



## ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2020 - GENERELL INFORMASJON

### Enheten

Organisasjonsnummer: 917 327 173  
Organisasjonsform: Aksjeselskap  
Foretaksnavn: NAVICO GROUP AS  
Forretningsadresse: Elganeveien 1  
4373 EGRERSUND

### Regnskapsår

Årsregnskapets periode: 01.01.2020 - 31.12.2020

### 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: Knut Frostad  
Dato for fastsettelse av årsregnskapet: 30.08.2021

### Grunnlag for avgivelse

År 2020: Årsregnskapet er elektronisk innlevert  
År 2019: Tall er hentet fra elektronisk innlevert årsregnskap fra 2020

*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, 05.10.2022



## Resultatregnskap

Beløp i: USD	Note	2020	2019
<b>RESULTATREGNSKAP</b>			
<b>Inntekter</b>			
Sum inntekter		0	
<b>Driftsresultat</b>			
<b>Finansinntekter og finanskostnader</b>			
Annen finansinntekt		979 000	10 000
<b>Sum finansinntekter</b>		<b>979 000</b>	<b>10 000</b>
Annen finanskostnad			542 000
<b>Sum finanskostnader</b>			<b>542 000</b>
<b>Netto finans</b>		<b>979 000</b>	<b>-532 000</b>
<b>Ordinært resultat før skattekostnad</b>		<b>979 000</b>	<b>-532 000</b>
<b>Ordinært resultat etter skattekostnad</b>		<b>979 000</b>	<b>-532 000</b>
<b>Årsresultat</b>		<b>979 000</b>	<b>-532 000</b>
<b>Overføringer og disponeringer</b>			
Overføring til/fra annen egenkapital		979 000	-532 000
<b>Sum overføringer og disponeringer</b>		<b>979 000</b>	<b>-532 000</b>



### Balanse

Beløp i: USD	Note	2020	2019
<b>BALANSE - EIENDELER</b>			
<b>Anleggsmidler</b>			
<b>Immaterielle eiendeler</b>			
Sum immaterielle eiendeler		0	
<b>Finansielle anleggsmidler</b>			
Investering i datterselskap	1	281 939 000	281 639 000
Sum finansielle anleggsmidler		281 939 000	281 639 000
Sum anleggsmidler		281 939 000	281 639 000
<b>Omløpsmidler</b>			
<b>Varer</b>			
<b>Fordringer</b>			
Andre fordringer		36 000	56 000
Sum fordringer		36 000	56 000
<b>Bankinnskudd, kontanter og lignende</b>			
Bankinnskudd, kontanter og lignende	2	699 000	125 000
Sum bankinnskudd, kontanter og lignende		699 000	125 000
Sum omløpsmidler		735 000	181 000
<b>SUM EIENDELER</b>		<b>282 674 000</b>	<b>281 820 000</b>
<b>BALANSE - EGENKAPITAL OG GJELD</b>			
<b>Egenkapital</b>			
<b>Innskutt egenkapital</b>			
Aksjekapital	3	326 000	326 000
Overkurs	3	281 649 000	281 649 000
Sum innskutt egenkapital		281 975 000	281 975 000
<b>Opptjent egenkapital</b>			



## Balanse

<b>Beløp i: USD</b>	<b>Note</b>	<b>2020</b>	<b>2019</b>
Annen egenkapital	3	699 000	
Udekket tap	3		280 000
<b>Sum opptjent egenkapital</b>		<b>699 000</b>	<b>-280 000</b>
<b>Sum egenkapital</b>		<b>282 674 000</b>	<b>281 695 000</b>
<b>Sum langsiktig gjeld</b>		<b>0</b>	<b>0</b>
<b>Kortsiktig gjeld</b>			
Leverandørgjeld			125 000
<b>Sum kortsiktig gjeld</b>			<b>125 000</b>
<b>Sum gjeld</b>		<b>0</b>	<b>125 000</b>
<b>SUM EGENKAPITAL OG GJELD</b>		<b>282 674 000</b>	<b>281 820 000</b>



## Konsernets resultatregnskap

Beløp i: USD	Note	2020	2019
<b>RESULTATREGNSKAP</b>			
<b>Inntekter</b>			
Salgsinntekt	6,7	369 918 000	329 437 000
<b>Sum inntekter</b>		<b>369 918 000</b>	<b>329 437 000</b>
<b>Kostnader</b>			
Varekostnad	9	205 350 000	177 481 000
Lønnskostnad	11	76 243 000	77 949 000
Avskrivning	12	55 053 000	54 840 000
Annen driftskostnad	10,13	25 275 000	37 463 000
<b>Sum kostnader</b>		<b>361 921 000</b>	<b>347 733 000</b>
<b>Driftsresultat</b>		<b>7 997 000</b>	<b>-18 296 000</b>
<b>Finansinntekter og finanskostnader</b>			
Annen finansinntekt	14	381 000	351 000
<b>Sum finansinntekter</b>		<b>381 000</b>	<b>351 000</b>
Annen finanskostnad	14	34 682 000	28 726 000
<b>Sum finanskostnader</b>		<b>34 682 000</b>	<b>28 726 000</b>
<b>Netto finans</b>		<b>-34 301 000</b>	<b>-28 375 000</b>
<b>Ordinært resultat før skattekostnad</b>		<b>-26 304 000</b>	<b>-46 671 000</b>
Skattekostnad på ordinært resultat	19	514 000	-1 540 000
<b>Ordinært resultat etter skattekostnad</b>		<b>-26 818 000</b>	<b>-45 131 000</b>
Ekstraordinære poster	8	-1 946 000	-1 150 000
<b>Årsresultat</b>		<b>-28 764 000</b>	<b>-46 281 000</b>
Minoritetsinteresser		-770 000	-1 724 000
<b>Årsresultat etter minoritetsinteresser</b>		<b>-27 994 000</b>	<b>-44 557 000</b>
<b>Overføringer og disponeringer</b>			
Overføring til/fra annen egenkapital		-27 994 000	-44 557 000
<b>Sum overføringer og disponeringer</b>		<b>-27 994 000</b>	<b>-44 557 000</b>



## Konsernets resultatregnskap

<b>Beløp i: USD</b>	<b>Note</b>	<b>2020</b>	<b>2019</b>
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## Konsernets balanse

Beløp i: USD	Note	2020	2019
<b>BALANSE - EIENDELER</b>			
<b>Anleggsmidler</b>			
<b>Immaterielle eiendeler</b>			
Forskning og utvikling	15,16	43 124 000	61 864 000
Konsesjoner, patenter, lisenser, varemerker o.l.	15,16	138 264 000	147 108 000
Utsatt skattefordel	19	1 869 000	1 354 000
Goodwill	15,16	205 260 000	204 448 000
<b>Sum immaterielle eiendeler</b>		<b>388 517 000</b>	<b>414 774 000</b>
<b>Varige driftsmidler</b>			
Tomter, bygninger og annen fast eiendom	17	49 411 000	54 732 000
<b>Sum varige driftsmidler</b>		<b>49 411 000</b>	<b>54 732 000</b>
<b>Finansielle anleggsmidler</b>			
Andre fordringer	20	1 334 000	1 147 000
<b>Sum finansielle anleggsmidler</b>		<b>1 334 000</b>	<b>1 147 000</b>
<b>Sum anleggsmidler</b>		<b>439 262 000</b>	<b>470 653 000</b>
<b>Omløpsmidler</b>			
<b>Varer</b>			
Varer	21	81 130 000	67 572 000
<b>Sum varer</b>		<b>81 130 000</b>	<b>67 572 000</b>
<b>Fordringer</b>			
Kundefordringer	22	70 677 000	57 393 000
Andre fordringer	8,23	15 359 000	5 141 000
<b>Sum fordringer</b>		<b>86 036 000</b>	<b>62 534 000</b>
<b>Bankinnskudd, kontanter og lignende</b>			
Bankinnskudd, kontanter og lignende	24	20 809 000	10 304 000
<b>Sum bankinnskudd, kontanter og lignende</b>		<b>20 809 000</b>	<b>10 304 000</b>
<b>Sum omløpsmidler</b>		<b>187 975 000</b>	<b>140 410 000</b>
<b>SUM EIENDELER</b>		<b>627 237 000</b>	<b>611 063 000</b>



### Konsernets balanse

Beløp i: USD	Note	2020	2019
<b>BALANSE - EGENKAPITAL OG GJELD</b>			
<b>Egenkapital</b>			
<b>Innskutt egenkapital</b>			
Aksjekapital	25	326 000	326 000
Overkurs	25	281 649 000	281 649 000
<b>Sum innskutt egenkapital</b>		<b>281 975 000</b>	<b>281 975 000</b>
<b>Opptjent egenkapital</b>			
Udekket tap	25	68 164 000	43 404 000
<b>Sum opptjent egenkapital</b>		<b>-68 164 000</b>	<b>-43 404 000</b>
Minoritetsinteresser	25	4 686 000	2 499 000
<b>Sum egenkapital</b>		<b>218 497 000</b>	<b>241 070 000</b>
<b>Gjeld</b>			
<b>Langsiktig gjeld</b>			
Utsatt skatt	19	24 673 000	27 956 000
<b>Sum avsetninger for forpliktelser</b>		<b>24 673 000</b>	<b>27 956 000</b>
<b>Annen langsiktig gjeld</b>			
Gjeld til kredittinstitusjoner	26,28	230 215 000	227 030 000
Øvrig langsiktig gjeld	27	16 802 000	15 468 000
<b>Sum annen langsiktig gjeld</b>		<b>247 017 000</b>	<b>242 498 000</b>
<b>Sum langsiktig gjeld</b>		<b>271 690 000</b>	<b>270 454 000</b>
<b>Kortsiktig gjeld</b>			
Gjeld til kredittinstitusjoner	26,28	38 683 000	25 057 000
Leverandørgjeld	29	84 394 000	66 043 000
Betalbar skatt	19	1 150 000	1 533 000
Annen kortsiktig gjeld	8,30	12 823 000	6 906 000
<b>Sum kortsiktig gjeld</b>		<b>137 050 000</b>	<b>99 539 000</b>
<b>Sum gjeld</b>		<b>408 740 000</b>	<b>369 993 000</b>



## Konsernets balanse

<b>Beløp i: USD</b>	<b>Note</b>	<b>2020</b>	<b>2019</b>
<b>SUM EGENKAPITAL OG GJELD</b>		<b>627 237 000</b>	<b>611 063 000</b>



Organisasjonsnummer EY: 976 389 387

## INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of Marine Innovations Group AS

### Report on the audit of the financial statements

#### *Opinion*

We have audited the financial statements of Marine Innovations 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 2020, the income statement and statements 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 2020, 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 2020, 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 2020 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.

Oslo, 14 June 2021  
ERNST & YOUNG AS

*The auditor's report is signed electronically*

Johan Lid Nordby  
State Authorised Public Accountant (Norway).



# MARINE INNOVATIONS GROUP 2020 ANNUAL REPORT

LOWRANCE

SIMRAD

B&G

MAP

navico®



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# MISSION STATEMENT

Our vision is to lead marine electronics by delivering outstanding products combining best-in-class performance with exceptional consumer experiences for every boating activity.

Our mission is having innovation, our people, brand loyalty, and caring for our planet always at the heart of our growth ambitions.





# STRATEGIC REPORT



# STATEMENT

**2020 was an extraordinary year for business and society alike. Despite the huge challenges we faced, I'm pleased to be able to report that Marine Innovations Group performed strongly throughout the pandemic, remaining open for business throughout the crisis and capitalising on increased demand for our products from new entrants into our market.**

Looking purely from a revenue perspective, Marine Innovations Group grew by 12.3% from 2019. However, this does not tell the whole story. Following the economic shock in March and April 2020 (where revenue was down significantly) Marine Innovations Group rebounded incredibly strongly. From June 2020 until the end of the year, Marine Innovations Group has been breaking monthly revenue records consistently.

Despite the strong recovery, 2020 was an exceptionally challenging year. At the start of the pandemic, we placed a relentless focus on protecting our people and keeping them safe. This was always our primary focus, but in turn, it allowed us to remain open for business.

We shifted to remote working quickly across our sites, but we also did everything we could to protect our essential workers in the factory. We conducted mass testing, provided private transport, implemented social distancing, offered home food delivery, Personal Protective Equipment (PPE) and implemented a proper contact tracing system.

This not only protected our workforce, but enabled us to operate throughout the crisis and capitalise when the market rebounded. We are still carrying out all of these measures at our production sites today.

Following the initial lockdowns of March and April 2020, it also became clear that marinas and lakes were becoming busier across the world. Fishing licenses increased dramatically, and more and more people entered the boating world or focused on getting their boats back on the water. In a pandemic world of social distancing and restrictions, boating proved itself as a fun, safe activity for all the family.

The expansion of our market and increased demand for products was reflected in our revenue. In particular, it was the entry-level products that performed well. For instance, Lowrance HOOK and Simrad GO proved incredibly popular with new boaters in 2020.

However, such strong demand for our products brought about new challenges. Increased demand was tough to supply due to a slowdown (and price increase) in global freight and logistics, as well as a global shortage of materials and components. This created the 'perfect storm' for both supply and delivery. In 2021, our number one priority is ensuring we can meet the demand of our customers and deliver our products on-time and in-full.

2020 was about much more than simply meeting increased demand and surviving the pandemic. Marine Innovations Group built on its strategy from 2019 in "executing on the basics." We also continued to evolve around our three pillars: People, Brands and Sustainability.

When it comes to our brands, we launched new products which reclaimed our market leading position in a number of areas and we focused on what is at the 'core' for each of them:

In June 2020, we launched Simrad's NSSevo3S™ and B&G's Zeus™ 3S, two of the most advanced, market leading displays for our cruising and sailing customers. In October 2020, we also launched our Nemesis™ B&G display, which is absolutely beautiful and a step-change in how you can display data on your boat. All of these products have performed exceptionally well in the market.

In December 2020, we launched our industry leading live sonar ActiveTarget™ and Elite FS™ MFD which we're seeing incredible demand for from angling communities globally. We know just how important sonar offering is to anglers and we can now safely say we have the very best in the market. This bodes well for our strong growth ambition in 2021.

I'm proud that in such a challenging year we not only performed well and were resilient, but were able to make a significant step forward in sustainability. In 2020, we moved several of our key products to 100% recyclable packaging and removed 100% of all plastics too. Marine Innovations Group is on track to meet its ultimate goal of removing all plastic from its packaging by the end of 2021. There is plenty more to do to preserve being out on the water for future generations, but I'm pleased with the steps we've taken. Tara Norton joined Marine Innovations Group in February 2021 as Chief Sustainability Officer to help us formalise our strategy and become a leader in the field in 2021.

We implemented our brand new People Team. In 2020, they were dedicated to supporting our people's physical, mental and emotional health. For instance, we ran step competitions through the MoveSpring app to keep people moving whilst working from home, and we also provided free subscriptions to the CALM app to support people's mental health.

We also made a number of changes to our Leadership Team. Alain Pakiry joined as Chief Commercial Officer, Simon Little as Chief People Officer, Olivier Bellin as Chief Financial Officer, Jarred Clayton as Chief Technology Officer, Trish Gyorey as Chief Supply Chain Officer and Max Cecchini as EVP of C-MAR. I'm now very confident we have the right team to take us forwards in these times.

2020 was a year that nobody will forget. I have no doubt that as we look to the future, 'resilience' will be one of the most important characteristics for all business in 2021 and beyond. We must all be ready and strong enough for the next black swan event, whatever that may be.

At the same time, I'm optimistic. We're fortunate that we're operating in an industry that is performing well through the pandemic. I also firmly believe that our response throughout the pandemic was the defining factor in our success. The passion of our people, the strength of our products, and the relationship we've built with customers all played a key part in getting through it. Looking to 2021, it's an exciting time for us because we have an exceptional portfolio of products and we're operating in an industry that has grown in the pandemic.

**Knut Frostad**  
Chief Executive Officer







## OUR STORY SO FAR

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.

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.

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.

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

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

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

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.

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.





Navico entered the Swedish market with the acquisition of Sportmanship as a new distributor.

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.

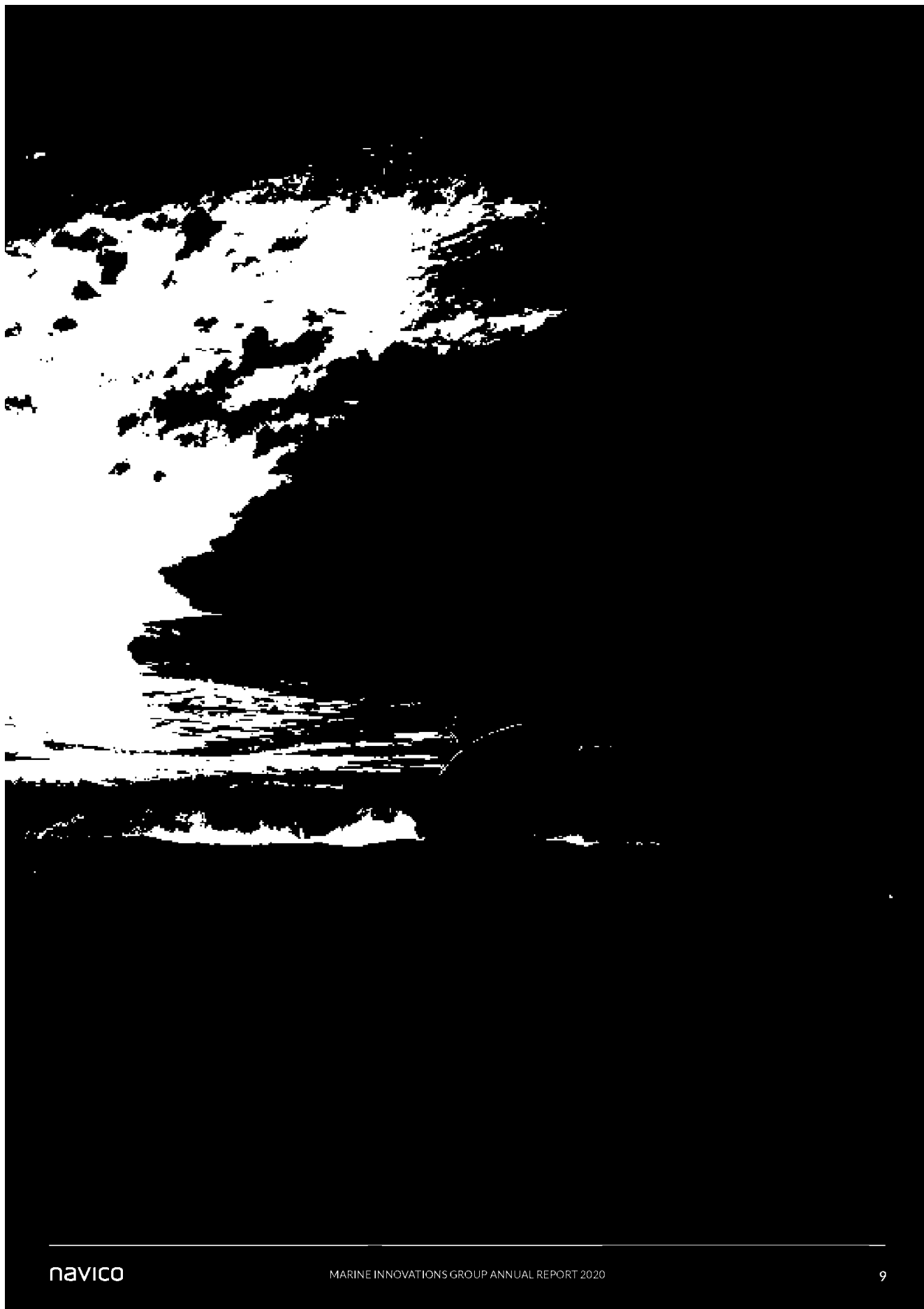
By 2015 Navico saw through its 5-year operational turnaround where 7 brands became 3, 6 production sites became 1, 16 product platforms became 1, and R&D and competence centers are enhanced.

Marine Innovations Group is created by acquisition of C-MAP Group from Boeing and enhancing Navico Group with charting capabilities. During 2016, Marine Innovations Group also centralizes its manufacturing operations in Ensenada, Mexico adding 50,000 sq ft to its facility where every product is relentlessly tried and tested.

Marine Innovations Group restructured its business to revolve around its four world class brands (Lowrance, Simrad, B&G and C-MAP) and also entered the trolling motor category for the very first time.

Despite the challenges of COVID-19, Marine Innovations Group performed strongly through the pandemic achieving double digit growth. Marine Innovations Group launched a number of new innovative products, including the industry leading ActiveTarget™ Live Sonar for Lowrance.







# GLOBAL OPERATIONS

Alicante (Spain)                      Milan (Italy)  
Southampton (UK)                      Viareggio (Italy)  
Dordrecht (Netherlands)                      Montagnana (Italy)  
Emden (Germany)                      Forlì (Italy)  
Eckernförde (Germany)                      Barcelona (Spain)  
Hamnvägen (Sweden)                      Gdansk (Poland)  
Gothenburg (Sweden)  
Egersund (Norway)  
Vantaa (Finland)  
Aalborg (Denmark)  
Nantes (France)

Auckland (New Zealand)  
Sydney (Australia)  
Suzhou (China)  
Singapore  
Tulsa (US)  
Merrimack (US)  
Mashpee (US)  
Ensenada (Mexico)  
Edmonton (Canada)  
Fort Lauderdale (US)





# 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 Lowrance products are a staple in any fishing arsenal for both freshwater and coastal anglers, whether they are heading out for fun with friends, as a serious hobby or as a professional.

With Covid-19 driving many changes around the world, at least one of them was positive, driving an increase in fishing both from new and existing users. Lowrance was very much at the forefront of this and with #AnglersUnite social media campaign, we saw the angling community around the world coming together, sharing their passion for fishing and the Lowrance brand and products.

From an awareness point of view we have seen many records broken in terms of video views, engagement and reach across, not just our own channels, but also third party groups and communities as well, this was never more evident with the launch of our new product launches.

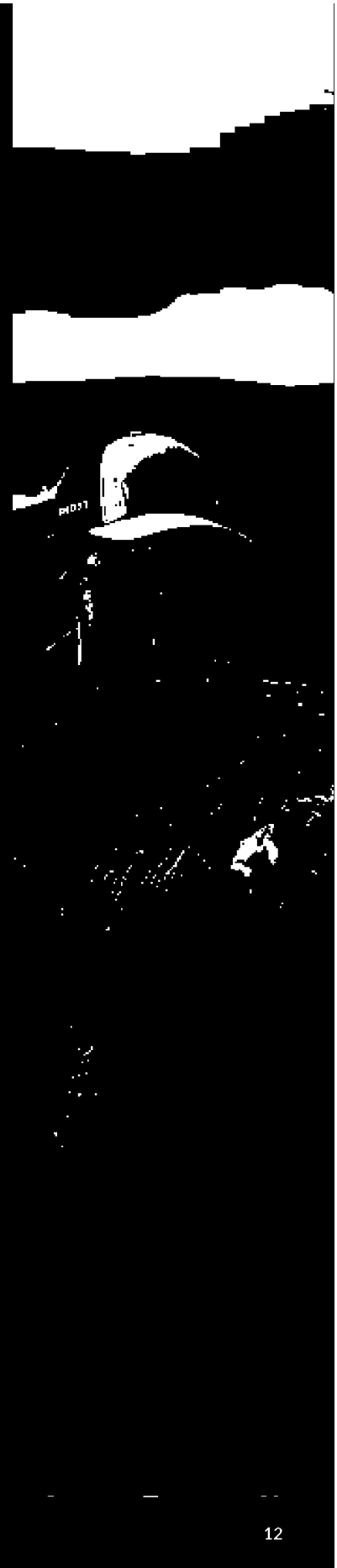
ActiveTarget™, our highly anticipated second generation live sonar, compatible with HDS LIVE and Elite FS™, delivered the sonar innovation users have been waiting for. With unbeatable clarity, users are able to see fish live, place their lure on them and see them strike in real time, just like a video fishing game! It was 'Game On' in December 2020.

Elite FS™, also launched in December, is our latest development of the Elite product range. Introducing a huge step forward in quality and functionality for this family, with Live Sonar, full networking and high-resolution multi-touch screen.

Earlier in the year, we continued on from the successful 2019 launch of our first ever Trolling Motor, by launching the new 52" and 60" models of the award winning Ghost, quiet by name and powerful by design. This, along with our later launches, allowed us to complete the Ultimate Fishing System offering along with our HDS LIVE, across both freshwater and saltwater.

The success of Hook Reveal, launched in 2019, continued, especially appealing to those new to fishing, with its easy to use auto-tuning, allowing users to simply turn on and start fishing.

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





## LOWRANCE STORY SO FAR

Lowrance introduces the first FISH-LO-K-TOR portable sonar unit, also known as the 'Little Green Box'. It quickly becomes the most popular sonar in the world – with more than 1 million produced between 1959 and 1984.

Lowrance produces its first graph recorder, the LRG-600, combining a flasher and a paper chart in one box.

Lowrance introduces the LDD- 1800, one of the first digital depth sounders to be controlled by a tiny, built-in computer. It shows only the bottom depth in large digital numbers and requires no controls. This is Lowrance's first completely automatic depth sounder.

Lowrance unveils the X-15. This computerized chart uses a 10-key keypad instead of a range knob. Another innovative feature is its capability to show separate targets that are as little as one-inch apart - something no other sonar unit of any kind could accomplish.

Lowrance introduces the legendary X-16 paper graph recorder, which is selected by a team of scientists to be the sonar used in Operation Deepscan – an expedition to explore Scotland's Loch Ness.

Lowrance diversifies into the navigation market and introduces its first Loran-C products; the LMS-200 and LMS-300. Boasting wide LCD screens, these dual-purpose units have both a Loran-C receiver and sonar capabilities. These are also the first units with menus, making it easy to fine-tune the device.

Lowrance introduces the GlobalMap 2000, the world's first LCD product to offer integrated GPS, mapping and sonar capabilities.





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

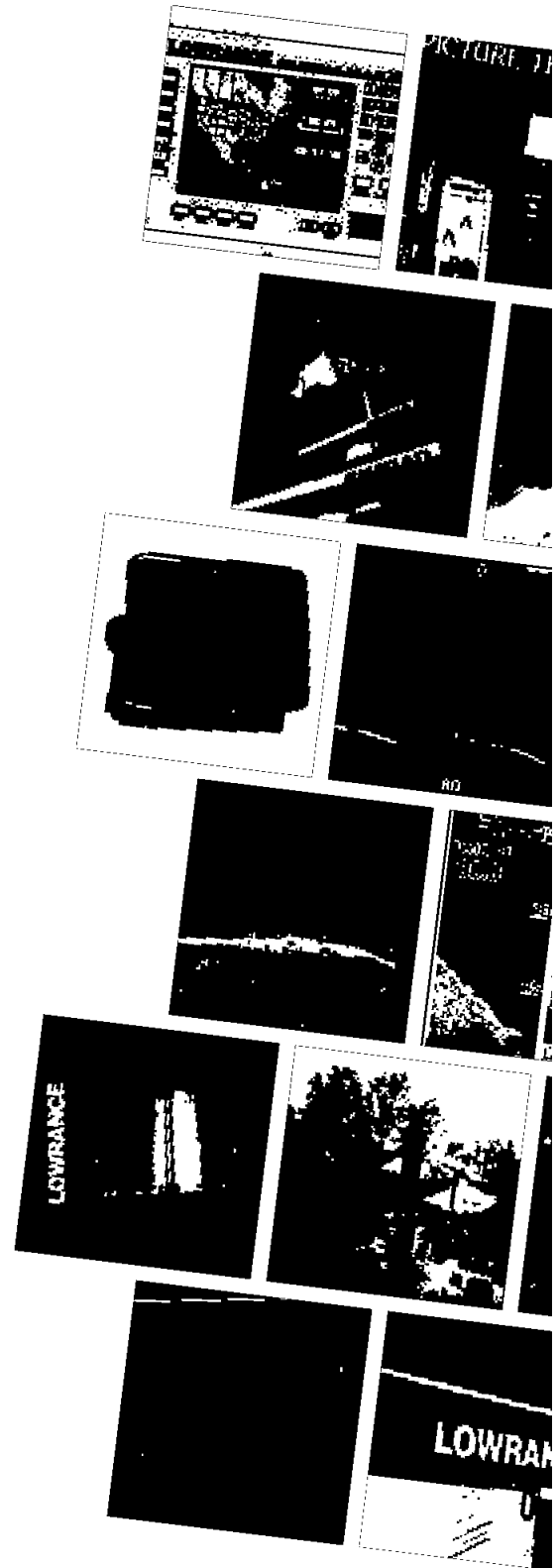
Lowrance announces a complete overhaul to its line of GPS and sonar devices with the introduction of the Lowrance High Definition Systems (HDS). These multifunction displays mark the first use of the renowned Navico Operating System (NOS), and greatly extend the functionality of the Lowrance line to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

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.

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.

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. Joint winner of the 2019 DAME Award.

ActiveTarget™ Live Sonar experiences unprecedented demand, reaffirming Lowrance as leaders in fishing innovation. This product completed the Lowrance Ultimate Fishing System, allowing users to seamlessly combine all core fishing technologies on their boat.



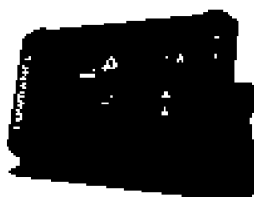
## LOWRANCE NEW PRODUCTS



### Product: Ghost 52" & 60"

*Launched: August 2020*

Following success of the 47" launch in 2019, the deeper 52" and 60" models support larger bass and higher bow boats, expanding the appeal to a wider market audience globally.



### Product: Elite FS™

*Launched: December 2020*

Offer Live sonar performance and more network capability in a mid-range unit, without compromising the premium HDS Live range.



### Product: ActiveTarget™ Live Sonar

*Launched: December 2020*

To deliver a greatly improved quality and functionality in our second generation Live Sonar technology.



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# LOWRANCE PARTNERSHIPS

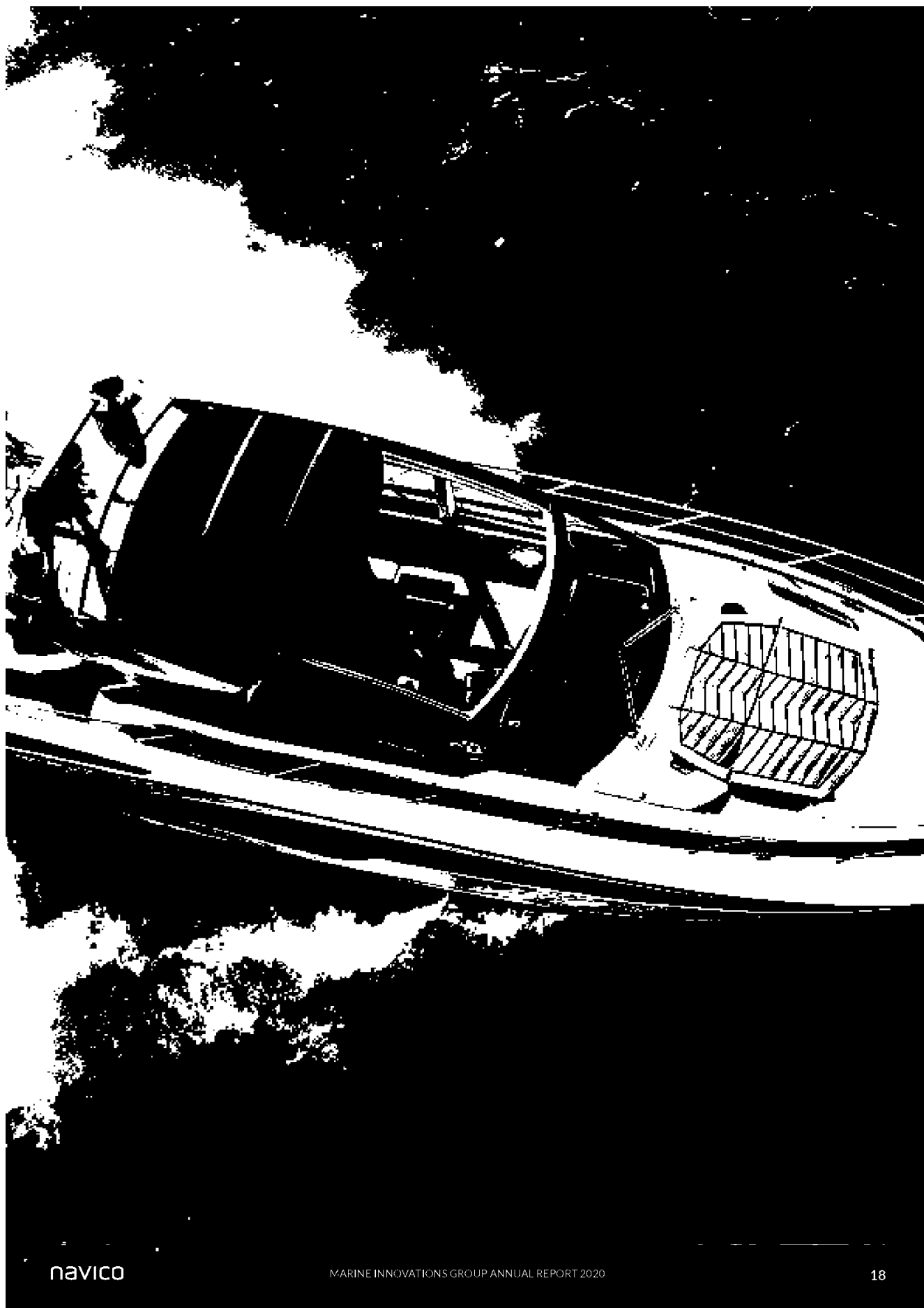
## Partnerships & Ambassadors:

In 2020 Lowrance continued sponsorship of both the Major League Fishing (MLF) and Fishing League Worldwide (FLW) freshwater tournament circuits in America. TV and live streaming content for both events hit record viewing levels as fishing interest in the US increased exponentially during the pandemic. In EMEA we continued to partner with the World Carp Classic (WCC) and World Predator Classic (WPC) events, although in 2020 only the WCC took place.

Lowrance also continued its support of the Florida Trophy Catch program and OZFISH New Zealand to ensure healthy fisheries for years to come.

Lowrance Pro Team anglers won FLW Angler of the Year and Rookie of the Year titles in 2020, as well as the Major League Fishing Points Championship (best performance throughout 2020), which was won by Lowrance Pro Jordan Lee.





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# SIMRAD OVERVIEW

**Celebrating 75 years of innovation in 2021, Simrad has become the brand of choice for a broad range of demanding customers – explorers and adventurers to premium yacht builders, charter and workboat captains, and more. Our solutions address recreational vessels of all sizes from small runabouts and sportfishing boats to luxury cruisers and superyachts. At the same time, our commercial range serve the light commercial marine segments such as search and rescue, commercial fishing, passenger, workboats and short sea/cargo vessels.**

With in-depth knowledge in marine radio, gyro and autopilots to new multifunction display categories and revolutionary advances in sonar and radar, Simrad has the expertise to provide a wide range of solutions. From plug-and-play simplicity to custom solutions for mega yachts: powerful technology, integrated systems, a connected world.

During 2020, the Simrad brand achieved a few notable milestones, including the highest annual sales ever (\$145.5M) which is 4% higher than the previous best of 2018, and margin growth of +10% which delivered an average margin of 56% for the portfolio. Much of this success can be attributed to the launch of the new NSSevo3S™ range at a higher price-point and end-of-life management of the previous model (evo3). The new evo3S products also helped drive attachment of higher margin products such as Autopilots.





# SIMRAD STORY SO FAR

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

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

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

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

Kongsberg Gruppen acquires Simrad ASA and renames it Kongsberg Simrad.

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.

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





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

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

The next revolution in radar arrives with the launch of the HALO® 24" dome radar. Utilising advanced pulse compression technology, this compact dome format takes recreational radar to the next level by offering an almost real-time view, with industry-first 60 RPM operation at close range for the ultimate in collision avoidance.

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

Targeting the recreational/ leisure boater looking for an inexpensive chartplotter, the entry level Cruise™ range is launched. Featuring rotary dial and keypad controls with basic functionality and plug-and-play usability, Cruise™ is the most uncomplicated chartplotter in the portfolio.

The successful HALO® radar dome family is extended with the addition of the even smaller 20" formats - HALO20 and HALO20+. The latter offering the same functionality as the HALO24 (at a reduced range of 36nm). The HALO20 is a more basic version with reduced functionality and range.

The brand's flagship NSO™ and NSS™ ranges are upgraded during the year with the new NSOevo3s™ and NSSevo3S™ Multifunction Displays delivering our best-ever processing power, fast networking and connectivity to unlock a range of user capabilities for charting, radar, sonar, and more.



# SIMRAD NEW PRODUCTS



## Product: NSOevo3S™ Multifunction Display

*Launched: March 2020*

A high margin and prestige image product range and a key product with trade partners in Custom, CustPro and Volume Boatbuilder channels. Best-in-class functionality and technology.

Overall sales for the year were c\$5.1M which was +8% up on the previous year (and +7% margin growth) but not reaching the aspirations for the range. With a focus on navigation systems in 1H of 2021, a stronger performance is expected for NSO.



## Product: NSSevo3S™ Multifunction Display

*Launched: July 2020*

Flagship range and #1 driver for sales and margin in the Simrad portfolio. Core product across multiple channels – WHSL, Volume Boatbuilders, Custom and Retail. Dominates Retail (West Marine primarily). Best-in-class functionality and technology.

One of the outstanding success stories of 2020. Overall sales for the year were c\$36.1M driving a healthy +19% increase in gross profit and revenue. With a focus on navigation systems in 2021, NSSevo3S™ will play a significant role in delivering strong sales numbers.



## Other product initiatives included:

### NOS 20.0 software update.

Included significant new functionalities - enabling the new Simrad Mobile App, the WM-4 Weather Module, allowing users to subscribe to Sirius XM Marine and Audio Service providing a selection of audio, weather and fishing information (US and Canada only), FLIR I.P. camera support, Mercury Vessel View Link, screen mirroring via Link App, and Power-Pole®.

### HS75 GNSS compass (Global Navigation Satellite System).

A new multi-GNSS compass for pinpoint global positioning and heading accuracy. The HS75's high-speed GPS receiver calculates a position up to 20 times every second, perfect for fast-moving powerboats and equipment that relies on high-speed position updates.

### NAC™ -D.

A steer-by-wire autopilot solution for Electronic Vessel Control Systems with full system integration via NSS™ and NSO™ multifunction display ranges. Allows automatic switching between two speed profiles, delivering optimal tuning at both low and high speeds. Steer to a waypoint, heading or set turn pattern, such as a U-turn, spiral turn and many more - the NAC -D can even initiate a zigzag turn.

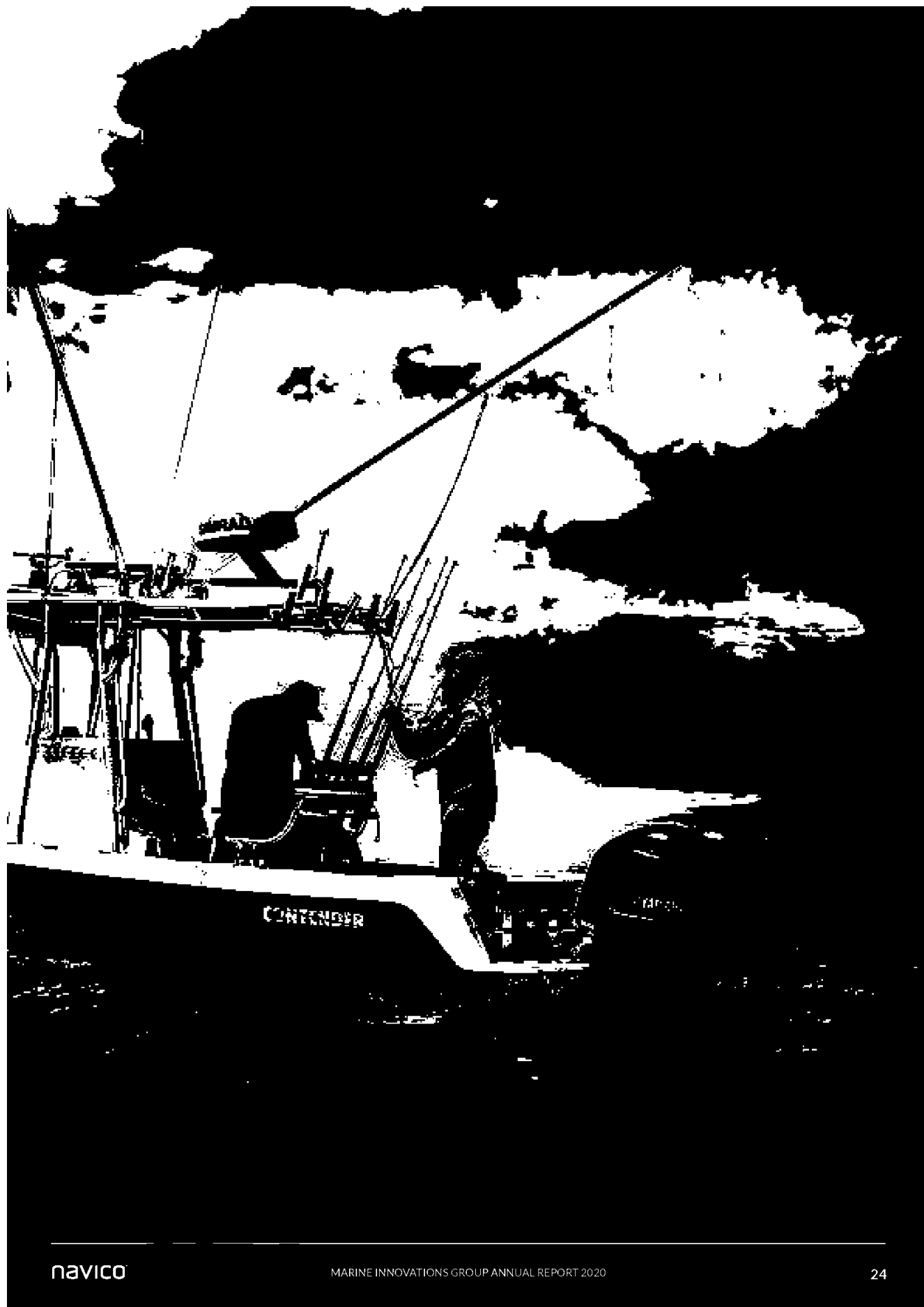
## New products specifically targeting the Commercial sector:

### GC80/GC85 Mk2 Gyrocompasses.

The GC80 is fully International Maritime Organization approved and the ideal solution for the advanced dynamic positioning system needed in the offshore industry. Provides the highest possible accuracy and stability via a sophisticated and fully sealed sensitive element. The GC85 is a compact model providing high-speed position updates.

### NAC™ -D.

A steer-by-wire autopilot solution for Electronic Vessel Control Systems with full system integration via NSS™ and NSO™ multifunction display ranges. Allows automatic switching between two speed profiles, delivering optimal tuning at both low and high speeds. Steer to a waypoint, heading or set turn pattern, such as a U-turn, spiral turn and many more - the NAC -D can even initiate a zigzag turn.





# SIMRAD COMMERCIAL AND B2B 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:

**Turku Firebrigade (Finland):**

Fleet of workboats featuring NSS chartplotters, radar, sonar, GPS compass, radio and antennas.

**Tristram boats (New Zealand):**

First Simrad information display (Dual 12") in the APAC region featured as an exclusive on the new Tristram 821 Offshore.

**Chaparral and Robalo (US):**

Simrad appointed as the exclusive marine electronics option on all 27 Chaparral models and all 22 Robalo models for 2021 (multifunction displays, sonar, radar and autopilot packages).

**Steeler Yachts (Netherlands):**

Fully integrated custom Simrad installation of NSO 24", radar, autopilot, compass, radio and antennas.

**Kaasbøll boats (Norway):**

Handcrafted aluminium boatbuilder. New 770BR featuring twin NSS displays and related equipment.

**Heyday (Brunswick – US):**

Our first tow boat project. Creation of a specific custom interface (OP-box controlling C-Zone digital switching hardware) on their new flagship tow boat, the H22 and other models.

**Sea Ray (US):**

Creation of a specific custom interface (OP-box controlling C-Zone digital switching hardware) on their new Sundancer 370 with rollout to other models as they are released.

**Mooloolaba Coastguard (Australia):**

NSS™evo3 displays, Halo® Radar and AP48 Autopilot.

**Guardia di Finanza (Italy):**

Simrad Command solution for new hybrid patrol boats, the first of a new range of craft with a zero environmental footprint. Unique features include retractable radar for passage under low bridges of the Venetian canals, stern camera and thermal camera integrated into the Simrad NSS12 display.

**Penguin International Ltd (Singapore):**

Flex Fighter boat range, from medivac and firefighting to armed escort and cargo transfer, equipped with our Argus/R5000 radar systems and a full complement of Simrad equipment.





**Stabicraft Marine (New Zealand):**

A Simrad Command digital switching system, featuring the latest NSSevo3S™ with Halo®24 & autopilot on the new Stabicraft 2250 Centrecab.

**Smartgyro (Yanmar group):**

Integration project to enable the integration of all data from its stabiliser range with our multifunction displays. Available across all NSS, NSO, and GO series displays.

**Sunseeker (UK):**

Four out of five new models to be launched in 2021 featuring Simrad as standard - Predator 55 EVO™, Manhattan 55, 88 Yacht, and 90 Ocean.

**Gemini Marine Ltd (South Africa):**

New cabin RIB designed to protect crews during extended stays on the water, featuring twin 16" NSSevo3S™ multifunction displays and the latest Simrad Halo® 20+ pulse compression radar dome.

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

## LOOKING AHEAD TO 2021

“Navigation screens control much more today than just charting, radar or fish-finding – it governs most of the systems on our boats. That evolution is well underway, and Simrad® is leading it,” Mike Fargo, Executive Vice President at Marine Innovations Group in charge of Simrad® recreational and commercial business divisions.

Key developments for the Simrad brand in 2021, will focus around integrated control solutions that are easy to use, attractive to look at and streamlined into simple-to-use systems. Key activities which will be focused on to deliver these solutions are:

### Integration with key industry partners

Expanding partnerships with third party brands allowing automation of all onboard electronics and covering a range of onboard services, such as engine, lighting, audio and many more.

### Simrad® Command projects

Multifunctional display solutions offering navigation functions and vessel-wide monitoring, digital switching and control capabilities delivering a wide range of unique solutions for customers.

### Marketing the Simrad® App

From device registration and manual downloads to accessing charts, saving waypoints and favourite fishing spots – providing accessibility both on- and off-the-water.

### Promoting Simrad system and network capabilities

Extensive system expansion options with NSO and NSS ranges at the core, allow for additional attachment possibilities with key product groups (radar, sonar, mapping) and others.

### Development of a completely new user experience with a mid-market positioned product range

Targeting the large sweet spot in the mid-range market, this development will feature the new NEON operating system (android-based) and will bring a whole new level of functionality to our products. The new range will aim to occupy #1 space in the mid-range market, thereby displacing Garmin GPSMAP as the #1 selling unit.





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# 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.

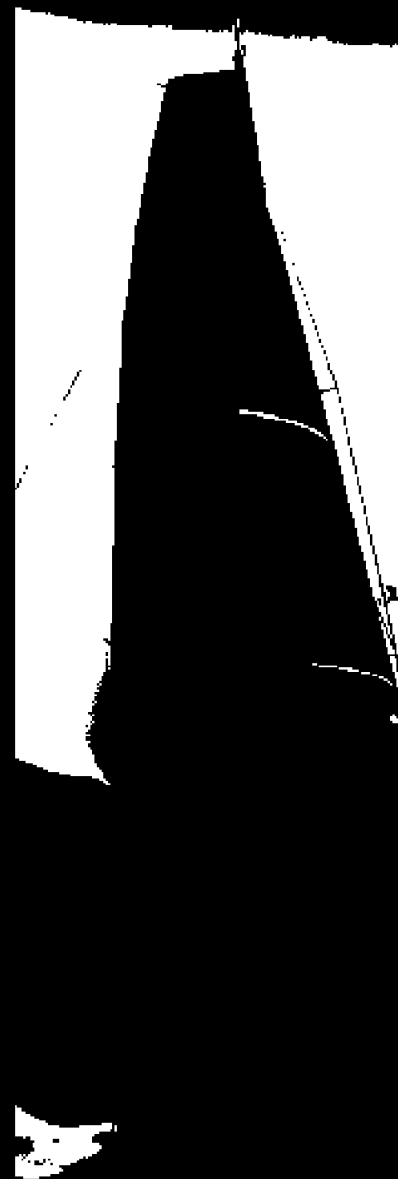
2020 was a busy year for B&G, and whilst many sailing events were cancelled, those that did proceed saw our products being showcased prominently. From the Vendée Globe, with 23 of the 33 fleet having B&G on board, to SailGP, exclusively all B&G and the America's Cup with INEOS TEAM UK and Emirates Team New Zealand both with B&G on board, performance sailors are trusting B&G to perform.

With Covid-19 impacting not only sailing events, but also cruising sailors, we saw sailors taking to online, social media and community groups for inventive ways to share their passion for sailing. This very much aligned with our passion campaign which, supported by our ambassadors and partners, gained huge awareness and engagement. Although, this was not quite to the level of the B&G sponsored Virtual Vendée Globe, which saw over 1m sailors and gamers sail virtually around the world, all using B&G Sailsteer.

In product development and launches, we saw the launch of Zeus 3S™ and Zeus 3S Glasshelm, our next generation of multi-function displays, with hugely improved response times and processing speed, all with B&G unique sailing features, intuitive design and easy to use functionality.

In October, following 8 months of remote development, we launched our new Nemesis™ Sailing Display, for masts and cockpits. This new generation of intelligent sailing display offers unparalleled visibility, with complete customisation or easy to use multi-function templates and automatic dashboards based on the angle of sail. Nemesis™ Displays allows users to define what data they see, when and how they want to see it, no matter what conditions, providing an intuitive link between instrument networks and the real world. Nemesis™ was recognised as runner-up, at a unique virtual DAME Awards.

During the year we also launched our new V100 VHF's aimed at larger yachts, as well as developed our sailing systems to help users easily understand the different components of a sailing system for different types of sailing, from cruising, offshore or racing there is a B&G system to suit the users' needs.





## B&G STORY SO FAR

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.

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

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

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

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

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

The Helmstar Autopilot was launched.

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.





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

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

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.

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

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

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

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

Nemesis™, the unique and next generation of sailing displays is launched, and recognised as runner-up in the virtual DAME Awards. Zeus™ 3S and Zeus<sup>3</sup>S Glasshelm multifunction displays also launched.



# B&G NEW PRODUCTS



## Product: Zeus™3S and Zeus<sup>3</sup>S Glasshelm

*Launched: July 2020*

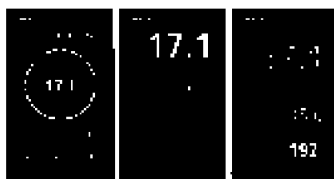
Improved speed and processing power, combined with the award winning functionality and features to ensure increased performance of our premium range displays.



## Product: V100 VHF

*Launched: September 2020*

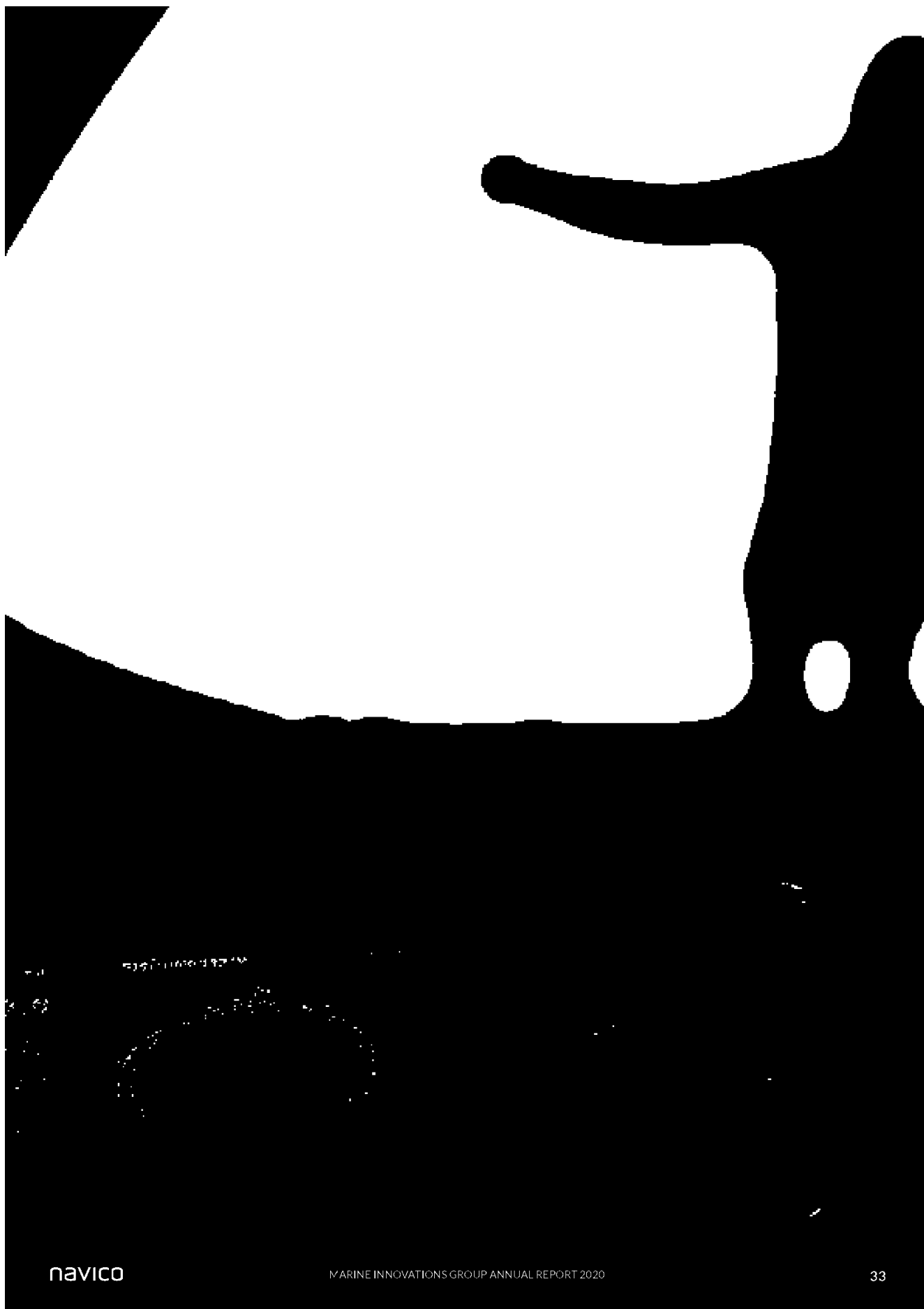
Develop a premium multi-station VHF with and without Class B AIS, for a communications solution for larger yachts and superyachts.



## Product: Nemesis™

*Launched: October 2020*

New large format mast or cockpit display, offering touch screen control, wide angled visibility and customisation of sailing data, ensuring leading innovation in sailing displays.



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# 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 in 2013 and every Volvo Ocean Race winner since 1973.



### SAILGP:

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



### AMERICA'S CUP:

B&G equipment is technical supplier to INEOSTEAM UK challenge for the 2021 America's Cup. Our wind instruments could also be found on the winning Emirates Team New Zealand.



### VENDEE GLOBE:

23 of the 33 strong fleet departed in November with B&G onboard. B&G Ambassadors Thomas Ruyant and Boris Herrmann, both produced stunning races, whilst Didac Costa, Ari Huusela and Miranda Merron in much older boats, successfully achieved their goals of a solo race around the world. Of the top 10, 8 had B&G on board, including 1st to 6th place finishers.



### AMBASSADORS:

To name a few, B&G equipment continued to help Barba head into the frozen Arctic in search of Orcas and scientific research, while Tom Cunliffe shared his tales from the helm. YouTube stars Sailing Uma used their B&G equipment to travel around Scandinavia, whilst Sailing La Vagabond took a more southerly route around the Azores and Canary Islands. In the APAC region, we continued to work with NZ Sailing Trust and the Australian Sailing Team, whilst in USA, 11th Hour Racing become Ambassadors working with us across sustainability, product innovation and development.





# C-MAP OVERVIEW

**C-MAP continues to set the industry standard for navigation and situational awareness, with products and services used across the breadth of recreational marine industry. C-MAP boasts compatibility with the vast majority of Chartplotters.**

Constantly evolving, C-MAP products are designed to deliver the most accurate, reliable and easy to understand charts and services to all users. By developing market-leading products at a cost-effective price point, we strive to ensure customer satisfaction at every level.

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

2020 was a strong year for C-MAP, with greater synergies between C-MAP and Navico hardware brands. Embedded cartography offered in the AMER and APAC markets were further developed, delivering a tournament-level quality of chart as an embed. The all-new C-MAP website was launched in Q3, delivering an instant increase in direct-to-consumer sales.

BioBase – C-MAP's automated cloud-based solution for mapping, analysis and archiving of spatial aquatic data for professionals – was re-launched in November, as a fundamental offering in Marine Innovations Group's Sustainability pillar. The new subscription model opens up BioBase services free of charge to qualifying governmental agencies, NGOs and charities.

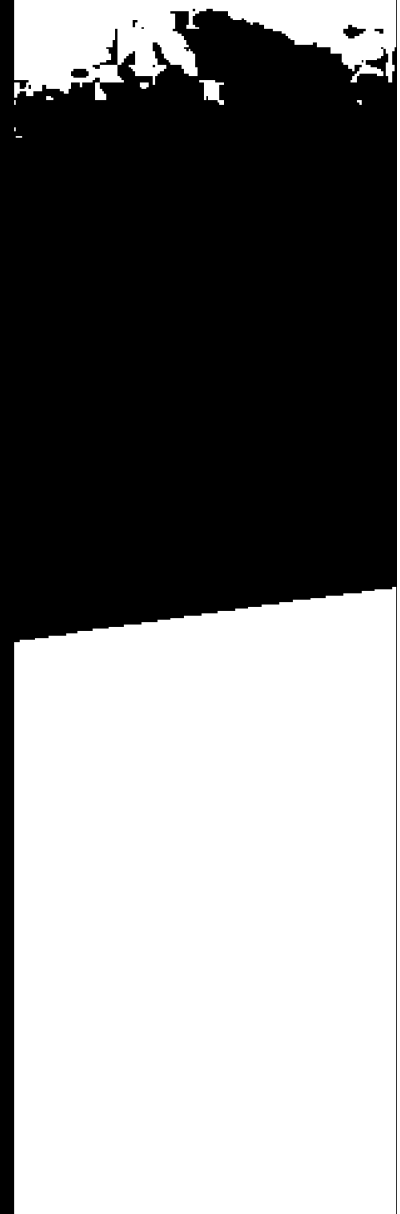
The C-MAP App has continued to gain market traction and rave consumer reviews, and has cemented its place as one of the top-rated App's in marine navigation.

Financially, 2020 continued the positive upward trend from 2019, with the activation of new revenue streams and significant R&D successes, preparing C-MAP to deliver a series of next generation updates to drive even stronger growth and market share increase in 2021.

## C-MAP Commercial

There were key updates released to both FleetManager and IMS in 2020, as preparations were made for divestiture of C-MAP Commercial.

The sale of C-MAP Commercial division is expected to be finalised in H1 2021, with a transitional period allowing licensed use of the C-MAP brand.





## C-MAP STORY SO FAR

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 designs special operating software to allow users to manipulate the data and perform navigational calculations on screen.

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

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

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

C-MAP introduces 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.

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.





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

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

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

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

Nordic private equity fund Altor and Goldman Sachs Merchant banking, acquires Jeppesen marine division from Boeing. Jeppesen marine changes name back to C-MAP and becomes part of the Marine Innovations Group.

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

C-MAP ITALY acquires GEOMIND S.r.l.

C-MAP Embark App becomes C-MAP Boating, with significant developments. Launch of C-MAP-powered Companion App's for Lowrance, Simrad and B&G.



## C-MAP NEW PRODUCTS



### C-MAP REVEAL

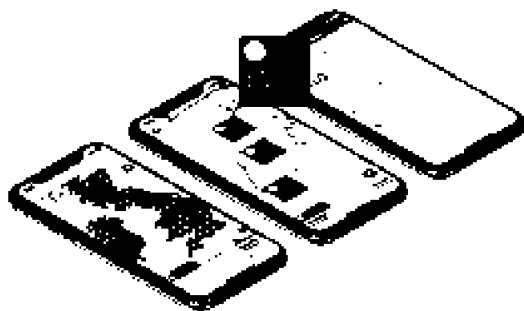
A superior chart presentation with ultra-high resolution seafloor definition for an improved customer experience, giving a 3D-like view of the seafloor. Ideal for fishing and diving. At end 2020, REVEAL was available in select areas of Europe, North America and Australia, with development work completed for a 2021 launch with global coverage.



### DATA IMPROVEMENT TO WORLDWIDE CARTOGRAPHY

New hardware technology and a more demanding and well-informed consumer base require better, improved cartography. During 2020 we added:

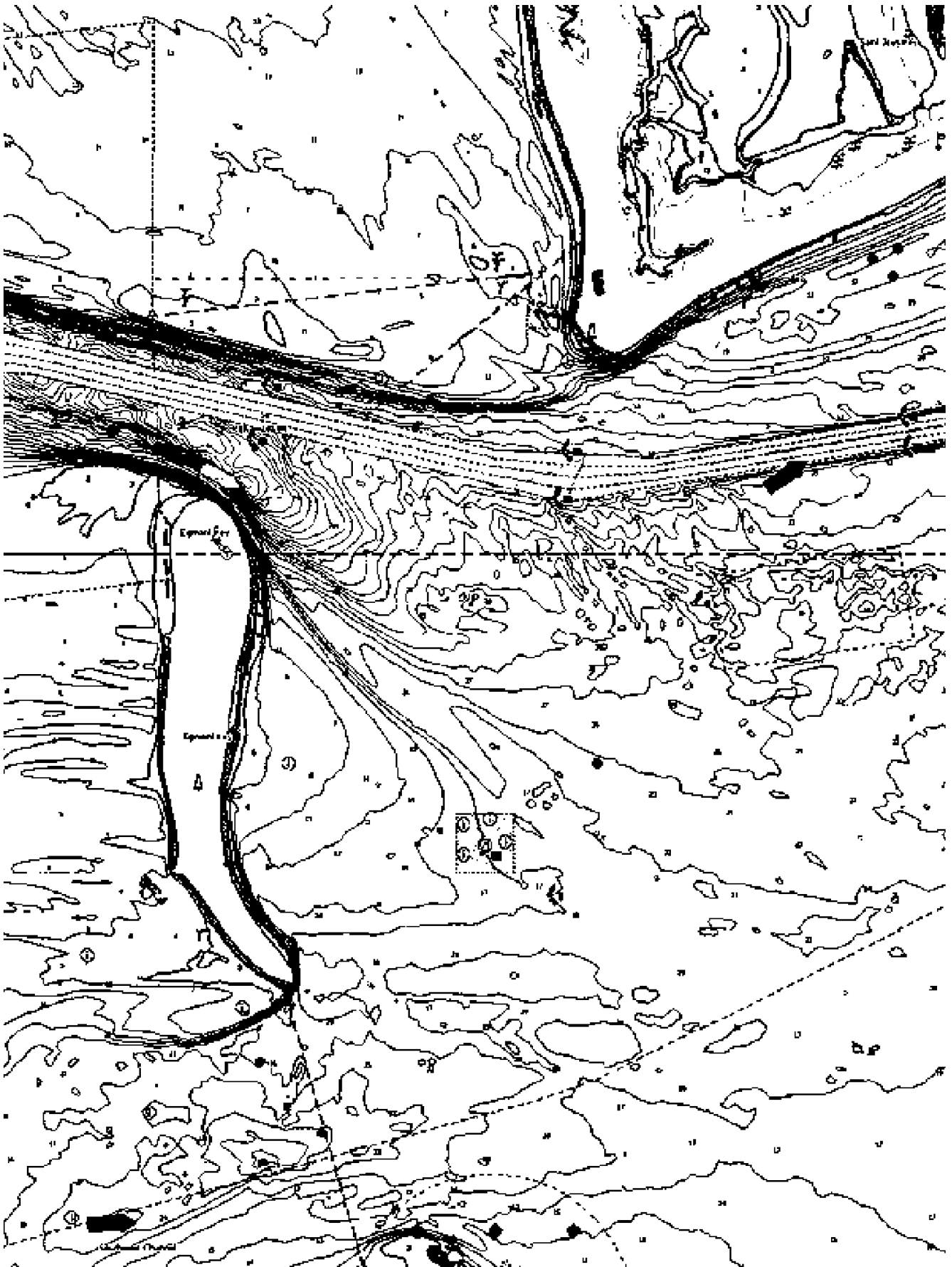
- Additional improvements to high-resolution bathymetry across EMEA, AMER and APAC – delivering the latest, greatest data to consumers
- Addition of > 20 C-MAP surveyed lakes to the North America market
- Addition of > 5,000 North America lakes processed to 1ft contour level, with a total > 15,000
- Addition – for the first time in C-MAP cartography – of Canada lakes, with > 9,400 lakes available with 1ft contour detail, opening up a whole new marketplace for C-MAP
- Added over 3.5 million acres of surveyed data using C-MAP Genesis®



### C-MAP APP

Now an integral part of the planning and on-the-water experience for many boaters, including the important target "new to boating" market. During 2020, improvements to the C-MAP App included:

- Introduction of the branded, C-MAP powered, Companion App's for Lowrance, Simrad and B&G
- Improved weather data, including "weather along route"
- Partnership with Navily added thousands of additional Points of Interest
- Now available in six languages (English, Italian, German, French, Spanish, Norwegian)
- Achieved ~700k new downloads
- Reached and maintained > 4.5 Star ratings on Google Play and Apple App Stores





# C-MAP PARTNERSHIPS & HIGHLIGHTS

## C-MAP B2B Highlights

US Coastguard contract for REC  
US MSC contract for Commercial  
Dkart renewal with MPS and NHS  
Official partner of Major League Fishing

## Looking ahead to 2021

C-MAP will begin 2021 with the older MAX-N technology being supported to end of life, and a new and enhanced, simplified two-tier product offering for Marine Innovations Group chartplotters, with C-MAP DISCOVER and C-MAP REVEAL, replacing MAX-N+. For the first time, C-MAP REVEAL will bring 3D-like shaded relief to all customers, globally, both inland and coastal.

We will continue developing the C-MAP: Boating and Companion app's, launching a new Premium service with a new subscription model in Q2.

The closing of the transaction for the sale of C-MAP Commercial is expected to finalise in H1 2021.





## OUR CUSTOMERS

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



### 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 Marine Innovations Group has no direct on the ground presence. Marine Innovations Group's distributor network is present across Asia, EMEA and South America.



### Boat Builders:

Boat Builders is an area of continuing success for Marine Innovations Group. Marine Innovations Group 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 Marine Innovations Group, 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. 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 (Marine Equipment Trade Show) 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 Marine Innovations Group, 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 Marine Innovations Group supports 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 Marine Innovations Group a unique opportunity to showcase our products and a consolidated solution to support our marketing efforts on a national scale. Marine Innovations Group 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, Marine Innovations Group 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 Marine Innovations Group and through our wholesalers and distributors. To support our local customers Marine Innovations Group 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.



# OUR PEOPLE & SOCIETY



# OUR PEOPLE

Our mission is to enable, empower and enhance our workforce.



Creation of a formal people function at a global level.



Introduction of Remote Working Strategy.



Training, financial advice and stringent health & safety programme.



Promoting diversity and equality.

56% male / 44% female

Youngest 18 / oldest 79

Average age 37

Our vision is centred on a High Performance Culture powered by a world class team and an environment where innovative and passionate people can do their very best. This is underpinned by four pillars:

1. We have a High Performance Culture - a meaningful place to work, where everyone gives their best and is continuously learning and improving.
2. We have the greatest team on the planet. We bring the right people on board, and keep them. Average duration of employment is 7 years. Our longest serving employee has been with Navico for 43 years.
3. We are a diverse and inclusive place, where all our people belong. Marine Innovations Group has 34 different nationalities working in the business.
4. We deliver the best people experience.

To underpin Marine Innovations Group's commitment to its people, the company launched the global HR Information System ADP in 2020. This is the industry leading online payroll and HR solutions service ensuring accuracy of all our people data and GDPR compliance.

Marine Innovations Group also launched Continual Performance Management (CPM) – replacing the annual performance review process facilitating real time performance conversations between our people and their managers.

The Annual Bonus plan was adjusted to align the success of the organisation with the success of its people by rewarding delivery against objectives.

# DEALING WITH THE COVID-19 PANDEMIC

Like businesses and governments around the world, dealing with the pandemic has been the primary focus over the last 12 months, and will continue to be so for many months to come. From the outset, Marine Innovations Group's position was a 'safety first' response, erring on the side of caution. As the world learnt more about COVID-19, so Marine Innovations Group learnt how best to deal with the crisis to deliver the company's efforts to have a healthy, motivated and productive workforce in these challenging times.

## Key initiatives



Creation of the crisis management team (CMT) in response to the global pandemic. This team meets every day, reviews every site across the Marine Innovations Group business and checks in on actions needed to protect our people against the pandemic.



Launched the remote working program so people would work safely and productively from home, providing both advice and financial support.



Strict COVID-19 guidance at any open offices eg provision of face masks, sanitiser stations, social distancing measures, temperature checks, etc.



All staff switched to a 4-day working week for a period of 2 months (April-May 2020) in response to the early pandemic. In addition, staff were repaid the lost salary by the end of 2020.



Sharing of data on all of our countries to employees: vaccine timelines, people / business risk, level of increase / decrease locally.

**A concerted effort had been made to create a culture that promotes and supports the physical, social, emotional and mental wellbeing of all Marine Innovations Group people.**

- **Mental Health** – we ran 3 x global webinars hosted by Resilience Coach, Josh Connolly on how best to discover 'inner resilience, become self-aware, connected and effective.
- **Physical Health** – we ran 2 x global step challenges to keep our people moving while working from home powered by MoveSpring, a fun and easy to use step and activity challenge app. > 500 people participated and together covered an incredible 83,492,978 steps covering a distance of 34,878,351 miles in 435,339 minutes.
- **Emotional Health** – we gave all Marine Innovations Group people a free annual subscription to the CALM app. CALM is a fantastic mental health toolkit that helps reduce stress, increase happiness, reduce anxiety, develop gratitude and improve performance. We also ran group meditation sessions, facilitated by the CALM app.
- **Time out for parents** – for our people who are parents, struggling to balance work and home schooling, we put together a programme of interactive drama classes for the children. The aim is to entertain and engage the children allowing the parents some breathing space.



# ENSENADA, MEXICO

Marine Innovations Group's main manufacturing facility in Ensenada, Baja California, Mexico is home to nearly a third of the workforce. To protect its people at this primary site, Marine Innovations Group stepped up its efforts.

Communication, Communication, Communication.



Provide a care kit to all employees.



Coordination with the city and state health departments.



Meetings to be conducted with no more than 10 people and keeping two meters of distance.

Provide information to all employees on preventative measures.

Use of face masks for all employees in the factory.



Plant operating at around 50% headcount with social distancing in place.

Implemented no business travel out of the state of Baja California.

No out of state visitors to the plant.

Bathrooms cleaned three times per shift.

Cleaning of Air Vents

Implement staggered breaks to maintain social distancing in the canteen.

Recommend to all employees not to travel out of state.

Daily sanitization for work areas.

All vulnerable and elderly employees are on paid leave.

Thermography (body temperature scan)

Only one entrance to the plant.

Use only face recognition at time of checking in - not fingerprint.

Staggered shifts to reduce the amount of people going through the entrance at the same time.

Marine Innovations Group private transport for all workers to avoid contamination from public transport. Social distancing with buses being only 1/3 full.

More regular equipment sanitisation.

Relocate access to the primary thru an isolated area.

Quarantine employees that traveled to high risk areas and showed symptoms and encourage employees to self isolate if they have symptoms.

Private healthcare for factory employees.

All delivery drivers receive a temperature check before being allowed into the premises.

Reduce aisles traffic by changing routes to move in one way only.



The company already has in place many CSR initiatives at the Ensenada site to enhance, enable and empower their workforce.



Education: Elementary School, Middle School and High School a new programme in 2019 that started with 27 employees.



School Supply Programme to employees with children.



Breast Cancer Campaign.



Supporting female employees around International Women's Day.



Service Fair providing legal and financial advice at no cost.



Support to obtain a Mexican passport.



# ENVIRONMENT &



# SUSTAINABILITY

Marine Innovations Group is dedicated to preserving the joy of being out on the water for current and future generations. Water is where we work and play and we strive to do our part and be leaders in promoting practices that contribute to clean and healthy oceans and waterways, drive conservation, reduce pollution and emissions. As a responsible company, we are committed to working in a socially responsible and ethical manner, protecting the environment and acting sustainably in order to cause no unnecessary harm.

In February 2021, Marine Innovations Group made a commitment to formalise its approach to sustainability and embed sustainability into all of our core processes and ways of working. At the time of writing this report, we are in the process of undergoing a materiality assessment to confirm the most important issues to Marine Innovations Group and to our stakeholders, and we are developing our strategy and targets, which will be launched publicly by September 2021.

## Key Activities in 2020

Sustainable practices are already a part of what we do. Below are just some of our initiatives and partnerships that relate to the Environment, People & Society, and Corporate Governance:

### Sustainable packaging

Mid-way through 2019, Marine Innovations Group embarked on a journey to make packaging for all new product offerings 100% sustainable. A cross-functional team was assembled, featuring expertise from R&D, supply chain, product management, marketing and design. The team opted for a sustainable packaging solution that comprised of moulded pulp, recyclable Ekraft cardboard, mushroom packaging, hydropol bags and FSC certified paper.

Some of our biggest product lines for 2021 now have 100% sustainable packaging, including Lowrance's Elite FS and the new ActiveTarget sonar, B&G's Nemesis, as well as Simrad's latest VHF systems (see case study on following pages).

### Partnerships & Sponsorships

Marine Innovations Group is proud to support organisations that share our commitment to clean and healthy oceans and waterways, drive conservation, reduce pollution and emissions. We aim to support organizations in our communities, where sailors, anglers and captains who share our vision are making a real impact. Sponsorships in 2020 include:

- Ladies, let's go fishing!
- Gray Fish Tag Research
- Florida Fish and Wildlife Conservation Commission's TrophyCatch
- SailGP
- Plastic Odyssey
- Barba.no
- Ozfish





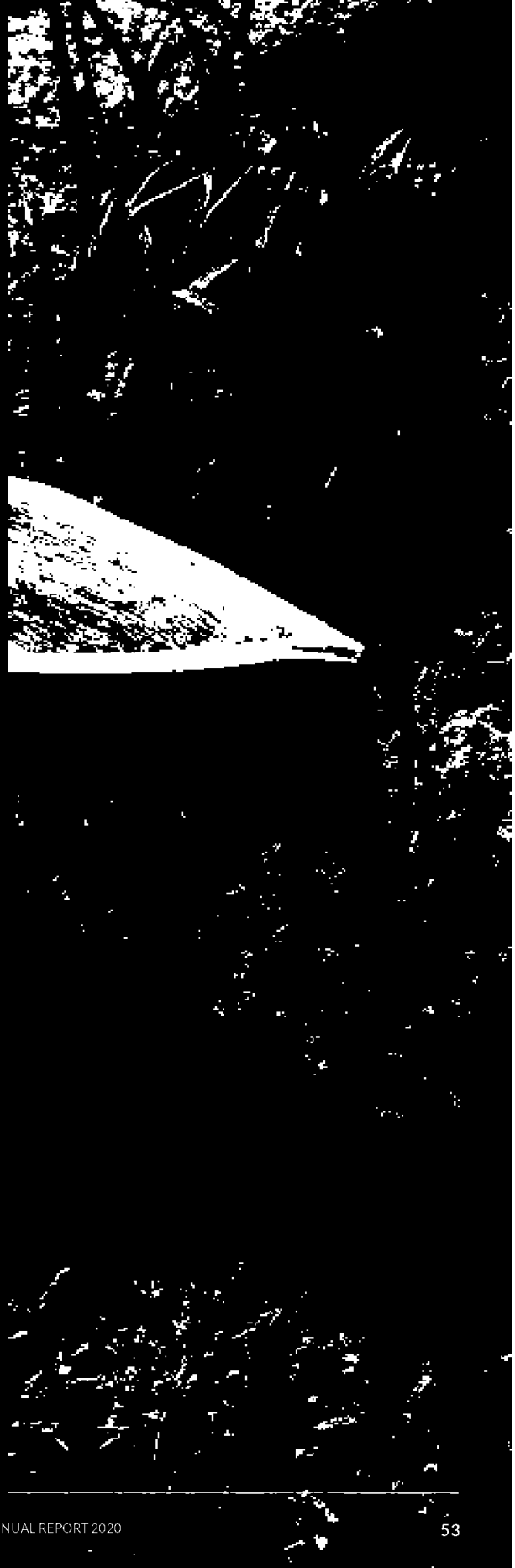
## BIOBASE

BioBase (part of our C-MAP brand) is a subscription-based tool for aquatic environmental professionals. BioBase takes sonar logs from echosounders, data from satellite images, and creates aquatic vegetation and coastal habitat maps. It is designed for aquatic biologists, government agencies and researchers to implement long term monitoring programs related to current and historical vegetation densities, bottom hardness and other water quality characteristics.

As of October 2020, BioBase was re-released free of charge to Environmental Agencies, Governments and non-profit organisations, with a usage limit of up to 20 gigabytes of uploaded storage.

BioBase is a cornerstone for Marine Innovations Group's sustainability goals. By opening up the BioBase platform free of charge to governmental bodies and research institutes, we are facilitating the increase collection and sharing of data to conserve aquatic habitats and benefit both aquatic and fish conservation.

BioBase by C-MAP is the premier cloud-based solution for automated processing, mapping and storing of spatial aquatic data, and already the industry leader in processing technology for the aquatic resource professional.





# WHAT'S TO COME

The process we are undergoing to develop a comprehensive approach to strategy focusses on three key questions:

1: What are the most important sustainability issues to Marine Innovations Group and our stakeholders?

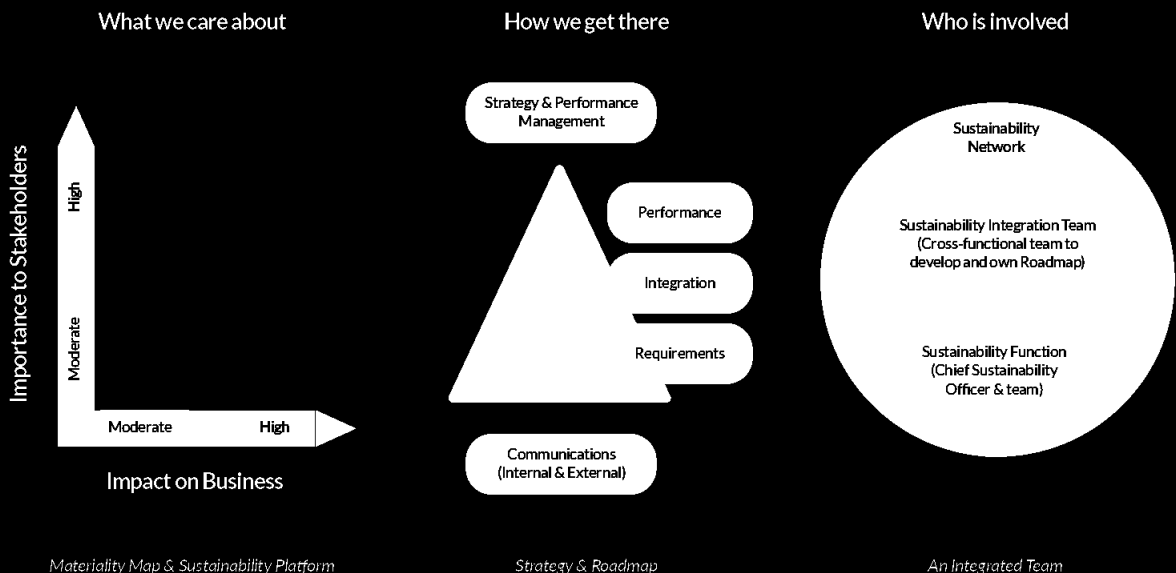
We are developing a materiality map that will be the foundation of our sustainability strategy with targets, KPIs and metrics.

2: How do we integrate sustainability throughout our business in all brands, functions and at all levels?

We are developing an integrated sustainability strategy and roadmap, with a dashboard that will be integrated into our business intelligence dashboard

3: Who is involved throughout the business?

We are establishing a small core sustainability function, led by our first Chief Sustainability Officer, and establishing a cross-functional sustainability integration team that is co-developing and responsible for the sustainability roadmap. Sustainability is governed at the highest levels within our organization: By the Corporate Executive Committee and Board.





# PACKAGING

Marine Innovations Group's journey towards 100% sustainable packaging began mid-way through 2019. A dedicated team was set up to develop the new packaging working to the following attributes.



## Protect

Our designs protect the product so they make it to the consumer in optimal condition.



## Sustainable

We choose materials and processes that are energy efficient, environmentally friendly and sustainable where possible.



## Cost & Logistics

We optimise our designs for storage, shipping and ensure costs meet business objectives.



## User Experience

Although our packaging designs aim to reduce our environmental footprint they are also carefully crafted experiences that reinforces our brand stories.



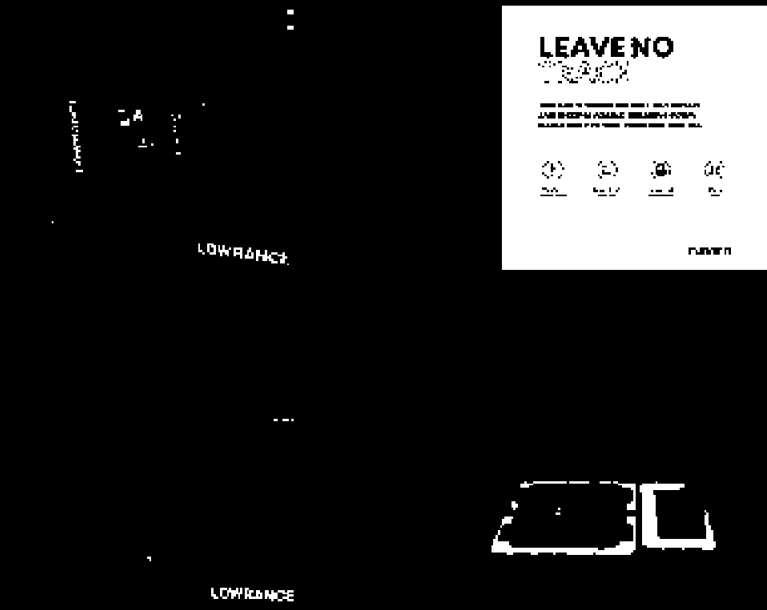
## Distinctive

Our designs are distinctive and align to our brands values. They consider regulatory, sales, training requirements and communicate our sustainable values where appropriate.

Working within these parameters, brand packaging for new products in 2020 were delivered in new sustainable packaging. Significantly, packaging designs for these products would all contain zero plastic packaging. The team opted for a combination of moulded pulp, recyclable Ekraft cardboard, mushroom packaging, hydropol bags and FSC (Forest Stewardship Council) certified paper.

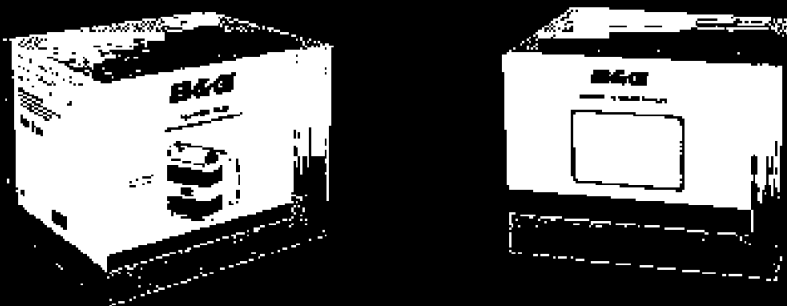
**Example 1: Lowrance Elite FS™ & ActiveTarget™**

It is estimated that Elite FS alone will save nearly 1,500kg of plastic every year as nearly 300,000 plastic bags have been replaced, 45,000 foams replaced with mushroom nest, and Instapak replaced with moulded pulp.



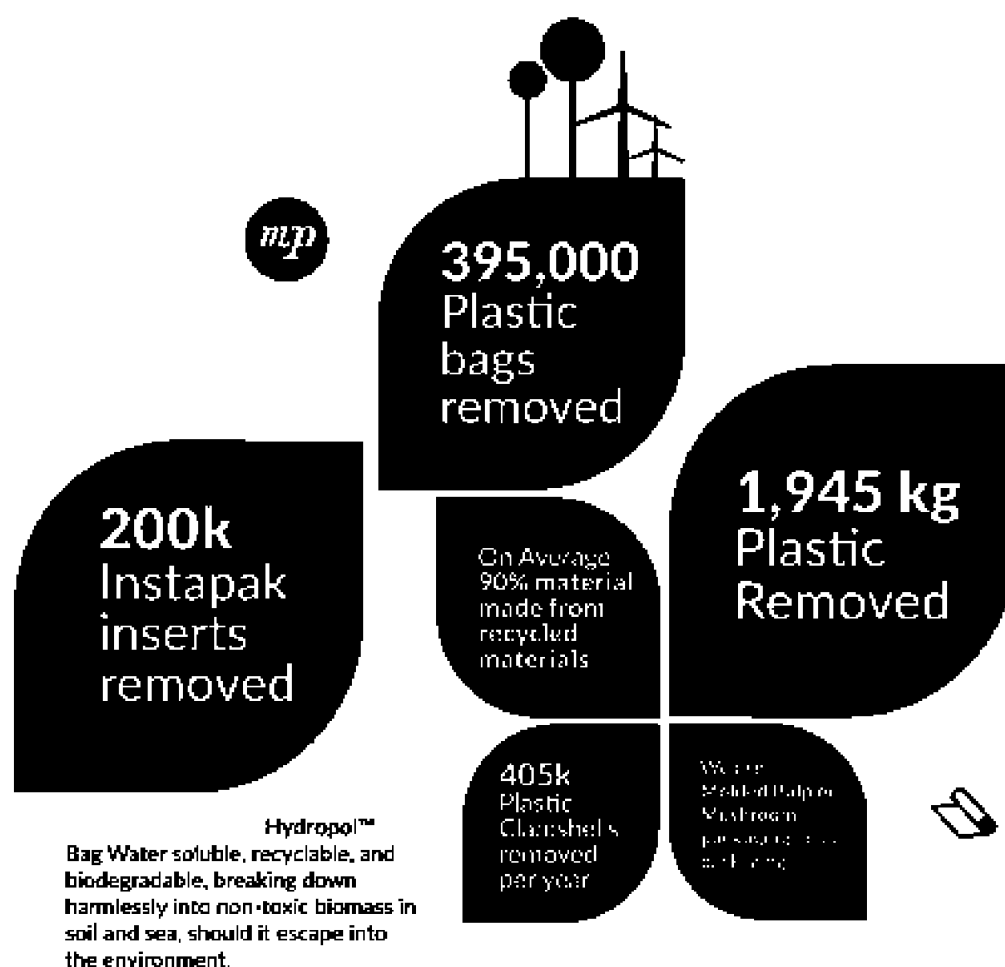
**Example 2: B&G Nemesis™**

Being predominantly a B2B product, the packaging solution was different. It's made up of an Ekraft box with a label on top (eco-friendly), as well as biodegradable ink and paper (FSC certified). The projected environmental savings for Nemesis include 32kg of plastic every year and 4,000 single-use plastic bags (removed from hardware kits and documents).





Combined, the reduction of plastic from packaging has been significant and Marine Innovations Group is on track to meet its ultimate goal of removing all plastic from its packaging by the end of 2021.





# CORPORATE GOVERNANCE



## BOARD OF DIRECTORS



Michael is EMEA head of corporate equity and head of India corporate and growth investing at Goldman Sachs Asset Management. He is a member of the MBD Corporate Investment Committee, MBD Growth Investment Committee, Sustainable Investing Group Investment Committee, and the Asset Management Inclusion and Diversity Committee. Michael joined Goldman Sachs in 2004 and was made managing director in 2013 and partner in 2016. Michael earned a BA in Economics from the University of Copenhagen and an MSc in Economics from the University of Copenhagen, with studies at Cornell University. Michael currently serves on the boards of Ecoonline, HRA Pharma, Northvolt, Noveltech, Renew Power and Advania.



A Partner at Altor Equity Partners, the investment advisor for the Altor funds, David previously worked for global investment bank Morgan Stanley in London focusing on M&A, primarily for clients within energy-related industries. David also serves as a Director on the board of Haarslev A/S. David earned a BSc in International Business from the Copenhagen Business School in 2004 and a MSc in Finance & Accounting from the Copenhagen Business School in 2006.



Johan is Head of Transformations in Altor and holds an MSc in Economics and business administration. Prior to joining Altor, Johan spent 20 years as a management consultant, from 1998-2013 as Partner in McKinsey and 2013-2019 as Partner in Quartz. Throughout his career, Johan has worked closely with management teams across industries and geographies to define and execute multi-lever multi-year holistic value creation transformations.



Ken became Chairman & CEO of Individual Foodservice (IFS) in June 2020. Prior to IFS, Ken was Chairman & CEO of SouthernCarlson, Inc., which he joined in January 2018. Prior to SouthernCarlson, Ken was the Chief Executive Officer, President and Chief Operating Officer of Interline Brands, Inc., a nearly \$2.0 billion (annual revenue) distributor of MRO products. He also served as a Senior Vice President at The Home Depot from 2015 - 2017. Prior to Interline, Ken was First Vice President of Property Operations Strategy at Equity Residential Properties, a Consultant at Bain & Company and Vice President, National Corporate Banking at PNC Bank. Ken is an advisor to Kelso & Company. Ken received his BSB from Miami University, Ohio (with honors) and his MBA from the University of Chicago Booth School of Business.

## CORPORATE EXECUTIVE COMMITTEE



Knut was appointed President and CEO of Marine Innovations Group in June 2019, having been a board member for the previous 14 years. Prior to leading Marine Innovations Group, Knut was the CEO of The Volvo Ocean Race from 2009. Aside from his extensive business background, Knut is a former professional yachtsman, twice participating in The Olympic Games (1988 & 1992) as well as in four Volvo Ocean boat races (twice as skipper.) Knut is also a renowned motivational speaker and published his book "Whitbread Round the World Race: Responsible for the Irresponsible" in 1998.



Olivier was appointed as Chief Finance Officer for Marine Innovations Group in March 2020. He joined Marine Innovations Group with 20 years of experience in finance and supply chain for high tech companies. He has a strong track record of enhancing business performance, fund raising and driving profitable growth. Prior to joining Marine Innovations Group, Olivier was the COO and CFO of Canoo, an Electric Vehicle start-up based in Los Angeles. He previously held multiple roles at ST Microelectronics in Americas including VP Finance and CFO.



Jarred joined Marine Innovations Group as Chief Technology Officer in September 2020, leading Marine Innovations Group's R&D Team from our Auckland office in New Zealand. Jarred was the former CTO of EROAD, a Fleet Management solutions provider, where he led a team of 100+ R&D people and helped scale the business into the global organisation it is today. Jarred has a deep software knowledge with a strength in SaaS, IoT and high scale regulatory environments that demand security and privacy by design. Jarred started his career in Nortel, an international telco company where he worked within software engineering.



Chris joined Marine Innovations Group in 2019 and is responsible for all of Marine Innovations Group'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.



Patricia recently joined Marine Innovations Group as Chief Supply chain Officer in January 2020. Patricia joins Marine Innovations Group as a former Partner for McKinsey & Co, where she was based in Chicago, US. She has 25 years of experience within industry and consulting, and a track record of developing and leading performance transformations in frontline operations and supply chains. Before joining McKinsey, Patricia worked for 13 years in the automotive industry in various operational roles including manufacturing.



Simon joined Marine Innovations Group as Chief People Officer in February 2020 to lead our new 'People' organisation. Simon joined Marine Innovations Group from Dyson, where he was the HR Lead for the automotive business. In this role, Simon built the HR and People function entirely from scratch. Before joining Dyson, Simon worked at Cable & Wireless, a British telecommunications company, and consolidated a very geographically dispersed business.



Jordi joined Marine Innovations Group as Chief Marketing Officer in January 2019. For the previous eight years, Jordi was the Chief Digital Officer of The Volvo Ocean Race. Jordi has extensive experience leading marketing, communication and technology in sailing events like America's Cup and the Volvo Ocean Race. 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.



Tara has been appointed as Chief Sustainability Officer in February 2021 and is in charge of ESG at Marine Innovations Group. Tara has more than 15 years of experience in sustainability leadership roles in the US and in Europe. She came from Engie, where she was Managing Director for sustainable supply chain solutions. Before that she held several executive roles at BSR, Sedex and BAA. Tara has also served as Senior Associate at the University of Cambridge Institute for Sustainable Leadership, as well as an Advisory Board Member of UN Global Impact and Nike Stakeholder Advisory Board.



Alain is Marine Innovations Group's Chief Commercial Officer, having been appointed in January 2020. Alain has over 25 years of experience in high-tech and consumer-facing sales and general management roles in the US, Europe and APAC. Alain joined UbiSoft in 1993, where he established its presence in North America. In 2004 he moved to Switzerland to lead the EMEA go-to-market strategy for Logitech. He also lived in Amsterdam as CMO of TomTom, the GPS devices manufacturer. Alain's last corporate role was CEO Europe for Chinese-based TCL, one of the largest consumer electronics company worldwide.



Jeroen joined Marine Innovations Group in 2012. As Chief Accounting Officer, Jeroen reports to Olivier Bellin and is responsible for Accounting, Finance and IT activities within the Marine Innovations Group. Before joining Marine Innovations Group, Jeroen spent nearly seven years holding a variety of roles at Ernst & Young in the International Audit Practice. He is a licenced Public Auditor in The Netherlands and is based out of Marine Innovations Group's Dordrecht office.

## BRAND MANAGEMENT



Max was appointed as Executive Vice President of Marine Innovations Group's C-MAP brand back in March 2020. Max joined Marine Innovations Group with a strong entrepreneurial and consultancy background. He has worked in digital and innovation roles, for top management consultancy firms (including PA Consulting Group and Boston Consulting Group). For five years, Max was the VP of Digital Innovation for Luxottica from 2013, where he led the company's innovation lab in San Francisco. Max also has a strong engineering background, starting with a degree in Electrical and electronic engineering.



Alan was appointed as Executive Vice President for Marine Innovations Group's B&G brand in January 2020, having been with the company since 2005. Prior to this, he held a range of roles at B&G, covering technical sales, service management and product management. Alan is a lifelong boating enthusiast with a strong background of competitive sailing.



Mike was appointed as Executive Vice President for Marine Innovations Group's Simrad brand in January 2020, having been with the company since 2003. Mike 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 in the US. A former Product Director at Marine Innovations Group, Mike has a strong product and engineering background, as well as BS in Engineering and an MBA in Operations from Northeastern University in the US.



Lucas has been EVP of Lowrance since January 2020, having worked in the marine industry for the past 22 years. Lucas is hugely passionate about fishing and prior to becoming EVP for Lowrance, he had two roles as Product Line Director and Product Owner for Lowrance, supporting the brand with overseeing the portfolio, promotional planning, as well as sales execution. He also supported Lowrance successfully enter a new market with its Ghost trolling motor in 2019.



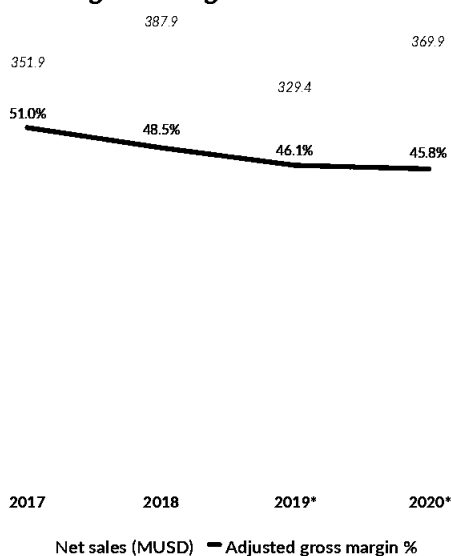
# FINANCIAL SUMMARY

(USD Millions)	2017	2018	2019*	2020*
<b>Income statement</b>				
Net sales	351.9	387.9	329.4	369.9
Adjusted gross profit	179.5	188.0	152.0	169.6
Adjusted EBITDA	72.1	73.6	45.3	72.0
Adjusted EBIT	42.4	41.4	11.0	40.4
Net result	0.1	13.1	(45.1)	(26.8)
<b>Balance sheet</b>				
Inventories	79.3	84.2	67.6	81.1
Trade and other receivables	71.9	69.8	62.5	74.1
Total assets	666.1	659.4	611.1	627.2
Shareholders' equity	277.8	289.9	241.1	218.5
<b>Cash flow and investments</b>				
Cash flow from operating activities	47.0	81.8	39.7	54.1
Net investments	(44.7)	(36.3)	(37.6)	(25.1)
<b>Performance ratios (%)</b>				
Adjusted Gross margin	51.0%	48.5%	46.1%	45.8%
Adjusted EBITDA margin	20.5%	19.0%	13.8%	19.5%

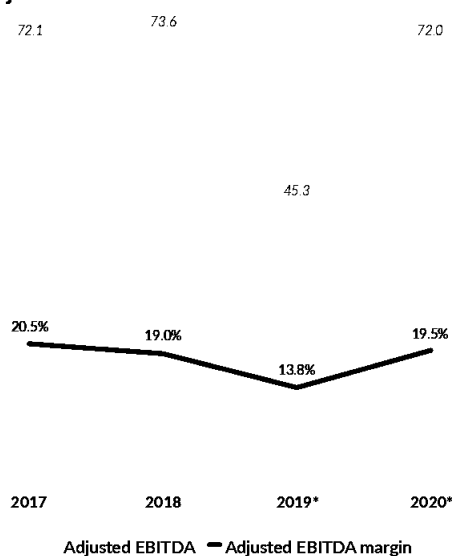
\* excl. discontinued operations

These non-IFRS measures should not be considered as substitutes for financial reporting measures prepared in accordance with IFRS. See Appendix 1 for the detailed reconciliation.

## Sales and gross margin



## Adjusted EBITDA





# CONSOLIDATED FINANCIAL STATEMENTS



# BOARD OF DIRECTORS' REPORT 2020

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

## An eventful year

Marine Innovations Group delivered USD 369.9 million in revenues from continuing operations over 2020, which is an increase of 12.3%. This increase was driven by the growth of the recreational marine electronics industry with new boaters entering the market and existing boaters upgrading equipment, the introduction of new products and the full-year effect of entering new markets. The increase in revenues also leads to an increase in operational performance, with adjusted EBITDA amounting to USD 72.0 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 2019 unless otherwise specifically stated)

The Group's individual brands each have a strong heritage in the marine industry that stretches back over several decades. Along with the consolidation of brands and products, Marine Innovations 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 a 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 from continuing operations of USD 8.0 million positive (USD 18.3 million negative) for the year. Net Revenues for the Group from continuing operations in 2020 increased to USD 369.9 million from USD 329.4 million in the previous year, an increase mainly caused by the increased consumer demand for outdoor lifestyle and activities from new and old consumers.

R&D resources have been working on 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 and design that is more efficient. Over the last couple of years, Marine Innovations 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.

The Group has met all its covenants, and the Board is of the opinion that this will be the case for 2021 as well.

## Overview of the business

Marine Innovations Group has its statutory seat in Egersund, Norway. The Group has manufacturing facilities in Mexico and Italy and had a total of 2,049 employees at 31 December 2020 (1,656 at 31 December 2019).

Marine Innovations Group is a specialist electronics company; its brands deliver the technology in mapping, sonar, radar and value-added applications for the marine industry. The Group 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 the Group 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 Marine Innovations Group products are both of outstanding quality and competitively priced.

Marine Innovations Group 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. These solutions are supported 24/7 by a global network of Marine Innovations Group 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 2020

- Reinforced top management team with the hiring of five highly experienced leaders filling key executive positions
- Continued strategic investments into new products and platforms
- Introduced 100% plastic-free and recycled packaging on all new products in 2020
- Focus on digital marketing and e-commerce
- Made decision to divest C-MAP Commercial business and concentrate on core competences

## 2. Financial review

The following financial review is based on the consolidated financial statements of Marine Innovations 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 2020.

### Consolidated statement of income and comprehensive income

In 2020 the consolidated operating revenues from continuing operations amounted to USD 369.9 million (USD 329.4 million). The 12.3% increase is primarily driven by the increased demand due to the overall industry growth, combined with the introduction of new products.

The cost of goods sold for continuing operations amounted to USD 205.4 million (USD 177.5 million). Operating expenses before depreciation, amortisation, impairment charges and separately disclosed items for continuing operations came to USD 98.8 million (USD 106.6 million). The decrease in operating expenses was mainly related to the full-year effect of cost-savings initiatives implemented during 2019 and early 2020. Operating profit before depreciation, amortisation and items affecting comparability (Adjusted EBITDA) from continuing operations amounted to USD 72.0 million (USD 45.3 million).

The operating result (EBIT) from continuing operations for the year was USD 8.0 million positive (USD 18.3 million negative in 2019). The increase in revenue positively impacted the EBIT margin and, consequently, gross profit due to the reasons mentioned above decreased operating expenses due to the full-year effect of the cost-saving measures and separately disclosed items (see note 13 for further details).

Net financial items from continuing operations amounted to USD 34.3 million negative (USD 28.4 million negative), 2020 being mainly impacted by additional interest and higher amortisation of capitalised bank fees.

Profit before income taxes from continuing operations came to USD 26.3 million negative (USD 46.7 million negative), and net loss from continuing operations for the period was USD 26.8 million (USD 45.1 million loss).

### Financial position, financing and liquidity

Total non-current assets amounted to USD 439.3 million (USD 470.7 million) at 31 December, the decrease was mainly driven by depreciation/amortisation of fixed assets.

Total current assets came to USD 176.0 million (USD 140.4 million), the increase being attributed to an increase in inventories, trade and other receivables, and cash and cash equivalents. The increase in inventories and trade and other receivables was driven by the growth of the business in 2020 compared to 2019, and the increase in cash and cash equivalents was due to better operating results during 2020 compared to 2019 and additional financing used in 2020. Working capital, consisting of inventories, receivables and prepayments, less trade and other payables (excluding short-term lease liabilities), amounted to USD 74.5 million (USD 66.8 million). The increase is mainly attributable to the increase in inventory and trade receivables that are partially offset by the increase in trade and other payables.

Total shareholders' equity was USD 218.5 million (USD 241.1 million) at 31 December 2020, mainly affected by the loss for the year and the impact of other comprehensive income.

Total liabilities were USD 408.7 million (USD 370 million). Total interest-bearing debt amounted to USD 268.9 million (USD 252.1 million).

### Cash flow

Net Cash flow from operating activities was USD 54.1 million (USD 39.7 million). The increase is mainly due to a higher operational performance resulting from growth of the business.



Net cash flow used in investing activities was USD 25.1 million (USD 37.6 million), mainly related to the development of the new products and investment in technology.

Net cash flow used in financing activities was USD 18.4 million (USD 9.0 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 to the Group. The R&D activities are distributed across different competence centres around the world where we leverage small dedicated teams with core knowledge, together with a global organisation. In accordance with IFRS, we capitalise 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 2020 totalled USD 36.6 million (USD 47.8 million). USD 20.3 million (USD 27.0 million) has been capitalised 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 limited 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 2020 to limit the currency risks versus Euro, AUD and MXN.

#### Liquidity risk

The Company's liquidity improved due to the business performance and additional financing attracted during 2020.

#### 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 hedge which will be effective till March 2023. The Company hasn't applied hedge accounting.

#### COVID-19 (coronavirus disease) pandemic risk

As explained in Note 2.1 Going concern basis of accounting in the financial statements, the COVID-19 outbreak and resulting measures taken by various governments to contain the virus had mixed impact on our business from mid-March 2020. On the positive side, the recreational marine electronics business got a boost due to change in people lifestyles; new boaters joined the market and existing boaters invested in the upgraded equipment. The Group expects to see increasing revenues during the first and second quarter of 2021 due to increased demand and backlog at 31 December 2020. The scale and duration of the COVID-19 impact, establishment and configuration of "new normal" remain uncertain. On the other side, 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. This risk Marine Innovations Group minimises by introducing workforce distancing at the production facility in Mexico, zero tolerance to sickness at work, regular staff temperature checks, regular COVID testing for the employees, daily crisis management team meetings to review new actions. Back-up plans are developed with main suppliers, and alternative designs are developed to substitute scarce components.
- Impairments: Marine Innovations Group does not see an increased risk of impairment for accounts receivables in the current environment. In addition, 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 obtained additional financing for up to USD 20 million under the receivables purchase agreement to ensure additional liquidity in a volatile and uncertain market environment and to invest in additional working capital driven by the growth of the business.

## 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.

Based on the shift in consumer behaviour and the overall recreational marine electronics industry growth, combined with the measures taken by management as a response to the COVID-19 development, and the various scenarios considered at the date of authorisation 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 and continue growing.

Marine Innovations Group AS's Board of Directors sees significant growth opportunities in the Marine Electronics sector. The Board of Directors believes the Company is working on and investing in strategic and innovative products that will continue to improve the Group customers' experiences. The Board of Directors, therefore, continues to support Marine Innovations 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 profit before income taxes amounted to USD 1.0 million (USD 0.5 million loss), while the net profit was USD 1.0 million (USD 0.5 million loss).

The Board proposes that the statutory Marine Innovations Group AS annual result of USD 1.0 million is added to the retained earnings.

## 7. Environmental, Social, and Corporate Governance

Environmental, Social, and Corporate Governance (ESG) is about running the business in a responsible and sustainable manner over time and in a way that contributes to a positive, trusting relationship between Marine Innovations Group and the Group's stakeholders. The 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

Marine Innovations Group has zero-tolerance for 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 that may be difficult to handle. All employees have signed the Group's ethical code of conduct, and a handbook on anti-corruption has been composed and shared throughout the business.

### Natural environment

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

Marine Innovations Group monitors the following performance indicators at the factory in Mexico:

- Annual energy consumption: kW/h 4.1 million in 2020 (2019: kW/h 3.8 million).
- Waste recycling: since 2010, the Group started a recycling project for special handling waste (cardboard, paper, plastic, metal, wood). During 2020, kg 282 thousand of waste was recycled (2019: kg 315 thousand). Marine Innovations 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. In 2020, our factory in Mexico generated 1,694 tons of CO<sub>2</sub> (2019: 1,778 tons).
- Marine Innovations Group generates a limited volume of hazardous waste (waste contaminated with chemicals, solder dross and electronics waste). The waste with chemicals is disposed of as hazardous waste according to Mexican regulations, and the rest is recycled. All electronic waste is recycled (18.7 thousand kg in 2020 compared to 25.7 thousand kg in 2019). The solder dross recovery process has allowed Marine Innovations Group to reduce the generation of waste (699 kg in 2020 compared to 700 kg in 2019).



Marine Innovations Group holds ISO 14001:2015 (specifies the requirements for an environmental management system that an organisation 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

Marine Innovations Group also contributes to the local community by the collection of items for support in cities affected by natural disasters, support for social NGOs (including drug rehabilitation centres), donations for the elderly house, and donations for the dogs association.

## 8. Employees, organisation and equal opportunities

Marine Innovations Group is a specialist electronics company, based on knowledge and technology, and the Group had 2,049 well-qualified employees at 31 December 2020 (2019: 1,656 employees). This team develops the company's brands which operate in navigation, fish-finding equipment and value-added applications for the marine industry. The growth of the operations during 2020 contributed to the increase in the number of employees.

### Employees and expertise

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

Marine Innovations 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

Marine Innovations 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

Marine Innovations 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. Marine Innovations 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 2020, the company board consisted of four male directors.

Marine Innovations 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 Marine Innovations Group had a mother tongue other than Norwegian at 31 December 2020, 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 2020 the Board of the main operating entity Navico Group AS has been strengthened with key knowledge by the appointment of Ken Sweder and Johan Reiersen as members of the Board of directors. At the same time, the management team was strengthened with the new CFO, CTO, CCO and CPO during 2020. At the beginning of 2021, two female leaders joined Marine Innovations Group management as Chief Supply Chain Officer and Chief Sustainability Officer.

## Dividends

The Board of directors have suggested to not distribute dividends for 2020 in order to pursue growth opportunities and liquidity within the Company

## External auditor

The annual General Meeting has appointed Johan Lid Nordby (EY) as the Group's external auditor.

## 9. Outlook

The Group strategy has been further developed early 2021 with a strategic 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 further 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 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, Marine Innovations 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 strengthened the recreational marine electronics industry, at the same time, supply chain is experiencing pressures from the logistics side and shortages of certain components. 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 consumer confidence will be among major industrialised economies and what will be the configuration of the "new normal."

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, increased production capacity to meet increased demand, implemented work-from-home program throughout all locations, secured workforce distancing at the production facility in Mexico, announced zero tolerance to sickness at work, organised regular staff temperature checks and regular COVID testing for the employees, obtained additional financing for USD 20 million to finance additional working capital requirements, simplified organisation by divesting non-core assets. The above-mentioned pre-emptive measures taken by the Group confirm the strategic principles of the Group to maintaining a 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

### C-MAP Commercial divestment

On 3rd December 2020, Marine Innovations Group signed an asset-purchase agreement to dispose of C-MAP Commercial related assets. The divestment is expected to simplify the Marine Innovations Group structure and reduce cost through the decrease in the number of employees and location footprint.

The financial effects of this transaction have not been recognised at 31. December 2020 as the closing of the transaction is expected to be finalized in the first half year of 2021. At 31. December 2020, C-MAP Commercial business was classified as a disposal group held for sale and as a discontinued operation.



Egersund, 14 June 2021  
Board of Directors

-----  
Mr. Johan Reiersen - Chairman

-----  
Mr. David Hess

-----  
Mr. Michael Bruun

-----  
Mr. Ken Sweder

**President & CEO**

-----  
Mr. Knut Frostad



# CONSOLIDATED FINANCIAL STATEMENTS

## Consolidated Statement of Income

USD (Thousands)	Notes	2020	2019 Restated
<b>Continuing operations</b>			
Revenue	6,7	369,918	329,437
Cost of sales	9	(205,350)	(177,481)
Gross profit		164,568	151,956
Other operating expenses	10	(22,523)	(28,660)
Employee benefit expenses	11	(76,243)	(77,949)
Depreciation, amortization and impairment	12	(55,053)	(54,840)
Separately disclosed items	13	(2,752)	(8,803)
Results from operating activities		7,997	(18,296)
Finance income	14	381	351
Finance expense	14	(32,575)	(25,690)
Net foreign exchange gains & losses	14	(384)	(894)
Other income	14	(1,723)	(2,142)
Net finance costs		(34,301)	(28,375)
<b>Profit / (loss) before tax from continuing operations</b>		<b>(26,304)</b>	<b>(46,671)</b>
Income tax benefit / (expense)	19	(514)	1,540
<b>Profit / (loss) for the year from continuing operations</b>		<b>(26,818)</b>	<b>(45,131)</b>
<b>Discontinued operations</b>			
Profit / (loss) after tax for the year from discontinued operations	8	(1,946)	(1,150)
<b>Profit / (loss) for the year</b>		<b>(28,764)</b>	<b>(46,281)</b>
<b>Profit / (loss) attributable to:</b>			
Equity holders of the parent		(27,994)	(44,557)
Non-controlling interests		(770)	(1,724)

## Consolidated Statement of Comprehensive Income

USD (Thousands)	Notes	2020	2019 Restated
<b>Profit / (loss) for the year</b>		<b>(28,764)</b>	<b>(46,281)</b>
<b>Other comprehensive income</b>			
Exchange differences on translation of foreign operations		3,786	454
Net other comprehensive income to be reclassified to profit or loss in subsequent periods		3,786	454
Other comprehensive income / (loss)		3,786	454
<b>Total comprehensive income / (loss) for the year</b>		<b>(24,978)</b>	<b>(45,827)</b>
<b>Total comprehensive income / (loss) attributable to:</b>			
Equity holders of the parent		(24,208)	(44,103)
Non-controlling interests		(770)	(1,724)



## Consolidated Balance Sheet

USD (Thousands)	Notes	31 December 2020	31 December 2019
<b>Assets</b>			
Intangible assets	15, 16	386,648	413,420
Property, plant and equipment	17	49,411	54,732
Other non-current assets	20	1,334	1,147
Deferred tax assets	19	1,869	1,354
<b>Total non-current assets</b>		<b>439,262</b>	<b>470,653</b>
Inventories	21	81,130	67,572
Trade and other receivables	22	70,677	57,393
Prepayments	23	3,398	5,141
Cash and cash equivalents	24	20,809	10,305
<b>Total current assets</b>		<b>176,014</b>	<b>140,411</b>
<b>Assets held for sale</b>	<b>8</b>	<b>11,961</b>	<b>-</b>
<b>Total assets</b>		<b>627,237</b>	<b>611,063</b>
<b>Total equity attributable to owners of the Company</b>		<b>213,811</b>	<b>238,571</b>
Non-controlling interests		4,686	2,499
<b>Total equity</b>	<b>25</b>	<b>218,497</b>	<b>241,070</b>
<b>Liabilities</b>			
Interest-bearing loans and borrowings	26, 28	230,215	227,030
Other non-current liabilities	27	16,802	15,468
Deferred income tax liabilities	19	24,673	27,956
<b>Total non-current liabilities</b>		<b>271,690</b>	<b>270,454</b>
Interest-bearing loans and borrowings	26, 28	38,683	25,057
Trade and other payables	29	84,394	66,043
Provisions	30	7,052	6,906
Current income tax liabilities	19	1,150	1,533
<b>Total current liabilities</b>		<b>131,279</b>	<b>99,539</b>
<b>Liabilities directly associated with assets held for sale</b>	<b>8</b>	<b>5,771</b>	<b>-</b>
<b>Total liabilities</b>		<b>408,740</b>	<b>369,994</b>
<b>Total equity and liabilities</b>		<b>627,237</b>	<b>611,063</b>



## Consolidated Statement of Changes in Equity

USD (Thousands)	Attributable to Owners of the Parent				Total	Non-controlling Interest	Total Equity
	Issued Capital	Share Premium	Retained Earnings	Translation Reserve			
Balance at 1 January 2020	326	281,649	(43,158)	(246)	238,571	2,499	241,070
Capital contribution from shareholders	-	-	-	-	-	-	-
Total comprehensive income for the year							
Profit / (loss) for the year	-	-	(27,994)	-	(27,994)	(770)	(28,764)
Other comprehensive income							
Exchange differences on translation of foreign operations	-	-	-	3,786	3,786	-	3,786
Other comprehensive income for the year	-	-	-	3,786	3,786	-	3,786
Total comprehensive income for the year	-	-	(27,994)	3,786	(24,208)	(770)	(24,978)
Changes in ownership interests in subsidiaries							
Movement in non-controlling interests	-	-	(552)	-	(552)	2,957	2,405
Balance at 31 December 2020	326	281,649	(71,704)	3,540	213,811	4,686	218,497

USD (Thousands)	Attributable to Owners of the Parent				Total	Non-controlling Interest	Total Equity
	Issued Capital	Share Premium	Retained Earnings	Translation Reserve			
Balance at 1 January 2019	326	281,649	2,811	(700)	284,086	5,790	289,876
Capital contribution from shareholders	-	-	-	-	-	-	-
Total comprehensive income for the year							
Profit / (loss) for the year	-	-	(44,557)	-	(44,557)	(1,724)	(46,281)
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	-	-	(44,557)	454	(44,103)	(1,724)	(45,827)
Changes in ownership interests in subsidiaries							
Movement in non-controlling interests	-	-	(1,412)	-	(1,412)	(1,567)	(2,979)
Balance at 31 December 2019, restated	326	281,649	(43,158)	(246)	238,571	2,499	241,070



## Consolidated Cash Flow Statement

USD (Thousands)	Notes	Full Year 2020	Full Year 2019
<b>Cash flows from operating activities</b>			
Profit / (loss) for the year before tax from continuing operations		(26,304)	(46,671)
Profit / (loss) for the year before tax from discontinued operations	8	(1,741)	(1,063)
<b>Non cash adjustment to reconcile profit before tax to net cash flow</b>			
Depreciation / amortisation and impairment of assets		57,079	56,976
Finance income		(384)	(357)
Finance expense		32,599	25,752
Net foreign exchange income / (expenses)		285	1,211
Net other finance income / (expenses)		1,481	2,062
Change in provisions		146	(425)
Other non-cash items (forex translation related)		1,982	987
		65,143	38,472
Foreign currency (gains) / losses		(283)	(1,214)
Income tax (paid) / received		(3,888)	(1,925)
		(4,171)	(3,139)
Decrease / (increase) in inventories		(13,686)	16,603
Decrease / (increase) in trade and other receivables		(15,977)	7,361
(Decrease) / increase in payables		22,826	(19,592)
Changes in working capital:		(6,837)	4,372
Net cash from (used in) operating activities		54,135	39,705
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	17	(2,496)	(7,409)
Purchase of intangible assets	15	(22,624)	(27,901)
Acquisition of a subsidiary, net of cash acquired		-	(2,241)
Net cash used in investing activities		(25,120)	(37,551)
<b>Cash flows from financing activities</b>			
Non-controlling interest		2,255	(2,020)
Interest paid	26	(18,891)	(17,508)
Payment of lease liabilities	26	(4,152)	(4,096)
(Decrease) / increase in other non current liabilities	26	(1,538)	(153)
(Decrease) / increase bank overdraft and other short-term credit facilities	26	15,993	17,366
Repayment of debt		(6,500)	(6,500)
Settlements of swaps		(1,023)	3,933
Bank fees	26	(4,587)	-
Net cash from financing activities		(18,443)	(8,978)
Net increase / (decrease) in cash and cash equivalents		(10,572)	(6,824)
Cash and cash equivalents at 1 January		10,305	17,129
Cash and cash equivalents at 31 December		20,877	10,305



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## 1. Corporate information

Marine Innovations Group AS ("Marine Innovations Group" 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". Marine Innovations Group has its statutory seat in Egersund, Norway. These consolidated financial statements for the year ended 31 December 2020 were authorised for issue by the Board of Directors on 14 June 2021. The address of the registered office is Elganeveien 1 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 2020.

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 2019. This includes changes in presentation or names of line items due to classifying C-MAP Commercial business as discontinued operations.

Marine Innovations Group is in full compliance with all covenant requirements in its finance agreements as per 31 December 2020.

With respect to its subsidiary Navico UK Limited (registered number 00565631), included in these consolidated financial statements, Navico Group AS (a subsidiary of Marine Innovations 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 2020.

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.

The Group has recognised a net loss after tax USD 28.8 million for the year ended 31 December 2020 and, as at that date, current assets exceed current liabilities by USD 44.7 million. ,

Management strongly 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 potential sale of non-core assets.

A global coronavirus outbreak that happened in the beginning of 2020 with lockdowns throughout European countries, US and Asia-Pacific region, as well as closure of the borders disrupted our production, supply and delivery processes for a certain period of time. Management took immediate actions to minimize the negative impact on Marine Innovations Group.

- The Group adjusted its travel and meeting policy by restricting travelling to business critical levels and encouraging videoconferencing 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 Marine Innovations Group.
- Separate measures were implemented at the manufacturing site in Mexico, such as zero-tolerance on sickness at work and regular staff temperature checks, COVID-19 regular testing.
- 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 Marine Innovations Group to move inventory to areas with solid demand.
- Additional financing was secured to make investments in working capital, as industry experienced increased demand due to pandemic.



At the same time, COVID accelerated several trends:

- Outdoor lifestyle and activities, increased consumer demand for activities that can be done within own country, e.g. "staycation" phenomenon.
- E-commerce and shift online, COVID with strong positive impact on online shopping as consumers forced to shop from home.
- Sustainability, COVID has increased societies awareness and overall focus on the environment and low carbon solutions.

The above-mentioned trends boosted industry growth during 2020, with new boaters entering market and existing boaters upgrading equipment. Marine Innovations Group has a view that people changed their lifestyles permanently, and believe that the trends we are seeing are solid and will continue; people are already used to new lifestyles.

Management acknowledges that uncertainty remains over the Group's performance and liquidity situation during 2021 due to the impact of COVID-19. However, through the changes in the industry and 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 its growth for the foreseeable future.

Marine Innovations 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 Marine Innovations Group's customers' experiences. The Board of Directors therefore continues to support Marine Innovations 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 2020. 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 2020, the Group had direct or indirect interests in the following subsidiaries, the particulars of which are set out below:

Company (amounts in Thousands)	Place of Operation	Country of Incorporation	Currency	Nominal Value of Issued Share Capital	Percentage of Equity Attributable to the Company	
					2020	2019
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%
Navico AR LLC	Delaware, USA	USA	USD	-	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%
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%
Navico Group AS	Egersund, Norway	Norway	NOK	5,110	100%	100%
Nanna MidCo I AS	Egersund, Norway	Norway	NOK	2,590	98%	98%
Nanna MidCo II AS	Egersund, Norway	Norway	NOK	5,110	100%	100%
Nanna MFN AS	Egersund, Norway	Norway	NOK	500	49%	44%
Nanna MFN II AS	Egersund, Norway	Norway	NOK	47	38%	-
Naviop SRL	Forli, Italy	Italy	EUR	100	100%	100%
Yacht Defined AB	Stockholm, Sweden	Sweden	SEK	50	100%	100%
Navico Sweden II AB <sup>1</sup>	Goteborg, Sweden	Sweden	SEK	340	100%	70%
HOC Yachts AB	Stockholm, Sweden	Sweden	SEK	50	100%	70%
Navico Canada Inc.	Edmonton, Alberta, Canada	Canada	CAD	-	100%	100%
Brookes & Gatehouse Ltd	Hampshire, UK	United Kingdom	GBP	-	100%	100%
Digital Marine Solutions Holding AS <sup>2</sup>	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 <sup>3</sup>	Delaware, Jersey, USA	USA	USD	-	100%	100%

1. 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. In 2020 the Group increased its ownership interest in Navico Sweden II AB and HOC Yachts AB to 100%.

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

3. 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. Marine Innovations Group owns, directly or indirectly, 100% of the voting interest in all subsidiaries.

## 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 Marine Innovations 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 Nanna MFN, Nanna MFN II, Nanna MidCo I, Navico Sweden II AB and HOC Yachts AB. Due to immateriality, summarised financial information about these subsidiaries is not provided.

Marine Innovations Group has 100% voting interest in Nanna MidCo II and economic interest of 97.50%. Marine Innovations Group had economic interest of 70% in both Navico Sweden II AB and HOC Yachts, and 70% of the voting interest at 31 December 2019.

Marine Innovations Group AS has economic interest of 48.99% and 38.06% in Nanna MFN AS and Nanna MFN II AS respectively. Nanna MFN AS has 6,000,000 class A shares and 2 class B shares. Nanna MFN II AS has 4,366,999 class A shares and 1 class B shares. Marine Innovations Group directly holds 2 class B shares in Nanna MFN AS and indirectly holds 1 class B share in Nanna MFN II AS via Nanna MidCo I AS. The holder of the class B share is entitled to appoint all the board members and have 100% management control.

## 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 noncontrolling 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. Marine Innovations Group 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 of Navico Group AS with C-MAP Group that are both owned by Marine Innovations Group. C-MAP Group was transferred to Navico Group AS by Marine Innovations Group 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 predominantly 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.

### Licenses

The Group sells licenses to its own intellectual property (IP), for example maps, raw data and software.

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 Non-current assets held for sale and discontinued operations

The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.



The criteria for held for sale classification is regarded as met only when the sale is highly probable, and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale. Assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position.

A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- Represents a separate major line of business or geographical area of operations
- Is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations

Or

- Is a subsidiary acquired exclusively with a view to resale

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statement of profit or loss.

Additional disclosures are provided in Note 8. All other notes to the financial statements include amounts for continuing operations, unless indicated otherwise.

## 4.6 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

## 4.7 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.

## 4.8 Leases

### 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.

## 4.9 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.



## 4.10 Financial Instruments

### 4.10.1 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.

### 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.

The Group 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. The Group opted for the provision matrix method due to the large number of customers (approximately 4000 customers with sales over 1,000 USD).



The 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.

## 4.10.2 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.

## 4.10.3 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.

## 4.11 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.

#### 4.12 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.

#### 4.13 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, short-term deposits with a maturity of three months or less, and cash in concentration account that relates to securitization financing (ARF).

#### 4.14 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.



## 4.15 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.

## 4.16 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

## 4.17 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, 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.

## 4.18 Changes in accounting policies and disclosures

### Change in significant accounting policies

The Group applied for the first-time standards and amendments, which are effective for annual periods beginning on or after 1 January 2020. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

### Amendments to IFRS 3: Definition of a Business

The amendment to IFRS 3 Business Combinations clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that, together, significantly contribute to the ability to create output. Furthermore, it clarifies that a business can exist without including all of the inputs and processes needed to create outputs. These amendments had no impact on the consolidated financial statements of the Group, but may impact future periods should the Group enter into any business combinations.

### Amendments to IFRS 7, IFRS 9 and IAS 39 Interest Rate Benchmark Reform

The amendments to IFRS 9 and IAS 39 Financial Instruments: Recognition and Measurement provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainty about the timing and/or amount of benchmark-based cash flows of the hedged item or the hedging instrument. These amendments have no impact on the consolidated financial statements of the Group as it does not have any interest rate hedge relationships.

### Amendments to IAS 1 and IAS 8 Definition of Material

The amendments provide a new definition of material that states, "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments had no impact on the consolidated financial statements of, nor is there expected to be any future impact to the Group.



## Conceptual Framework for Financial Reporting issued on 29 March 2018

The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist the IASB in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards. This will affect those entities which developed their accounting policies based on the Conceptual Framework. The revised Conceptual Framework includes some new concepts, updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts. These amendments had no impact on the consolidated financial statements of the Group.

## Amendments to IFRS 16 Covid-19 Related Rent Concessions

On 28 May 2020, the IASB issued Covid-19-Related Rent Concessions - amendment to IFRS 16 Leases. The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification.

The amendment applies to annual reporting periods beginning on or after 1 June 2020. Earlier application is permitted. This amendment had no material impact on the consolidated financial statements of the Group.

## Annual Improvements Cycle - 2018-2020

The IASB issued the 2018-2020 cycle improvements to its standards and interpretations, primarily with a view to removing inconsistencies and clarifying wording. These improvements include:

### IFRS 1 First-time Adoption of International Financial Reporting Standards

The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to IFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1. An entity applies the amendment for annual reporting periods beginning on or after 1 January 2022. Earlier application is permitted. These amendments had no impact on the consolidated financial statements of the Group.

### IFRS 9 Financial Instruments, Fees in the '10 per cent' test for derecognition of financial liabilities

The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. There is no similar amendment proposed for IAS 39.

- An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.
- An entity applies the amendment for annual reporting periods beginning on or after 1 January 2022. Earlier application is permitted. These amendments had no impact on the consolidated financial statements of the Group.

### Illustrative Examples accompanying IFRS 16 Leases - Lease incentives

The amendment removes the illustration of payments from the lessor relating to leasehold improvements in Illustrative Example 13 accompanying IFRS 16. This removes potential confusion regarding the treatment of lease incentives when applying IFRS 16. These amendments 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.

- Interest Rate Benchmark Reform - Phase 2 - Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, effective 1 January 2021
- Reference to the Conceptual Framework - Amendments to IFRS 3, effective 1 January 2022
- Property, Plant and Equipment: Proceeds before Intended Use - Amendments to IAS 16, effective 1 January 2022
- Onerous Contracts - Costs of Fulfilling a Contract - Amendments to IAS 37, effective 1 January 2022
- AIP IFRS 1 First-time Adoption of International Financial Reporting Standards - Subsidiary as a first-time adopter, effective 1 January 2022
- AIP IFRS 9 Financial Instruments - Fees in the '10 per cent' test for derecognition of financial liabilities, effective 1 January 2022
- AIP IAS 41 Agriculture - Taxation in fair value measurements, effective 1 January 2022
- IFRS 17 Insurance Contracts, effective 1 January 2023
- Classification of Liabilities as Current or Non-current - Amendments to IAS 1, effective 1 January 2023.



## Interest Rate Benchmark Reform – Phase 2 – Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR). The amendments are mandatory, with earlier application permitted. Since the Group does not apply hedge accounting, the Group does not expect any effect on its consolidated financial statements. This amendment will be applicable to the Group when lease modifications will occur.

## Reference to the Conceptual Framework – Amendments to IFRS 3

The amendments are intended to replace a reference to a previous version of the IASB's Conceptual Framework (the 1989 Framework) with a reference to the current version issued in March 2018 (the Conceptual Framework) without significantly changing its requirements.

The amendments add an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets or IFRIC 21 Levies, if incurred separately. At the same time, the amendments add a new paragraph to IFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

The amendments must be applied prospectively. Earlier application is permitted. These amendment will have no impact on the consolidated financial statements of the Group.

## Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16

The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment (PP&E), any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

Since the Group's current practice is in line with the amendments, the Group does not expect any effect on its consolidated financial statements.

## Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37

The IASB issued amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a 'directly related cost approach'. The costs that relate directly to a contract to provide goods or services include both incremental costs (e.g., the costs of direct labour and materials) and an allocation of costs directly related to contract activities (e.g., depreciation of equipment used to fulfil the contract as well as costs of contract management and supervision). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The amendments must be applied prospectively to contracts for which an entity has not yet fulfilled all of its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Earlier application is permitted and must be disclosed.

Since the Group's current practice is in line with the amendments, the Group does not expect any effect on its consolidated financial statements.

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

The IASB issued amendments to paragraphs 69 to 76 of IAS 1 Presentation of Financial Statements to specify the requirements for classifying liabilities as current or non-current.

The amendments clarify:

- What is meant by a right to defer settlement. The Board decided that if an entity's right to defer settlement of a liability is subject to the entity complying with specified conditions, the entity has a right to defer settlement of the liability at the end of the reporting period if it complies with those conditions at that date.
- That a right to defer must exist at the end of the reporting period. The requirement for the right to exist at the end of the reporting period applies regardless of whether the lender tests for compliance at that date or at a later date.
- That classification is unaffected by the likelihood that an entity will exercise its deferral right. IAS 1.75A has been added to clarify that the 'classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement of the liability for at least twelve months after the reporting period'. That is, management's intention to settle in the short run does not impact the classification. This applies even if settlement has occurred when the financial statements are authorised for issuance.
- That only if an embedded derivative in a convertible liability is itself an equity instrument, would the terms of a liability not impact its classification.

The amendments must be applied retrospectively. 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 the Group's 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 the Group 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.

#### Assets held for sale

On 3 December 2020, the Group announced divestment of C-MAP Commercial business from Marine Innovations Group. At the same date asset-purchase agreement was signed with the Buyer. Operations of C-MAP Commercial are classified as a disposal group held for sale. The Board considered C-MAP Commercial part of the business to meet the criteria to be classified as held for sale at that date for the following reasons:

- C-MAP Commercial is available for immediate sale and can be sold to the buyer in its current condition
- The actions to complete the sale were initiated and expected to be completed within one year from the date of initial classification
- A potential buyer signed asset-purchase agreement as at the reporting date.

For more details on the discontinued operations, refer to Note 8.

### 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 of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use.



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 and gross margin 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 0.9%  
The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to goodwill and other intangibles with indefinite useful lives recognised by the Group. The key assumptions used to determine the recoverable amount for the different CGUs, including a sensitivity analysis, are disclosed and further explained in Note 16.

## 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 2020, the carrying amount of capitalised development costs was USD 20.3 million (2019: USD 27.0 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 the Group 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

Marine Innovations Group has made material business combinations, starting with the establishment of the Group in 2016.

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.

## Leases - Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and makes certain entity-specific estimates (such as the subsidiary's stand-alone credit rating taking into account collateral of the leased property, country risks, etc.).

## 6. Revenues and balances related to contracts with customers

### 6.1 Disaggregation of revenues

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 tables, revenue from contracts with customers is disaggregated by primary brands and geographical regions.

USD (Thousands)	2020	2019 Restated
<b>Brand</b>		
Lowrance	180,029	145,247
Simrad	145,568	137,905
B&G	28,768	29,679
C-MAP	15,553	16,606
<b>Total</b>	<b>369,918</b>	<b>329,437</b>

USD (Thousands)	2020	2019 Restated
<b>Region</b>		
AMER	207,397	179,009
APAC	52,525	43,975
EMEA	109,997	106,453
<b>Total</b>	<b>369,918</b>	<b>329,437</b>



## 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.

USD (Thousands)	31 December 2020	31 December 2019	1 January 2019
Brand			
Receivables, which are included in "trade and other receivables"	64,444	56,386	63,012
Contract Assets	N/A	N/A	N/A
Contract Liabilities, which is prepaid revenues included in "trade and other payables"	1,127	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 2019 has been recognised as revenue during 2020.

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 the Group'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 (Thousands)	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)
<b>Total net identifiable assets at fair value</b>	<b>1,641</b>
Non-controlling interest of acquiree's net assets	-
Goodwill arising on acquisition	601
<b>Purchase consideration</b>	<b>2,241</b>
Paid in cash	1,685
Contingent consideration liability	557
<b>Purchase consideration</b>	<b>2,241</b>

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 Marine Innovations Group 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

On 28 April 2020, the Group increased its ownership interest in Navico Sweden II AB and HOC Yachts AB to 100%. 102,000 shares in Navico Sweden II AB were purchased for 0.1 USD (1 SEK).

USD (Thousands)	
Transfer note	-
Carrying value of the additional interest in Navico Sweden II AB	207
Difference recognised in retained earnings	207

## Business combinations 2020-2019

### Sale of Nanna MFN AS shares that does not result in loss of control.

During financial year 2020 and 2019, Marine Innovations Group had a number of sale-purchase agreements of Nanna MFN AS shares with the management of the Group. As a result, the Group purchased 5% interest in the Nanna MFN AS in 2020 increasing its ownership from c. 44% to c. 49% in 2020 but keeping 100% of voting rights (2019: the Group purchased c. 25% interest in the Nanna MFN AS increasing its ownership from c. 19% to c. 44%). Net cash consideration of USD 450 thousand was paid to the non-controlling interest shareholders in 2020 (2019: the Group paid USD 2.0 million to the non-controlling interest shareholders).

### Sale of Nanna MFN II AS shares that does not result in loss of control.

During financial year 2020, Marine Innovations Group established a new company Nanna MFN II AS as part of the implementation of a management investment program. Marine Innovations Group had a number of sale-purchase agreements of Nanna MFN II AS shares with certain employees, management and members of the board of directors in the Group. As a result, the Group sold c. 62% interest in the Nanna MFN II AS decreasing its ownership from 100% to c. 38% in 2020 but keeping 100% of voting rights.

Net cash consideration of USD 2.7 million was received from the non-controlling interest shareholders.

USD (Thousands)	2020	2019
Net consideration (paid) / received to/from non-controlling shareholders	2,255	(2,020)
Carrying value for the purchased / (sold) interest in Nanna MFN AS	300	1,480
Carrying value for the purchased / (sold) interest in Nanna MFN II AS	(2,705)	-
Difference recognised in income statement	(150)	(540)



## 8. Discontinued operations

### Intended Disposal of C-MAP Commercial Business

On 3rd December 2020, Marine Innovations Group signed asset-purchase agreement to dispose C-MAP Commercial related assets. The divestment is expected to simplify Marine Innovations Group structure and reduce cost through decrease in number of employees and location footprint. The sale of the C-MAP Commercial business is expected to be completed within the six months from the reporting date. At 31 December 2020, C-MAP Commercial business was classified as a disposal group held for sale and as a discontinued operation. The C-MAP Commercial business is part of C-MAP brand and operates in all geographies.

The results of C-MAP Commercial business for the year are presented below:

USD (Thousands)	2020	2019
Revenue from contracts with customers	14,586	14,382
Cost of sales	(6,774)	(7,051)
Gross profit	7,812	7,331
Other operating expenses	(216)	(557)
Employee benefit expenses	(4,538)	(5,049)
Depreciation, amortization and impairment	(2,026)	(2,136)
Separately disclosed items	(2,942)	(359)
Results from operating activities	(1,910)	(770)
Net finance costs	169	(293)
Profit / (loss) before tax from a discontinued operations	(1,741)	(1,063)
Income tax benefit / (expense) from the ordinary activities for the period	(205)	(87)
Profit / (loss) for the year from discontinued operations	(1,946)	(1,150)

The major classes of assets and liabilities of C-MAP Commercial business classified as held for sale as at 31 December are, as follows:

USD (Thousands)	31 December 2020
<b>Assets</b>	
Intangible assets	6,834
Property, plant and equipment	277
Other non-current assets	67
Deferred tax assets	26
Inventories	128
Trade and other receivables	2,844
Prepayments	1,717
Cash and cash equivalents	68
Assets held for sale	11,961
<b>Liabilities</b>	
Other non-current liabilities	(94)
Deferred income tax liabilities	(1)
Trade and other payables	(5,663)
Current income tax liabilities	(13)
Liabilities directly associated with disposal group	(5,771)
Net assets directly associated with disposal group	6,190



The net cash flows incurred by C-MAP Commercial business are, as follows:

USD (Thousands)	2020	2019
Operating	3,394	1,213
Investing	(339)	(1,113)
Financing	-	-
Net Cash Flow (Outflow)/Inflow	3,055	100

## 9. Cost of sales

USD (Thousands)	2020	2019 Restated
Cost of product sold	(170,915)	(150,902)
Cost of service sold	(3,144)	(3,748)
COVID-19 driven abnormal production costs	(5,007)	-
Warranties and return expenses	(8,128)	(9,519)
Freight and transport costs	(15,753)	(12,111)
Other costs	(2,403)	(1,201)
Total	(205,350)	(177,481)

Costs of goods sold comprises costs of two Marine Innovations Group 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.

Covid-19 driven abnormal production costs. During 2020 COVID-19 impacted Marine Innovations Group costs. Additional spend was incurred specifically related to COVID-19 as well as abnormal production costs, which would otherwise form part of normal production costs. Cost of sales was therefore adjusted to distinguish these costs from normal production-related costs and presented separately. The amount of COVID-19 driven abnormal production costs was calculated by taking into account:

- exceptionally high inbound freight costs primarily as a result of (1) change in freight mix with greater proportion of air freight due to insufficient and constrained ocean freight capacity; (2) higher air freight rates due to Covid-19 air freight restrictions reducing the frequency and capacity of cargo planes and less "belly" cargo available; and (3) higher freight due to moving inventory to the third-party warehouse in anticipation of lockdown in Mexico and the USA;
- additional labour costs that were driven by hiring extra production employees to substitute employees that had to stay home due to pre-existing health conditions. Employees with pre-existing conditions were still eligible for salary.

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 mostly recharged to customers. Increase in the cost of sales was driven by the growth of the business during 2020.

Other costs mainly include expenses for write down of inventories carried at net realizable value. During the year an amount of USD 2,175 thousand (2019: USD 1,800 thousand). This costs mainly relate to raw materials which are not being used anymore.



## 10. Other operating expenses

USD (Thousands)	2020	2019 Restated
Marketing expense	(15,596)	(18,970)
Office costs	(13,263)	(15,057)
Purchased services	(11,873)	(14,158)
Travel and entertainment	(1,802)	(6,486)
COVID-19 driven other operating expenses	(889)	-
Impairment of trade receivables	(699)	(1,990)
Other costs	21,599	28,001
<b>Total</b>	<b>(22,523)</b>	<b>(28,660)</b>

Decrease in other operating expenses is driven by full-year effect of the cost-saving measures implemented during 2019 and additional measures implemented during 2020. New measures mostly included limitation of travel only to essential travelling due to COVID-19, savings on marketing expenses due to worldwide boatshows cancellations. COVID-19 accelerated implementation of new travel and working from home policies, as well as accelerated shift to focus on digital marketing. The amount of COVID-19 driven other operating expenses was calculated by taking into account additional costs related to COVID-19 tests for personnel in Mexico, extra safety supplies (hand sanitizers, masks, gloves, antiseptic gels, lenses, etc.).

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

Impairment of the trade receivables was lower during 2020 compared to 2019 due to the improved ageing of the accounts receivables. Higher impairment of the trade receivables in 2019 was driven by bankruptcies of several customers in AMER and EMEA.

Other costs mainly contain capitalization of development cost.

### Group audit fees (EY) excluding VAT

USD (Thousands)	2020	2019 Restated
Statutory audit of financial statements	(602)	(646)
Tax advisory services	(21)	(65)
Other non-audit services	(389)	(368)
<b>Total</b>	<b>(1,012)</b>	<b>(1,079)</b>

### 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 16,338 thousand during 2020 (2019 - USD 20,887 thousand).

USD (Thousands)	2020	2019 Restated
Personnel cost	14,436	15,593
Tools and operating materials	1,548	2,708
Third party services	4,035	7,385
Travel and entertainment	186	778
Other costs	79	514
<b>Total</b>	<b>20,284</b>	<b>26,978</b>

Decrease in the capitalization of the development costs is driven by the reprioritization of the development projects, and decrease in the outsourced scope of work.



## 11. Employee benefit expenses

USD (Thousands)	2020	2019 Restated
Wages and salaries	(61,185)	(61,949)
Social security costs	(8,697)	(9,222)
Pension charges	(2,640)	(2,751)
COVID-19 driven employee benefit expenses	(291)	-
Other costs	(3,430)	(4,027)
Total	(76,243)	(77,949)

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.

The amount of COVID-19 driven employee benefit expenses was calculated by taking into account additional costs that were driven by hiring extra administrative employees to substitute employees that had to stay home due to pre-existing health conditions and additional personnel transportation costs. Marine Innovations Group provided private transportation for all workers of Ensenada factory required as part of Covid-19 safety measures, in order to avoid contamination from public transport. Such transportation was not provided prior to Covid-19.

Decrease in the employee benefit expenses during 2020 compared to 2019 was driven by the full-year effect of the cost-saving initiatives implemented during 2019.

## 12. Depreciation and amortization

USD (Thousands)	2020	2019 Restated
Depreciation	(5,857)	(6,342)
Depreciation of the Right of Use assets	(3,338)	(3,801)
Depreciation (PPA)	(1,481)	(1,484)
Total Depreciation	(10,676)	(11,627)
Amortization	(22,378)	(24,237)
Amortization (PPA)	(15,209)	(17,592)
Total Amortization	(37,587)	(41,829)
Impairment	(6,790)	(1,384)
Total Depreciation, Amortization, and Impairment	(55,053)	(54,840)

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 Marine Innovations Group formation in 2016 and subsequent acquisitions.

In 2020, impairment relates to the ROU asset for one of the office lease agreements and impairment of several research & development projects. In 2019, impairment relates to the goodwill impairment of HOC Yacht business. Refer to notes 15 and 17.



## 13. Separately disclosed items

USD (Thousands)	2020	2019 Restated
Fees to external strategic advisors	1,398	-
Restructuring costs	887	4,274
Business combinations, pre-acquisition and disposals costs	663	135
(Gain)/loss from sale of non-current assets	(236)	(217)
Legal dispute and settlement	40	732
C-MAP strategy and integration costs	-	849
Fees to external advisors to explore future strategic alternatives for the group	-	3,030
<b>Total</b>	<b>2,752</b>	<b>8,803</b>

Fees to external strategic advisors in 2020 were driven mainly by a project in the supply chain performance transformation. Projects of such magnitude are not part of Marine Innovations Group day-to-day operations, and therefore, related costs were classified as items affecting comparability.

Restructuring costs during 2020 and 2019 were driven mainly by severance payments due to 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.

The Business combinations, pre-acquisition and disposal costs for 2020 and 2019 relate to the disposal of HOC Yacht assets and M&A advisors fees for the acquisition that did not materialize during 2020, and smaller add-on business combinations in order to establish a foot-print within the accelerated digital boating experience in 2019. As divesting non-core assets and growing our operations by means of business combinations are not parts of our strategy we have classified these as items affecting comparability.

(Gain)/loss from sale of non-current assets in 2020 and 2019 mainly relate to sale of the buildings in one of the office facilities in the USA.

Legal costs during 2019 relate to disputes that were all conclusively resolved during 2019 either through settlement or final judgment.

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

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 Marine Innovations Group existing and new products.



## 14. Financial income and expense

USD (Thousands)	2020	2019 Restated
<b>Finance costs</b>		
Interest on bank loans and overdrafts	(18,886)	(17,878)
Amortization of bank fees	(7,018)	(5,360)
Net change in fair value of derivatives	(5,756)	(1,732)
Interest on lease liabilities	(915)	(720)
<b>Total finance costs</b>	<b>(32,575)</b>	<b>(25,690)</b>
<b>Finance income</b>		
Interest income	381	351
<b>Total finance income</b>	<b>381</b>	<b>351</b>
Net foreign exchange income / (expenses)	(384)	(894)
Net foreign exchange income / (expenses)	(384)	(894)
Other finance expenses	(2,242)	(2,480)
Other finance income	519	338
Net other finance income / (expenses)	(1,723)	(2,142)
<b>Net finance income/(cost) in profit and loss</b>	<b>(34,301)</b>	<b>(28,375)</b>

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



## 15. Intangible assets and goodwill

USD (Thousands)	Development Projects	Goodwill	Brand Name	Customer Relations	Purchase of Software	Other	Total
<b>Balance at 1 January 2020</b>							
Purchase Price	148,719	204,448	66,117	99,709	6,627	13,094	538,714
Accumulated amortisation and impairment	(86,855)	-	-	(23,212)	(5,163)	(10,064)	(125,294)
Carrying amount	61,864	204,448	66,117	76,497	1,464	3,030	413,420
<b>Additions - internally developed</b>							
Investments	20,284	-	-	-	-	-	20,284
Transfers	-	-	55	-	5	-	60
Disposals	-	-	-	-	(61)	(28)	(89)
Assets held for sale - carrying amount	(10,884)	-	-	-	(22)	-	(10,906)
Translation Differences (CTA)	187	812	-	153	127	57	1,336
Amortisation Disposals	-	-	-	-	55	25	80
Amortisation	(27,831)	-	-	(7,186)	(2,018)	(2,359)	(39,394)
Impairment	(4,557)	-	-	-	-	-	(4,557)
Assets held for sale - accumulated depreciation	4,061	-	-	-	13	-	4,074
Balance period	(18,740)	812	55	(7,033)	425	(2,291)	(26,772)
<b>Balance at 31 December 2020</b>							
Purchase Price	158,119	205,260	66,172	99,709	8,875	13,080	551,215
Accumulated amortisation and impairment	(114,995)	-	-	(30,245)	(6,986)	(12,341)	(164,567)
Carrying amount	43,124	205,260	66,172	69,464	1,889	739	386,648

Impairment relates to the ROU asset for one of the office lease agreements and impairment of several research & development projects.

USD (Thousands)	Development Projects	Goodwill	Brand Name	Customer Relations	Purchase of Software	Other	Total
<b>Balance at 1 January 2019</b>							
Purchase Price	120,006	205,538	66,117	100,543	6,344	13,433	511,981
Accumulated amortisation and impairment	(56,138)	-	-	(16,078)	(3,325)	(7,744)	(83,285)
Carrying amount	63,868	205,538	66,117	84,465	3,019	5,689	428,696
<b>Acquisition of a subsidiary</b>							
Additions - internally developed	1,735	601	-	-	-	-	2,336
Investments	26,978	-	-	-	-	-	26,978
Transfers	-	-	-	-	610	313	923
Disposals	-	-	-	-	32	-	32
Disposals	-	-	-	(834)	(359)	(652)	(1,845)
Translation Differences (CTA)	8	(307)	-	(80)	(109)	(51)	(539)
Amortisation Disposals	-	-	-	834	349	651	1,834
Amortisation	(30,725)	-	-	(7,888)	(2,078)	(2,920)	(43,611)
Impairment	-	(1,384)	-	-	-	-	(1,384)
Balance period	(2,004)	(1,090)	-	(7,968)	(1,555)	(2,659)	(15,276)
<b>Balance at 31 December 2019</b>							
Purchase Price	148,719	204,448	66,117	99,709	6,627	13,094	538,714
Accumulated amortisation and impairment	(86,855)	-	-	(23,212)	(5,163)	(10,064)	(125,294)
Carrying amount	61,864	204,448	66,117	76,497	1,464	3,030	413,420

Impairment relates to the goodwill impairment of HOC Yacht business.



## 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 142 million for Americas, USD 40 million for EMEA and USD 24 million for APAC.

### Allocated per CGU

USD (Thousands)	Goodwill		Intangible Assets with Indefinite Useful Life (Brand Names)		Average discount rate pre tax, %	
	2020	2019	2020	2019	2020	2019
AMER	141,839	140,803	39,822	39,822	14.57%	12.18%
EMEA	39,897	40,625	26,350	26,295	13.92%	11.94%
APAC	23,524	23,020	-	-	15.53%	13.91%
<b>Total</b>	<b>205,260</b>	<b>204,448</b>	<b>66,172</b>	<b>66,117</b>	<b>14.55%</b>	<b>12.27%</b>

The Group performed its annual impairment test in December 2020 and 2019.

The annual impairment test did not give rise to any impairment on the CGU level. Headroom was estimated for each CGU. In addition, the recreational marine electronics business got a boost due to change in people lifestyles; new boaters joined the market and existing boaters invested in the upgraded equipment. These, have led to an increased demand in all CGUs.

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.

The recoverable amount of the AMER CGU of USD 395,633 thousand, EMEA CGU of USD 264,906 thousand, and APAC CGU of USD 104,562 thousand as at 31 December 2020 has been determined based on a value in use calculation using cash flow projections from financial budgets approved by senior management covering a five-year period. The projected cash flows have been updated to reflect the increased demand for marine electronics.

A business case was used for each CGU as the basis for the cash flow estimates which covered the period 2021 to 2024. 2025 is a normalisation year. The business cases were based on the Group's strategic business plan and adjusted to reflect a recent shift in customer behaviour and increased demand for marine electronics, geographical developments, order backlog, changes in customer portfolio, fitment rate for products, new product introductions and entering new markets. Internal rolling forecasts are used for updating the strategic business plan. Both the strategic business plan and the rolling forecasts are "bottom-up-models" where all input data is produced by entities in the Group.

Assumptions in the budgets for each CGUs are based on data from renowned external sources such as Reuters, HIS Global Insight, external reports on the market growth of the industry in which we operate, in addition to all relevant internal information such as volume, price and mix projections. These figures are set in relation to past performance and external reports on market growth in the business in which we operate.

The compounded annual revenue growth rate (CAGR) was 9.4% for the period 2021 to 2025.

The annual growth rate in the normalisation year is based on the long-term inflation forecast by the IMF.



Cash flows beyond the five-year period are extrapolated using a growth rate of 0.93 percent for all cash-generating units. This assumption is based on the risk-free rate observed at 31 December 2020 for ten year US government bonds.

Assumptions	Sales growth, 2020-2025 CAGR		Normalization year growth, %		Long-term growth, %	
	2020	2019	2020	2019	2020	2019
AMER	9.8%	7.1%	2.2%	2.3%	0.9%	2.0%
EMEA	8.7%	5.7%	1.7%	2.0%	0.9%	2.0%
APAC	9.2%	5.8%	2.4%	2.6%	0.9%	2.0%
Total	9.4%	6.5%	2.1%	2.2%	0.9%	2.0%

## WACC model for Marine Innovations Group

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 from 10.75% to 11.25% depending on geography (2019: 10.04%-10.46%) post-tax. WACC for AMER and EMEA CGUs was 11.00% and 10.75% respectively, while WACC for APAC was estimated as 11.25% driven by the higher inflation differential for the countries in the area. The pre-tax discount rate was 14.55% for the Group, 14.57% in AMER region, 15.53% in APAC region, and 13.92% 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 2021-2024 period also include new product launches. Sales growth rates in the range from 18.6% to 7.3% are applied to the forecast period (till 2024). 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 2021-2024 for 2.5% compared to projections would result in impairment in AMER CGU of c. USD 17m. Every percentage point drop below that level on an annual basis during 2021-2024 will lead to an extra impairment of c. USD 34m in AMER CGU. Impairment in AMER CGU starts from a decrease in the sales growth rate during 2021-2024 for 2.05% compared to projections. Impairment in APAC CGU starts from a decrease in the sales growth rate during 2021-2024 for 10.1% compared to projections. Every percentage point drop below that level on an annual basis during 2021-2024 will lead to an extra impairment of c. USD 5.5m in APAC CGU. Impairment in EMEA CGU starts from a decrease in the sales growth rate during 2021-2024 for 6.3% compared to projections. Every percentage point drop below that level on an annual basis during 2021-2024 will lead to an extra impairment of c. USD 18.8m in EMEA CGU.

**Gross margins** - Gross margins are based on average values achieved during 2017-2019 (2019 was excluded for AMER and APAC as abnormal year for Marine Innovations Group, 2020 year was excluded due to the COVID-19 impact). The gross margins achieved were 46.1% in 2020, 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 to the level of 2020 (47.2% in AMER, 38.2% in APAC, 47.7% in EMEA), and remaining at that level till 2025, will trigger impairment in AMER CGU for 27.4m.



**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 13.1% (i.e. +2.10%) for AMER, to 25.0% (i.e. + 13.75%) for APAC, and to 19.85% (i.e. + 9.1%) for EMEA, would result in an impairment for these CGUs of c. USD 0.2m, USD 0.6m, USD 0.4m respectively. Every percentage point increase in a discount rate would per CGU would result in an additional impairment of c. USD 25.8m for AMER, USD 1.9m for APAC and USD 7.0m for EMEA.

**Growth rate estimates** - Rates are based on the forecast inflation rates for 2025 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 Marine Innovations Group to move with a pace of industry innovation.

Growth rate in terminal period was assumed at the level of 0.93% for all CGUs. A reduction of growth rate in terminal value to negative 2.3% in AMER, negative 35% in APAC, and negative 18.1% in EMEA would result in an impairment in the respective CGUs. We see this risk as remote.



## 17. Property, plant and equipment

USD (Thousands)	Right-to-use Assets (Lease)	Land and Buildings	Machinery and Plant	Office Equipment	Construction in Progress	Total
<b>Balance at 1 January 2020</b>						
Purchase Price	19,758	16,659	12,633	23,625	8,131	80,806
Accumulated depreciation and impairment	(7,108)	(3,295)	(4,324)	(11,347)	-	(26,074)
<b>Carrying amount</b>	<b>12,650</b>	<b>13,364</b>	<b>8,309</b>	<b>12,278</b>	<b>8,131</b>	<b>54,732</b>
Investments	5,426	255	302	857	1,082	7,922
Transfers	-	-	1,187	3,222	(4,469)	(60)
Disposals	(939)	-	(6)	(298)	-	(1,243)
Assets held for sale - carrying amount	(938)	(11)	-	(197)	-	(1,146)
Translation Differences	98	16	32	138	-	284
Disposals depreciation	939	-	5	237	-	1,181
Depreciation	(3,494)	(963)	(1,433)	(5,005)	-	(10,895)
Impairment	(2,233)	-	-	-	-	(2,233)
Assets held for sale - accumulated depreciation	710	10	-	149	-	869
<b>Balance period</b>	<b>(431)</b>	<b>(693)</b>	<b>87</b>	<b>(897)</b>	<b>(3,387)</b>	<b>(5,321)</b>

### Balance at 31 December 2020

Purchase Price	23,307	16,903	14,116	27,209	4,744	86,279
Accumulated depreciation and impairment	(11,088)	(4,232)	(5,720)	(15,828)	-	(36,868)
<b>Carrying amount</b>	<b>12,219</b>	<b>12,671</b>	<b>8,396</b>	<b>11,381</b>	<b>4,744</b>	<b>49,411</b>

USD (Thousands)	Right-to-use Assets (Lease)	Land and Buildings	Machinery and Plant	Office Equipment	Construction In Progress	Total
<b>Balance at 1 January 2019</b>						
Purchase Price	19,461	16,564	11,824	23,680	6,588	78,117
Accumulated depreciation and impairment	(7,159)	(2,317)	(3,354)	(10,067)	-	(22,897)
<b>Carrying amount</b>	<b>12,302</b>	<b>14,247</b>	<b>8,470</b>	<b>13,613</b>	<b>6,588</b>	<b>55,220</b>
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)
<b>Balance period</b>	<b>348</b>	<b>(883)</b>	<b>(161)</b>	<b>(1,335)</b>	<b>1,543</b>	<b>(488)</b>

### Balance at 31 December 2019

Purchase Price	19,758	16,659	12,633	23,625	8,131	80,806
Accumulated depreciation and impairment	(7,108)	(3,295)	(4,324)	(11,347)	-	(26,074)
<b>Carrying amount</b>	<b>12,650</b>	<b>13,364</b>	<b>8,309</b>	<b>12,278</b>	<b>8,131</b>	<b>54,732</b>

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	2020			2019		
		Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total
Depreciation	Depreciation, amortisation and impairment	(3,338)	(156)	(3,494)	(3,801)	(306)	(4,107)
Interest expense	Finance expense	(915)	(19)	(934)	(720)	(62)	(782)
Expense related to short-term leases (lease term less than 12 months)	Other operating expenses	(9)	-	(9)	(160)	-	(160)
Expense related to leases of low value items	Other operating expenses	(350)	-	(350)	(330)	-	(330)
Expense relating to variable lease payments not included in the measurement of lease liabilities	Other operating expenses	(1,948)	(25)	(1,973)	(1,879)	(30)	(1,909)
Income from subleasing right-of-use assets	Other operational income	154	-	154	511	-	511

## Other information

USD (Thousands)	Reference	2020	2019
Total cash outflow for leases	Operating activities - short term leases, low value assets, variable lease payments)	(2,332)	(2,399)
	Financing activities - paid interest	(934)	(782)
	Financing activities - installments on interest bearing liabilities	(3,218)	(3,314)
<b>Total</b>		<b>(6,484)</b>	<b>(6,495)</b>
Additions to right-of-use assets	Non-cash, see note 17	5,426	4,229
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	12,219	12,650

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 2020 and 2019 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.

Marine Innovations Group is not involved in sales and leaseback transactions.



## 19. Income taxes

The income tax on 2020 result was USD 719 thousand, which represents an effective income tax rate of 2.5%, and can be broken down as follows:

USD (Thousands)	2020	2019
<b>Current tax (expense) / benefit</b>		
Current year	(3,977)	(3,395)
Prior-year adjustments	(30)	45
	<b>(4,007)</b>	<b>(3,350)</b>
<b>Deferred tax (expense) / benefit</b>		
Current year	3,293	4,807
Prior-year	(6)	(4)
	<b>3,288</b>	<b>4,803</b>
<b>Total income tax (expense) / benefit</b>	<b>(719)</b>	<b>1,453</b>

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)	2020	2019
Accounting profit before tax from continuing operations	(26,304)	(46,671)
Profit / (loss) before tax from discontinued operations	(1,741)	(1,063)
<b>Accounting profit before income tax</b>	<b>(28,045)</b>	<b>(47,734)</b>
At Marine Innovation Group's statutory income tax rate of 22%	6,170	10,501
<b>Reconciliation:</b>		
Prior-year	51	45
Change in tax rate (Norwegian / foreign)	(390)	(312)
Change in non-recognition of deferred tax assets	(5,316)	(7,756)
Permanent differences / IFA depreciation at Group	(268)	(293)
Other	(966)	(732)
<b>At the effective income tax rate of 2.5% (2019: -3.0%)</b>	<b>(719)</b>	<b>1,453</b>
Income tax expense reported in the statement of profit or loss	(514)	1,540
Income tax attributable to a discontinued operation	(205)	(87)
	<b>(719)</b>	<b>1,453</b>

USD (Thousands)	2020	2019
Domestic income tax rate	-22.0%	-22.0%
Deviating rates and other effects	24.6%	19.0%
<b>Total effective tax rate</b>	<b>2.6%</b>	<b>-3.0%</b>



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

USD (Thousands)	2020	2019
<b>At 1 January</b>		
Deferred tax assets	1,354	1,498
Deferred tax liabilities	(27,956)	(31,590)
<b>Total</b>	<b>(26,602)</b>	<b>(30,092)</b>
<b>Changes deferred tax :</b>		
Income tax expense in income statement	3,463	4,738
Exchange rate difference	23	36
Recognition of a deferred tax liability due to business combinations	-	(371)
Change in the non-recognition of deferred tax assets	321	(814)
Movement in eliminations	(219)	(119)
Other effects	235	20
<b>Total</b>	<b>3,823</b>	<b>3,490</b>
<b>At 31 December</b>		
Deferred tax assets		
Continuing operations	1,869	1,354
Discontinued operations	26	-
Deferred tax liabilities		
Continuing operations	(24,673)	(27,956)
Discontinued operations	(1)	-
<b>Total</b>	<b>(22,779)</b>	<b>(26,602)</b>

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

USD (Thousands)	31 December 2020	31 December 2019
Intangible assets	(30,874)	(34,166)
Property, plant and equipment	629	498
Inventories	475	700
Receivables	179	504
Current provisions	1,798	1,651
Other current liabilities	(1,206)	(1,668)
<b>Total</b>	<b>(28,999)</b>	<b>(32,481)</b>
Tax loss carry forward	53,138	56,189
Not recognised	(46,918)	(50,310)
<b>Net deferred tax assets and (liabilities)</b>	<b>(22,779)</b>	<b>(26,602)</b>

In the USA, deferred tax assets in the amount of USD 5.9 million have been recognized on USD 28 million of net operating losses and other tax attributes. In Italy, deferred tax assets of USD 0.3 million have been recognized of USD 1.4 million of tax net operating losses. The total amount of net operating losses and other tax attributes in the USA amounts USD 70 million (USD 46 million of carry forward interest and USD 24 million of net operating losses). 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 asset of USD 46.9 million mainly relate to net operating losses and tax attributes in Norway (USD 26.9 million), USA (USD 8.9 million), Italy (USD 9.5 million).



## 20. Other non-current assets

USD (Thousands)	31 December 2020	31 December 2019
Guarantee deposits	1,117	872
Other long term receivables	217	275
Total	1,334	1,147

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

Other long-term receivable at 31 December 2020 and 31 December 2019 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 2020	31 December 2019
Raw materials and consumables	31,021	21,968
Intermediates and finished goods	42,237	39,526
Work in progress	7,872	6,078
Total	81,130	67,572

During the year an amount of USD 2,175 thousand (2019: USD 1,800 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.

The increase in the inventories 31 December 2020 compared to previous period is mainly driven by the growth of the business in 2020 compared to 2019, and increased purchases of raw materials towards the end of the year to meet the anticipated demand in 2021.

## 22. Trade and other receivables

USD (Thousands)	31 December 2020	31 December 2019
Trade receivables	64,444	56,386
Less: Allowance for doubtful debts	(1,415)	(3,864)
Receivables from related parties	-	-
Other debtors	7,193	3,975
Other accruals	455	896
Total current trade and other receivables	70,677	57,393

The increase in the trade and other receivables 31 December 2020 compared to previous period is mainly driven by the growth of the business in 2020 compared to 2019.



Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix at 31 December 2020 and 31 December 2019:

USD (Thousands)	Not Past Due	Past Due					Total
		1-30 days	31-60 days	61-90 days	91-120 days	120+ days	
<b>31 December 2020</b>							
Expected credit loss rate	0.2% - 1.0%	1.0% - 2.0%	2.0%-7.5%	5.0%-12.0%	7.0%-15.0%	40.0%-75.0%	
Estimated total gross carrying amount at default	53,862	5,655	1,264	2,431	352	880	64,444
Expected credit loss	(178)	(66)	(52)	(267)	(49)	(803)	(1,415)
<b>Net trade receivables</b>	<b>53,684</b>	<b>5,589</b>	<b>1,212</b>	<b>2,164</b>	<b>303</b>	<b>77</b>	<b>63,029</b>

USD (Thousands)	Not Past Due	Past Due					Total
		1-30 days	31-60 days	61-90 days	91-120 days	120+ days	
<b>31 December 2019</b>							
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)
<b>Net trade receivables</b>	<b>40,281</b>	<b>7,818</b>	<b>1,385</b>	<b>674</b>	<b>1,006</b>	<b>1,358</b>	<b>52,522</b>

The provision matrix is based on Marine Innovations Group historical observed default rates which are adjusted for forward-looking estimates. During 2019, provision matrix percentages were increased for expected bankruptcies of two customers. During 2020, balances of bankrupt customers were written off.

The movement of the allowance for doubtful debts during 2020 and previous period is presented below.

USD (Thousands)	2020	2019
Allowance for doubtful debts at 1 January	3,864	2,873
Acquisition of subsidiary	-	6
Charge for the year	699	2,082
Utilized	(2,771)	(1,097)
Unused amounts reversed	(197)	-
Assets held for sale	(180)	-
<b>Allowance for doubtful debts at 31 December</b>	<b>1,415</b>	<b>3,864</b>

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.

Decrease in the allowance for doubtful debts at 31 December 2020 compared to the previous period reflects the management estimation of the future losses. Allowance for doubtful debts at 31 December 2019 was impacted the deterioration of the financial position of one of the customers.

## 23. Prepayments

Decrease in prepayment at 31 December 2020 to USD 3,398 thousand compared to previous periods (31 December 2019: USD 5,141 thousand) relates to the partial usage of prepayments for IT licenses.



## 24. Cash at bank and on hand

USD (Thousands)	31 December 2020	31 December 2019
Balance at 31 December	20,809	10,305

Marine Innovations Group had a cash pool agreement with DNB bank till December 2020 and starting April 2020 cash pool agreement was gradually moved to Danske Bank. All main cash generating companies participate in the cash pooling arrangement. The legal owner of the cash pool agreement with Danske Bank was Navico Group AS, and with DNB Bank Navico Holding AS.

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.

Increase in the cash and cash equivalents balances at 31 December 2020 compared to the previous period is explained by the following factors: better operating result compared to 2019, lower capex investments, and selling Nanna MFN II AS shares to the employees and members of the board of directors.

At 31 December 2020, cash at bank and on hand includes USD 10,820 thousand on the concentration account that relates to the securitization financing and is released bi-weekly.

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following at 31 December:

USD (Thousands)	31 December 2020	31 December 2019
Cash at bank and on hand	20,809	10,305
Cash at bank and on hand attributable to discontinued operations	68	-
Cash and cash equivalents	20,877	10,305

## 25. Issued capital and reserves

### Issued share capital and share premium

The issued share capital of Marine Innovations Group AS amounts to NOK 2,820 thousand (translated to USD 326 thousand using exchange rate 0.116 NOK/USD) and comprises 282,000 thousand ordinary shares of NOK 0.01 each. Each share gives one vote in the general assembly.

No new shares are issued.

### 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 2020	31 December 2019
Term loans	229,125	235,625
Non-current portion of capitalised finance cost	(4,689)	(9,822)
Currency swaps/Forward contracts	5,779	1,227
<b>Total</b>	<b>230,215</b>	<b>227,030</b>

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.

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, Marine Innovations Group 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.

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

USD (Thousands)	Notes	Lease Liabilities		Bank Loans and Borrowings	
		2020	2019	2020	2019
Carrying value 1 January		14,041	13,028	250,861	234,625
Increase/(decrease) in bank overdraft and other short-term facilities		-	-	15,993	17,366
Repayment of debt		-	-	(6,500)	(6,500)
Payment of lease liabilities		(3,218)	(3,314)	-	-
Increase related to the additions to right-of-use assets	17	5,426	4,229	-	-
Accrued interest	18	934	782	18,891	17,518
Interest on loans paid		(934)	(782)	(18,891)	(17,518)
Capitalized fees and costs		-	-	(4,587)	-
Amortisation of capitalized fees and costs		-	-	7,018	5,360
Other effects, incl. currency exchange differences		45	98	334	10
<b>Carrying value 31 December</b>		<b>16,294</b>	<b>14,041</b>	<b>263,119</b>	<b>250,861</b>
Long-term	27	12,576	11,353	224,436	225,803
Short-term	29	3,718	2,688	38,683	25,057



## Current loans and borrowings

USD (Thousands)	31 December 2020	31 December 2019
Term loans	6,500	6,500
Revolving credit facility (RCF)	25,000	23,974
Securitization financing (ARF)	15,000	-
Bank overdraft	-	33
Current portion of capitalised finance cost	(7,817)	(5,449)
Total	38,683	25,057

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

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. Undrawn amount was USD 5.0 million at 31 December 2020.

## 27. Other non-current liabilities

USD (Thousands)	31 December 2020	31 December 2019
Long term lease liability (IFRS16)	12,576	11,353
Non-current deferred compensation	3,180	2,757
Fair value contingent consideration	76	549
Other non-current liabilities	970	809
Total	16,802	15,468

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 during 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 :					
USD (thousands)	Currency	Nominal interest rate	Year of maturity	Fair value	Carrying amount
				31 December 2020	31 December 2020
Term loan	USD	LIBOR 1% Floor + 4.5%	2023	(229,125)	(229,125)
Interest rate swap	USD		2023	(5,779)	(5,779)
<b>Total</b>				<b>(234,904)</b>	<b>(234,904)</b>

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

Terms and Conditions Schedule of Outstanding Current Loans :					
USD (thousands)	Currency	Nominal interest rate	Year of maturity	Fair value	Carrying amount
				31 December 2020	31 December 2020
Term loan	USD	LIBOR 1% Floor + 4.5%	2021	(6,500)	(6,500)
RCF	USD	Prime Rate + 3.5%	2021	(25,000)	(25,000)
ARF	USD	LIBOR 2% Floor + 7%	2021	(15,000)	(15,000)
<b>Total</b>				<b>(46,500)</b>	<b>(46,500)</b>

USD (thousands)	Currency	Nominal interest rate	Year of maturity	Fair value	Carrying amount
				31 December 2019	31 December 2019
Term loan	USD	LIBOR 1% Floor + 4.5%	2020	(6,500)	(6,500)
RCF	USD	Prime Rate + 3.5%	2020	(23,974)	(23,974)
<b>Total</b>				<b>(30,474)</b>	<b>(30,474)</b>

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 2020, the carrying amounts of such receivables/borrowings approximate 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 2020 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
<b>31 December 2020</b>				
Interest rate swap - non hedged	-	(5,779)	-	(5,779)
<b>Total assets</b>	-	<b>(5,779)</b>	-	<b>(5,779)</b>
Contingent consideration liabilities	-	-	76	76
Interest-bearing loans and borrowings (floating rate borrowings)	-	275,625	-	275,625
<b>Total liabilities</b>	-	<b>275,625</b>	<b>76</b>	<b>275,701</b>

During the reporting period ending 31 December 2020, 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 payables and other current liabilities

USD (Thousands)	31 December 2020	31 December 2019
Accounts payable to suppliers and trade creditors	48,596	41,290
Personnel related liabilities	10,115	7,438
Payroll related taxes	2,796	1,672
Contract liabilities	1,127	3,967
Short term Lease liability (IFRS16)	3,718	2,688
Other liabilities and accruals	17,924	8,872
VAT payable	118	116
<b>Total</b>	<b>84,394</b>	<b>66,043</b>

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 increase in the accounts payable to suppliers and trade creditors is at 31 December 2020 compared to previous period is attributed to the growth of the business in 2020 compared to 2019, increased purchases of inventory towards the end of the year.



## 30. Provisions

The provisions of USD 7.1 million fully relates to the warranty provision (2019: USD 6.9 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.

USD (Thousands)	2020	2019
At 1 January	6,906	7,331
Provisions made during the period	8,128	9,519
Provisions used during the period	(7,982)	(9,944)
<b>At 31 December</b>	<b>7,052</b>	<b>6,906</b>
Analysis of provisions:		
Non-current	-	-
Current	7,052	6,906
<b>At 31 December</b>	<b>7,052</b>	<b>6,906</b>

## 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 unfavourable, and the financial outcome can be measured reliably, a provision has been recognized in the financial statements.

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

### 31.2 Commitments

USD (Thousands)	Within One Year	Between Two and Five Years	More than five years	Total
<b>31 December 2020</b>				
IT Service	67	37	-	105
Vehicles	378	303	-	682
Office rentals	316	199	-	515
Other	5	7	-	13
<b>Total</b>	<b>768</b>	<b>546</b>	<b>-</b>	<b>1,314</b>
<b>31 December 2019</b>				
IT Service	61	39	-	100
Vehicles	453	729	-	1,183
Office rentals	215	384	-	599
Other	117	29	8	154
<b>Total</b>	<b>847</b>	<b>1,181</b>	<b>8</b>	<b>2,036</b>

Marine Innovations Group has a bonus scheme for Ensenada factory employees which is linked to the value of the Group in case of potential sale. The pay-out will depend on the number of eligible employees and the Group valuation. No provision has been accrued at 31 December 2020 and 2019 because liability amount cannot be reliably estimated.



## 31.3 Guarantees

Three guarantees for USD 464 thousand in total has been issued to suppliers for deliveries, custom duties, and office lease (2019: 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:

USD (Thousands)	Notes	31 December 2020	31 December 2019
<b>Financial assets</b>			
<b>Derivatives not designated as hedging instruments</b>			
Interest rate swap	26	(5,779)	(1,227)
Cash flow swaps		-	182
<b>Debt instruments at amortized cost</b>			
Non-current receivables	20	1,334	1,147
Trade receivables (net)	22	63,029	52,522
Receivables from related parties and other debtors	22	7,193	3,975
Cash and cash equivalents	24	20,809	10,305
<b>Total financial assets</b>		<b>86,586</b>	<b>66,904</b>
<b>Financial liabilities</b>			
<b>Interest-bearing loans and borrowings</b>			
Current loans and borrowings	26	38,683	25,057
Non-current loans and borrowings	26	230,215	227,030
Long term Lease Liability (IFRS16)	27	12,576	11,353
Short tem Lease liability (IFRS16)	29	3,718	2,688
<b>Other financial liabilities</b>			
<b>Derivatives not designated as hedging instruments</b>			
Cash flow swaps		-	-
<b>Financial liabilities at fair value through profit or loss</b>			
Contingent consideration	27	76	549
<b>Other financial liabilities at amortised cost, other than interest-bearing loans and borrowings</b>			
Trade and other payables (excl. contract liabilities and accruals)	29	61,723	50,349
Other non-current liabilities		4,150	3,748
<b>Total financial liabilities</b>		<b>351,141</b>	<b>320,775</b>

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 2020 and 2019.

### 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 2021 cash flows in foreign currencies till December 2021 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 10% change from the exchange rate at the year-end 2020 and as a 20% change from the exchange rate at the year-end 2019, 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 2020	Effect on Profit Before Tax Change in Exchange Rate		Effect on Pre-tax Equity Change in Exchange Rate	
		+10%	-10%	+10%	-10%
EUR / USD	5,392	539	(539)	-	-
NOK / USD	(2,388)	(239)	239	-	-
GBP / USD	353	35	(35)	-	-
DKK / USD	(374)	(37)	37	-	-
SEK / USD	364	36	(36)	-	-
AUD / USD	(4,905)	(491)	491	-	-
CNY / USD	2,599	260	(260)	-	-
NZD / USD	(113)	(11)	11	-	-
RUB / USD	(293)	(29)	29	-	-
MXN / USD	(1,505)	(150)	150	-	-
RUB / EUR	(155)	(16)	16	-	-
NZD / AUD	1,571	157	(157)	-	-

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)	-	-

Marine Innovation Group'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 2019 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 2020.



## 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:

USD (Thousands)	Increase / Decrease in Basis Points	Effect on Profit Before Tax
2020		
USD	+50	(132)
USD	-50	132

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. Marine Innovations Group has a credit insurance with Coface for most of its customers and countries resulting in relative low risks for doubtful debts. During 2020, the insured percentage of the sales of maritime electronics amounted to 80% excl. VAT.

At 31 December 2020 and 2019, the Group had large amount of different customers with a broad regional spread. There were five main customers with a total balance around USD 25.4 million (2019: USD 16.8 million) accounting for 39% (2019: 30%) of the total amounts receivable.

As per 31 December 2020 and 2019, the maximum exposure to credit risk for trade and other receivables by geographic region was as follows:

USD (Thousands)	31 December 2020	31 December 2019
AMER	39,112	30,909
APAC	7,319	6,020
EMEA	18,013	19,457
<b>Total trade receivables</b>	<b>64,444</b>	<b>56,386</b>



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 2020 and 31 December 2019:

%	2020			2019		
	AMER	APAC	EMEA	AMER	APAC	EMEA
Not Due	0.2%	1.0%	0.3%	0.1%	0.1%	0.1%
<30days	1.0%	2.0%	1.0%	1.0%	1.0%	1.0%
30-60 days	7.5 %	7.0%	2.0%	10.0 %	1.0%	1.0%
60-90 days	12.0%	10.0%	5.0%	25.0%	5.0%	5.0%
90-120 days	15.0%	10.0%	7.0%	40.0%	5.0%	5.0%
> 120 days	75.0%	40.0%	65.0%	75.0%	40.0%	60.0%

## 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 2020 USD (Thousands)	1 year	2 years	3 years	4 years	5 years	> 5 years	Total	Carrying Amount
Lease liabilities	3,718	2,978	2,808	1,874	1,146	3,770	16,294	16,294
Interest bearing loans and borrowings	46,500	6,500	222,625	-	-	-	275,625	275,625
Interest payable on interest bearing loans and borrowings	12,826	12,467	9,116	-	-	-	34,409	-
Contingent consideration	76	-	-	-	-	-	76	76
Trade and other payables (excl. contract liabilities)	79,549	-	-	-	-	-	79,549	79,549
<b>Total</b>	<b>142,669</b>	<b>21,945</b>	<b>234,549</b>	<b>1,874</b>	<b>1,146</b>	<b>3,770</b>	<b>405,953</b>	<b>371,544</b>

31 December 2019 USD (Thousands)	1 year	2 years	3 years	4 years	5 years	> 5 years	Total	Carrying Amount
Lease liabilities	2,688	2,847	2,513	1,735	1,533	2,725	14,041	14,041
Interest bearing loans and borrowings	30,507	6,500	6,500	222,625	-	-	266,132	266,132
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
<b>Total</b>	<b>107,996</b>	<b>23,808</b>	<b>23,071</b>	<b>234,639</b>	<b>1,533</b>	<b>2,725</b>	<b>393,773</b>	<b>340,110</b>

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 209 million at 31 December 2020 and decreases every quarter in line with the debt repayment schedule. The cash flows are that the Group 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)	Assets	Carrying Amount	Liabilities	Net
31 December 2020	-		(5,779)	(5,779)
31 December 2019	-		(1,227)	(1,227)

The Group uses flexible forward contracts to hedge part of the exposure to fluctuations in foreign exchange rates. At year end 2020 and 2019, the Group had no open positions.

During 2020, the Group reported net change in derivatives as a finance costs of USD 5,756 thousand (2019: finance cost of USD 1,732 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.

## 33. Related party transactions

Altor and Goldman Sachs Merchant Banking Division as majority shareholders are qualified as related parties. In addition to the transactions and balances detailed elsewhere in the financial statements, the Group had no transactions and outstanding balances with these related parties during the year and at the end of the reporting period.

### Outstanding balances with related parties

There were no outstanding balances with related parties (as specified above) at 31 December 2020 and 31 December 2019

## 34. Workforce

The total number of employees at year end of the Group, converted into full time equivalents, amounted to 2,049 employees (2019 - 1,656 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.

### Remuneration of the Chief Executive Officer

USD (Thousands)	2020	2019
Base salary	443	753
Bonus earned	305	376
Pension benefits	42	32
Other taxable benefits	31	148
<b>Total</b>	<b>820</b>	<b>1,308</b>

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 Marine Innovations Group 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 2020 and 2019. 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.

Total compensation paid to key management personnel was USD 6,425 thousand in 2020 (2019: USD 5,139 thousand). Key management personnel had 13 FTEs in 2020 and 2019.

## 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.

## Compensation of the Board of Directors

USD (Thousands)	2020	2019
Johan Reiersen (Chairman)	3	-
Hugo Maurstad (former Chairman)	32	35
Michael Bruun	35	35
David Hess	35	35
Kenneth Dominick Sweder	18	-
Martin Hintze	18	35

The amounts in the table represent the amounts that were earned in 2019 and paid in 2020 and that were approved by the AGM as compensation to the Board members. Compensation of the Board of Directors for 2020, will be approved by the AGM in June 2021.

The amounts in the table above include compensation for the Board of Directors duties in Marine Innovations Group AS and Navico Group AS.

Any compensation received by the shareholder elected Board members from other companies outside the Marine Innovations Group is not included.

## 36. Events after the balance sheet date

### C-MAP Commercial divestment

On 3rd December 2020, Marine Innovations Group signed asset-purchase agreement to dispose C-MAP Commercial related assets for a consideration of USD 10 million. The divestment is expected to simplify the Group's structure and reduce cost through decrease in number of employees and location footprint.  
The financial effects of this transaction have not been recognised at 31 December 2020 as closing of the transaction is expected to be finalized till June 2021.



## COMPANY FINANCIAL STATEMENTS OF MARINE INNOVATIONS GROUP AS

### Company Balance Sheet

USD (Thousands)	Notes	31 December 2020	31 December 2019
<b>Assets</b>			
Intangible assets		-	-
Property, plant and equipment		-	-
Financial fixed assets	1	281,939	281,639
Deferred tax assets		-	-
<b>Total non-current assets</b>		<b>281,939</b>	<b>281,639</b>
Inventories		-	-
Trade and other receivables		36	56
Prepayments		-	-
Cash and cash equivalents	2	699	125
<b>Total current assets</b>		<b>735</b>	<b>181</b>
<b>Total assets</b>		<b>282,674</b>	<b>281,820</b>
Total equity attributable to owners of the Company		282,674	281,695
Non-controlling interests		-	-
<b>Total equity</b>	3	<b>282,674</b>	<b>281,695</b>
<b>Liabilities</b>			
Interest-bearing loans and borrowings		-	-
Other non-current liabilities		-	-
Deferred income tax liabilities		-	-
<b>Total non-current liabilities</b>		<b>-</b>	<b>-</b>
Interest-bearing loans and borrowings		-	-
Trade and other payables		-	125
Provisions		-	-
Current income tax liabilities		-	-
<b>Total current liabilities</b>		<b>-</b>	<b>125</b>
<b>Total liabilities</b>		<b>-</b>	<b>125</b>
<b>Total equity and liabilities</b>		<b>282,674</b>	<b>281,820</b>



## Company Statement of Income

USD (Thousands)	2020	2019
<b>Revenue</b>	-	-
Cost of sales	-	-
<b>Gross profit</b>	-	-
Other operating expenses	-	-
Employee benefit expenses	-	-
Depreciation, amortization and impairment	-	-
Separately disclosed items	-	-
<b>Results from operating activities</b>	-	-
Finance income	-	10
Finance expense	-	-
Net foreign exchange gains & losses	2	(1)
Other income / (expenses)	977	(541)
<b>Net finance costs</b>	<b>979</b>	<b>(532)</b>
<b>Profit / (loss) before tax</b>	<b>979</b>	<b>(532)</b>
Income tax benefit / (expense)	-	-
<b>Profit / (loss) for the year</b>	<b>979</b>	<b>(532)</b>
<b>Profit / (loss) attributable to:</b>		
Equity holders of the parent	979	(532)
Non-controlling interests	-	-

## Consolidated Statement of Comprehensive Income

USD (Thousands)	2020	2019
<b>Profit / (loss) for the year</b>	<b>979</b>	<b>(532)</b>
Other comprehensive income		
Exchange differences on translation of foreign operations	-	-
<b>Net other comprehensive income to be reclassified to profit or loss in subsequent periods</b>	<b>-</b>	<b>-</b>
<b>Other comprehensive income / (loss)</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income / (loss) for the year</b>	<b>979</b>	<b>(532)</b>
<b>Total comprehensive income / (loss) attributable to:</b>		
Equity holders of the parent	979	(532)
Non-controlling interests	-	-



## Company Cash Flow Statement

USD (Thousands)	2020	2019
<b>Cash flows from operating activities</b>		
Profit / (loss) for the year before tax	979	(532)
<b>Non cash adjustment to reconcile profit before tax to net cash flow</b>		
Finance income	-	(10)
Net other finance income / (expenses)	(977)	541
	<b>2</b>	<b>(1)</b>
Foreign currency (gains) / losses	(2)	1
Income tax (paid) / received	-	-
	<b>(2)</b>	<b>1</b>
Decrease / (increase) in inventories	-	-
Decrease / (increase) in trade and other receivables	20	-
(Decrease) / increase in payables	(125)	125
Changes in working capital:	(105)	125
<b>Net cash from (used in) operating activities</b>	<b>(105)</b>	<b>125</b>
<b>Cash flows from investing activities</b>		
Acquisition of shares in a subsidiary	(450)	(2,320)
Proceeds from sale of shares in a subsidiary	-	300
Dividends received	1,127	-
<b>Net cash used in investing activities</b>	<b>677</b>	<b>(2,020)</b>
<b>Cash flows from financing activities</b>		
Bank fees	-	-
Interest income received	2	8
<b>Net cash from financing activities</b>	<b>2</b>	<b>8</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>574</b>	<b>(1,887)</b>
Cash and cash equivalents at 1 January	125	2,012
<b>Cash and cash equivalents at 31 December</b>	<b>699</b>	<b>125</b>



## NOTES TO THE COMPANY FINANCIAL STATEMENTS

### Basis of preparation

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

### Significant accounting policies

#### Subsidiaries and investment in associate

Subsidiaries and investments in associate are valued by the cost method in the company accounts. The investment is valued as cost of acquiring shares in the subsidiary, providing that write down is not required. Write down to fair value will be carried out if the reduction in value is caused by circumstances which may not be regarded as incidental, and deemed necessary by generally accepted accounting principles. Write downs are reversed when the cause of the initial write down are no longer present.

Dividends and other distributions are recognized in the same year as appropriated in the subsidiary accounts. If dividends exceed withheld profits after acquisition, the exceeding amount represents reimbursement of invested capital, and the distribution will be subtracted from the value of the acquisition in the balance sheet.

For the accounting policies for the other accounts please refer to the accounting principles in the consolidated financial statements.



## Parent Company

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

Company (Amounts in Thousands)	Place of Operation	Country of Incorporation	Currency	Nominal Value of Issued Share Capital	Percentage of Equity Attributable to the Company	
					2020	2019
<b>Direct subsidiaries</b>						
Nanna MidCo I AS	Egersund, Norway	Norway	NOK	2,590	98%	98%
<b>Indirect subsidiaries</b>						
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%
Navico AR LLC	Delaware, USA	USA	USD	-	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%
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%
Navico Group AS	Egersund, Norway	Norway	NOK	5,110	100%	100%
Nanna MidCo II AS	Egersund, Norway	Norway	NOK	5,110	100%	100%
Nanna MFN AS	Egersund, Norway	Norway	NOK	500	49%	44%
Nanna MFN II AS	Egersund, Norway	Norway	NOK	47	38%	-
Naviopt SRL	Forli, Italy	Italy	EUR	100	100%	100%
Yacht Defined AB	Stockholm, Sweden	Sweden	SEK	50	100%	100%
Navico Sweden II AB <sup>1</sup>	Goteborg, Sweden	Sweden	SEK	340	100%	70%
HOC Yachts AB	Stockholm, Sweden	Sweden	SEK	50	100%	70%
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 <sup>2</sup>	Egersund, Norway	Norway	NOK	n/a	-	-
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%	100%
C-MAP Poland SP. z.o.o.	Gdansk, Poland	Poland	PLN	5	100%	100%
DMS Assurance LLC <sup>3</sup>	Delaware, Jersey, USA	USA	USD	-	100%	100%

1. 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. In 2020 the Group increased its ownership interest in Navico Sweden II AB and HOC Yachts AB to 100%.

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

3. DMS Assurance was dissolved 23 January 2020.



## 1. Financial fixed Assets

The financial fixed assets can be specified as follows:

USD (Thousands)	31 December 2020	31 December 2019
Investment in Shares	281,939	281,639
<b>Total</b>	<b>281,939</b>	<b>281,639</b>

The investment in shares is related to the following acquisitions:

- Nanna Midco I AS; 225,400 thousand preference and 59,600 thousand ordinary shares amounting to USD 279,000 thousand (2019: USD 279,000 thousand).
- 48.99% interest in Nanna MFN AS (2019: 43.99%); 2 preference and 6,000 thousand ordinary shares amounting to USD 2,939 thousand (2019: USD 2,639 thousand).

Investment in subsidiaries and associate			USD (thousands)		
Company	Location	Share ownership	Net profit 2020	Equity 31 December 2020	Book value 31 December 2020
Nanna Midco I AS	Egersund, Norway	97.89%	(2)	283,868	279,000
Nanna MFN AS	Egersund, Norway	48.99%	(1)	5,997	2,939

## 2. Cash and cash equivalents

USD (Thousands)	31 December 2020	31 December 2019
Cash and cash equivalents	699	125
Bank overdraft	-	-
<b>Total Current Trade and other receivables</b>	<b>699</b>	<b>125</b>

## 3. Shareholders' equity

USD (Thousands)	Issued Capital	Share Premium	Retained Earnings	Total
<b>Balance at 1 January 2019</b>	<b>326</b>	<b>281,649</b>	<b>252</b>	<b>282,227</b>
Capital contribution from shareholders	-	-	-	-
Total comprehensive income for the year				
Profit / (loss) for the year	-	-	(532)	(532)
<b>Balance at 31 December 2019</b>	<b>326</b>	<b>281,649</b>	<b>(280)</b>	<b>281,695</b>
Capital contribution from shareholders	-	-	-	-
Total comprehensive income for the year				
Profit / (loss) for the year	-	-	979	979
<b>Balance at 31 December 2020</b>	<b>326</b>	<b>281,649</b>	<b>699</b>	<b>282,674</b>

The authorized capital of the Group amounts to NOK 2,820 thousand (USD 326 thousand) and comprises 282,000 thousand ordinary shares of NOK 0.01 each. Each share gives one vote in the general assembly. Further information regarding shareholder's equity is to be found in note 25 to the consolidated financial statements

## 4. Other Income

Other income / (expenses) in 2020 and 2019 mainly include result from selling / (purchasing) Nanna MFN AS and Nanna MFN II AS shares to / from employees.

## 5. Workforce

At 31 December 2020, the company did not employ any employees (31 December 2019: zero employees were employed).



### 37. Approval of the Financial Statements

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

Egersund, 14 June 2021  
Board of Directors

Mr. Johan Reiersen - Chairman

Mr. David Hess

Mr. Michael Bruun

Mr. Ken Sweder

#### President & CEO

Mr. Knut Frostad



## INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of Marine Innovations Group AS

### Report on the audit of the financial statements

#### *Opinion*

We have audited the financial statements of Marine Innovations 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 2020, the income statement and statements 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 2020, 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 2020, 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 2020 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.

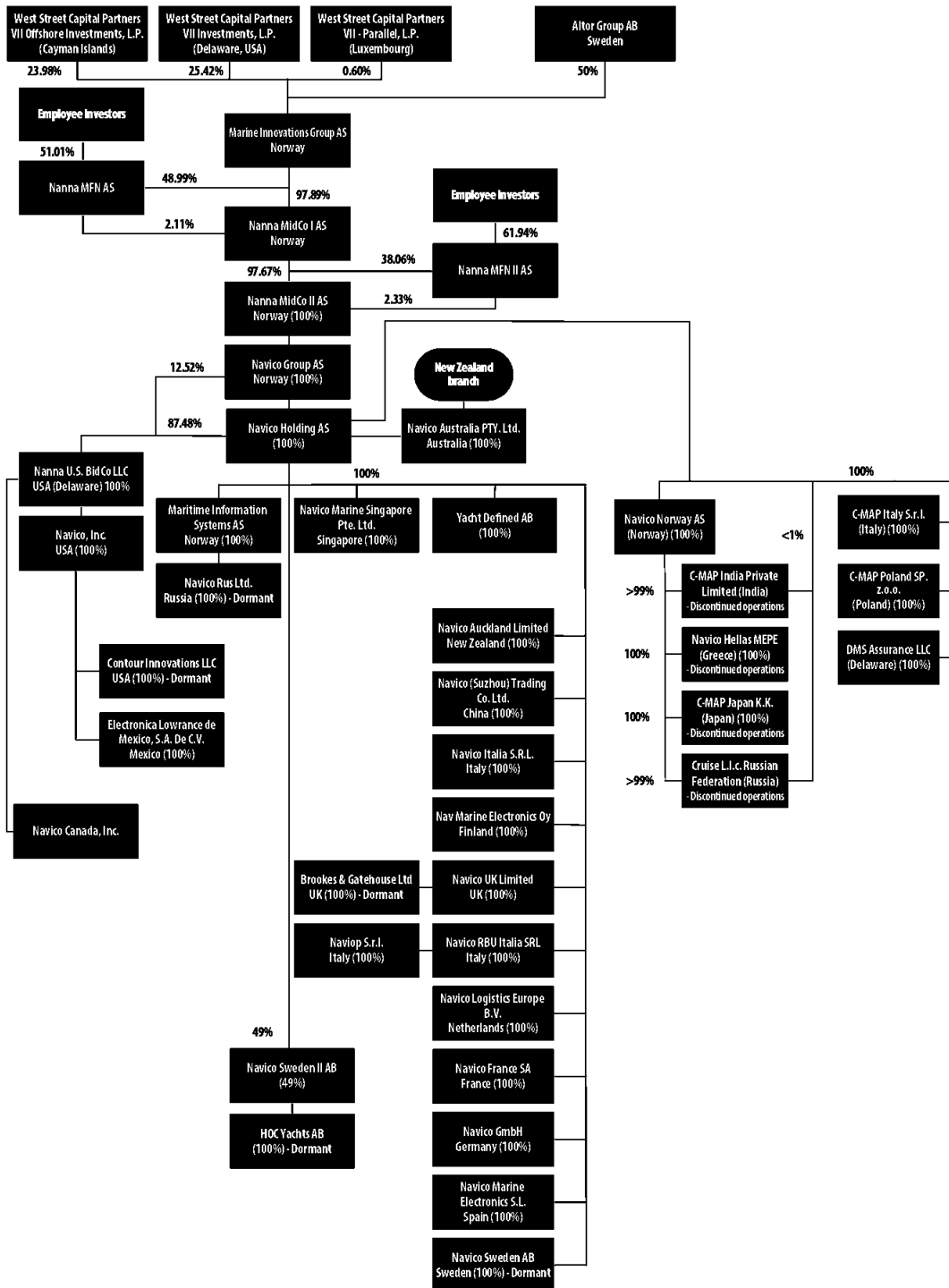
Oslo, 14 June 2021  
ERNST & YOUNG AS

*The auditor's report is signed electronically*

Johan Lid Nordby  
State Authorised Public Accountant (Norway).



COMPANY STRUCTURE





## APPENDIX 1

### Reconciliation of Non-IFRS measures to IFRS (Alternative Performance Measures)

Navico Innovations Group presents some financial measures in this annual report which are not defined by IFRS. The company believes that these measures provide valuable additional information for investors and management for evaluating the company's financial performance, financial position and trends in our operations on like-for-like basis. It should be noted that these measures, as defined, may not be comparable to similarly titled measures used by other companies. These non-IFRS measures should not be considered as substitutes for financial reporting measures prepared in accordance with IFRS.

(USD millions)	Notes	2017	2018	2019 <sup>1</sup>	2020 <sup>1</sup>
<b>Adjusted EBITDA reconciliation</b>					
Results from operating activities as per annual report		8.1	28.3	(18.3)	8.0
Items affecting comparability		16.4	(4.3)	8.8	8.9
Amortization and depreciation (PPA), impairment		17.9	17.5	20.5	23.5
<b>Adjusted EBIT</b>		<b>42.4</b>	<b>41.4</b>	<b>11.0</b>	<b>40.4</b>
Amortization and depreciation (regular)		29.7	32.2	34.4	31.6
<b>Adjusted EBITDA</b>		<b>72.1</b>	<b>73.6</b>	<b>45.3</b>	<b>72.0</b>
<b>Gross Profit</b>		<b>179.5</b>	<b>188.0</b>	<b>152.0</b>	<b>164.6</b>
COVID-19 driven abnormal production costs		-	-	-	5.0
<b>Adjusted gross profit</b>		<b>179.5</b>	<b>188.0</b>	<b>152.0</b>	<b>169.6</b>
<b>Items affecting comparability</b>					
Separately disclosed items	13	16.4	(4.3)	8.8	2.8
COVID-19 driven costs					
COVID-19 driven abnormal production costs	9	-	-	-	5.0
COVID-19 driven other operating expenses	10	-	-	-	0.9
COVID-19 driven employee benefit expenses	11	-	-	-	0.3
<b>Total</b>		<b>16.4</b>	<b>(4.3)</b>	<b>8.8</b>	<b>8.9</b>

<sup>1</sup> excl. discontinued operations

### Definitions and Key Ratios

**EBIT (operating profit)** - earnings before financial items and taxes.

**EBITDA** - EBIT (Operating profit) before Depreciation, Amortization and Impairment.

**Gross margin** - Gross profit divided by net sales.

**EBITDA margin** - EBITDA divided by net sales.

**Adjusted Gross Profit** - Gross profit excluding COVID-19 driven abnormal production costs.

**Adjusted EBIT** - EBIT before separately disclosed items, COVID-19 driven costs and before PPA depreciation, PPA amortization, and impairment.

**Adjusted EBITDA** - EBITDA before separately disclosed items and COVID-19 driven costs.

Adjusted EBIT and Adjusted EBITDA are used by management, analysts, rating agencies and investors in assessing our performance. Accordingly, we believe that the presentation of Adjusted EBIT and Adjusted EBITDA provides useful information to the users of financial statements.

**Adjusted gross margin** - Adjusted Gross Profit divided by net sales.

**Adjusted EBITDA margin** - Adjusted EBITDA divided by net sales.

**Items Affecting Comparability** consist of separately disclosed items and COVID-19 driven abnormal production costs, COVID-19 driven other operating expenses, COVID-19 driven employee benefit expenses.

**Separately disclosed items** are events or transaction with significant financial effects, which are relevant for understanding the financial performance when comparing profit for the current period with previous periods. Items included are for example expenses related to major M&A projects, gains and losses from acquisitions or disposals of non-current assets, costs related to legal disputes and settlements, restructuring costs, fees to external advisors to explore future strategic alternatives for the Group.

Trade and other receivables include trade receivables, prepayments and other receivables.



## COMPANY INFORMATION

### Asia Pacific

#### Navico Australia Pty. Ltd

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#### Navico Auckland Ltd

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New Zealand  
Tel: +64 9 925 4500

#### Navico Marine Singapore Pte. Ltd

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Tel: +65 62762472

#### Navico (Suzhou) Trading Company Ltd

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

### Europe, Middle East and Africa

#### Marine Innovations Group AS

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4373 Egersund  
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#### Navico Marine Electronics S.L.

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ESPAÑA  
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Muelle de Levante 6,  
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#### NavMarine electronics Oy.

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#### Navico Logistics Europe BV

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3317 DB Dordrecht  
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Tel: +31 78 65 30 000

#### NavioP S.R.L.

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47122 Forlì FC  
Italy  
Tel: +39 0543 724980

#### Navico RBU Italia Srl.

Montagnana Val di Pesa,  
Via Romita 26  
Montespertoli (FI) 50025  
Italy  
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#### Navico Ltd. (UK)

First Floor, Templars House,  
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#### Navico Sweden AB

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42750, Billdal  
Sweden  
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#### C-MAP Italy S.R.L.

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54100, Massa, Italy  
+39 0585 79471

#### Navico Italia Srl.

Navico Italia Srl  
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20142 Milan  
Tel: +39 02 26882701

#### Cruise LLC

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

### 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



**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 <a href="http://www.skatteetaten.no">www.skatteetaten.no</a>	800 80 000
0134 Oslo	Org.nr: 996250318	Telefaks
	E-post: <a href="mailto:skatteetaten.no/sendepost">skatteetaten.no/sendepost</a>	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*