muelle de Levante 6,
Módulo 14, Local 1
Marina Deportiva de Alicante
03001 Alicante
Tel: +34 934334109
Navico Sweden AB
Bolshedens Industriväg 30
42750, Billdal
Sweden
Tel: +46 31 726 1400

NavMarine electronics Oy.

Teknobulevardi 3-5
01530 Vantaa
FINLAND
Tel: +358 (0) 192643200

Navico Rus

office C301, Marata 47
Saint-Petersburg, 191002
Russian Federation

Tel: +7 812 677-42-61

Naviop S.R.L.

Via Eugenio Barsanti, 10,
47122 Forlì FC
Italy

Tel: +39 0543 724980

C-MAP Italy S.R.L.

Via Dorsale 9
54100, Massa, Italy
+39 0585 79471

Cruise LLC

21st line V.O. 8
199106, St.-Petersburg
Russian Federation
Tel: +7 812 327-98-94



Skattedirektoratet

Saksbehandler	Deres dato	Vår dato
Jeanette Munkvold Skovholt	16.01.2017	25.01.2017
Telefon	Deres referanse	Vår referanse
90076012	Wouter Boor	2017/59810

NANNA TOPCO AS
Nyåskaiveien 2
4374 EGRSUND

Tillatelse til å utarbeide årsregnskap og årsberetning på engelsk språk for Nanna TopCo AS, org.nr. 917 327 173, med datterselskaper

Vi viser til deres brev av 9. januar 2017 der det søkes om dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk for Nanna TopCo AS med datterselskaper;

Nanna TopCo AS,	org.nr. 917 327 173
Nanna MidCo I AS,	org.nr. 917 327 106
Nanna MidCo II AS,	org.nr. 917 327 181
Nanna BidCo AS,	org.nr. 917 327 122
Navico Holding AS,	org.nr. 917 404 208
Nanna MFN AS,	org.nr. 917 508 887
Maritime Information System AS,	org.nr. 977 524 547

Skattedirektoratet gir på bakgrunn av en konkret helhetsvurdering Nanna TopCo AS med datterselskaper dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk, jf. regnskapsloven § 3-4 tredje ledd. Dispensasjonen forutsetter at opplysningene som vedtaket baserer seg på ikke endres vesentlig.

Kopi av dette brevet må sendes Regnskapsregisteret i Brønnøysund sammen med årsregnskapet. Det påligger den regnskapspliktige å dokumentere ved dette brev at tillatelsen er gitt.

Bakgrunn

Nanna TopCo AS med datterselskaper tilbyr tjenester innen maritim elektronikk. Konsernets arbeidsspråk er engelsk. Konsernet opererer i sektorer, der engelsk er det klart dominerende språket. Morselskapets aksjonærer er utenlandske personer eller selskaper, og morselskapet henvender seg jevnlig til potensielle investorer som er basert i utlandet. All kommunikasjon med konsernets primære kunder og kreditorer foregår på engelsk.

Skattedirektoratets vurdering

Etter regnskapsloven § 3-4 tredje ledd skal *”årsregnskapet og årsberetningen ... være på norsk. Departementet kan ved ... enkeltvedtak bestemme at årsregnskapet og/eller årsberetningen kan være på et annet språk.”*

I Ot. prp. nr. 42 (1997-1998) Om lov om årsregnskap mv., er det uttalt følgende om

Postadresse	Besøksadresse:	Sentralbord
Postboks 9200 Grønland	Se www.skatteetaten.no	800 80 000
0134 Oslo	Org.nr: 996250318	Telefaks
	E-post: skatteetaten.no/sendepost	22 17 08 60



regnskapslovens formål, jf. pkt. 1.1:

”Regjeringen har som siktemål at regnskapsloven skal bidra til informative regnskaper for ulike grupper av regnskapsbrukere. Regnskapsbrukerne er dels investorer og kreditorer som tilfører kapital til foretakene, og dels andre grupper som har interesse av å vite hvordan foretaket drives, f.eks. de ansatte og lokalsamfunnet. Informasjonen til kapitalmarkedet skal gi grunnlag for riktig prising av finansielle objekter. Riktig prisdannelse på aksjer er en forutsetning for at ressursbruken i samfunnsøkonomien skal bli best mulig. Gode regnskaper vil også gjøre det vanskeligere for markedsdeltakere å ta ut spekulasjonsgevinster med basis i skjevt fordelt informasjon.”

Det fremgår således at et av hovedformålene med regnskapsloven er å bidra til *”informative regnskaper for ulike grupper av regnskapsbrukere”*. Regnskapsbrukere vil omfatte, jf. uttalelsen i proposisjonen, blant andre investorer, kreditorer, ansatte og lokalsamfunnet.

Det er etter Skattedirektoratets vurdering derfor avgjørende ved vurdering av om dispensasjon fra kravet til å utarbeide årsregnskap og/eller årsberetning på norsk kan gis, at det ikke foreligger mulige brukere av regnskapsinformasjon som blir vesentlig berørt negativt ved en eventuell dispensasjon.

Det er særlig hensynet til brukerne av regnskapsinformasjon som skal vurderes ved en dispensasjonssøknad. I denne vurderingen har Skattedirektoratet lagt særlig vekt på at morselskapet er eid delvis av utenlandske aksjonærer. Selskapet opererer i en internasjonal bransje, og arbeidsspråket i bransjen er engelsk. Videre er det vektlagt at alle sentrale aktører og samarbeidspartnere innen denne bransjen behersker og benytter engelsk.

Vennligst oppgi vår referanse ved henvendelser i saken.

Med hilsen

Rune Tystad
seniorrådgiver
Rettsavdelingen, foretaksskatt
Skattedirektoratet

Jeanette Munkvold Skovholt

Dokumentet er elektronisk godkjent og har derfor ikke håndskrevne signaturer



Building a better
working world

Statsautoriserte revisorer
Ernst & Young AS

Vassbotnen 11a Forus, NO-4313 Sandnes
Postboks 8015, NO-4068 Stavanger

Foretaksregisteret: NO 976 389 387 MVA
Tlf: +47 24 00 24 00

www.ey.no
Medlemmer av Den norske revisorforening

INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of Navico Group AS

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Navico Group AS comprising the financial statements of the parent company and the Group. The financial statements of the parent company comprise the balance sheet as at 31 December 2019, the income statement and statement of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

The consolidated financial statements comprise the balance sheet as at 31 December 2019, the income statement, statements of comprehensive income, cash flows and changes in equity for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion,

- ▶ the financial statements are prepared in accordance with the law and regulations
- ▶ the financial statements present fairly, in all material respects, the financial position of the parent company as at 31 December 2019, and of its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway
- ▶ the consolidated financial statements present fairly, in all material respects the financial position of the Group as at 31 December 2019 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU

Basis for opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company and the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in Norway, and we have fulfilled our ethical responsibilities as required by law and regulations. We have also complied with our other ethical obligations in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

Other information consists of the information included in the Company's annual report other than the financial statements and our auditor's report thereon. The Board of Directors and Chief Executive Officer (management) are responsible for the other information. Our opinion on the financial statements does not cover the other information, and we do not express any form of assurance conclusion thereon.

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



Building a better
working world

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway for the financial statements of the parent company and International Financial Reporting Standards as adopted by the EU for the financial statements of the Group, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

As part of an audit in accordance with law, regulations and generally accepted auditing principles in Norway, including ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also

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

We communicate with those charged with governance 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.

Independent auditor's report - Navico Group AS

A member firm of Ernst & Young Global Limited

Perneo document key: XHCKU-54WF5-A1LUA-Q384I-4CPHA-QTOHE



Building a better
working world

Report on other legal and regulatory requirements

Opinion on the Board of Directors' report

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report concerning the financial statements, the going concern assumption, and proposal for the allocation of the result is consistent with the financial statements and complies with the law and regulations.

Opinion on registration and documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, «Assurance Engagements Other than Audits or Reviews of Historical Financial Information», it is our opinion that management has fulfilled its duty to ensure that the Company's accounting information is properly recorded and documented as required by law and bookkeeping standards and practices accepted in Norway.

Stavanger, 29 April 2020
ERNST & YOUNG AS

The auditor's report is signed electronically

Erik Søreng
State Authorised Public Accountant (Norway)

Penneo document key: XHCKU-54WF5-A1LUA-Q384J-4CPHA-QTOHE



PENNEO

The signatures in this document are legally binding. The document is signed using Penneo™ secure digital signature. The identity of the signers has been recorded, and are listed below.

"By my signature I confirm all dates and content in this document."

Erik Søreng

State Authorised Public Accountant (Norway)

On behalf of: Ernst & Young AS

Serial number: 9578-5999-4-1529830

IP: 92.220.xxx.xxx

2020-04-29 14:01:06Z



Penneo document key: XHCKU-5AWFS-A1UUA-Q384I-4CPHA-QTOHE

This document is digitally signed using Penneo.com. The digital signature data within the document is secured and validated by the computed hash value of the original document. The document is locked and timestamped with a certificate from a trusted third party. All cryptographic evidence is embedded within this PDF, for future validation if necessary.

How to verify the originality of this document

This document is protected by an Adobe CDS certificate. When you open the

document in Adobe Reader, you should see, that the document is certified by **Penneo e-signature service <penneo@penneo.com>**. This guarantees that the contents of the document have not been changed.

You can verify the cryptographic evidence within this document using the Penneo validator, which can be found at **<https://penneo.com/validate>**