

**THIRD QUARTER 2020 RESULTS****TomTom achieves 20% quarter on quarter revenue growth****TOMTOM'S CHIEF EXECUTIVE OFFICER, HAROLD GODDIJN**

"Market conditions continue to improve and we are pleased that our Automotive business shows robust sequential operational revenue growth.

Deal activity was strong despite COVID-19. We are especially excited to announce a multi-year expansion and extension of our Uber contract, supplying both maps and traffic. Uber will also become a map editing partner, deepening our relationship and enhancing our mapping ecosystem.

Research and development remain a priority, with further developments to our mapmaking platform, connected navigation product and our Maps APIs, laying the foundations for future success."

**OPERATIONAL SUMMARY**

- A [multi-year contract extension](#) to provide maps, traffic and Maps APIs to Uber
- A [new global deal](#) to provide maps, navigation and traffic to Maserati
- A [new product launch](#), RoadCheck, allowing for safer activation of automated driving functions

**FINANCIAL SUMMARY THIRD QUARTER 2020****Compared with Q2 '20**

- Group revenue increased by 20% (Q2 '20: €124 million)
- Location Technology increased by 13% (Q2 '20: €94 million)
- Automotive operational revenue increased by 24% to €59 million (Q2 '20: €48 million)
- Free cash flow is an outflow of €20 million (Q2 '20: outflow of €54 million)

**Compared with Q3 '19**

- Group revenue decreased by 10% (Q3 '19: €164 million)
- Location Technology increased by 9% (Q3 '19: €97 million)
- Automotive operational revenue decreased by 33% to €59 million (Q3 '19: €88 million)
- Free cash flow is an outflow of €20 million (Q3 '19: inflow of €23 million)
- Net cash of €346 million (Q3 '19: €393 million)

**KEY FIGURES**

(€ in millions)	Q3 '20	Q2 '20	q.o.q change	Q3 '19	y.o.y. change	YTD '20	YTD '19	y.o.y. change
Location Technology	105.6	93.8	13 %	96.5	9 %	290.7	315.6	-8 %
Consumer	42.3	29.9	41 %	67.7	-38 %	112.1	228.9	-51 %
<b>Revenue</b>	<b>147.9</b>	<b>123.7</b>	<b>20%</b>	<b>164.2</b>	<b>-10%</b>	<b>402.8</b>	<b>544.5</b>	<b>-26%</b>
<b>Gross profit</b>	<b>112.0</b>	<b>105.8</b>	<b>6%</b>	<b>127.9</b>	<b>-12%</b>	<b>320.3</b>	<b>391.2</b>	<b>-18%</b>
Gross margin	76%	86%		78%		80%	72%	
<b>EBITDA</b>	<b>3.9</b>	<b>7.3</b>		<b>15.9</b>		<b>5.7</b>	<b>65.6</b>	
EBITDA margin	3%	6%		10%		1%	12%	
<b>Net result<sup>1</sup></b>	<b>-67.0</b>	<b>-62.0</b>		<b>-43.4</b>		<b>-191.7</b>	<b>701.8</b>	
<b>Free cash flow (FCF)</b>	<b>-20.0</b>	<b>-54.0</b>		<b>22.7</b>		<b>-60.3</b>	<b>18.2</b>	
FCF as a % of revenue	-14%	-44%		14%		-15%	3%	

<sup>1</sup> All figures presented in the table above relate to continuing operations, except for the YTD'19 Net result.

This report includes the following non-GAAP measures: operational revenue; gross margin; EBITDA (margin); free cash flow and net cash, which are further explained at the end of this report.

## FINANCIAL AND BUSINESS REVIEW

### TOMTOM'S CHIEF FINANCIAL OFFICER, TACO TITULAER

"Sequential operational improvements in car production translated into 24% quarter on quarter revenue growth in Automotive. For Q4, we expect that Automotive operational revenue continues to show strong sequential growth. Full year reported revenue for the Group is expected to be around €530 million.

The start of new car lines in Automotive reduced gross margin this quarter. But we expect our gross margin for the full year to be around 80%.

Free cash flow in the quarter was in line with expectations. Seasonal customer receipts, combined with further improvements in Automotive operational revenue, will lead to positive free cash flow in Q4 '20 of around €30 million.

Although there have been notable sales improvements in recent months, we feel that the economic circumstances remain too uncertain to resume our share buyback program at the moment."

### REVENUE

Revenue for the third quarter amounted to €148 million, an increase of 20% sequentially (Q2 '20: €124 million) and a decrease of 10% year on year (Q3 '19: €164 million).

### Location Technology

(€ in millions)	Q3 '20	Q2 '20	q.o.q change	Q3 '19	y.o.y. change	YTD '20	YTD '19	y.o.y. change
Automotive	65.9	51.6	28 %	55.4	19 %	167.3	196.5	-15 %
Enterprise	39.7	42.2	-6 %	41.1	-4 %	123.3	119.1	4 %
<b>Revenue</b>	<b>105.6</b>	<b>93.8</b>	<b>13%</b>	<b>96.5</b>	<b>9%</b>	<b>290.7</b>	<b>315.6</b>	<b>-8%</b>
<b>Automotive</b>								
Reported revenue	65.9	51.6	28 %	55.4	19 %	167.3	196.5	-15 %
Movement of deferred and unbilled	-6.6	-3.7		32.9		25.2	68.2	
<b>Operational revenue</b>	<b>59.4</b>	<b>47.9</b>	<b>24%</b>	<b>88.3</b>	<b>-33%</b>	<b>192.6</b>	<b>264.6</b>	<b>-27%</b>

Location Technology revenue was €106 million, an increase of 13% sequentially (Q2 '20: €94 million) and an increase of 9% year on year (Q3 '19: €97 million), resulting from an increase in Automotive revenue.

Automotive generated revenue of €66 million in the quarter, an increase of 28% compared with last quarter (Q2 '20: €52 million) and an increase of 19% compared with the same quarter last year (Q3 '19: €55 million). Automotive operational revenue was €59 million in the quarter, a sequential increase of 24% (Q2 '20: €48 million) and a year on year decrease of 33% (Q3 '19: €88 million).

Enterprise revenue decreased to €40 million in Q3 '20, 6% lower than last quarter (Q2 '20: €42 million) and 4% lower than the same quarter last year (Q3 '19: €41 million) resulting mainly from unfavorable foreign exchange movements.

Within Automotive, we announced that we will provide our full stack solution of maps, navigation software and connected services for the all-new Maserati Intelligent Assistant in-vehicle infotainment system. Maserati drivers will benefit from our premium user interface and connected on-line in vehicle services, also allowing for automatic map updates in the background.

We also launched RoadCheck, a product that further contributes to improving road safety. It allows carmakers to decide where it is safe for drivers to activate their vehicles' automated driving functions.

Our Enterprise business announced a multiyear extension of our relationship with Uber, providing maps, traffic data, and Maps APIs across Uber's global platform. In addition, Uber will serve as a trusted map editing partner to TomTom, leading to even more accurate navigation and location experiences, routing, fares, and arrival time estimates. This will benefit customers, drivers, and delivery people on Uber's platform, and other TomTom customers.

**Consumer**

(€ in millions)	Q3 '20	Q2 '20	q.o.q change	Q3 '19	y.o.y. change	YTD '20	YTD '19	y.o.y. change
Consumer products	38.4	27.9	38 %	63.3	-39 %	101.4	199.5	-49 %
Automotive hardware	3.9	2.0	95 %	4.4	-10 %	10.7	29.5	-64 %
<b>Consumer revenue</b>	<b>42.3</b>	<b>29.9</b>	<b>41%</b>	<b>67.7</b>	<b>-38%</b>	<b>112.1</b>	<b>228.9</b>	<b>-51%</b>

Consumer reported revenue of €42 million for the quarter, a sequential increase of 41% (Q2 '20: €30 million) and a decrease of 38% compared with the same quarter last year (Q3 '19: €68 million).

**GROSS PROFIT**

The gross margin for the quarter was 76% compared with 78% in Q3 '19.

While underlying gross margin continues to improve, reflecting higher proportions of data, software and services in our sales mix, this quarter gross margin was impacted by the start of production of new software platforms in Automotive. The start of production triggers the release of capitalized contract costs associated with customized non recurring engineering (NRE), lowering the gross margin in Q3 '20. Furthermore, in Q3'19 gross profit was positively influenced by one-offs; excluding these one-offs gross margin was 74% in Q3 '19.

**OPERATING RESULT**

Operating result (EBIT) in the quarter was a loss of €68 million (Q3 '19: loss of €57 million). Total operating expenses in the quarter were €180 million, a decrease of €5 million compared with the same quarter last year (Q3 '19: €185 million). The year on year decrease, reflected in marketing and selling, general and administrative expenses, shows the effect of discretionary cost control measures.

**FINANCIAL INCOME, EXPENSES AND INCOME TAX**

Total financial result, for the quarter was an expense of €4 million (Q3 '19: income of €1 million), which consisted primarily of foreign exchange losses from the revaluation of monetary balance sheet items.

The income tax gain for the quarter was €4 million compared with a gain of €13 million in Q3 '19. The amortization of acquisition-related intangible assets results in a release of deferred tax assets and liabilities, contributing to the tax gain.

**BALANCE SHEET**

Other intangible assets decreased to €181 million from €380 million at the end of 2019 mainly due to amortization of map database. Cash balances, including fixed-term deposits were €346 million at the end of the quarter (Q4 '19: €437 million). The decrease during the year is from a combination of lower operational revenue, working capital movements and the share buyback in Q1 '20.

At the end of the quarter, inventory was €28 million, a €2 million increase from the end of last year mostly relating to automotive hardware. Trade receivables were €110 million in Q3 '20 compared with €100 million at the end of 2019.

Current liabilities, excluding deferred revenue, were €125 million, compared with €177 million at the end of 2019. The decrease is mainly due to decreases in accruals and other liabilities, reflecting lower personnel-related accruals, and trade payables.

**DEFERRED, UNBILLED AND OPERATIONAL REVENUE**

Deferred revenue represents upfront payments received from customers for content and service deliveries over multiple years (such as map updates and traffic services), while unbilled revenue is revenue earned but not yet invoiced. Combining reported revenue with the movement of deferred and unbilled revenue provides operational revenue, giving insight into operational performance.

Further detail of deferred revenue and the net movement of deferred and unbilled revenue is provided below.

(€ in millions)	30 Sep 2020	30 Jun 2020	31 Dec 2019
Automotive	307.5	310.5	278.3
Enterprise	43.6	9.8	23.3
Consumer	45.9	51.6	67.7
<b>Deferred revenue</b>	<b>397.0</b>	<b>371.9</b>	<b>369.3</b>

Total deferred revenue was €397 million at the end of Q3 '20. The increase compared with previous quarter and 31 December 2019 is mainly driven by seasonal timing of invoicing and increase of operational revenue in Location Technology offset by releases in Consumer.

(€ in millions)	Q3 '20	Q2 '20	Q3 '19	YTD '20	YTD '19
Automotive	-6.6	-3.7	32.9	25.2	68.2
Enterprise	33.6	-21.9	33.3	2.2	4.2
Consumer	-5.7	-8.1	-5.5	-21.8	-15.8
<b>Net movement of deferred and unbilled revenue</b>	<b>21.3</b>	<b>-33.7</b>	<b>60.6</b>	<b>5.6</b>	<b>56.5</b>

The sequential movement of deferred and unbilled revenue is explained by the timing of invoicing of certain Enterprise customers. The net movement for the quarter compared with the same quarter last year, is explained by lower operational revenue for both Automotive and Consumer.

**CASH FLOW**

In Q3 '20, free cash flow (FCF) was an outflow of €20 million versus an outflow of €54 million last quarter and an inflow of €23 million in the same quarter last year. The FCF reflects mainly the sequential and year on year development of revenue from Automotive and Consumer.

Our cash flow from investing activities includes an inflow of fixed-term deposits that matured during the quarter. Excluding this, cash flows from investing activities shows a year-on-year decline in capitalized research and development projects.

The cash flow from financing activities for the quarter was an outflow of €4 million and mainly relates to the payment of lease liabilities. During the quarter 12 thousand options relating to our long-term employee incentive programs were exercised (Q3 '19: 379 thousand).

On 30 September 2020, the Group had no outstanding bank borrowings and reported a net cash position of €346 million (Q3 '19: net cash of €393 million). The year on year decrease in net cash is explained by lower free cash flows and the share buyback in the first quarter.

Free cash flow is reconciled to the cash flow statement as follows:

(€ in millions)	Q3 '20	Q2 '20	Q3 '19	YTD '20	YTD '19
Cash flow from operating activities	-19.0	-52.1	27.1	-55.3	42.4
Investments in intangible assets	0.0	0.0	-1.6	0.0	-10.0
Investments in property, plant and equipment	-1.0	-1.8	-2.9	-5.0	-10.5
<b>Free cash flow from flow total operations</b>	<b>-20.0</b>	<b>-54.0</b>	<b>22.7</b>	<b>-60.3</b>	<b>21.9</b>
Free cash flow from discontinued operations	0.0	0.0	0.0	0.0	-3.9
<b>Free cash flow from continuing operations</b>	<b>-20.0</b>	<b>-54.0</b>	<b>22.7</b>	<b>-60.3</b>	<b>18.1</b>

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**CONSOLIDATED CONDENSED STATEMENT OF INCOME**

	Q3 '20	Q3 '19	YTD '20	YTD '19
(€ in thousands)	Unaudited	Unaudited	Unaudited	Unaudited
Revenue	147,851	164,206	402,750	544,536
Cost of sales	35,861	36,277	82,413	153,309
<b>Gross profit</b>	<b>111,990</b>	<b>127,929</b>	<b>320,337</b>	<b>391,227</b>
Research and development expenses	80,155	80,272	231,405	231,610
Amortization of technology and databases	64,293	65,038	193,348	196,073
Marketing expenses	5,825	7,057	17,625	20,434
Selling, general and administrative expenses	29,327	32,647	87,514	96,346
<b>Total operating expenses</b>	<b>179,600</b>	<b>185,014</b>	<b>529,892</b>	<b>544,463</b>
<b>Operating result</b>	<b>-67,610</b>	<b>-57,085</b>	<b>-209,555</b>	<b>-153,236</b>
Financial (expense)/income and result of associate	-3,716	785	-1,094	-1,082
<b>Result before tax</b>	<b>-71,326</b>	<b>-56,300</b>	<b>-210,649</b>	<b>-154,318</b>
Income tax gain	4,358	12,871	18,914	30,310
<b>Net result from continuing operations</b>	<b>-66,968</b>	<b>-43,429</b>	<b>-191,735</b>	<b>-124,008</b>
Result after tax from discontinued operations	0	0	0	18,615
Result on business disposal	0	0	0	807,237
<b>Net result from discontinued operations</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>825,852</b>
<b>Net result<sup>1</sup></b>	<b>-66,968</b>	<b>-43,429</b>	<b>-191,735</b>	<b>701,844</b>
<b>Earnings per share (in €):</b>				
Basic	-0.51	-0.33	-1.47	3.81
Diluted	-0.51	-0.33	-1.47	3.77
<b>Earnings per share from continuing operations (in €):</b>				
Basic	-0.51	-0.33	-1.47	-0.67
Diluted	-0.51	-0.33	-1.47	-0.67

<sup>1</sup> Fully attributable to the equity holders of the parent

**CONSOLIDATED CONDENSED BALANCE SHEET**

(€ in thousands)	<b>30 September 2020</b>	<b>31 December 2019</b>
	<b>Unaudited</b>	<b>Audited</b>
Goodwill	192,294	192,294
Other intangible assets	181,458	380,160
Property, plant and equipment	23,899	28,588
Lease assets	39,363	32,667
Other contract related assets	7,962	2,489
Other investments	6,595	4,573
Deferred tax assets	4,586	5,626
<b>Total non-current assets</b>	<b>456,157</b>	<b>646,397</b>
Inventories	27,611	25,315
Trade receivables	110,105	99,776
Unbilled receivables	56,400	34,374
Other contract related assets	17,902	21,434
Other receivables and prepayments	35,016	45,351
Fixed-term deposits	150,000	222,579
Cash and cash equivalents	196,463	213,941
<b>Total current assets</b>	<b>593,497</b>	<b>662,770</b>
<b>Total assets</b>	<b>1,049,654</b>	<b>1,309,167</b>
<b>Total equity</b>	<b>450,503</b>	<b>665,932</b>
Lease liabilities	27,328	22,531
Deferred tax liability	7,527	27,283
Provisions	42,281	46,746
Deferred revenue	220,639	216,378
<b>Total non-current liabilities</b>	<b>297,775</b>	<b>312,938</b>
Trade payables	22,169	47,085
Lease liabilities	12,815	11,737
Provisions	12,425	8,274
Deferred revenue	176,315	152,939
Other contract related liabilities	19,274	26,745
Income taxes	13,978	14,701
Accruals and other liabilities	44,400	68,816
<b>Total current liabilities</b>	<b>301,376</b>	<b>330,297</b>
<b>Total equity and liabilities</b>	<b>1,049,654</b>	<b>1,309,167</b>

## CONSOLIDATED CONDENSED STATEMENT OF CASH FLOWS

	Q3 '20	Q3 '19	YTD '20	YTD '19
(€ in thousands)	Unaudited	Unaudited	Unaudited	Unaudited
Operating result from continuing operations	-67,610	-57,085	-209,555	-153,236
Operating result from discontinued operations	0	0	0	19,016
<b>Operating result</b>	<b>-67,610</b>	<b>-57,085</b>	<b>-209,555</b>	<b>-134,220</b>
Financial (losses)/gains	-2,249	1,424	-3,163	779
Depreciation and amortization	71,465	72,939	215,281	218,852
Change in provisions	-1,610	-14,104	-4,834	-17,966
Equity-settled stock compensation expenses	1,688	1,496	4,561	3,398
Changes in working capital:				
Change in inventories	3,782	-5,134	-3,688	458
Change in receivables and prepayments	-52,925	-18,936	-24,320	-53,049
Change in liabilities (excluding provisions) <sup>1</sup>	29,958	47,501	-21,670	35,006
<b>Cash flow from operations</b>	<b>-17,501</b>	<b>28,101</b>	<b>-47,388</b>	<b>53,258</b>
Interest received	266	339	946	829
Interest paid	-353	-262	-1,537	-1,902
Corporate income taxes paid	-1,399	-1,062	-7,335	-9,765
<b>Cash flow from operating activities</b>	<b>-18,987</b>	<b>27,116</b>	<b>-55,314</b>	<b>42,420</b>
Investments in intangible assets	0	-1,573	0	-9,954
Investments in property, plant and equipment	-1,027	-2,872	-4,987	-10,526
Net cash inflow from business disposal	0	0	0	873,439
Dividends received	0	0	162	174
Decrease in fixed-term deposits	37,367	0	71,432	0
<b>Cash flow from investing activities</b>	<b>36,340</b>	<b>-4,445</b>	<b>66,607</b>	<b>853,133</b>
Payment of lease liabilities	-4,087	-4,082	-11,368	-11,157
Repayment of capital	0	0	0	-750,949
Proceeds on issue of ordinary shares	91	1,851	2,337	6,752
Purchase of treasury shares	0	0	-16,569	0
<b>Cash flow from financing activities</b>	<b>-3,996</b>	<b>-2,231</b>	<b>-25,600</b>	<b>-755,354</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>13,357</b>	<b>20,440</b>	<b>-14,307</b>	<b>140,199</b>
Cash and cash equivalents at the beginning of period <sup>2</sup>	186,058	372,030	213,941	252,112
Exchange rate changes on foreign cash balances	-2,952	395	-3,171	554
<b>Total cash and cash equivalents at the end of the period<sup>2</sup></b>	<b>196,463</b>	<b>392,865</b>	<b>196,463</b>	<b>392,865</b>
Cash held in short term fixed deposits	150,000	0	150,000	0
<b>Net cash at the end of the period</b>	<b>346,463</b>	<b>392,865</b>	<b>346,463</b>	<b>392,865</b>

<sup>1</sup> Includes movements in the non-current portion of deferred revenue presented under non-current liabilities.

<sup>2</sup> Cash and cash equivalents at the beginning of 2019 includes cash classified as held for sale of €4 million.

**ACCOUNTING POLICIES**

The condensed consolidated financial information for the three- and nine- month period ended 30 September 2020 and the related comparative information has been prepared using accounting policies and methods of computation which are based on International Financial Reporting Standards (IFRS) as disclosed in the Financial Statements for the year ended 31 December 2019.

Unless otherwise indicated, the quarterly condensed consolidated information in this press release is neither audited nor reviewed. Due to rounding, amounts may not add up precisely to totals. All change percentages are calculated before rounding.

**NON-GAAP MEASURES**

The financial information in this report includes measures which are not defined by generally accepted accounting principles (GAAP) such as IFRS. We believe this information, along with comparable GAAP measurements, gives insight to investors as it provides a basis for evaluating our operational performance. Non-GAAP financial measures should not be considered in isolation from, or as a substitute for, financial information presented in compliance with GAAP. Wherever appropriate and practical, we provide reconciliations to relevant GAAP measures.

**Operational revenue** is IFRS revenue adjusted for the movement of deferred and unbilled revenue

**Gross margin** is calculated as gross profit divided by revenue

**EBITDA** is equal to our operating result plus depreciation and amortization charges

**EBITDA margin** is calculated as operating result plus depreciation and amortization charges divided by revenue

**Free cash flow** is cash from continuing operating activities minus capital expenditure (investments in intangible assets and property, plant and equipment) of continuing operations

**Net cash** is cash and cash equivalents, including cash classified as held for sale, plus cash held in fixed-term deposits minus the nominal value of our outstanding bank borrowings

**FOR MORE INFORMATION**

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**AUDIO WEBCAST THIRD QUARTER 2020 RESULTS**

The information for our audio webcast is as follows:

Date and time: October 14, 2020 at 14:00 CET

<https://corporate.tomtom.com/investors/financial-publications/quarterly-results>

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**ABOUT TOMTOM**

TomTom is the leading independent location technology specialist, shaping mobility with highly accurate maps, navigation software, real-time traffic information and services.

To achieve our vision of a safer world, free of congestion and emissions, we create innovative technologies that keep the world moving. By combining our extensive experience with leading business and technology partners, we power connected vehicles, smart mobility and, ultimately, autonomous driving.

Headquartered in Amsterdam with offices in 30 countries, TomTom's technologies are trusted by hundreds of millions of people worldwide.

For further information, please visit **[www.tomtom.com](http://www.tomtom.com)**.

**FORWARD-LOOKING STATEMENTS / IMPORTANT NOTICE**

*This document contains certain forward-looking statements with respect to the financial position and results of TomTom's activities. 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. These forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially from those expressed in the forward-looking statements, and you should not place undue reliance on them. Many of these risks and uncertainties relate to factors that are beyond TomTom's ability to control or estimate precisely, such as levels of customer spending in major economies, changes in consumer preferences, the performance of the financial markets, the levels of marketing and promotional expenditures by TomTom and its competitors, costs of raw materials, employee costs, exchange-rate and interest-rate fluctuations, changes in tax rates, changes in law, acquisitions or disposals, the rate of technological changes, political 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 specialized research institutes, industry and dealer panels in combination with management estimates.*

*The forward-looking statements contained herein speak only as of the date they are made. We do not assume any obligation to update any public information or forward-looking statement in this document to reflect events or circumstances after the date of this document, except as may be required by applicable laws.*

*This document contains inside information as meant in clause 7 of the Market Abuse Regulation.*