



# ANNUAL REPORT 2014



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## ICONS by category

### DRIVE

-  CAR
-  MOTORCYCLE
-  CAMPER & CARAVAN
-  TRUCK

### SPORT

-  RUNNING
-  CYCLING
-  SWIMMING
-  GOLF

### PRODUCT-RELATED

-  CONNECTED CAR
-  DIGITAL MAP
-  MULTINET-R
-  REAL-TIME TRAFFIC INFORMATION
-  NAVKIT NAVIGATION ENGINE
-  NAVCLOUD
-  CLOUD-BASED PRODUCTS
-  WEBFLEET
-  TELEMATICS APP CENTER
-  FLEET

### FINANCE & STRATEGY

-  ACCOUNTING POLICIES
-  SIGNIFICANT ESTIMATES
-  OUTLOOK
-  STRATEGY

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## FORWARD-LOOKING STATEMENTS/IMPORTANT NOTICE

This document contains certain forward-looking statements with respect to the financial condition, results of operations and business of TomTom NV (the company) and certain of the plans and objectives of TomTom and its subsidiaries (together with the company referred to as 'the group') with respect to these items. In particular the words 'expect', 'anticipate', 'estimate', 'may', 'should', 'would', 'believe' and similar expressions are intended to identify forward-looking statements. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. Actual results may differ materially from those expressed in these forward-looking statements, and you should not place undue reliance on them. We have based these forward-looking statements on our current expectations and projections about future events, including numerous assumptions regarding our present and future business strategies, operations and the environment in which we will operate in the future. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by these forward-looking statements. These factors include, but are not limited to, levels of customer spending in major economies, changes in consumer tastes and preferences, changes in law, the performance of the financial markets, the levels of marketing and promotional expenditures by the group and its competitors, raw materials and employee costs, changes in exchange and interest rates (in particular changes in the USD and GBP versus the euro can materially affect results), changes in tax rates, future business combinations, acquisitions or disposals, the rate of technological changes, political and military developments in countries where the company operates and the risk of a downturn in the market.

Statements regarding market share, including the company's competitive position, contained in this document are based on outside sources such as specialised research institutes, industry and dealer panels in combination with management estimates. Where full year information regarding 2014 is not yet available to the company, these statements may also be based on estimates and projections prepared by outside sources or management. Market shares are based on sales in units unless otherwise stated. The forward-looking statements contained refer only to the date in which they are made, and we do not undertake any obligation to update any forward-looking statement to reflect events or circumstances after the date of this annual report.

According to TomTom's Articles of Association, the following decisions of the General Meeting require a majority of at least two-thirds of the votes cast, representing more than 50% of our issued share capital:

- Resolution to cancel a binding nomination for the appointment of a member of the Management Board or the Supervisory Board;
- Resolution to appoint a member of the Management Board or the Supervisory Board in contravention of the binding nomination by the Supervisory Board; and
- Resolution to dismiss or suspend a member of the Management Board or the Supervisory Board.

In addition, in accordance with Dutch law, TomTom's Articles of Association provide that, if less than 50% of our issued share capital is represented at the meeting, certain decisions of the General Meeting require a majority of at least two-thirds of the issued capital represented. This includes decisions of our General Meeting regarding:

- The restriction and exclusion of pre-emptive rights, or the designation of the Management Board as the authorised body to exclude or restrict such rights;
- The reduction of the issued share capital; and
- A legal merger or legal demerger of the company.

### **Amendment of the Articles of Association**

The General Meeting may resolve to amend the Articles of Association of the company if it acts on a proposal by the Management Board that has also been approved by the Supervisory Board.

A resolution of the General Meeting to amend the Articles of Association requires an absolute majority of votes cast, irrespective of the share capital represented at the General Meeting.

The company's Articles of Association were last amended at the 2013 General Meeting.

## **THE CAPITAL STRUCTURE**

The company's authorised share capital amounts to €180,000,000 and is divided into 600,000,000 ordinary shares with a nominal value of €0.20 each and 300,000,000 preferred shares, with a nominal value of €0.20 each. On 31 December 2014, a total of 223,569,822 ordinary shares were issued and outstanding.

### **Issue of shares**

The Management Board has the power to issue shares or grant rights to subscribe for shares if so designated by the General Meeting or the company's Articles of Association. This Management Board resolution is subject to the prior approval of the Supervisory Board. No resolution of the General Meeting or the Management Board is required for an issue of shares pursuant to the exercise of a previously granted right to subscribe for shares.

The Management Board continues to believe it is in the company's best interests that it should be in a position to react promptly when business opportunities arise that require the issue of ordinary shares. When such occasions arise, the Management Board therefore wishes to be authorised to issue ordinary shares and to grant rights to subscribe for such shares without the need to obtain prior approval from company shareholders at an Extraordinary

General Meeting. Such meetings take time to convene and could generate disruptive market speculation.

On 1 May 2014, the General Meeting passed a resolution extending the Management Board's authorisation to resolve to issue ordinary shares or grant rights to subscribe for such shares until 1 November 2015. This authority is limited to 10% of the number of issued ordinary shares for general purposes, and an additional 10% in connection with or on the occasion of a merger or acquisition, and to restrict or exclude the pre-emption rights for existing shareholders for such issue or grant of rights.

Separately, the Management Board has been authorised to grant, subject to the prior approval of the Supervisory Board, rights to subscribe for ordinary shares and to restrict or exclude the pre-emption rights for existing shareholders for those rights, up to 2,200,000 ordinary shares for the purpose of executing the TomTom Employee Stock Option Plan and the Management Board Stock Option Plan. It was granted for a period starting from the 2014 General Meeting and ending with the General Meeting to be held in 2015.

### **Repurchase by the company of its own shares**

The 2014 General Meeting has resolved to authorise the Management Board to acquire shares in the capital of the company up to 10% of the issued share capital. The authorisation was granted for a period of 18 months, and will be in effect until 1 November 2015.

## **PROTECTION MECHANISM**

### **Foundation Continuity TomTom**

A foundation, Stichting Continuïteit TomTom (the Foundation), was established on 26 May 2005 to act as an instrument that protects the company against hostile takeovers. The purpose of the Foundation is to safeguard the interests of the company and all of its stakeholders. It does so by ensuring that the company is in a position to resist influences that could affect its independence, continuity and/or corporate identity in any manner that would be in contravention of the interests of the company or its stakeholders. The granting of rights to subscribe for preferred shares to the Foundation may help to prevent, discourage or otherwise delay unsolicited attempts to obtain (de facto) control of the company. This measure will strengthen the company's position in relation to potential bidders, and allows the company time to seek alternatives to hostile takeover bids.

On 23 April 2013, the General Meeting adopted the proposal of the Management Board to grant the Foundation a call option entitling it to subscribe for preferred shares up to one hundred per cent (100%) of the aggregate nominal value of the outstanding ordinary shares at the time of issue, up to a maximum of the number of preferred shares included in the authorised capital at the time of issue.

The Foundation shall subscribe for the preferred shares at par. Immediately after subscribing for preferred shares, the Foundation shall proceed to pay one-fourth of the nominal value of the preferred shares at the time of issue. Three-fourths of the nominal amount shall only need to be paid upon call by the company, without prejudice to the provisions of section 2:84 of the Dutch Civil Code. The Foundation is entitled to exercise the option right

in one or more tranches. The possible issuance of preferred shares to the Foundation will be temporary and subject to the company's Articles of Association and the legislation on takeovers.

Currently, there are no preferred shares outstanding.

The Management Board of the company and the Board of the Foundation declare that the Foundation is independent vis-à-vis the company.

Unless the preferred shares have been issued pursuant to a resolution of the General Meeting, the company's Articles of Association require that a General Meeting be held within one year after the issue of preferred shares to consider their purchase or withdrawal. If no resolution on the purchase or withdrawal of the preferred shares is adopted at such a General Meeting, a General Meeting will be held every year thereafter for as long as preferred shares remain outstanding.

### **NOTIFICATION OF SUBSTANTIAL SHAREHOLDINGS AND SHORT POSITIONS**

Shareholders owning 3% or more of the issued capital of a listed company (a substantial shareholding or short position) must report this to the Netherlands Authority for Financial Markets (AFM) as soon as this threshold is reached or exceeded.

Subsequently, notification to the AFM must be done as soon as a substantial shareholding or short position reaches, exceeds or falls below set thresholds. The thresholds are: 3%, 5%, 10%, 15%, 20%, 25%, 30%, 40%, 50%, 60%, 75% and 95% of the company's issued share capital.

As at 31 December 2014, the following shareholders owning 3% or more of the company's voting rights were registered with the AFM:

<b>Name</b>	<b>% voting rights</b>
Harold Goddijn	11.7%
Corinne Goddijn-Vigreux	11.7%
Pieter Geelen/Stichting Beheer Moerbeij	11.7%
Peter-Frans Pauwels/Stichting Beheer Pillar Arc	11.7%
Flevo Deelnemingen IV BV (Dasym/Janivo) <sup>1</sup>	10.1%
Highclere International Investors LLP	3.0%
<b>Total substantial shareholdings</b>	<b>59.9%</b>

<sup>1</sup> Flevo Deelnemingen IV BV is a 100% direct shareholder of Flevo Dasym BV and Flevo Janivo BV.

### **MANDATORY CORPORATE GOVERNANCE STATEMENT**

The Corporate Governance section can be considered to be the corporate governance statement as referred to in Article 2a of the Dutch Decree on additional requirements for annual reports, as last amended on 1 January 2010, to the extent that it is applicable to TomTom.

The main characteristics of the company's internal risk management measures and control systems connected to its financial reporting process are described in the [In Control and Responsibility Statement](#) section of this annual report.

### **ARTICLE 10 OF THE EU TAKEOVER DIRECTIVE DECREE**

The Management Board states that all information which must be disclosed pursuant to Article 10 of the EU Takeover Directive Decree is included in the Corporate Governance section of this annual report, to the extent that it is applicable to TomTom.