



# 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.

## **SECTION 1 GENERAL INFORMATION AND BASIS OF REPORTING**

*This section introduces the basis of preparation and the general accounting policy applied to the consolidated financial statements as a whole, as well as a summary of the areas that involve significant judgements and estimates.*

### **1. General**

TomTom NV (the company) has its statutory seat and headquarters in Amsterdam, the Netherlands. The activities of the company include the development and sale of navigation and location-based solutions, which include among others: PNDs, sport watches, maps, traffic, navigation software and fleet management services.

The consolidated financial statements comprise the company and its subsidiaries (together referred to as the group). A condensed income statement is presented in the company financial statements in accordance with section 402 of Part 9 of Book 2 of the Dutch Civil Code.

The financial statements have been prepared by the Management Board and authorised for issue on 12 February 2015. The financial statements will be submitted for approval to the General Meeting on 24 April 2015.

### **2. Basis of preparation**

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRIC interpretations as adopted by the European Union.

The financial statements have been prepared on the historical cost basis, except for financial instruments (including derivatives) classified at fair value through profit or loss and derivatives used for hedging, which are stated at fair value.

Income and expenses are accounted for on an accrual basis.

#### **Summary of significant accounting policy**

The general accounting policies applied to the consolidated financial statements as a whole are described below, while other significant accounting policies related to specific line items are described under the relevant note. The description of accounting policy in the notes forms an integral part of the description of the accounting policies in this section. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### **New accounting standards and developments**

The following standards that are effective from 1 January 2014 have been adopted earlier by the group as from 1 January 2013:

1. IFRS 10 'Consolidated financial statements'
2. IFRS 11 'Joint arrangements'
3. IFRS 12 'Disclosures of interests in other entities'
4. IFRS 13 'Fair value measurement'
5. IAS28R 'Investments in Associates'

Other than certain additional disclosures, all the abovementioned standards had no material impact on the recognition and measurement of the group's assets, liabilities, income and expenses. All other standards and interpretations issued and effective for the reporting period starting 1 January 2014 did not have a material impact on the group.

All IFRS standards and interpretations that were in issue but not yet effective for reporting periods beginning on 1 January 2014 have not yet been adopted.

#### **Basis of consolidation**

The consolidated financial statements incorporate the financial statements of the company and entities controlled by the company (and its subsidiaries). Control is achieved when the parent is exposed to, 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. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policy in line with the group. All intercompany transactions, balances and unrealised gains and losses on transactions between group companies are eliminated.

#### **Foreign currencies**

The company's primary activities are denominated in euros. Accordingly, the euro is the company's functional currency, which is also the group's presentation currency. Items included in the financial information of individual entities in the group are measured using the individual entity's functional currency, which is the currency of the primary economic environment in which the entity operates.

#### *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the balance sheet date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in equity as qualifying cash flow hedges. Foreign exchange gains and losses are presented under 'Other financial result' in the income statement.