



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.

Other information

Statutory provision with respect to appropriation of results

According to the company's Articles of Association, the company's result is freely at the disposal of the shareholders, provided that total shareholders' equity exceeds the called-up and paid-up capital of the company, increased by legal and statutory reserves.

Subsequent events

There has been no subsequent event from 31 December 2014 to the date of issue of these financial statements.

Proposed appropriation of result

The Management Board proposes to add the net result in full to the Accumulated deficit.

Foundation Continuity TomTom

For a description of the [Foundation Continuity TomTom](#), refer to the Corporate Governance section in this annual report.

Auditor's report

Reference is made to the [Independent Auditor's Report](#) section in this annual report.

Independent Auditor's Report

To: the Shareholders and Supervisory Board of TomTom NV

Report on the audit of the financial statements 2014

Our Opinion

We have audited the accompanying financial statements 2014 of TomTom NV ('the company'), based in Amsterdam. The financial statements include the consolidated financial statements and the company financial statements.

In our opinion:

- The consolidated financial statements give a true and fair view of the financial position of TomTom NV as at 31 December 2014 and of its results and its cash flows for the year 2014 in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code.
- The company financial statements give a true and fair view of the financial position of TomTom NV as at 31 December 2014 and of its results for the year 2014 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The consolidated financial statements comprise:

1. The consolidated balance sheet as at 31 December 2014;
2. The following statements for 2014: the consolidated statements of income, comprehensive income, changes in equity and cash flows; and
3. The notes comprising a summary of the significant accounting policies and other explanatory information.

The company financial statements comprise:

1. The company balance sheet as at 31 December 2014;
2. The company statement of income for the year 2014; and
3. The notes comprising a summary of the significant accounting policies and other explanatory information.

Basis for Our Opinion

We conducted our audit in accordance with Dutch law, which also covers Dutch Standards on Auditing. Our responsibilities under those standards are further described in the "Our responsibilities for the audit of the financial statements" section of our report.

We are independent of TomTom NV in accordance with the "Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten" (ViO) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the "Verordening gedrags- en beroepsregels accountants" (VGBA).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Materiality

Misstatements can arise due to fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

Based on our professional judgement we determined the materiality for the financial statements as a whole at EUR 7,400,000. The materiality is based on various criteria including the levels of profit before tax, revenues and total assets. As profit before tax is volatile, revenues was considered the appropriate primary benchmark. Materiality was calculated using a percentage of 0.8% and an estimated revenue level of EUR 925 million. We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the consolidated financial statements for qualitative reasons.

We agreed with the Supervisory Board that misstatements in excess of EUR 370,000, which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

Scope of our group audit

TomTom NV is at the head of a group of entities. The financial information of this group is included in the consolidated financial statements of TomTom NV.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities. The criteria used are the size and/or risk profile of the group entities or operations. On this basis, we selected group entities for which an audit or review had to be carried out on the complete set of financial statements or specific items.

Our group audit mainly concentrated on significant group entities TomTom NV, TomTom International BV, TomTom Sales BV, TomTom Global Content BV, TomTom Global Assets BV and TomTom Inc. which are the main operating entities in Europe and the United States of America. We have performed audit procedures ourselves for all significant group entities. We performed review procedures or specific audit procedures for other group entities.

By performing the procedures mentioned above at group entities, together with additional procedures at group level, we have been able to obtain sufficient and appropriate audit evidence about the group's financial information to provide an opinion on the consolidated and company financial statements.

Our Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements. We have communicated the key audit matters to the Supervisory Board. The key audit matters are not a comprehensive reflection of all matters discussed.

These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

- **Impairment of non-financial asset**

Assets that have an indefinite useful life, such as goodwill, are tested for impairment at least on an annual basis. Other intangible assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is based on certain key assumptions, such as cash flow projections covering a five-year period and the perpetual growth rate and discount rate per cash generating unit. These assumptions which are determined by management are judgemental. As a result the valuation of intangible assets including goodwill is significant to our audit. Our audit procedures included, among others, obtaining an understanding of the valuation model and assumptions used, challenging management's assumptions and involving independent valuation experts to support us in our evaluation of the model. We also focused on the adequacy of disclosures about key assumptions and sensitivity. Management's disclosures on the impairment of non-financial assets are included in [note 14](#) to the consolidated financial statements.

- **Revenue recognition**

The process of revenue recognition, including the appropriate allocation of multiple-element arrangements and the estimation of rebates, involves significant management judgement. As such we have considered revenue recognition significant to our audit, requiring special audit consideration. We performed focused procedures to test the allocation of revenue to separately identifiable components of multiple element arrangements, particularly in relation to transactions that include the delivery of hardware products combined with a service element. This allocation is based on the estimated fair value per deliverable. We also performed substantive testing in relation to deferred revenue balances. Management's disclosures on revenue are included in [note 4](#).

- **Provisions and accruals**

There are several accruals and provisions that are subject to a high level of judgment such as the provision for claims and litigations, tax risks and the warranty provision. Due to the uncertainty involved, this area is significant to our audit. As part of our procedures, we challenged management's rationale for determining the probability of related risks and considered information from both company representatives and external sources to be able to assess the reasonableness of the recorded amounts. Management has included information about these risks in [note 31](#).

Responsibilities of Management and the Supervisory Board for Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code, and for the preparation of the management board report in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore management is responsible for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, management should prepare the financial statements using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. Management should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern.

The Supervisory Board is responsible for overseeing the company's financial reporting process.

Our Responsibilities for the Audit of the Financial Statements

Our objective is to plan and perform the audit assignment in a manner that allows sufficient and appropriate audit evidence to be obtained for our final opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may have not have detected all errors and fraud.

We have exercised professional judgement and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included e.g.:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Concluding on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events and or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures. and
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit.

We provide the Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Supervisory Board, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

Report on other legal and regulatory requirements

Report on the management board report and the other information

Pursuant to legal requirements of Part 9 of Book 2 of the Dutch Civil Code (concerning our obligation to report about the management board report and other data):

- We have no deficiencies to report as a result of our examination whether the management board report, to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of the Dutch Civil Code, and whether the information as required Part 9 of Book 2 of the Dutch Civil Code has been annexed.

We report that the management board report, to the extent we can assess, is consistent with the financial statements.

Engagement

We were appointed by the General Meeting of TomTom NV on 1 May 2014 to carry out the 2014 audit and have acted as statutory auditor of the company since the year 2004.

Amsterdam, 12 February 2015

Deloitte Accountants BV

Signed by: B. E. Savert