

NAVIGATION TECHNOLOGIES CORP  
Form 10-Q  
August 11, 2003

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
WASHINGTON, DC 20549

**FORM 10-Q**

ý **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF  
THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended June 29, 2003

OR

o **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF  
THE SECURITIES EXCHANGE ACT OF 1934**

Commission File Number 0-21323

**NAVIGATION TECHNOLOGIES CORPORATION**

(Exact name of registrant as specified in its charter)

**Delaware**

(State or Other Jurisdiction of  
Incorporation or Organization)

**222 Merchandise Mart, Suite 900  
Chicago, Illinois 60654**

(Address of Principal Executive  
Offices, including Zip Code)

**77-0170321**

(I.R.S. Employer Identification No.)

**(312) 894-7000**

(Registrant's Telephone Number,  
Including Area Code)

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes  No

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act).

Yes  No

The number of shares of the Registrant's Common Stock, \$0.001 par value, outstanding as of August 1, 2003 was 1,176,684,914.

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Certain statements in this document contain or may contain information that is forward-looking within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. In some cases, you can identify forward-looking statements by the terminology used - for example, words and phrases such as may, should, expect, anticipate, plan, believe, estimate, predict and other comparable terminology typically would be deemed forward-looking. Actual events or results may differ materially from those described in the forward-looking statements and will be affected by a variety of risks and factors, including, without limitation, the risks described in the section of Navigation Technologies' Registration Statement on Form 10, File No. 0-21323, as amended, captioned Risk Factors under Item 1 thereof. Readers should carefully review this document in its entirety, including, but not limited to, the condensed consolidated financial statements and notes thereto. Navigation Technologies undertakes no obligation to publicly release any revisions to such forward-looking statements to reflect events or circumstances after the date hereof. You should rely only on the information contained in this document. We have not authorized anyone to provide you with information that is different. The information contained herein may only be accurate as of the date of this document.

NAVTECH is a trademark of Navigation Technologies Corporation.

**PART I**  
**FINANCIAL INFORMATION**

**Item 1. Financial Statements**

**NAVIGATION TECHNOLOGIES CORPORATION  
AND SUBSIDIARIES**

**Condensed Consolidated Balance Sheets**

(In thousands, except per share amounts)

	December 31, 2002	June 29, 2003 (Unaudited)
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 9,427	3,918
Notes receivable from affiliate	10,000	35,500
Accounts receivable, net of allowance for doubtful accounts of \$2,784 and \$3,670 in 2002 and 2003, respectively	30,261	42,175
Prepaid expenses and other current assets	3,342	4,429
<b>Total current assets</b>	<b>53,030</b>	<b>86,022</b>
Property and equipment, net	7,848	6,973
Capitalized software development costs, net	18,951	20,966
Deposits and other assets	498	515
<b>Total assets</b>	<b>\$ 80,327</b>	<b>114,476</b>
<b>Liabilities and Stockholders Equity</b>		
Current liabilities:		
Accounts payable	\$ 5,392	7,984
Accrued payroll and related liabilities	16,138	13,755
Other accrued expenses	13,438	13,048
Deferred revenue	26,695	29,764
<b>Total current liabilities</b>	<b>61,663</b>	<b>64,551</b>
Fair value of derivative		8,024
Long-term deferred revenue	5,213	5,659
Long-term source material obligations	1,324	1,002
Other long-term liabilities	890	1,417
<b>Total liabilities</b>	<b>69,090</b>	<b>80,653</b>

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Stockholders' equity:

Common stock, \$0.001 par value; 1,800,000 shares authorized; 1,175,587 and 1,176,663 shares issued and outstanding in 2002 and 2003, respectively	1,176	1,177
Additional paid-in capital	764,275	764,389
Note receivable for common stock	(219)	(219)
Accumulated other comprehensive income (loss)	3,600	(12,179)
Accumulated deficit	(757,595)	(719,345)
<b>Total stockholders' equity</b>	<b>11,237</b>	<b>33,823</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$ 80,327</b>	<b>114,476</b>

See accompanying notes to condensed consolidated financial statements.

**NAVIGATION TECHNOLOGIES CORPORATION  
AND SUBSIDIARIES**

**Condensed Consolidated Statements of Operations**

(In thousands, except per share amounts)

	Quarter Ended		Six Months Ended	
	June 30, 2002 (Unaudited)	June 29, 2003 (Unaudited)	June 30, 2002 (Unaudited)	June 29, 2003 (Unaudited)
Net revenue	\$ 38,593	67,534	\$ 69,378	119,569
Operating costs and expenses:				
Database licensing and production costs	21,387	28,825	40,993	52,411
Selling, general, and administrative expenses	14,767	18,006	28,139	34,827
Total operating costs and expenses	36,154	46,831	69,132	87,238
Operating income	2,439	20,703	246	32,331
Other income (expense):				
Interest income	31	81	86	118
Interest expense	(281)	(3)	(546)	(10)
Foreign currency gain	65	2,264	82	6,383
Income (loss) before income taxes	2,254	23,045	(132)	38,822