



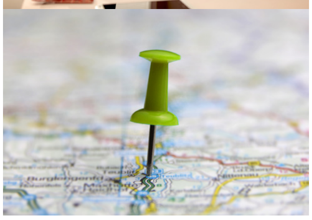

ANNUAL REPORT 2014

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
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- 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.

compensation expenses charged to the stock compensation reserve for this plan amounted to €228 thousand (2013: €245 thousand). As this plan is not material, no further disclosures are provided.

Accounting policy

Equity-settled share-based payments are measured at fair value at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period. The costs are determined based on the fair value of the granted instruments and the number expected to vest. At each balance sheet date, the group revises its estimates of the number of instruments expected to vest.

Cash-settled share-based payments are initially recognised at the fair value of the liability and are expensed over the vesting period. The liability is remeasured at each balance sheet date to its fair value, with all changes recognised immediately as either a profit or a loss.

8. Depreciation and amortisation

Total depreciation and amortisation for the year was €115 million (2013: €117 million) of which €6.1 million (2013: € 4.9 million) is included in cost of sales.

(€ in thousands)	2014	2013
Amortisation	102,089	100,404
Depreciation	12,622	17,015
TOTAL	**114,711**	**117,419**

Amortisation charge totalling €102.1 million (2013: €100.4 million) are included in the following line items in the Income Statement:

- Cost of sales: €5.7 million (2013: €4.9 million);
- Amortisation of technology and databases: €88.1 million (2013: €81.4 million);
- R&D expenses: €2.2 million (2013: €8.0 million); and
- Selling, general and administration expenses: €6.1 million (2013: €6.1 million).

9. Government grants

In 2014, the group received government grants amounting to €4.7 million, in relation to the research and development activities performed by the group (2013: €6.4 million).

Accounting policy

Government grants are recognised at their fair value when there is a reasonable assurance that the group will comply with the conditions attached to them, and that the grants will be received. Government grants that are receivable as compensation for expenses or losses already incurred, or for the purpose of giving immediate financial support to the group with no future related costs, are recognised as a deduction of the related expense in the period in which they become receivable.

10. Income tax

Income tax expense represents the sum of the tax currently payable and deferred tax. The activities of the group are subject to corporate income tax in several countries, depending on presence and activity. The applicable statutory tax rates vary between 12.5% and 41.0%. The different tax jurisdictions in which the group operates can cause the Effective Tax Rate (ETR) to differ from the Dutch corporate tax rate.

(€ in thousands)	2014	2013
Current tax	4,054	2,398
Deferred tax	–12,086	1,612
INCOME TAX (GAIN) / EXPENSE	**–8,032**	**4,010**

In 2914, the ETR was –54.9% compared to 16.7% last year. The reconciliation between the tax charge on the basis of the Dutch tax rate and the Effective Tax Rate is as follows:

	2014	2013
Dutch tax rate	25.0%	25.0%
Higher weighted average statutory rate of group activities	9.8%	6.9%
Income exempted from tax	–26.2%	–20.8%
Non tax deductible costs	17.7%	15.7%
Utilisation of losses not previously capitalised	–19.6%	–17.3%
Effect of prior years' settlements and/or adjustments	–40.6%	–26.5%
Remeasurement of deferred tax	–25.6%	33.2%
Other	4.7%	0.5%
EFFECTIVE TAX RATE	**–54.9%**	**16.7%**

The income tax credited directly in equity in 2014 amounted to €6.9 million (2013: credit of €0.3 million).

Accounting policy

Current and deferred taxes are recognised as an expense or income in the profit and loss account, except when they relate to items credited or debited directly to equity. In this case, the tax is also recognised directly in equity, or where it arises from the initial accounting for a business combination.

The group's income tax expense is calculated using tax rates that have been enacted or substantively enacted at the balance sheet date.

11. Deferred income tax

As at 31 December 2014, the group had a deferred tax liability of €167 million (2013: €172 million) and a deferred tax asset of €18 million (2013: €10 million). The deferred tax asset and liability result from timing differences between the tax and accounting treatment of the amortisation of intangible assets, tax loss carry forwards, cash-settled share-based payments and certain provisions.

(€ in thousands)	2014	2013
DEFERRED TAX:		
To be recovered after more than 12 months	−147,016	−160,141
To be recovered within 12 months	−1,097	−1,905
TOTAL	**−148,113**	**−162,046**

The movement of deferred tax is as follows:

(€ in thousands)	Stock compensation expense	Other	Intangible assets	Provisions	Assessed losses	Total
BALANCE AS AT 31 DECEMBER 2012	**964**	**−330**	**−207,129**	**9,115**	**40,081**	**−157,299**
Acquisitions through business combination	0	0	−5,279	0	685	−4,594
(Charged)/released to income	362	−265	15,794	−2,662	−14,841	−1,612
Currency translation differences	0	0	1,527	−215	147	1,459
BALANCE AS AT 31 DECEMBER 2013	1,326	−595	−195,087	6,238	26,072	−162,046
Acquisitions through business combination	0	0	−3,705	0	0	−3,705
(Charged)/released to income	668	437	12,899	497	−2,415	12,086
(Charged)/released to equity	0	0	0	436	6,430	6,866
Currency translation differences	0	−200	−4,386	−460	3,732	−1,314
BALANCE AS AT 31 DECEMBER 2014	**1,994**	**−358**	**−190,279**	**6,711**	**33,819**	**−148,113**

Deferred tax balances are presented in the balance sheet as follows:

(€ in thousands)	2014	2013
Deferred tax assets	18,438	9,681
Deferred tax liabilities	−166,551	−171,727
TOTAL	**−148,113**	**−162,046**

The group has in some jurisdictions tax loss carry forwards that have not been recognised as deferred tax assets, as the amounts as well as possible future recovery of these losses against future taxable income are uncertain. As at 31 December 2014, these losses amounted to approximately €90 million (2013: €100 million).

Accounting policy

Deferred taxes are calculated using the liability method. Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Deferred tax assets and liabilities are measured using the tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled, using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date. The measurement of deferred tax liabilities and deferred tax assets reflects the tax consequences that would follow from the manner in which the group expects, at the balance sheet date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets are recognised when it is probable that sufficient taxable profits will be available against which the deferred tax assets can be utilised. The carrying amounts of deferred tax assets are reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Significant estimates

The determination of the group's provision for income tax as well as deferred tax assets and liabilities involves significant judgements and estimates on certain matters and transactions, for which the ultimate outcome may be uncertain. If the final outcome differs from the group's estimates, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.