



ANNUAL REPORT 2014







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

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.

Financial reporting

The Supervisory Board and Audit Committee reviewed the quarterly financial results and full year financial statements prior to their release. Attention was paid to critical accounting policies, the valuation of goodwill and assets and the clarity of the rules for disclosure, as well as the company's compliance with accounting standards, the requirements of NYSE Euronext Amsterdam and other corporate governance, legal and regulatory bodies.

Business assurance

The company monitors its internal controls through a systematic approach to risk assessment and internal audit. The Business Assurance team assists in the independent review of the company's risk management controls. The VP of Business Assurance reports functionally to the Audit Committee and administratively to the CFO. During 2014, the VP of Business Assurance reported each quarter to the Audit Committee.

The internal audit programme covers key business processes, subsidiary office reviews, the auditing of major ICT projects before go live and special requests. Working with management, Internal Audit selects the areas of the business to be audited during the year. Members of the Audit Committee and Management Board may at any time request Internal Audit to carry out an internal audit or special consulting service.

The Internal Audit Plan for 2014 – 2016 was developed by the Business Assurance team working with Management. A top-down approach was used, taking into consideration the key risk areas of the business as well as the geographical spread of our offices and the core activities performed there. The external auditors provided their input to the Internal Audit Plan. The Audit Committee reviewed and approved the final Internal Audit Plan 2014 – 2016.

Independence

The Business Assurance department maintains a high-level of independence and objectivity within the company based on the following principles:

- The Audit Committee Charter describes the purpose, authority and responsibilities of Internal Audit;
- The VP of Business Assurance has unrestricted access to the Supervisory Board and Audit Committee and reports regularly to the Audit Committee, as well as maintaining a direct relationship with the Audit Committee chairman;
- The VP of Business Assurance meets at least once annually with the Audit Committee without the Management Board being present;
- Members of the Internal Audit department are qualified professionals who uphold the ethical guidelines covering independence laid down by the professional bodies governing registered accountants and internal auditors; and
- The internal auditor's role is to provide assurance and advice to management, who are ultimately accountable for the effectiveness of the internal control and risk systems.

External auditor

Deloitte – 2014 financial audit

The Audit Committee agrees the compensation of the external auditor and recommends the appointment of an external auditor to the Supervisory Board. Each new appointment is subject to the approval of the company's shareholders at the General Meeting.

Deloitte Accountants BV has acted as external auditor for the company since 2004. During 2014, the external auditor attended each of the four Audit Committee meetings to address agenda items relating to the external financial reporting and related press releases. The Audit Committee and the external auditor also met separately, without the Management Board present, in order to facilitate free and open discussions.

The Audit Committee reviewed the independence of the external auditor, taking into account qualitative and quantitative factors. The committee concluded that the external auditor has sufficient objectivity and independence to perform the external audit function. Below a summary is provided of services performed by Deloitte Accountants BV, its network affiliates and the fees earned.

Breakdown of fees by type of service

(€ in thousands)	2014	% of total	2013	% of total
Audit - group	445	58%	445	48%
Audit - statutory	141	19%	141	15%
Audit - related services ¹	60	8%	60	6%
Tax compliance ²	117	15%	289	31%
TOTAL	763	100%	935	100%

¹ During 2014, audit-related services consisted of quarterly analytical procedures.

² Tax compliance comprises local tax compliance services, including local tax filings and HR-related compliance services. These services are based on a contract that existed prior to 31 December 2012.

Ernst & Young Accountants LLP – 2015 to 2017 financial audits

During 2014, TomTom decided to change its auditor in order to remain at the forefront of good governance and in recognition of regulatory changes in the Netherlands. The Chairman of the Audit Committee represented the Audit Committee in the audit tender process by chairing the Audit Tender Steering Committee. The Committee was made up of several key people within the company.

Three audit firms were approached to tender for the audit in March 2014 and the Audit Committee recommended to the Supervisory Board that Ernst & Young Accountants LLP (EY) be proposed for appointment. In line with our tender, in the interest of efficiency, the proposal is for a three-year term, as opposed to an annual reappointment as in the past. As a result of the tender, Deloitte's appointment will expire on completion of the 2015 General Meeting, following which EY will become TomTom's statutory auditor for three years subject to approval by the shareholders at the same meeting.

The company has developed a transition plan with EY such that minimal disruption will occur within the business. This includes ensuring no independence concerns arise through the performing of non-audit services, as EY previously provided tax advisory services to the company.