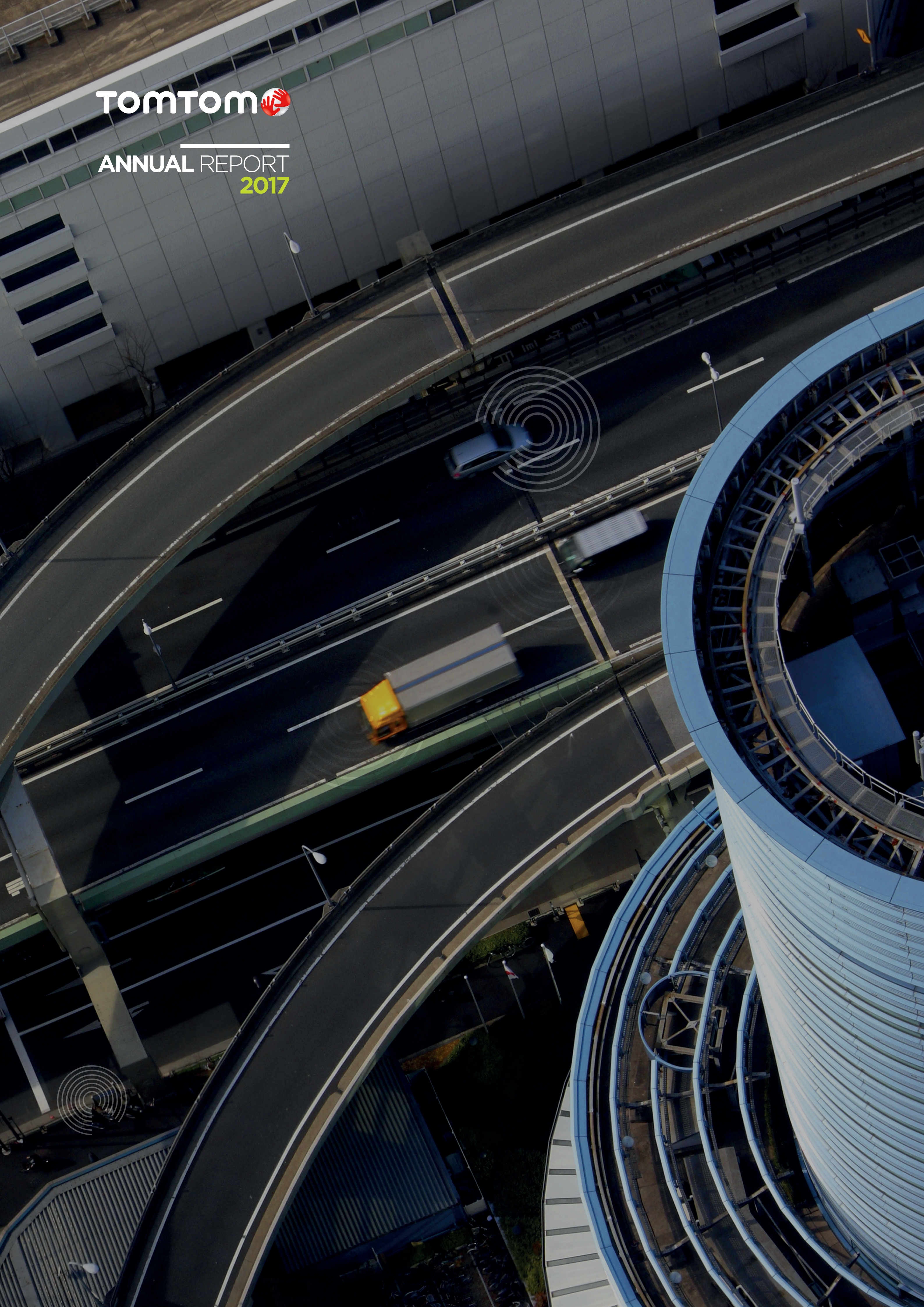
ANNUAL REPORT 2017



WE ARE A GLOBAL NAVIGATION TECHNOLOGY COMPANY. WE DESIGN AND DEVELOP INNOVATIVE NAVIGATION PRODUCTS, SOFTWARE AND SERVICES, THAT POWER HUNDREDS OF MILLIONS OF USERS ACROSS THE GLOBE. WE ARE ALSO EUROPE'S LEADING TELEMATICS SERVICES PROVIDER.

CASH FLOWS FROM OPERATING ACTIVITIES GREW STRONGLY IN 2017 TO €173 MILLION DRIVEN BY RECURRING DATA, SOFTWARE AND SERVICES BUSINESS.

2017 HIGHLIGHTS

REVENUE (€)

903M

2016: 987M

GROSS MARGIN*

62%

2016: 57%

EBITDA (€)*

141M

2016: 141M

AEPS (€)*

0.26

2016: 0.23

OPERATIONAL CASH FLOW (€)

173M

2016: 144M

NET CASH (€)*

121M

2016: 133M

- Combined revenue of Automotive, Enterprise and Telematics up by 16% year on year
- Automotive order intake exceeded €400 million (2016: >€300 million)
- Gross margin improved to 62%, reflecting a higher proportion of high margin recurring data, software and services revenue in the product mix
- EBITDA remained flat year on year at €141 million
- The adjusted net result was €61 million in 2017, which translates into AEPS of €0.26

*Non-GAAP measures; see page 122 for more information

HAROLD GODDIJN
Chief Executive Officer
TomTom NV

"OUR STRATEGY IS TO GROW IN PROVIDING BUSINESS CUSTOMERS WITH OUR NAVIGATION TECHNOLOGIES FOR THEIR LOCATION-BASED APPLICATIONS."

For more information
RESPONSIBLE BUSINESS
http://corporate.tomtom.com/responsible-business.cfm
STRATEGY AND VALUE CREATION
Pages 13–15

Dear stakeholder,

2017 marked a transitional year for TomTom in which we narrowed our strategic focus to providing business customers with location and navigation technologies. These include our global map, traffic, online location-based APIs and connected navigation.

Emerging new applications for our navigation technology assets make us well positioned for future growth and value creation for our stakeholders. We see opportunities in new applications for our technologies in a future connected world that demands sustainable mobility and smarter cities. Our Automotive business is growing market share in in-car navigation, and targeting a range of new location-based applications, including intelligent powertrain management, driver assistance, safety, automated driving, and all the way to autonomous vehicles. As well as providing maps and traffic for mobile and web applications, our Enterprise business will address a wider range of customers and applications with online APIs, particularly via providers of public cloud services. Telematics continues to grow its market share in operational fleet management, and is pursuing wider connected car opportunities such as vehicle leasing, rental fleets and usage-based insurance.

POSITIONING FOR FUTURE GROWTH

In 2017, the combined revenue of Automotive, Enterprise and Telematics grew by 16% YoY. Our business continues to shift towards higher gross margins, better predictability due to longer term contracts and more upfront cash flows. We are well positioned to capture opportunities in autonomous driving, vehicle routing, connected car and fleet management services.

Maps remain at the heart of our company. Our transactional mapmaking system is being used for standard definition (SD) and high definition (HD) maps, enabling operational productivity and shorter map update cycle times. Our HD Map, which covers 380,000km of highways and interstates in Europe, the US and Japan, includes 3D lane-level geometry to support motion planning and our innovative RoadDNA reference depth traces to support accurate localisation. Joining forces with Baidu, we are also contributing to improved HD Map technologies in China.

We expanded TomTom traffic services to 69 countries. Traffic empowers people, city planners and governments to make smarter decisions, helping to reduce road congestion and pollution. We launched a new tool that allows cities, road authorities and other mobility stakeholders to exchange data and cooperatively tackle traffic challenges. Our road traffic data is part of a wider 'live map' service portfolio, with a range of fast-changing map data, including fuel prices, parking garage availability, weather, and the recently launched EV service, which provides electric vehicle drivers with real-time availability of charging stations.

Telematics business continues to grow, surpassing 800,000 subscriptions to its connected car and fleet management services, cementing our position as Europe's leading fleet management service provider.

"WE VALUE THE WORLD WE LIVE IN. OUR PRODUCTS HELP OUR CUSTOMERS TO FURTHER MANAGE AND REDUCE THEIR ENVIRONMENTAL IMPACT, CONTRIBUTING TO A SAFER AND GREENER WORLD."

INVESTING IN OUR PEOPLE AND OFFERINGS

It is our people that drive us forward on our road to growth. We continuously invest in R&D, enabling over 4,800 employees to constantly push the boundaries of what is possible. In January 2017, we acquired Autonomos, a Berlin-based start-up in autonomous driving, to improve our understanding of automated driving systems, validate our HD Map system, and to develop in-vehicle computer vision systems to help keep our map up-to-date. We also inaugurated our third TomTom Traffic Centre at our Centre of Excellence in Pune, India. TomTom traffic technologies are showcased in our three largest sites: Amsterdam (The Netherlands), Lodz (Poland) and Pune (India).

Greater R&D also enables greater opportunities for collaborations and deals. In 2017, we launched research with Cisco to develop next generation traffic technology for autonomous driving and smarter mobility. The Microsoft Azure Cloud platform now natively integrates TomTom location services. We extended our relationship with Bosch and Mappy, are creating a cloud-to-car mapping system for HD Maps for self-driving cars with NVIDIA, we expanded our traffic reach in Japan with ZENRIN, and initiated a project with Qualcomm to crowdsource HD Map data.

RECORD YEAR IN AUTOMOTIVE

Automotive order intake exceeded €400 million in 2017, a new record for our Automotive business. We also announced a number of new deals during 2017: providing our trusted navigation components to Groupe PSA's latest car lines, maps to Daimler drivers in North America, and TomTom navigation, software and maps in Alfa Romeo's new SUV, the Stelvio.

CHALLENGING CONSUMER MARKET

Conditions in the wearables market have been challenging, which led to disappointing Sports sales in 2017 and a non-cash impairment charge of €169 million. Following a strategic review of Sports in July 2017, we have reduced costs. Our existing and new sports watch customers will continue to be served with supporting services. The Consumer PND business is cash generative and will continue to provide a valuable source of consumer insight and location data.

SHARE BUYBACK REFLECTING CONFIDENCE

During the year, we announced a share buyback programme of up to €50 million, reflecting our confidence in our strategy and future of TomTom. The programme was completed in December 2017.

LOOKING FORWARD

TomTom is in a unique position to continue shaping the future of location and navigation technologies, supported by a combination of long-standing expertise, innovation and a prominent global presence. It is our mission to deliver a consistent, excellent user experience across smartphones, web and in-car offerings to our Automotive, Enterprise and Telematics customers, while continuing to serve everyday drivers through our Consumer navigation devices and world class apps.

I would like to thank all of our stakeholders: our shareholders for their continued support and confidence in TomTom; our customers for their loyalty and valuable feedback that keeps us innovating; and our employees for their commitment, energy and hard work.

HAROLD GODDIJN
Chief Executive Officer
TomTom NV

TomTom

WE ARE TOMTOM

"WE DESIGN AND DEVELOP INNOVATIVE NAVIGATION PRODUCTS, SOFTWARE AND SERVICES, THAT POWER HUNDREDS OF MILLIONS OF APPLICATIONS ACROSS THE GLOBE."

For more information
BUSINESS UNIT OVERVIEW
Pages 22–31

AT A GLANCE

WE DESIGN AND DEVELOP INNOVATIVE NAVIGATION PRODUCTS, SOFTWARE AND SERVICES, THAT POWER HUNDREDS OF MILLIONS OF APPLICATIONS ACROSS THE GLOBE. THIS INCLUDES INDUSTRY-LEADING LOCATION-BASED AND MAPMAKING TECHNOLOGIES, EMBEDDED AUTOMOTIVE NAVIGATION PRODUCTS, PNDs AND APPs, AND ADVANCED TELEMATICS FLEET MANAGEMENT AND CONNECTED CAR SERVICES.

TOMTOM

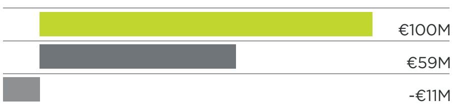
Revenue by segment

€903M
2016: €987M

- Automotive & Enterprise 36%
- Telematics 18%
- Consumer 46%

EBITDA by segment*

€141M
2016: €141M



- Automotive & Enterprise
- Telematics
- Consumer

*The breakdown excludes non-allocated group costs of €7 million. EBITDA is a non-GAAP measure, see page 122 for more information

Cash research & development expenditure

AUTOMOTIVE & ENTERPRISE

Automotive & Enterprise business provides maps, traffic information, and navigation software to our business customers. Our customers integrate our location technologies into their applications for in-vehicle navigation, Advanced Driver Assistance Systems (ADAS), autonomous driving and location-based web applications. We deploy intelligent mapmaking to deliver accurate and up-to-date maps.

Key products

SD AND HD MAPS | TRAFFIC | NAVIGATION | ONLINE APIs

Key customers – Automotive

Automotive customers, mainly original equipment manufacturers (OEMs) and head unit vendors. Such as: Groupe PSA, Renault Nissan Mitsubishi, VW, Mercedes-Benz, Alfa Romeo, Subaru, Toyota, Fiat and others.

Key customers – Enterprise

Customers other than automotive manufacturers, as technology companies, geographical information systems (GIS) providers, government bodies and traffic management institutions. Such as: Apple, Uber, Microsoft, Pitney Bowes, SAP, ESRI and others.

Revenue

€329M
2016: €269M

- Automotive 58%
- Enterprise 42%

Metrics

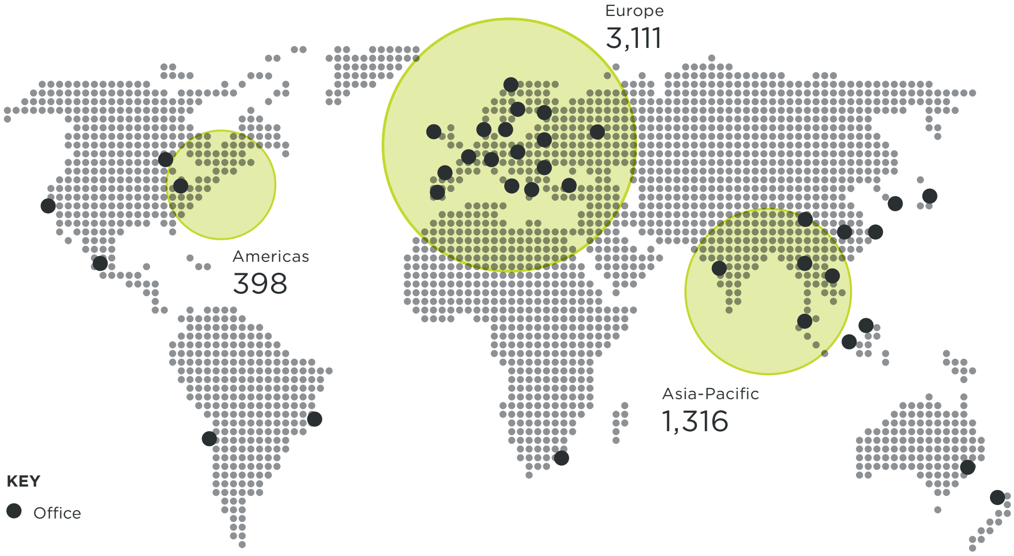
>€400M
Automotive order intake (2016: >€300M)

€245M
Automotive operational revenue (2016: €161M)

100%
Data, software & services

Revenue model based on licensing of map content, navigation software and online services such as traffic

Our global presence (employees by region)



Revenue by geography

Europe	78%
North America	16%
Rest of World	6%

Headquartered in Amsterdam, we are present in 37 countries with 52 offices.

TELEMATICS

Our Telematics business is one of the world's leading telematics services providers, delivering vehicle-related data and intelligence for fleet management and aftermarket connected car services. TomTom Telematics also offers telematics devices and driver terminals.

Key products

WEBFLEET **NEXTFLEET** **DEVICES & DRIVER TERMINALS**

Key customers

Vehicle fleet owners and other businesses managing vehicles or offering automotive services, such as car dealers, car insurance, and vehicle leasing companies. In fleet management, vehicle fleet sizes range from very small (5 vehicles) to large, multinational companies (5,000 vehicles). For connected car, we entered into a partnership with LeasePlan, giving them access to our NEXTFLEET services for the development of new, innovative, industry applications.

Revenue

€162M

2016: €155M

Subscriptions	78%
Hardware and other services	22%

Metrics

>809K

Subscribers (2016: 696K)

49K

Customers (2016: >46K)

c.80% **Subscription**

Revenue model based on monthly subscriptions per vehicle

CONSUMER

Following our strategic review of Sports in 2017, our Consumer business is aimed at maximising cash flows from our traditional portable navigation category. This category will continue to provide a valuable platform for consumer insight and location data.

Key products

NAVIGATION DEVICES **SPORTS DEVICES** **SERVICES & APPS**

Key customers

Drive business generates over 85% of consumer revenue, which predominantly relates to PNDs for everyday drivers.

Revenue

€413M

2016: €563M

Consumer products	89%
Automotive hardware	11%

Metrics

2.5M

PNDs sold (2016: 3.4M)

c.80% **Hardware**

Revenue model based on one-time sale

TOMTOM WAS FOUNDED ON THE IDEA OF MAKING INNOVATIVE TECHNOLOGY AVAILABLE TO EVERYONE: A PRINCIPLE THAT HOLDS TRUE TODAY.

OUR HISTORY OF INNOVATION

Founded in 1991, TomTom has grown from a start-up, into a global technology company. The founders are involved with the company and together with over 4,800 employees continue to shape the future, leading the way with autonomous driving, smart mobility and smarter cities.

FOUNDATION

1991: TomTom founded
TomTom began with software development for mobile applications and personal digital assistants (PDAs). TomTom soon became the early market leader in navigation applications for PDAs, such as RoutePlanner and Citymaps.

2002: Launched Navigator Application
Launched the Navigator Application, for the first time, providing customers across Europe with affordable and easy-to-use turn-by-turn satellite navigation.

2004: Released the Portable Navigation Device – the first of its kind
A year after the successful launch of TomTom Navigator, it was clear there was a strong demand for an all-in-one, easy-to-use, portable navigation product. The result was not just a new product, but an entirely new category in consumer electronics: the Portable Navigation Device (PND).

DIVERSIFICATION

In the following years, we continued to innovate and diversify our product portfolio.

2005: Acquisition of Datafactory, which has become TomTom Telematics. As part of its growth strategy, Telematics acquired four European companies between 2013 and 2015.

2006: Acquisition of Applied Generics, which provided the initial technology for TomTom Traffic.

2008: Acquisition of Tele Atlas, one of the largest global digital mapmaking companies in the world, which is today part of the foundation of our location and navigation technologies.

2012: Pivot out of Automotive hardware.

2015: Launch of HD Map and RoadDNA products for autonomous driving, to enable decimetre-level positioning of vehicles on the road.

2017: Acquisition of Autonomos, strengthening our position in autonomous driving.

TRANSFORMATION

2017: Revolutionising map technology
We are revolutionising the way maps are updated and delivered, with our new transactional mapmaking platform, which over time will enable near real-time maps. With this technological innovation, we are positioned to address the need for accurate and up-to-date maps.

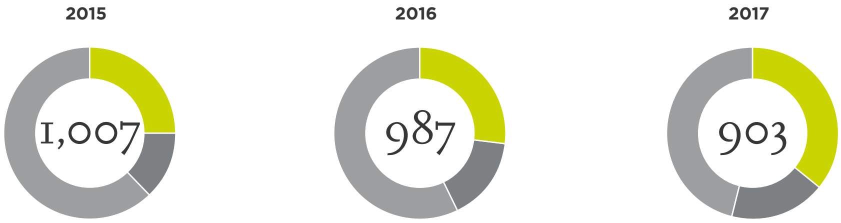
2020: ...And beyond
Because of the strength of our technologies, we are rapidly transforming the future of driving by continuously innovating to help solve mobility challenges. We enable smart solutions and provide a continuous optimised experience for our customers.

OUR TRANSFORMATION
SHAPING THE FUTURE.

We made data sharing an inherent part of our business model and built a long history and experience in this field throughout the years. A growing portion of our revenue is derived from the data shared with other companies. Therefore, digital map data, traffic information, historical and live traffic conditions, and telematics services have a significant economic value to the company and our customers.

1 From consumer-led sales to B2B sales
In 2017, over 60% of our revenue was from sales to businesses, so whilst the TomTom brand may not always be visible to the end-user, our technology sits behind a vast number of consumer interfaces that are managed by our business customers under their own brand. We are focused on continuing to grow our Automotive & Enterprise and Telematics businesses.

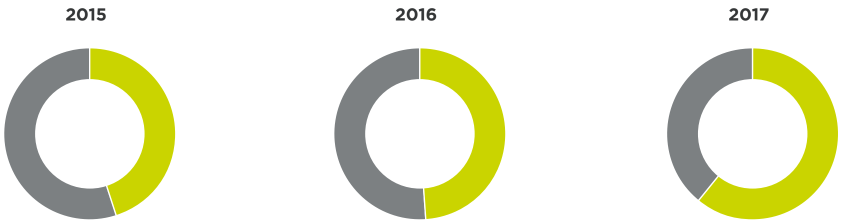
Revenue by division (€M)



	2015	2016	2017
Automotive & Enterprise	25%	27%	36%
Telematics	13%	16%	18%
Consumer	62%	57%	46%

2 From hardware to data, software & services
The vast majority of our group hardware revenue results from sales of consumer products. As our B2B offering grows, so too will our revenue from data, software and services.

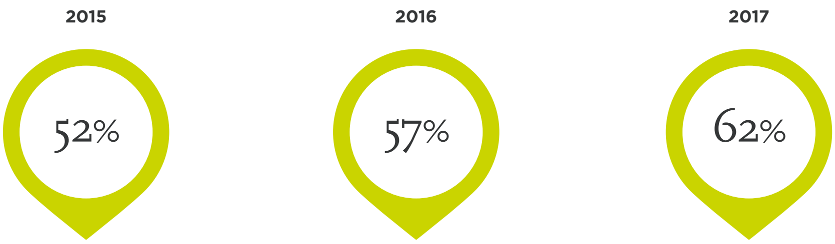
Revenue by type (€M)



	2015	2016	2017
Data, Software & Services	45%	49%	61%
Hardware	55%	51%	39%

3 Towards a higher margin scalable business with longer-term revenue prospects
Consumer hardware typically involves a one-off revenue payment from a customer, whereas our software sales are more frequently contracts that last for several years. Furthermore, our software products are a higher margin business, as there is no 'per unit' manufacturing cost involved.

Gross margin*



4 Well positioned for future growth and long-term value creation for all our stakeholders

We are an agile business that not only responds to, but anticipates market trends. We are investing and further focusing the business units to make sure we can leverage future opportunities where our location data is paramount.

*Non-GAAP measures; see page 122 for more information

TOMTOM

MANAGEMENT BOARD REPORT

“TOMTOM IS A HIGHLY DATA INTENSIVE COMPANY. TO CREATE AND MAINTAIN OUR VARIOUS PRODUCTS AND SERVICES, WE PROCESS BILLIONS OF DATA POINTS EVERY DAY.”

For more information
BUSINESS MODEL
Pages 20–21

TOMTOM MANAGEMENT BOARD
BIOGRAPHIES

NATIONALITY Dutch
DATE OF FIRST APPOINTMENT 2001
TERM OF OFFICE 2017–2021
AGE 57

CURRENT POSITIONS
Member of the Supervisory Board of Coolblue

FORMER POSITIONS
Harold began his career with a venture capital firm. In 1989, he founded and led Psion Netherlands BV, a joint venture with Psion PLC. He also served on the board of Psion PLC. In 1991, he co-founded TomTom together with Corinne Vigreux, Peter-Frans Pauwels and Pieter Geelen. Since 2001, Harold serves as the CEO of TomTom

EDUCATION
Master's degree in Economics, University of Amsterdam

NATIONALITY Dutch
DATE OF FIRST APPOINTMENT 2015
TERM OF OFFICE 2015–2019
AGE 46

CURRENT POSITIONS
Executive Master of Finance and Control Advisory Board University of Amsterdam

FORMER POSITIONS
Taco joined TomTom in 2005 and held various senior management positions in Group Control, Treasury and Investor Relations before his appointment as CFO in 2015. Before joining TomTom, Taco spent eight years with KPN. During this period he held various management roles in Finance and Investor Relations

EDUCATION
Master's degree in Business Economics, University of Groningen

NATIONALITY Belgian
DATE OF FIRST APPOINTMENT 2008
TERM OF OFFICE 2016–2020
AGE 60

CURRENT POSITIONS
Non-Executive Director of Cyient Ltd

FORMER POSITIONS
Alain founded Informatics and Management Consultants (I&M) where, next to IT Consultancy, he continued his research work on digital map databases and routing. In 1989, I&M was integrated into the Dutch Tele Atlas Group. From 1990, Alain headed Tele Atlas, which was acquired by TomTom in 2008. Alain became a member of the Management Board of TomTom in 2008

EDUCATION
Graduated as engineer-architect, University of Gent

OUR STRATEGY IS AIMED AT CREATING VALUE BY MAXIMISING OUR TECHNOLOGY ASSETS.

STRATEGY

Our core business is now to provide business customers with navigation technologies to integrate into their location-based applications. Our navigation technologies include our global map, real-time traffic, and online and embedded navigation software. Our business customers include automotive manufacturers and their tier one suppliers and other 'enterprise' customers, such as Apple, Microsoft, and Uber.

To get the best return from the high R&D cost of our navigation technologies, our strategy is to grow our automotive navigation and autonomous driving business and our enterprise online location-based API business. We are also pursuing growth opportunities in new location-based applications such as the IoT, road network management for smart cities, and mobility services, such as e-hailing.

AUTOMOTIVE

Most of our near-term growth will arise from increasing our market share in automotive in-vehicle navigation, where our strategy is to provide more technology in more vehicles by positioning ourselves as a trusted full-stack navigation system provider with the best end-user experience across all geographic regions in vehicles that are increasingly connected, electrified, and automated.

For the next wave of automotive growth, our strategy is to be the map subsystem provider for autonomous vehicles, taking advantage of the deep investment in our transactional mapmaking system, which supports fast map update cycle times, which is a must for autonomous driving.

Autonomous vehicles also need navigation. We are investing in our HD map and other map subsystem components that meet the requirements of autonomous driving applications, which we are validating in our own demonstration-grade autonomous vehicles.

ENTERPRISE

Application developers can now buy 'credits' to use our online location-based APIs directly from our website at www.developer.tomtom.com. To take advantage of the trend for applications to be developed over public cloud platforms, we are integrating our location-based APIs into leading public cloud platforms, starting with our strategic partnership with Microsoft Azure.

TELEMATICS

Our strategy is to strengthen the leading European position in our Telematics fleet management business, including taking advantage of technology investment in our telematics service platform with productive development of new features in our WEBFLEET fleet management service and through diversification into other 'connected car' applications such as leasing and car dealerships.

Our Telematics business runs independently of our navigation technologies and Consumer businesses but there are synergies. Telematics provides valuable location traces for mapmaking and our real-time traffic, relies on our Consumer business for driver terminal, and integrates our navigation technologies into its products.

CONSUMER

In Consumer, we will focus on taking as much business advantage as possible from the declining market in portable navigation devices. In the long term, we will retain our consumer brand by providing a variety of apps for drivers. These apps are also valuable for market understanding, validating our navigation technologies, promoting our technologies to business customers, and providing sensor-based and human-reported input to our maps and traffic.

OUR CORE PURPOSE IS TO PROVIDE BUSINESS CUSTOMERS WITH NAVIGATION TECHNOLOGIES FOR THEIR LOCATION-BASED APPLICATIONS.

STRATEGY AND VALUE CREATION CONTINUED

Our strategic priorities are navigation technologies and telematics services for business customers.

	NAVIGATION TECHNOLOGIES			TELEMATICS	
	AUTOMOTIVE	**ENTERPRISE**	**OTHER APPLICATIONS**	**FLEET MANAGEMENT**	**CONNECTED CARS**
Road map to success	Grow market share in connected navigation systems	Expand distribution online LBS APIs in cloud platforms	Publish global mobile navigation apps and promote app community building, focusing on smart city, mobility services and consumer apps	Capitalise on the growing scale of FMS	Mature the portfolio
	Target ADAS opportunities	Target a wider variety of map-based customer applications		Strengthen existing propositions and partner ecosystem	Grow Mobility-as-a-Service
	Target autonomous driving opportunities			Build on existing customer base	Data harmonisation

Grow through technology leadership in maps, traffic, navigation and telematics
Invest in workforce, automation, modularity and industry standard interfaces

VALUE CREATION

We will create value by pursuing growth opportunities that fit with our technology assets and capabilities. We allocate our capital to the businesses we believe offer the best prospects for growth opportunities and returns.

With our technology investments, we aim to deliver better products for our customers and to contribute to improving society. With our sustainable products and services, we help our customers to further manage and reduce their environmental impact, contributing to a safer and greener world.

TomTom's people and culture underpin our strategy. Without our talents, we cannot make a difference. To continuously build TomTom's future success and to contribute to an improved world, we foster a culture of entrepreneurialism, integrity and inclusion. These TomTom values are embedded in our Code of Conduct, policies and procedures, and everything we do in our daily activities.

The infographic in the subsequent page provides an overview of our value creators which TomTom considers in the fulfilment of its ambitions and execution of its strategy. All value creators aim to create the most relevant and beneficial impact possible for all our stakeholders: our employees, shareholders, customers and society, including the environment we live in.

For more information
BUSINESS AND FINANCIAL REVIEW
Pages 32–33
GROUP FINANCIAL REVIEW
Pages 34–35

Value creators	What we are doing	The result of our activities
People and culture **Pages 36–39**	Building a diverse and global workforce, investing in the development of our people, providing equal opportunities for growth and offering all employees competitive benefits. Enabling our people's development and growth is key to delivering our 'Achieve More' promise to employees.	Human capital • 70 nationalities across our global offices • Revenue per employee: €191 thousand (2016: €211 thousand)
	Supporting communities in which we work and live through local initiatives, volunteering programmes and payment of taxes.	Social and relationship capital • India: #BeActive programme in Pune • Netherlands: Partnership with the Richard Krajicek Foundation, Girls Day, Sponsoring of the World Solar Challenge, Future Boss of Tomorrow • Belgium: supporting children's charities • US: organising annual 'Angels of Giving Tree' and the 'Relay for Life' • €25 million paid in corporate income taxes over the past three years
Sustainability **Pages 40–43**	Minimising our environmental impact through our sustainable products, our operations and supply chain. Maximising data utility through responsible use.	Natural and manufactured capital • ISO 14001:2015 certificate obtained in 2017 • 100% compliance with the Environmental Product Compliance programme • Waste decreased by 23% YoY in 2017 • 100% compliance with TomTom's Supplier Code • Data is used in accordance with user expectations, societal values and legal norms
Growth and innovation **Pages 9 and 20**	Investing in cash R&D €299 million in 2017, representing over 30% of our total revenue. Investing over €400 million in capital expenditures over the past three years, including nearly €100 million in acquisitions, fostering activities and technologies.	Intellectual capital • In 2017, 3,358 people were working in R&D in 44 locations globally • Total number of granted patents (utility & design) at year end: 1,455 • Number of patents (utility & design) granted in 2017: 166 • Number of pending patents (utility & design): 599 Financial capital • Data, software and services revenue increased from €449 million in 2015 to €547 million in 2017. This translated into a strong improvement in gross margins (from 52% in 2015 to 62% in 2017) • Workforce grew by 3% from 4,666 in 2015 to 4,825 in 2017 • Strong balance sheet: net cash position since 2013

RAPID TECHNOLOGICAL CHANGE IS SHAPING THE WAY THE WORLD USES AND CONSUMES DATA.

The pace of technological change is transforming our business environment. At TomTom, with highly skilled people and a strong history of technological leadership, we adapt and innovate in accordance with four main developments:

1 INTERNET OF THINGS

The Internet of Things (IoT) is a term used to explain the ability to connect a number of everyday devices to each other, allowing them to exchange information. This presents significant opportunities within the navigation technology industry, as it allows devices to both provide feedback and receive data instantly.

2 BIG DATA

The IoT, combined with widespread device usage is generating a vast amount of user data. This ‘big data’ is a driving force behind technological change, significant advances in the way companies capture and analyse data, and use this to develop better and more valuable outcomes for consumers.

3 CLOUD COMPUTING

By allowing data to be transferred and stored independently of devices, cloud computing has enabled businesses of all sizes to have access to very powerful Software-as-a-Service (SaaS) tools, gaining important insights into their customers, helping lower their costs, and improve both their CRM systems and productivity. Businesses can easily deploy new technology, without the need for constant investments in large hardware processors and storage units, software updates and security.

4 EDGE COMPUTING

In many cases, devices generate and collect vast amounts of data through sensors. Vehicles, telematics equipment and driver terminals are key examples of this. These devices will become key enablers of new technologies and services as computing power becomes cheaper, as their capacity to process higher volumes of data increases, and as they reduce safety-critical data transmission delays with cloud services.

While these developments permeate our entire business, there are also distinct market trends that impact each of our divisions:

AUTOMOTIVE & ENTERPRISE

INCREASING POPULARITY OF IN-DASH NAVIGATION

Navigation is becoming more and more common, even in entry-level models, with overall average take-up rates for navigation currently at nearly 30% in Europe and North America combined. By 2022, IHS expects these take-up rates to increase towards 35%, as new functionalities become available at affordable prices.

TomTom's strategic response
TomTom's technologies are componentised in a way that enables carmakers to offer tailored navigation products across the model range, from navigation on a smartphone application for an entry level vehicle, to embedded navigation with Advanced Driver Assistance Systems for top-of-the-line vehicles.

AUTONOMOUS DRIVING BECOMING A REALITY

Automated driving technology
Current technology
LEVEL 0: No automation
LEVELS 1 & 2: Advanced Driver Assistance Systems: Some automated features such automatic braking and adaptive cruise control
LEVEL 3: Automated under certain circumstances, vehicle can carry out all driving functions in a less complex driving environment
Future technology
LEVELS 4 & 5: Fully automated

Autonomous driving is set to transform our lives: it is expected to save lives through safer mobility, create a shift from private vehicle ownership to mobility services, and it will free up parking spaces in our cramped cities. With autonomous driving, the human driving task of controlling the vehicle is replaced by a system of sensors, computers and actuators to drive the vehicle automatically.

Many companies are working in each of these fields to turn autonomous driving into a reality, cooperating to solve the challenges that autonomous driving brings. While a fully automated car is not yet available, OEMs are progressing rapidly towards this goal, with a number of manufacturers launching Level 2 and Level 3 Advanced Driver Assistance Systems.

TomTom's strategic response
We have created HD Map and RoadDNA to enable autonomous driving. Earlier in 2017, we also acquired Autonomos, a Berlin-based autonomous driving start-up. The acquisition advanced our map-based products for autonomous driving applications. Having an in-house autonomous driving stack enables TomTom to better serve customers with its products.

As we focus on delivering a scalable, robust and accurate HD Map for autonomous driving, we have entered into new collaborations with industry leaders such as Baidu, Bosch, NVIDIA and Qualcomm.

Currently, four out of five top global OEMs are evaluating TomTom HD Map for their platforms.

ONLINE APIs

Geolocation applications are the long-anticipated next frontier in mobile technology and IoT, pairing consumer and enterprise preferences with location to provide real insight to businesses and transforming how they interact with their customers.

TomTom's strategic response
As an independent location content and software provider, TomTom is in a unique position to innovate and capitalise on products and services for maps APIs. The number of connected devices and sensors will continue to grow rapidly and, coupled with advances in location awareness, they continue to pave the way for new opportunities for our Enterprise business.

TELEMATICS

CONTINUOUS GROWTH EXPECTED IN THE TRADITIONAL FLEET MANAGEMENT MARKET

Market research firm Berg Insight believes that the European fleet management market has entered a growth period that will last for several years to come. The firm estimates the number of fleet management systems in active use will nearly double by 2021, reaching 14 million units. Penetration in the total population of non-privately owned commercial vehicles is expected to rise to more than 30% by 2021.

TomTom's strategic response
Telematics will continue to target growth opportunities in the European fleet management market.

TELEMATICS CONTINUED

SHIFT FROM CAR OWNERSHIP TO LEASING

The growing fleet market is seeing a gradual shift from operational fleets to fleets used by non-operational personnel, including sales and management or opening up new opportunities to offer services through, and for, leasing companies.

TomTom's strategic response
Telematics will continue to target growth opportunities in this area, utilising its TomTom Telematics Service Platform to help service providers and developers create new connected car applications. TomTom has entered into collaborations with insurance providers, car importers, dealer groups and leasing companies and will continue to target further growth in these markets.

DIGITAL TRANSFORMATION OF BUSINESS

The trend towards cloud computing and open API standards has enabled businesses of all sizes to access very powerful SaaS tools, gaining important insights into their customers, lower their costs, and improve both their CRM systems and productivity.

TomTom's strategic response
Telematics management is leveraging its proven SaaS tools in the fleet space towards car service providers, enabling them to easily deploy new technology, while integrating the data streams into their own systems.

INDUSTRY REGULATIONS

Companies are facing stricter reporting requirements to show compliance through several regulations proposed in areas such as tax compliance, emissions monitoring, and working and driving time regulations. Products and services that help customers with reporting on these requirements may also present further opportunities for growth.

TomTom's strategic response
TomTom Telematics offers the highest standards of security, quality and availability, maintaining our own ISO/IEC 27001 certified platform for data protection and security. Using this backbone, we are prepared and able to help our customers ensure they are fully compliant to current and future legislation, from GDPR to complex EU working time regulation.

CONSUMER

FREE NAVIGATION APPLICATIONS AND THE RISE OF THE 'FREEMIUM' APPLICATION

Rise in smartphone-based navigation software for consumers at no extra cost continues to lead to the decrease in demand for PNDs.

TomTom's strategic response
We have been testing freemium applications to see how we can move from paid applications to freemium models, and we have invested in a new online platform called TomTom Road Trips. We continue to focus on niche markets and invest in those communities through content and platforms. We are updating our products constantly with the aim to make the road a safer place, by including amongst others, compatibility with Siri, voice recognition software and connectivity as well as Wi-Fi® to facilitate easy map updates.

CHANGING CONSUMER PREFERENCES

Consumers expect a further integration of different platforms as well as a better overall product experience. Due to this, there's an overall shift from hardware to platforms, content and apps. The wearables market conditions have been challenging. Globally, we saw the market shift to smartwatches, eroding the GPS sports watch category.

TomTom's strategic response
We initiated a strategic review for our Sports business in July 2017. We will continue to serve both our existing and new customers. To ensure that we can provide an overall better experience to our customers, we have developed a new Sports app, innovating the user experience and launching a major software update that includes fitness and personalised workouts. The Consumer PND business is cash generative. It will continue to provide a valuable platform for consumer insight and location data.

WE BELIEVE PRIVACY IS ABOUT FREEDOM AND BEING ABLE TO DECIDE FOR ONESELF HOW ONE'S DATA IS USED AND BY WHOM; THIS IS WHY WE HAVE ESTABLISHED OUR PRIVACY PRINCIPLES.

TOMTOM IS A HIGHLY DATA INTENSIVE COMPANY

To create and maintain our various products and services, we process billions of data points every day and, for example, we use petabytes of roadside imagery. We do this on a global scale, developing and using the latest technologies including artificial intelligence, deep learning, computer vision and differential privacy.

A significant part of the information is contributed by our users or in other ways relates to individuals. It is paramount to the continuity of us being able to use our users' data that we retain their trust and keep providing valuable insights to them based on the data they provide us with.

We operate according to the privacy laws applicable in the various countries we are active. In 2018, the new EU General Data Protection Regulation (GDPR) will enter into force. Because we are rooted in Europe, we will be applying the GDPR on a global scale. This regulation is considered to be the most extensive in the world and offers a high level of protection to our users across the globe by only allowing us to use their data when the strict conditions of these laws are met. We have already started working towards meeting the requirements of the GDPR as early as 2012 and believe are well positioned with this. Our company policy on privacy and processing of personal data reflects this. To make it easier for our users to understand this policy, we have translated them into ten promises we make. These can be found on our website: www.tomtom.com/privacy.

To be able to live up to our promises, we employ what is generally known as 'privacy by design'. Effectively this means that when designing and engineering our products and services, privacy and properly dealing with data from or about our users is a topic we consider right from the start and throughout our engineering and operations.

TOMTOM PRIVACY PRINCIPLES

1 CLARITY

We make sure you understand which data from or about you we use, why we use it, how long we use it and who can use it.

2 CONTROL

We consider the data from or about you to be yours. We only use it for the purposes for which you have given it to us, or for which we collected it from you. At any time, you can opt-out or opt-in using our software and websites.

3 CARE

Your data is yours. We keep it that way by protecting it as best as we reasonably can to prevent it from falling into the wrong hands.

OUR PRODUCTS ARE POWERED BY BIG DATA.
DEALING WITH BIG DATA REQUIRES ADVANCED, SCALABLE AND STATE-OF-THE-ART TECHNOLOGY.

OUR VALUE PROPOSITION

We create industry-leading location-based and mapmaking technologies, embedded automotive navigation products, advanced telematics fleet management and connected car services, PNDs and apps.

Our products are powered by data that is strengthened by a continuous cycle of analysing, developing, and sharing location-based data.

TARGETED MARKET SEGMENTS

Our activities are organised in the following customer-facing business units: Automotive & Enterprise, Telematics, and Consumer. They leverage our brand, capabilities, and common technology assets to provide consumers, businesses, governments and local authorities with industry-leading products and services.

For more information
AT A GLANCE
Pages 6–7
STRATEGY AND VALUE CREATION
Pages 13–15

HOW WE CREATE OUR PRODUCTS

Our data and information comes from multiple sources. Dealing with big data to develop our products and applications requires advanced, scalable and state-of-the-art technology. We use human capital and data from traditional sources, as well as user input, to create TomTom data, content and services. Our products are created on platforms, built with our own IP and expertise developed over the past 26 years. Each platform and technology is uniquely developed to deliver best-in-class location and navigation products that fit the demand in their own markets. Our platforms support the whole process of collecting, analysing, fusing and editing data, and developing and distributing our products through various formats for the Automotive & Enterprise, Telematics, and Consumer business units.

For more information
BUSINESS UNIT OVERVIEW
Pages 22–31

CONTINUOUS DEVELOPMENT FOR A SUSTAINABLE BUSINESS

1,455

TOTAL PATENTS GRANTED IN 2017

3,358

R&D EMPLOYEES

As a technology company, investments in Research & Development (R&D) continue to be key in our business. In 2017, cash R&D spend totalled €299 million, representing over 30% of our total revenue. We are committed in continuing to invest into our products and services. Our R&D investments are focused on two goals:

1. To enhance quality, coverage, and data sources;
2. To automate data analysis to enable a fully autonomous map update service to be used with automated and autonomous vehicles.

Nearly 70% of our employees work in R&D, distributed in 44 R&D locations globally.

Recognising the importance of constantly improving our technology, we launched an internal advancement programme that focuses on our software development capability, called World Class Software Development and World Class Product Management Programme.

COMPETITIVE LANDSCAPE

We operate in highly competitive markets, where competitive conditions differ amongst our business units, products, technologies and geographies.

The main competitive factors across our markets are functionality, quality and reliability, time-to-market and availability, customer service, brand and price.

In general, TomTom believes that we compete favourably in each of these areas and as such, TomTom is an important player in each of our core markets.

	Automotive & Enterprise	Telematics	Consumer
Core Market	Global	Europe	Europe
Main Competitors	HERE, Google/Waze, NNG, TeleNav	Masternaut, Verizon Telematics	Garmin, MiTAC

OUR COMPETITIVE USPs

GLOBAL, SCALABLE PRODUCTS AND TECHNOLOGIES

Headquartered in Amsterdam with offices in 37 countries, we offer digital maps that cover 142 countries and 33 territories, and our detailed and real-time traffic information service reaches more than five billion people in 69 countries. Moreover, our Telematics business is one of the world's leading telematics solution providers servicing drivers in more than 60 countries.

EXTENSIVE MARKET EXPERTISE IN LOCATION DATA

Since our inception, we have been relentlessly innovating to stay ahead of the game. With a resilient focus on mobility, we also acquired multiple businesses over the years. This allowed us to further build on our traffic, R&D and mapmaking expertise, as well as our fleet management and autonomous driving products.

Today, we are a preferred supplier of many global organisations as we continue to shape the future, leading the way with autonomous driving, smart mobility and smarter cities.

MULTIPLE COLLABORATIONS IN COMPLEX ECOSYSTEMS

With our extensive market experience, we paved the way for significant collaborations. In the last few years, we have established collaborations with, among others, Microsoft, Cisco, NVIDIA, Bosch, Qualcomm and Baidu. We will continue to collaborate with companies to make innovative technology accessible to anyone, and to position TomTom as a leading player for the future of driving.

STRONG DATA GOVERNANCE

Our long-term success depends on having access to data provided by our users so we can continuously improve our products and services. Their trust is paramount and therefore we abide by the strictest data protection laws.

Besides the privacy laws applicable in the various countries in which we are active, we operate according to the European privacy laws. These laws are considered to be some of the most extensive in the world and offer a high level of protection to our users.

Our company policy on privacy and processing of personal data reflects these laws and we apply this policy globally. More information is available in the Privacy and Data Governance section.

A STRONG BRAND, ASSOCIATED WITH INTUITIVE USER INTERFACE

We developed navigation technology when we created the portable navigation device – one of the most influential products of all time. Since then, we have established a strong consumer-facing technology brand.

Given our increased focus on our business customers, we are currently re-positioning our brand to better align with our broader customer audience. We will further establish and roll out our new initiatives in 2018.

INDEPENDENCE

We are one of the few independent technology companies in Europe. As an independent location content and service provider, we are in a unique position to innovate and capitalise on the Automotive & Enterprise markets.

TOMTOM'S LEADING MAPMAKING TECHNOLOGIES ALLOW US TO RAPIDLY DETECT CHANGES HAPPENING IN REALITY.

Automotive & Enterprise business sells to business customers, who integrate our location and navigation technologies into their applications.

Automotive customers – mainly OEMs and tier one head unit vendors – integrate our products into their offerings for in-vehicle navigation, ADAS and autonomous driving.

Enterprise customers – those other than automotive manufacturers, such as technology companies, geographical information systems (GIS) providers, government bodies and traffic management institutions – use our products to create location-enabled applications.

Our product portfolio includes live map feeds including traffic, APIs for search and routing, device software and supporting products. Each component can be integrated as a stand-alone product, or combined into the connected navigation system, to deliver seamless compatibility, advanced user experience and cost-effective implementation. We also provide a system integration service to help customers integrate our components into their navigation application systems.

OUR PRODUCTS

SD AND HD MAPS

NAVIGATION

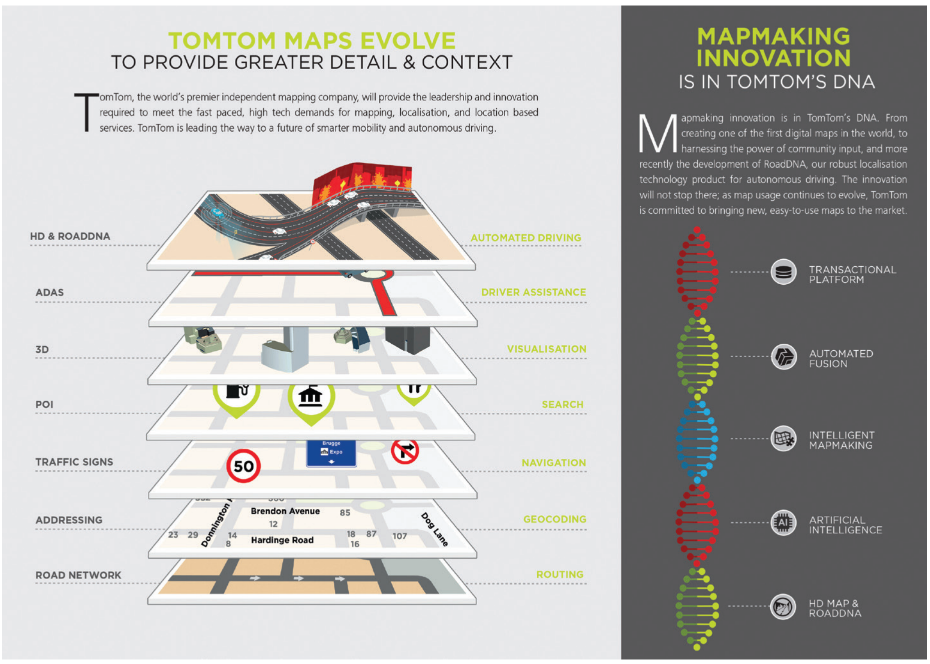
TRAFFIC

ONLINE APIs

MAPS

With everyone and everything becoming increasingly connected, location and navigational information is more relevant than ever before. With this increased reliance on maps for mobility, comes an increase in expectations of the use cases the map must support, how up-to-date it is and the level of detail needed within it.

We can see this evolution in the different layers of TomTom's map product portfolio. Starting from the road network and street name layers, to point-of-interest (POI) layers, 3D layers and others. From more advanced search and navigation experiences, to the TomTom HD Map with RoadDNA layer that will enable autonomous driving in the future.



For more information
https://automotive.tomtom.com
https://www.tomtommaps.com

INTELLIGENT MAPMAKING

TomTom deploys intelligent mapmaking to deliver accurate and up-to-date maps. We implemented a highly efficient hybrid approach that combines professional mapmaking methods with community input. Through this mapmaking approach, we tap into local teams of skilled map technicians located in over 40 countries, a fleet of mobile mapping vans that drive the streets every day, and our growing community of hundreds of millions of data sources. With more than half a billion sources generating millions of kilometres of floating car data each day, we have access to one of the largest live probe networks in the market. Additionally, as cars become more and more connected, we continue to explore new sensor data that will further extend our pool of hybrid mapmaking data.

"BY DELIVERING WEEKLY MAP UPDATES, TOMTOM IS ENABLING ITS CUSTOMERS TO INCREASE THE QUALITY OF THEIR APPLICATIONS BY HAVING MORE UP-TO-DATE MAP DATA."

TRANSACTIONAL MAPMAKING

Making maps means big data, and this requires an advanced map production platform. We continuously invest in our state-of-the-art transactional map production platform that allows us to rapidly close the loop between detecting changes in the real world and updating the map. This platform deploys automation and artificial intelligence to achieve short cycle times, efficiency and quality. Productivity of our map platform will be key to the future of mapmaking, where even more data will be collected and faster processing will be mandatory in order to meet the demands of ever-expanding use cases.

MAPMAKING INNOVATION

We are constantly innovating our mapmaking capabilities. It's in our DNA – we were one of the very first companies to create a digital map and we are at the forefront of harnessing the power of community input for map improvements and updates. While the world is discovering the concept of 'digital transformation', we pioneered it by converting paper maps into a digital map database.

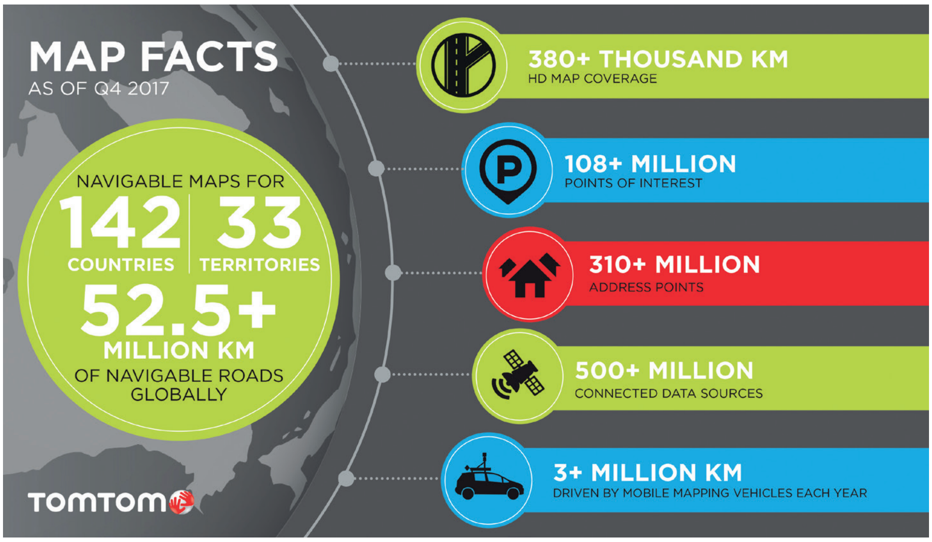
In 2017, we further pushed the boundaries. We increased the productivity of our map production system through automated multi-source map fusion and machine learning, and improved our cycle times to bring weekly maps to our users and new map layers to the market. With weekly map updates, TomTom continues to lead the industry in delivering fresh and accurate maps. The industry norm for global automotive grade maps is quarterly map releases.

ENABLING CUSTOMERS TO MAKE SMARTER MOBILITY DECISIONS

With our maps, TomTom is empowering users to make smarter mobility decisions. From simple decisions such as how to get to the airport as quickly as possible, to more complex decisions such as how to change a city's infrastructure to accommodate the mobility of a growing population – advancing in the future to mobility decisions for the Internet of Things.

We generally categorise the applications that use our maps into four groups:

- Analytics: the map is used as a structuring mechanism for data sets of other data, such as marketing data or government population data. The end-user is nearly always a business. An example is determining the best location for a shop, based on overlaying population and traffic data on a map;
- Display, search and navigation: the map is used to answer questions such as 'Where am I?' 'Where is a certain address or place?' and 'How do I get to the place I want to be?'. The end-user is very often a consumer. Examples are maps and navigation apps for mobile phones;
- ADAS: the map is used to power functions that make driving easier, more efficient and safer. Examples are drive-train optimisation based on gradient and height, and adaptive light control to see further into the corner based on curvature data in the map;
- Autonomous driving: the map is used to provide detailed data about the vehicle's surroundings to help the autonomous driving software make decisions. An example is very precise (decimetre-level) localisation based on sensor data and the TomTom HD Map.



TOMTOM IS A GLOBAL LEADER IN TRAFFIC AND TRAVEL INFORMATION

We are on a mission to reduce traffic congestion and transform mobility across the world.

We provide our data and expertise to business partners, cities and traffic managers in innovative and easy-to-use ways, supporting them in making better decisions and developing smarter applications.

"TRAFFIC AVAILABLE IN 69 COUNTRIES, SPANNING ALL CONTINENTS."

TRAFFIC AND ONLINE SERVICES

We have come a long way to position TomTom as a global leader of traffic and travel information services. During the last 10 years, we have developed a comprehensive product portfolio as well as road data analytics to help improve mobility and provide products and services for better decision-making in transportation.

The success of our traffic incident and congestion service is largely explained by the growing community of over half a billion data sources, which generate over 21 billion anonymised location measurements every day. The community provides the source data that is fused to provide precise and up-to-date traffic information for highways, major roads and secondary roads on a global scale. We provide highly accurate measurements of traffic jams and delays for better route calculation, which helps drivers to make better decisions to save time on their journeys.

To complement the more mature traffic, innovative features and products such as speed cameras, off-street parking, weather, fuel price, live and historical traffic and travel information services have been added to the portfolio over the past years. The whole portfolio of services is used widely across many smart mobility platforms and automotive OEMs, smartphone manufacturers and 'mobility app' makers, government organisations and a wealth of additional customers.

A NEW GENERATION OF LIVE MAP SERVICES

The rise of the connected car, smart mobility and autonomous driving triggers the need for a new generation of connected services largely enabled by a collaborative community and new sources of vehicle sensors data. Collaboration is key. The volume of source data is driven by the popularity of our services. That's because passive anonymous community input, such as location trace data and sensor data, and active community input, such as confirmation of speed camera locations, are collected while the services are being provided. This source data is the assurance of an extensive, high-quality, portfolio of services in the coming years. By harvesting car sensor data, commonly referred to as extended floating car data (xFCD), in addition to the location trace information, TomTom will add services to cover new use cases to help improve road safety (e.g. hyper-local road weather service) and facilitate autonomous driving (e.g. lane-level traffic incidents).

ONLINE APIs

High-quality and comprehensive location data is central in building the next generation of Internet of Things applications, connected cars and smart cities. To address these opportunities, we provide industry leading maps and traffic as-a-service via sets of Online APIs. These Online APIs give customers an easy access to a wide array of services including map tiles, search, reverse geocoding, routing and traffic.

We also offer Maps SDKs that allows customers to integrate our services into web and mobile applications, by using a convenient and well documented client library. The SDK enables developers to easily integrate TomTom's Online APIs into their products and services with fully customisable components.

TomTom's Online APIs and SDKs are already being used by a variety of enterprises and start-ups, from mobile and web application development to fleet management, vehicle tracking and logistics. In 2017, we announced that our APIs will power Microsoft Azure's newly launched location-based services. Microsoft and its Azure customers now have direct access to TomTom's location services natively integrated into the Microsoft Azure Cloud platform.

For more information
https://automotive.tomtom.com/products-services/connected-services
https://developer.tomtom.com/tomtom-maps-apis-developers

NAVIGATION

Our navigation software components support relevant automotive standards such as TPEG, NDS, and ADASIS. Based on the ISO 25010 standard our navigation software gets regularly quality-checked by TIOBE, the software quality company, and for a number of years we have been leading in the top-2 ranks of all quality categories.

100 million cars are produced every year. 40 million newly built cars are forecasted to come with some form of brought-in navigation, which is playing an increasingly important role, and our products are fit for purpose. Each year, 25 million cars come with in-dash navigation and that number is increasing year on year. We will continue to develop products that are relevant and easy to integrate in a vehicle context, including autonomous cars.

Over time we will lift more and more of our navigation assets into public cloud systems such as Azure. Our Online Routing API now supports truck routing, as well as eco routing and range calculations based on dynamic consumption data from the vehicle, which is especially relevant for electric vehicles.

TomTom is working on a full hybrid turn-by-turn navigation system that ultimately allows driving without any onboard map data installed where storage space, data plan usage and onboard processing needs are fully configurable. Our Navigation Cloud (NavCloud) allows seamless synchronisation of personal navigation data, such as favourite destinations or route preferences, between different navigation platforms such as in-dash, mobile apps, or online web applications.

In 2017, we finished the transition from our TomTom proprietary run-time map format to NDS as the sole run-time map format supported in TomTom. We delivered the first embedded NDS navigation products to the market for Groupe PSA and for our TomTom Bridge devices.

This latest generation Bridge device also embeds a completely renewed map visualisation component that enables an innovative way of showing animated lane-level guidance. Furthermore, the user experience for incrementally updating the NDS maps in the system has also been improved, which can now be done in the background, so the driver can continue to use the navigation system while this happens.

A strategic goal is to be a global navigation supplier. We have further increased our footprint to navigable coverage in 175 countries and territories, by adding support for Arabic-, Albanian-, Serbian-, Romanian-, Indonesian-, Hebrew-, Latin-based and Chinese-speaking countries. We have also started the development of Korean and Japanese language features.

In 2017, in an industry first, TomTom topped the TIOBE Software Quality Award league tables in all three categories: large-sized (over 500,000 lines of code), mid-sized (over 100,000 lines of code), and small-sized (less than 10,000 lines of code) projects, by providing best-in-class Automotive-grade, reliable navigation software for its customers. TIOBE, the software quality company, rewards the best software products with the TIOBE Software Quality Award selected from more than 3,000 software products of various multinationals.

TOMTOM IN THE COCKPIT

TomTom’s navigation components work off-the-shelf, and are easily integrated into car manufacturers’ customised infotainment systems. Groupe PSA chose TomTom’s trusted navigation components including TomTom Maps, Navigation and Local Search for its Peugeot 3008, 5008, 208 and 2008 vehicles, running on the car maker’s i-Cockpit® infotainment system.

For more information
http://automotive.tomtom.com/success-stories/psa-groupe

BUSINESS UNIT OVERVIEW
AUTOMOTIVE & ENTERPRISE CONTINUED

"AUTONOMOUS DRIVING IS SET TO TRANSFORM OUR LIVES. IT IS EXPECTED TO SAVE LIVES THROUGH SAFER MOBILITY, IT WILL SHIFT FROM PRIVATE VEHICLE OWNERSHIP TO MOBILITY SERVICES, AND IT WILL FREE UP PARKING SPACES IN OUR CRAMPED CITIES. TOMTOM IS RIGHT AT THE HEART OF THIS TECHNOLOGY TREND WITH ITS PRODUCTS FOR AUTOMATED VEHICLES."

AUTONOMOUS DRIVING

With autonomous driving, the human driving task of controlling the vehicle is replaced by a system of sensors, computers and actuators to drive the vehicle automatically. Many companies are working in each of these fields to turn autonomous driving into a reality, cooperating to solve the challenges that autonomous driving brings. We bring several components to the table.

MAPPING, LOCALISATION AND MAP MAINTENANCE FOR AUTONOMOUS DRIVING

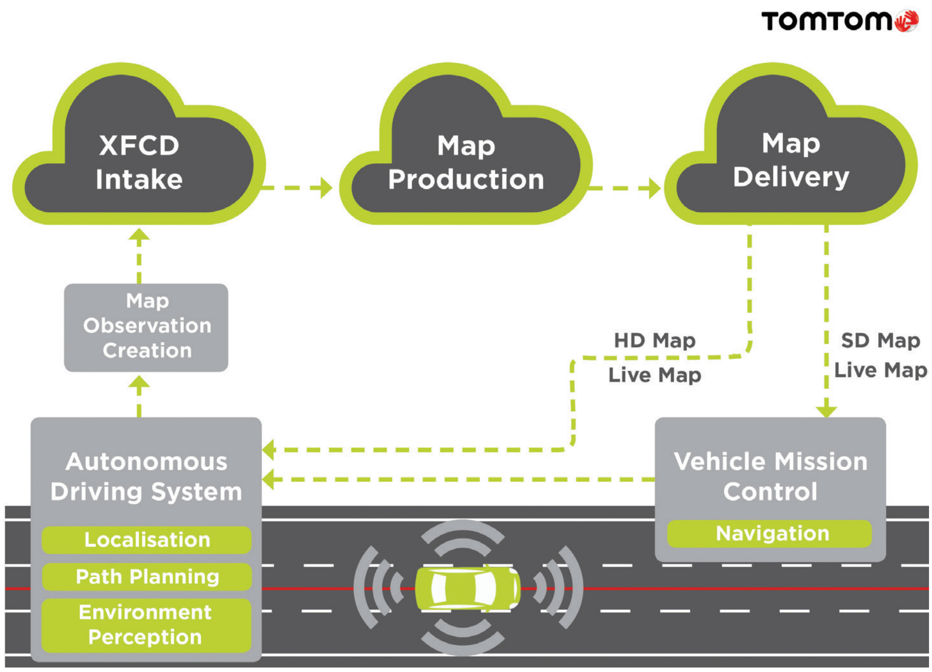
TomTom focuses on mapping, localisation and map maintenance for autonomous driving, enabling autonomous vehicles to gain a detailed and up-to-date map of reality, precisely locate themselves on the road, and plan the most efficient path to destination. This enables autonomous vehicles to become environment-aware, location-aware and path-aware.

TOMTOM'S ROLE IN AN AUTONOMOUS DRIVING SYSTEM

Autonomous driving requires highly complex systems featuring several functional blocks. The illustration below highlights the functional blocks – map delivery, map production, and xFCD intake – where TomTom plays a key role, with the goal to make autonomous driving a reality.

The TomTom HD Map with RoadDNA makes autonomous driving safe and comfortable, being a critical component for any autonomous vehicle. It is a revolutionary product that enables path planning, helps sensor perception, and allows an autonomous vehicle to anticipate the road ahead even beyond the range of its sensors.

AUTONOMOUS DRIVING SYSTEM



When using the HD Map, it is critical to have reliable localisation. GPS alone is not enough, since it is only accurate to 10–20 metres when driving. It struggles to put the car on the correct side of the road, let alone the correct lane.

TomTom's HD Map includes a number of layers that provide relevant reference data to correlate with the car's sensor, enhancing the accuracy of the localisation. These layers not only include the lane markings and traffic signs to correlate with camera observations, but also TomTom's unique RoadDNA layer. Our layer correlates with Lidar data, enabling decimetre-level positioning, and the radar signature layer developed together with Bosch.

RoadDNA is a localisation layer in the TomTom HD Map that enables accurate and robust localisation for autonomous vehicles. It delivers a highly optimised, 3D lateral and longitudinal view of the roadway. With this, a vehicle can correlate RoadDNA data with data obtained by its own sensors. By doing this correlation in real time, TomTom RoadDNA precisely locates a vehicle on the road, even while travelling at high speeds.

ROADDNA

Robust and Scalable Localisation technology

- Provides superior localisation when combined with HD Map
- Highly compact for efficient processing and robust feedback
- In-vehicle hardware utilises software libraries for performant sensor data correlation
- Depth Map provides key distances to localisation environment

For more information
https://automotive.tomtom.com/automotive-solutions/autonomous-driving

CREATING A GLOBAL HD MAP WITH BAIDU

Baidu, a leading artificial intelligence company, and a major mapping service provider in China, has joined forces with TomTom to develop HD maps for autonomous driving. Baidu is leveraging TomTom's real-time mapmaking platform to develop a HD Map of China. The collaboration creates an uniform global component in the form of a single HD map service – essential for OEMs and technology companies working on the future of driving, and further advances Baidu's open source self-driving car programme, Apollo.

BUSINESS UNIT OVERVIEW
TELEMATICS

EUROPE'S LEADING FLEET MANAGEMENT SERVICES PROVIDER BUILT ON TOMTOM'S TECHNOLOGICAL CAPABILITIES.

Our Telematics business provides a range of services for businesses with fleets, including fleet management and other connected car services. Telematics also offers telematics devices and driver terminals.

OUR PRODUCTS

WEBFLEET

DEVICES & DRIVER TERMINALS

NEXTFLEET

By connecting drivers, vehicles, companies and car service providers we help build a connected world where people can achieve more together and reach their goals easier, faster and more efficiently.

Continuous innovation and our profound understanding of collecting vehicle data of significant added value to customers have been at the forefront of more than 18 years' experience as a fleet management service (FMS) provider.

This commitment has led our Telematics business to become Europe's market leader in FMS, with a strong local support network and a wide range of sector-specific third-party applications and integrations created by more than 350 alliances companies. These applications have been made possible by the TomTom Telematics Service Platform's stable and open APIs.

Our core SaaS fleet management service, WEBFLEET, helps customers achieve improved levels of customer service, efficiency, productivity, road safety and environmental performance. Our service allows for fleets of all size to realise clear efficiency gains, with 5–25% fuel savings and payback on their investments within six to nine months.

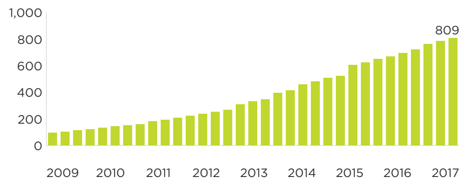
More than 49,000 business customers benefit every day from the high standards of confidentiality, integrity, and availability of our ISO/IEC 27001:2013-certified service, re-audited in November 2017.

In October 2017, we were recognised by the market analyst firm Berg Insight, as the largest provider of fleet management services in Europe, for the third successive year.

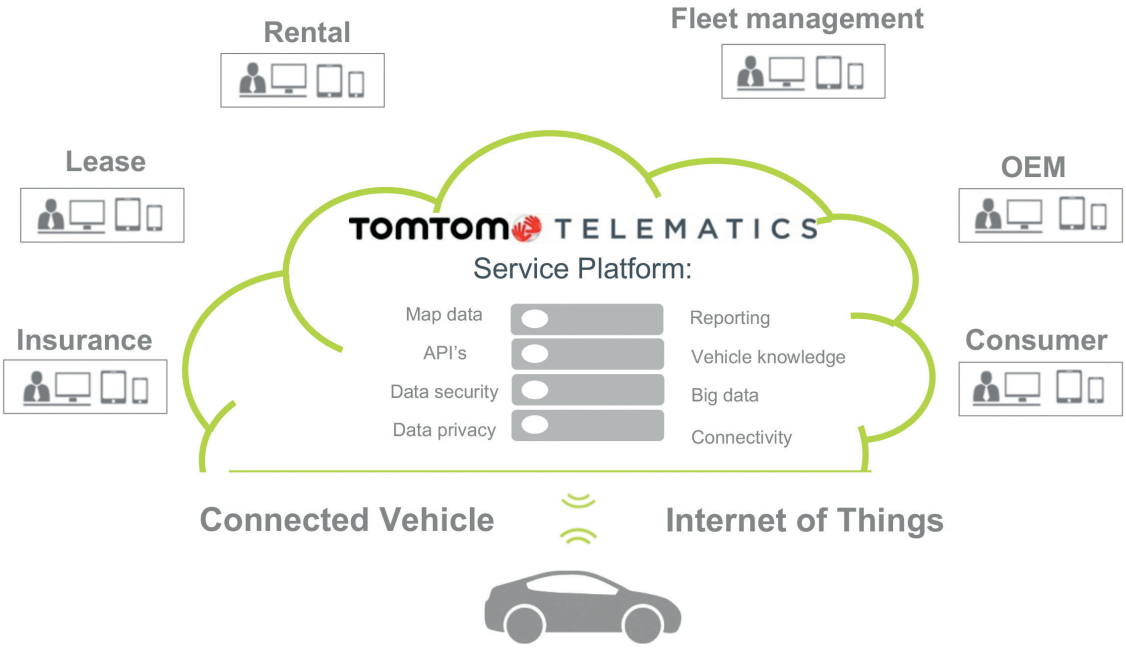
TomTom Telematics' strong historic performance has been built on a number of assets and competitive advantages:

- Scalability of business: Scalable platform able to manage growth of new subscribers;
- Large local partner network: Broad reach of sales force. A wide network of resellers, maximising the points of contact with the market;
- Innovative open platform API with a large developer community: API platform enables customisation towards customers while keeping standard product; more than 350 developers are developing applications connected to the APIs on Telematics platform;
- Data security & privacy: Information security is important with increasing cyber security threats and new regulations to be introduced. Telematics is one of the few players in the market with an ISO 27000-1 certification;
- The TomTom brand is associated with an intuitive user interface, and the benefit of TomTom maps and traffic.

Telematics Subscribers
Installed Base* in thousands



*On a quarterly basis



"BY COMBINING OUR EXPERIENCE OF PROVIDING SAAS APPLICATIONS FOR FLEET MANAGERS WITH CONNECTED CAR TECHNOLOGY, WE HAVE EXTENDED OUR PLATFORM TO ALSO ADDRESS THE NEEDS OF THE CAR SERVICES INDUSTRIES."

TOMTOM TELEMATICS SERVICE PLATFORM

Telematics services use vehicle-related information, such as the location and acceleration, or data that is collected from the vehicle, such as fuel usage or maintenance codes. They may also be related to the services that are connected to the function of the driver, such as work order status. Our own telematics control unit is integrated or connected with the vehicle, and collects and shares data with a back-end server.

Telematics offers traditional FMS (WEBFLEET) and aftermarket connected car services (NEXTFLEET).

Both WEBFLEET and NEXTFLEET are provided through our Telematics Service Platform – one platform facilitating different user interfaces, services and applications. This platform processes more than 800 million messages and GPS positions every working day.

The platform also provides application developers and system integrators with a toolkit to access the data, making it one of the largest app development communities in the telematics industry.

This community has access to WEBFLEET.connect API, which allows vehicle and driving data as well as work order information to be integrated into customers' processes and IT systems, allowing for further automation.

For more information
www.telematics.tomtom.com

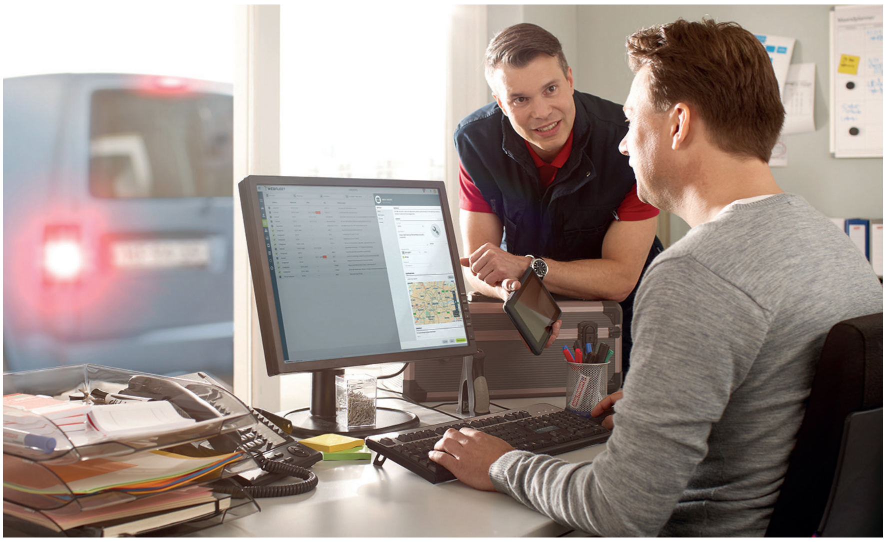
BUSINESS UNIT OVERVIEW
TELEMATICS CONTINUED

WEBFLEET – FLEET MANAGEMENT SERVICES

Our core SaaS FMS is sold through a variety of channels, including a network of more than 350 alliances that resell services, and an internal sales team, which covers 24 countries.

WEBFLEET provides fleet owners the possibility of fleet-vehicle tracking, fleet management reporting, basic work order services and an eco-driving module. It helps fleet managers to make better decisions, have greater control over their vehicles, improve their customer service, as well as the efficiency and environmental performance of their fleet.

We serve any business that uses vehicles for their operations, from small service and maintenance companies, to long-haul transport logistics. For the heavy goods vehicles, we have an additional portfolio to integrate with the vehicle's tachograph, support with special truck routing capabilities and integration with other accessories in the vehicle, such as load temperature monitoring.



DYNAMIC SERVICES FOR FLEET MANAGEMENT

Industrial Metal Services (IMS) has saved more than £250,000 a year across its 55-strong truck fleet since the integration of the WEBFLEET fleet management service from TomTom Telematics and Maxoptra. WEBFLEET now allocates more than 400 daily deliveries for IMS based on quickest arrival times, traffic and historic route data.

NEXTFLEET – CONNECTED CAR SERVICES

NEXTFLEET enables leasing and rental companies, and car dealerships to monitor the status of the vehicles they provide to their fleet customers as well as a suite of services to the drivers, such as exact mileage driven and driving style.

PARTNERSHIP WITH LEASEPLAN

In 2017, TomTom Telematics partnered with LeasePlan, a global leader in fleet management and driver mobility. Together, we'll be able to provide our customers with real-time data on key metrics such as vehicle maintenance requirements and CO_2 emissions. For us, this is the future of mobility.

WE CONTINUE TO OFFER AWARD-WINNING NAVIGATION DEVICES, BLENDING IT WITH THE BEST OF TOMTOM'S TECHNOLOGIES.

Hardware remains an important part of the Consumer business, which continues to provide a valuable platform for consumer insights and location-based data. To address a wider audience and respond to changes in the use of navigation, we are focusing on the development of niche products, services and apps going forward.

OUR PRODUCTS

NAVIGATION DEVICES

SERVICES & APPS

SPORTS DEVICES

Our award-winning car navigation devices provide a priority driving experience blending the best of TomTom technologies, including sophisticated routing and award-winning traffic information. Most of our newest products include Wi-Fi® updates and deliver advanced smartphone integration, allowing for a safer drive with minimal interaction with smartphones.

MyDrive app includes the capability to download and transfer scenic routes to navigation devices via TomTom's cloud. Those scenic routes can be accessed through TomTom Road Trips, a free platform which lets travellers discover and plan the world's best road trips.

TomTom also generates significant business with our subscription-based navigation app GO Mobile. Our app for Android™ continues to receive multiple awards and excellent consumer ratings, and we are working on the iOS app to replicate this success.

Underlying the TomTom Sports product portfolio, and forming the future of our user engagement, is the TomTom Sports app. This app was entirely re-engineered and re-designed in 2017, allowing our brand to provide not just data about users' activities, but insights that will help them to Get Going.

"DRIVE BUSINESS GENERATES OVER 85% OF CONSUMER REVENUE, WHICH PREDOMINANTLY RELATES TO PNDs FOR EVERYDAY DRIVERS – INCLUDING NICHE SEGMENTS FOR TRUCKERS, MOTORCYCLISTS AND CUSTOMISED DRIVER TERMINALS FOR FLEET MANAGERS."

For more information
www.tomtom.com

THE FOLLOWING PAGES HIGHLIGHT HOW WE HAVE DELIVERED AGAINST OUR STRATEGIC PRIORITIES DURING 2017.

AUTOMOTIVE & ENTERPRISE

CONNECTED NAVIGATION

Another record year in Automotive order intake: >€400 million booked in 2017.

Announced products during 2017:

- Peugeot: maps, traffic, software in 5008, through the new generation i-Cockpit®;
- Alfa Romeo: maps, traffic, software in Stelvio SUV;
- Renault R-link: traffic and map updates extended for 3 extra years;
- Opel Crossland X: maps and software provided;
- Daimler: traffic supplied to over 1 million vehicles on three continents – Europe, North America and Africa;
- Daimler: maps for its North American infotainment platform, in a range of Mercedes A- C- B- and E-class vehicles.

AUTONOMOUS DRIVING

- Acquired Autonomos, a Berlin start-up with around 35 employees, bringing in expertise in automated driving systems;
- Enhanced product portfolio with new technologies: integrated Radar Road Signature layer, AutoStream, and MotionQ;
- Extended coverage of HD Map and RoadDNA to 380,000km across Europe, the US and Japan;
- Collaborations announced with Baidu, Bosch, Qualcomm, Renault SYMBIOZ, Zenuity and Cisco.

ONLINE APIs

Expanded distribution of online LBS APIs in cloud platforms:

- TomTom's APIs integrated in Microsoft Azure's location-based services;
- Launched the new TomTom developer portal for Online APIs;
- New collaborations with Sony, TripAdvisor, Michelin and Mappy announced.

(€ in millions, unless stated otherwise)	2017	2016	YoY change[1]
Automotive	190.6	132.6	44%
Enterprise	138.2	136.3	1%
Total revenue	**328.8**	**269.0**	**22%**
EBITDA[2,3]	**100.0**	**82.1**	**22%**
EBITDA margin (%)	30%	31%	
Operating result (EBIT)[3]	**-47.6**	**-25.5**	
EBIT margin (%)	-14%	-9%	

1 Change percentages and totals calculated before rounding.
2 D&A costs mainly relate to our map asset (including acquisition-related amortisation).
3 The EBIT and EBITDA measure and the reconciliation to our income statement is further explained in note 4 of the consolidated financial statements. This note also provides a split between Automotive and Enterprise.

The Automotive & Enterprise financial review is combined as both segments make use of the same shared technology assets.

- Generated a combined revenue of €329 million in 2017, a 22% increase year on year;
- Automotive revenue grew by 44% to €191 million in 2017, compared to €133 million last year. Automotive operational revenue in 2017 (P&L and deferred combined) grew by 52% to €245 million in 2017;
- This growth reflects increasing revenue from new contracts that started to kick in during 2016 as well as higher revenue on existing contracts;
- The deferred revenue position of Automotive increased to €113 million at the end of 2017 from €59 million at the end of 2016;
- Enterprise revenue grew to €138 million in 2017, 1% higher compared with 2016;
- EBITDA improved year on year because of the strong revenue growth in Automotive;
- EBIT included the impact of €28 million of the disposal of certain map technology and navigation assets and accelerated amortisation impact of customer relationships.

For more information
STRATEGY AND VALUE CREATION
Pages 13–15

TELEMATICS

- Installed base grew by 16% in 2017, reaching 809,000 subscriptions;
- 49,000 customers (+7% year on year);
- For the third year running, Berg Insight recognised Telematics as Europe's leading and most innovative provider of fleet management services;
- Launched an open beta version of the New WEBFLEET 2018 application suite, with a complete new user interface;
- Building on our connected car strategy, Telematics announced a partnership with LeasePlan.

(€ in millions, unless stated otherwise)	2017	2016	YoY change[1]
Subscriptions	126.3	118.4	7%
Hardware and other services[2]	35.8	36.8	-3%
Total revenue	**162.1**	**155.1**	**4%**
EBITDA[2,3]	**59.1**	**59.1**	**0%**
EBITDA margin (%)	36%	38%	
Operating result (EBIT)[3]	**43.0**	**44.5**	**-3%**
EBIT margin (%)	27%	29%	
Monthly revenue per subscription (€)	13.8	14.9	-7%
Subscriber installed base (# in thousands)	809	696	16%

1 Change percentages and totals calculated before rounding.
2 Other services revenue comprises installation services and separately purchased traffic service and/or map content.
3 The EBIT and EBITDA measure and reconciliation to our income statement is further explained in note 4 of the consolidated financial statements.

- Generated revenue of €162 million in 2017, a 4% increase year on year. This increase was driven by growth in the WEBFLEET subscriber base, which was partially offset by a decline in hardware revenue;
- The recurring subscription revenue was €126 million in 2017, reflecting a year on year growth of 7%;
- Hardware revenue declined with 3% year on year, due to a higher proportion of hardware rental in the subscribers sales mix;
- EBITDA and EBIT remained flat year on year because of increased investment in our sales force.

CONSUMER

- The European Consumer PND market declined 25% year on year;
- Niche DRIVE products performed ahead of expectations, especially Rider and Go Professional (Truck PND) ranges;
- Launched TomTom BRIDGE Hub – enabling customers and partners in various industries to create enhanced connected mobility solutions;
- The wearables market fell short of expectations in 2017. As a result, a strategic review of Sports was initiated in the second half of the year. Subsequently, Sports business has been reduced in size to align the cost base with the market developments while we continue to sell sports products and support our customers.

(€ in millions, unless stated otherwise)	2017	2016	YoY change[1]
Consumer products	367.7	502.0	-27%
Automotive hardware	44.9	61.2	-27%
Total revenue	**412.5**	**563.2**	**-27%**
EBITDA[2]	**-11.2**	**5.9**	
EBITDA margin (%)	-3%	1%	
Operating result (EBIT)[2]	**-19.8**	**-3.9**	
EBIT margin (%)	-5%	-1%	

1 Change percentages and totals calculated before rounding.
2 The EBIT and EBITDA measure and the reconciliation to our income statement is further explained in note 4 of the consolidated financial statements.

- Generated revenue of €413 million in 2017, a 27% decrease year on year. This decrease was driven by both Consumer products as well as Automotive hardware revenue;
- The PND business is cash generative. It will continue to provide a valuable platform for consumer insight and location data;
- The difficult market circumstances in Sports combined with lower sales than planned has resulted in a downward revision in the future profitability projections for Consumer Sports. As a result, a full impairment charge of €169 million was recorded against the goodwill of the Consumer segment in Q2 2017. The goodwill that was impaired was originally recorded at the time of the acquisition of Tele Atlas in 2008;
- Sports business was reduced in size in the second half of 2017. As a result, we recorded a restructuring charge of €28 million in 2017;
- Lower revenues combined with restructuring charges negatively impacted the profitability of the Consumer segment in 2017.

OUR BUSINESS IS SHIFTING TOWARDS HIGHER GROSS MARGINS, BETTER PREDICTABILITY AND MORE UPFRONT CASH FLOWS.

Key figures overview

(€ in millions, unless stated otherwise)	2017	2016	YoY change[1]
Automotive & Enterprise	328.8	269.0	22%
Telematics	162.1	155.1	4%
Consumer	412.5	563.2	-27%
Total revenue	**903.4**	**987.3**	**-9%**
Gross result[2]	**564.0**	**566.2**	
Gross margin (%)	62%	57%	
Operating result (EBIT)[2,3]	-199.8	8.9	
EBIT margin (%)	-22%	1%	
EBIT excl. impairment charge	**-31.2**	**8.9**	
EBIT margin excl. impairment charge (%)	-3%	1%	
Net result[2]	-204.4	12.0	
Adjusted net result[4]	**61.3**	**54.1**	**12%**
EPS – fully diluted (€)	-0.87	0.05	
Adjusted EPS – fully diluted (€)[4]	**0.26**	**0.23**	**13%**
Depreciation, amortisation & impairment[2]	341.0	132.0	158%
of which acquisition-related	235.4	55.3	
EBITDA[3]	141.2	140.9	
EBITDA margin %	16%	14%	
Cash flows from operating activities	172.8	144.3	20%
Cash flows from investing activities	-144.5	-119.7	21%
Net cash	**120.9**	**132.5**	**-9%**

1 Change percentages and totals calculated before rounding.
2 2017 includes a €169 million goodwill impairment charge.
3 The EBIT and EBITDA measures and reconciliation to our income statement are further explained in note 4 of the consolidated financial statements.
4 A reconciliation of adjusted net result and adjusted EPS to our income statement is provided in note 25 of the consolidated financial statements.

REVENUE

Group revenue for 2017 was €903 million, which is 9% lower compared with €987 million in 2016. Automotive showed strong year on year revenue growth, Telematics revenue showed limited growth and Enterprise revenue was relatively flat year on year. Consumer revenue declined strongly year on year due to the continued decline of the PND market and the reorganisation in our Sports activities. As a result, the revenue mix in 2017 shifted towards high margin content and software activities, which accounted for 61% of the total group revenue.

From a regional perspective, 78% of 2017 revenue was generated in Europe (2016: 78%), 16% in North America (2016: 17%) and 6% in the rest of the world (2016: 5%).

GROSS RESULT

Despite declining revenue, the 2017 gross result remained relatively flat at €564 million. The gross margin for the year was 62% compared with 57% last year. The 5-percentage point increase mainly reflects a higher proportion of high margin recurring data, software and services revenue in the product mix. At constant currency rates for US dollar (USD) and British Pound (GBP), gross result would have been flat compared to 2016.

OPERATING EXPENSES

2017 operating expenses were €764 million compared with €557 million in 2016. 2017 included a goodwill impairment of €169 million. The difficult market circumstances in the Sports segment combined with lower sales than planned resulted in a downward revision in the future profitability projections for Consumer.

R&D expenses amounted to €208 million in 2017 compared with €190 million in 2016. The year on year increase is mainly the result of increased investments in our navigation assets and the acquisition of Autonomos. 2017 also includes €4 million in restructuring expenses related to the Sports reorganisation. Total R&D cash spending during the year, including capital expenditures, amounted to €299 million compared with €283 million last year. The increase is mainly explained by higher investments in our mapmaking platform and customer specific work for our Automotive customers, partly offset by a decline in our investments in Consumer.

Marketing expenses showed a strong year on year decline following the revenue development within Consumer. SG&A expenses increased to €218 million in 2017 from €195 million in 2016. The year on year increase is explained by one-offs as the underlying trend showed a marginal decline. 2017 included an accelerated amortisation of €11 million related to historically acquired customer relationships and €6 million restructuring expenses related to the Sports reorganisation. 2016 included a €9 million one-off gain from a settlement related to customs duties.

Total amortisation and depreciation expenses were €172 million in 2017 compared with €132 million in 2016. Amortisation of technology and database increased by €21 million year on year, mainly due to disposals of certain map technology and navigation assets.

2017 operating result (EBIT) excluding the impairment charge amounted to -€31 million (2016: €9 million) reflecting the relative flat gross result and increased operating expenses influenced by one-off disposals and restructuring charges.

FINANCIAL RESULT AND TAXATION

Total financial income and expenses for the year was a €1.7 million income versus a €2.4 million expense in 2016. The year on year movement was mainly the result of a positive effect of the revaluations of monetary balance sheet items.

The income tax for the year was an expense of €7.0 million versus a €4.7 million gain in 2016. The tax expense in 2017 is mainly driven by re-measurement of deferred tax assets and liabilities and losses which are not capitalised in the year.

NET RESULT

The net result for the year excluding impairment charges was a loss of €36 million (2016: profit €12 million). The net result adjusted for acquisition-related expenses, restructuring, impairments and disposals on a post-tax basis was €61 million compared with €54 million in 2016. The adjusted EPS for the year was €0.26 (2015: €0.23).

INVESTMENTS

Total cash used in investing activities in 2017 was €145 million, an increase of €25 million compared with €120 million in 2016. In 2017, we acquired Autonomos GmbH, a Berlin-based autonomous driving company. Excluding this acquisition, the cash used in investing activities was relatively flat year on year.

Investments (excluding acquisitions)

(€ in millions)	2017	2016	YoY change[1]
Map content	31.2	26.9	16%
Mapmaking platform	33.0	30.3	9%
Applications	15.0	12.4	21%
Customer specific	20.5	19.6	5%
Telematics	12.7	10.6	20%
Other	7.8	17.7	-55%
Total	**120.2**	**117.5**	**2%**

1 Change percentages and totals calculated before rounding.

CASH, LIQUIDITY AND DEBT FINANCING

The cash flows from operating activities increased to €173 million in 2017 from €144 million in 2016. This increase is caused by upfront payments of customers in the Automotive segment and is reflected in our working capital via an increase in the deferred revenue balance.

The cash flow from financing activities for the year was an outflow of €48 million (2016: €29 million). This increase is caused by the cash outflow of €49.8 million related to the share buyback programme, that was launched on 19 September 2017 and completed on 8 December 2017. In 2017, 2.5 million options (2016: 2.3 million options) were exercised resulting in a €12 million cash inflow for the year (2016: €10 million).

At year-end 2017, TomTom had zero utilisation of its available credit facility of €250 million and reported a net cash position of €121 million (2016: €133 million).

OUTLOOK 2018

Forward-looking statements (and restated comparable 2017 figures) are provided using IFRS 15 and IFRS 16 accounting standards.

Going forward, the definition of adjusted EPS is changed to better reflect the transition of our business model towards a software and services company.

	Outlook 2018	Restated 2017
Revenue*	~ €800m	€903m
Gross Margin	close to 70%	63%
Adjusted EPS**	~ €0.25	€0.18
OPEX & CAPEX (excl. acquisitions)	~ €700m	€721m

* 2018 revenue outlook reflects the continuous decline of Consumer.
** Adjusted net result is now calculated as net result attributed to equity holders adjusted for movement of deferred/unbilled revenue, deferred cost of sales, impairments and material restructuring and disposal costs on a post-tax basis. Adjusted EPS is calculated as adjusted net result divided by the weighted average number of diluted shares over the period.

The number of employees in 2018 is expected to be broadly comparable with 2017.

AUTONOMOUS, AGILE, CAPABLE – WE EMPLOY THE BEST PEOPLE, AND CREATE AN ENVIRONMENT WHERE THEY CAN THRIVE.

In 2017, our HR strategy and objectives around people and culture, World Class Leadership and Employer Brand continued to deliver on a company and organisational level. We strengthened our efforts in these key areas and revamped our offerings in global Learning & Development and HR technology to bring us closer to reaching our ultimate ambition – to become the employer of choice in technology.

OUR PEOPLE AND CULTURE

Our people are the key to our success. To continue pushing boundaries, innovating and doing smart business across the company, we need to attract and retain the best people. To stand out as an employer of choice in an increasingly competitive, dynamic and digital world, in 2017 we amplified our 'Achieve More' promise – you can achieve more at TomTom in less time than at any other company – across all touch points. Rooted in our company values of entrepreneurialism, integrity and inclusion, we deliver on this promise by investing in the development of our people, providing equal opportunities for growth and allowing autonomous, agile, capable individuals to make decisions and lead in rapidly changing circumstances. Underpinning performance, retention and work-life satisfaction is the well-being of our employees, where our culture continues to be a key driver of both our long-term business success, and desire to work within our diverse, global workforce.

INTEGRITY

Our values are reflected in TomTom's Code of Conduct and provide guidance to our employees. More information can be found in the Sustainability section.

CELEBRATING CULTURE

Culture is cultivated through communication. In 2017, we increased our efforts to drive communication across our intranet platform and internal social sharing channel, Yammer. The two provide a combination of employee-generated and business-driven content that bridges our global workforce, while providing a space for employees to voice their opinions, share their thoughts and be recognised.

Culture is part and parcel of each of our unique employees. Employees are stimulated to strengthen engagement across internal channels by the sharing of stories, ideas, projects and accomplishments both via our intranet and Yammer. Internal awareness campaigns as well as employee events like our annual Hackathon, were livestreamed on Yammer and we continuously published diverse content to share employees' stories – both personal and professional. For example, to celebrate our 25th year as a company, we created a book on the essence of our company: our people culture. Titled '25 Unique Stories and Inspiring Years, Celebrating TomTom Customer Care 1991–2016', the book tells the inspirational stories of 25 past and present employees, including co-founder Corinne Vigreux. We released the book and videos at an Employee All-Hands meeting, where each person featured was given a TomTom Employee Culture Award – in recognition of bringing our culture to life through their entrepreneurialism, passion and drive.

BOOK: 25 UNIQUE STORIES AND INSPIRING YEARS

PROMOTING A LEARNING CULTURE

Enabling learning, development and growth is key to our 'Achieve More' promise. Our Learning & Development offerings provide our employees with effective ways to accelerate their knowledge and skills. In 2017, we offered various online and offline events, webinars, classroom courses and external presentations that employees can choose from to tailor their development.

We saw a successful adoption rate of LinkedIn™ Learning licenses, with a total of 2,692 hours – nearly a full year of working days – viewed by employees since the first of the year.

"OUR COMPANY VALUES: ENTREPRENEURIALISM, INTEGRITY AND INCLUSION."

For more information
www.tomtom.com/careers

Time was primarily spent on five new learning paths created to drive development in alignment with our five leadership pillars.

In addition, we have focused on programmes that build the technical skills that are influential in positioning TomTom as a leading technology company. In particular, our software development capability is critical to our business success. With our World Class Software Development programme, we continue to drive improvement across activities and practices in software development which will remain a priority going forward.

HACKATHON

TOMTOM LEADERSHIP MODEL

LEADERSHIP PREREQUISITES (INTRINSIC TO A PERSON)

1 Drive
2 Adaptability
3 Smart and curious
4 Integrity

LEADERSHIP PILLARS (CAN BE DEVELOPED AND LEARNED)

1 Drive high performance
2 Dare to lead
3 Create an autonomous environment
4 Unleash talent
5 Connect

LEADING TO THE TOP

At TomTom, we employ the best. And the best people need the best leaders – who make decisions, inspire, mentor and cascade our company's energy and ambition down to all employees. This not only drives our Achieve More proposition and helps deliver on our company vision for the future, but also plays a key role in attracting, developing and retaining the right people.

In 2016, we developed the TomTom leadership model as a first step in taking our company to the top through World Class Leadership. In 2017, we officially launched World Class Leadership and took the next step: gaining understanding of our leadership capabilities and a tangible snapshot of the potential of our leadership company-wide. We achieved this by inviting all TomTom's people managers, including the members of the Management Board, to take an assessment conducted by a third-party, Right Management. Between February and September, all 688 managers completed the assessment during a phased roll-out.

Following the assessment, development has been the main priority. Full results were made available and insights are provided to inform Learning & Development initiatives driven by HR. Initiatives have been taken and tied to clear development expectations, opportunities and tools for participants to chart their development path and actively pursue it. For example, the World Class Leadership team has created a coaching network; and launched a six-month World Class Leadership Mentoring Programme that matches high-potential protégés with suitable mentors within TomTom.

In addition, together with Judge Business School, which is an affiliate of Cambridge University, we used our TomTom leadership model that underpins World Class Leadership to create an Executive Leadership programme aimed at accelerating development at the executive level and succession planning. Our first cohort of eight participants was extremely successful. We will continue this programme in the coming year.

HIRING FUTURE SHAPERS

Giving top talent a best-in-class experience throughout their journey is pivotal to becoming the employer of choice in technology. To do so, we must meet talent head on, becoming more attractive and prominent where our prospective employees interact with our brand the most: online. To support this effort, in 2017 we launched a completely new TomTom careers website that aligns with our talent needs, enhances user experience and better portrays our employee value proposition across the board: we are hiring future shapers. A central feature is the 'Life@TomTom' page, which is continually updated to give a fresh look inside our organisation, people, culture and offices globally. To ensure we hire the best, in 2017 we focused on a top-line selection process for tech talent, seeing a significant increase in the number of new external recruits versus 2016. As more talent joins our workforce, referrals become ever more important – great people do know great people. For this reason, we also launched a new global referrals campaign internally, hinged on a more attractive bonus scheme. In the first few weeks post launch, the number of submitted referrals nearly quadrupled.

FUTURE SHAPERS

OUR PEOPLE AND CULTURE CONTINUED

34%
FEMALE

IMPROVE GENDER BALANCE BY 2019

(2017: 30% FEMALE)

"AT TOMTOM, WE EMBRACE AND ENCOURAGE OUR EMPLOYEES' DIFFERENCES AND VALUE BEING A DUTCH COMPANY WITH A DIVERSE WORKFORCE, WELCOMING OVER 70 NATIONALITIES ACROSS OUR GLOBAL OFFICES."

HR TECH

As a leader in location and navigation technologies, we need to provide our employees with the best tools and HR technology. In 2017, we introduced Workday company wide. Faster, cleaner, on-demand, in the cloud and more powerful than our previous system, Workday allows us to offer a seamless experience for the full employee journey.

STAYING COMPETITIVE

Our remuneration strategy is key for attracting and retaining talent. It is our objective to provide fair, competitive and responsible compensation for each of our employees. However, we recognise that the workforce is changing and markets are becoming highly competitive with respect to benefits, compensation and perks. A one-size-fits-all policy does not make sense for the workforce of the future. Given the changes in the market, especially in the technology sector, we continue to focus on the needs of our employees so that we can create customised programmes for different segments of our employee population. This will lead to a unique attraction and retention approach and will enable us to compete effectively against other benefit and perk-driven employers.
In terms of employee benefits, TomTom is committed to offering all employees market competitive benefits such as pension and health care according to each country's unique context. Next to these important benefits, we also offer a product discount programme to encourage ownership of TomTom products. Long-term incentives for senior management and key individuals are part of our remuneration policy. These incentives are intended to help us attract and retain more talent to the company.

Our long-term incentive programme includes phantom stock, restricted stock units and stock options. All of our long-term incentive programmes are conditional to continued employment of the employee only and have a vesting period of three years. The selection of employees eligible for these programmes is based on a combination of their talent potential estimate, performance rating and salary range. A grant size scheme is used to determine the number of options to be granted. The authorisation of the Management Board to grant share option rights is subject to adoption by the General Meeting. Note 7 of the consolidated financial statements provides more information.

Our performance-related bonus plan is in line with TomTom's vision, which is that success for our business should also mean success for the individual employee. The bonuses paid as a percentage of base salary vary according to the job grade and reflect the level of influence that each role has in the execution of TomTom's strategy.
Finally, we recognise and celebrate our employees via both personal and public recognition, and we want our employees to thrive both personally and professionally. As such, we enable our employees to have a work-life balance that works for them, and provide many development and growth opportunities so that they may flourish and grow with TomTom.

DIVERSITY & INCLUSION

At TomTom, we embrace and encourage our employees' differences and value being a Dutch company with a diverse workforce, welcoming over 70 nationalities across our global offices. This mix of cultures is rich with people of all backgrounds, races and perspectives.

The collective sum of these individual differences, life experiences, knowledge, inventiveness, self-expression, capabilities and talent that our employees invest in their work represents a significant part of our culture, and our reputation. And furthermore, they are the key drivers of our company's achievements and innovation. In our Diversity & Inclusion Policy we reflect our commitments to foster a diverse and inclusive workforce:

DIVERSITY AND INCLUSION POLICY

- Workforce diversity and equality, no matter race, age, nationality, gender, background, sexual orientation, ethnicity or religion;
- Promoting and supporting a culture of inclusion; and
- Providing career opportunities in local communities.

In 2017, we followed up on these commitments through initiatives in a variety of areas; for example, through our Learning & Development offerings, leadership development initiatives, Employer Brand work, HR policies and community giving actions.

As a technology company, however, improving gender balance remains a key challenge. The majority of roles is composed of male-dominated engineering roles. This is reflected in our workforce, which is 30% female. We want to do better, increasing this percentage to 34% by the end of 2019. To do so, we need to continue strengthening our efforts to attract and hire more women into technology and leadership roles.

We supported this effort in 2017 by improving our candidate search journey and increased Learning & Development opportunities for all employees and leaders. In addition, we continue being strong advocates of gender equality, encouraging and promoting it in and outside of the company.

Furthermore, in Amsterdam, the Netherlands, we sponsored local initiatives including Girls Day, which introduces more young women to technology careers and the World Solar Challenge, featuring an all-female drive team in a solar-powered race in Australia.

NUON SOLAR TEAM

BEING TOMTOM GREEN

Being conscious of the environment is part of our culture, and the actions of our people take us forward on our journey to being a greener company. To help foster and promote a global workforce that supports our sustainability goals, we actively communicate our environmental principles through our #BETOMTOMGREEN initiative. More on this initiative and our environmental policy can be found in the Sustainability section.

GIVING BACK TO COMMUNITY

We continued our commitment to supporting communities in which we work and live. TomTom employees organised and sponsored local initiatives aimed at steering youth in the right direction during their development, educate them and while helping them stay active and healthy.

Under our global #BeActive programme our employees help the next generation get going on the right foot. There is an active community of employees driven by their spirit of helping other people and to make a better world by their own personal contribution. The #BeActive programme is rolled out globally through employee-led local sponsoring and fundraising initiatives.

#BEACTIVE, PUNE

In Pune, India, as part of our #BeActive programme, we used cricket as a medium to bring smiles to 320 kids during a four-month initiative by sponsoring equipment and organising a tournament among eight municipal schools. We also started volunteering with Rainbow Homes, a long-term home for young girls who were formerly on the streets, through sports, education and sponsoring equipment.

Additionally, other local programmes are in place initiated and led by our employees. Our To The Heart Foundation in Gent, Belgium, and the Helping Hand Committee in our office in Lebanon, New Hampshire, US, are successful employee-led programmes showing our commitment and engagement to give back to our community.

In Amsterdam, the Netherlands, we sponsored the Richard Krajicek Foundation for the third year. Its mission is to provide opportunities for young people to play more, and play safe in positive environments. Our team raised funds in support of their mission by running the Dam tot Damloop, a 10-mile run during the Netherlands' largest sporting weekend.

To help young people get a good start in the labour market, we took part in the JINC organisation's programme Future Boss of Tomorrow for the third consecutive year.

All initiatives undertaken are shared intensively through our internal social sharing channel, Yammer. Management is fully supportive of the initiatives taken by employees.

"BEING CONSCIOUS OF THE ENVIRONMENT IS PART OF OUR CULTURE, AND THE ACTIONS OF OUR PEOPLE TAKE US FORWARD ON OUR JOURNEY TO BEING A GREENER COMPANY."

TOMTOM RECOGNISES THAT LONG-TERM VALUE CREATION GOES HAND IN HAND WITH MAINTAINING A SUSTAINABLE BUSINESS.

Our sustainable business practices are focused on the environment and doing business in an ethical way. Our four objectives are related to our products, operations and social responsibility. The progress made in 2017 is set out in the table below, and more detail on each can be found in the following pages.

Our Social and Environmental Management System (SEMS) captures our key sustainable business practices as a global organisation by trying to minimise our environmental impact and by maximising our positive contribution to the communities we work and live in. It gives guidance to our employees, suppliers, customers and other relevant stakeholders on how we uphold our social and environmental standards in everything we do, and helps us to keep track of our goals, specific targets and continuous progress.

Our SEMS is compliant with the requirements of the International Organisation for Standardisation (ISO) 14001:2015 and the Responsible Business Alliance (RBA), formerly known as the Electronic Industry Citizenship Coalition (EICC). Our environmental policy guides our management on the various environmental and workplace activities that comprise our business, as well as guiding all stakeholders' understanding of TomTom's environmental expectations. Our environmental policy can be found on TomTom's corporate website www.corporate.tomtom.com/responsible-business.cfm.

A major milestone on our journey to being a greener company is the ISO 14001:2015 certificate, obtained in 2017 from an independent accredited certification body. The certification stands as testament to our green practices, embedded in our products and the way we operate the company.

GOAL	OBJECTIVE	KPI*	PROGRESS IN 2017
Creating sustainable products and services	To create products and services that encourage our customers to interact with their environment, facilitating a greater understanding and appreciation of the global environment we share.	Products and/or services available in each business unit's portfolio that enable customers to reduce carbon emissions.	**100%**
Ensuring sustainability in our operations	**Environmental product compliance** Ensuring ongoing compliance of our products, services and workplace processes with the relevant environmental requirements and expectations.	% of our products and services that are in conformity with environmental legislation according to third-party Environmental Product Compliance audits.	**100%**
	Waste take-back and recycling To financially contribute to the take-back and recycling of the waste of our products, batteries and packaging.	% waste declared and % financial contribution to the take-back and recycling of waste.	**100%**
	Environmental impact of our offices To minimise the environmental impact of our offices.	Measure our environmental impact to support future optimisation.	**50%**
Driving a sustainable supply chain	Ongoing compliance with TomTom's Supplier Code and other sustainability requirements.	% of major suppliers in conforming with TomTom's Supplier Code and other sustainability requirements.	**100%**
Doing business in an ethical way*	Compliance with our internal Code of Conduct and underlying policies and procedures (e.g. Anti-Bribery and Corruption Policy, Labour Principles).	% of target audience who have completed our Code of Conduct awareness training.	**100%**

* ISO14001:2015 requires annual (external) audit performance on predefined measurements.

CREATING SUSTAINABLE PRODUCTS

TomTom is a pioneer in developing products that will not only help increase road safety but can also help reduce congestion, reduce carbon emission and raise fuel efficiency. We create innovative products to empower governments, businesses, and consumers to make smarter mobility decisions collectively.

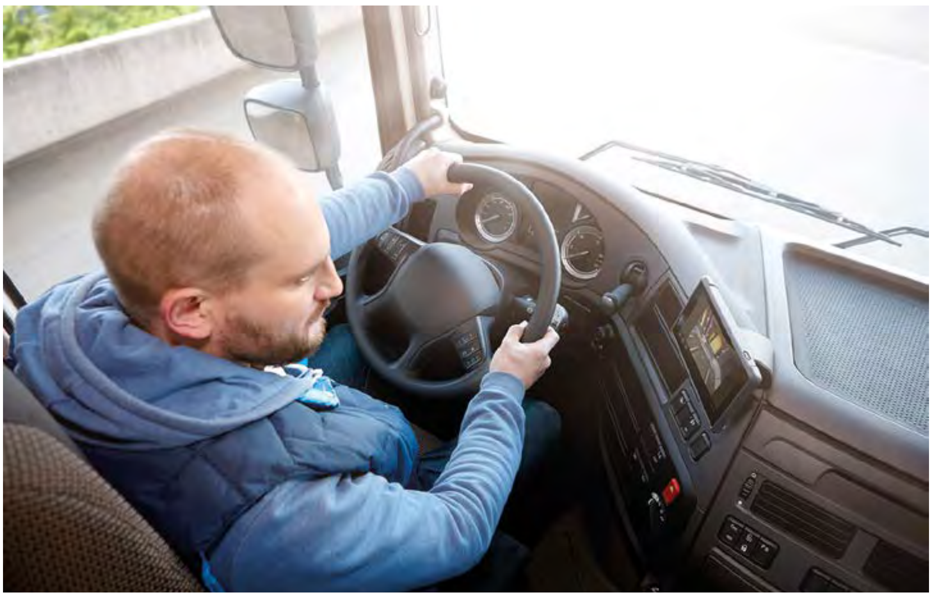
For example, in 2017, we launched the TomTom EV service, to encourage the uptake of electric vehicles, by reducing driver 'range anxiety'. The TomTom EV service helps drivers of electric vehicles to enjoy driving without worrying where they will find an available charging point.

Additionally, the TomTom HD Map with RoadDNA now maps 380,000km of roads globally, providing drivers of autonomous vehicles even more roads to drive on in the US, Europe and Japan. More autonomous vehicles can help to reduce the number of cars on the road moving forward.

The core product portfolio from Telematics has a module designed to help fleet companies reduce fuel and therefore carbon dioxide emissions by enabling them to improve their vehicle routing and driver behaviour. The reach of these products, and the opportunities to improve the environmental performance of vehicles and their drivers, was further extended during 2017 with the launch of the NEXTFLEET user interface, specifically designed to support mobility managers to manage and monitor their company car fleets more efficiently and thereby reducing the impact on the environment. Following the launch, a cooperation agreement with LeasePlan was announced. Telematics also launched a European competition, Driver of the Year Award, to advocate efficient driving. The first winners were announced in October.

"TOMTOM IS A PIONEER IN DEVELOPING PRODUCTS AND SERVICES THAT WILL NOT ONLY HELP INCREASE ROAD SAFETY BUT CAN ALSO HELP REDUCE CONGESTION, REDUCE CARBON EMISSION AND RAISE FUEL EFFICIENCY."

For more information
BUSINESS UNIT OVERVIEW
Pages 22–31



BID TO CUT FUEL CONSUMPTION WITH WEBFLEET

A driver improvement programme, underpinned by WEBFLEET, has helped French passenger transport specialist Régie des Transports de l'Ain qualify for an Energy Saving Certificate and a subsidy from the Ministry of the Environment. The organisation invested in the fleet management service in a bid to cut fuel consumption. Following its introduction, environmental savings of an average 2L per 100km were realised across its 200-strong fleet of coaches and buses. Furthermore, the system has improved visibility of its service delivery.

ENSURING SUSTAINABILITY IN OUR OPERATIONS

ENVIRONMENTAL PRODUCT COMPLIANCE

In 2017, we continued our well-embedded Environmental Product Compliance (EPC) programme to ensure we consider and comply with legislation related to restricted substances, take-back and recycling in the countries where our products are being sold. Non-compliance with the environmental legislation could lead to penalties, the prevention of products being placed on the market, the withdrawal of products from the market and brand damage. The quality management processes applicable to all of TomTom's products include policies and procedures to manage and ensure compliance with the relevant legislation.

23%

REDUCTION IN WASTE COMPARED TO 2016

1,404

TONNES OF WASTE RECYCLED IN 2017

WASTE TAKE-BACK AND RECYCLING

As part of our global take-back strategy, we are financially contributing to the collection and recycling of 100% of the waste from end-of-life TomTom electric and electronic products, batteries and packaging. We assume full responsibility under the waste legislation in every country in which TomTom has a presence through applicable collective waste schemes. In 2017, we have financed the collection and recycling of nearly 700 tonnes of waste from electrical and electronic equipment (WEEE), 53 tonnes of battery waste and 670 tonnes of packaging waste. In comparison to 2016, our waste output decreased on average by 23%. Because of our ongoing shift towards providing more data, content and services and a declining PND market, we expect to produce less waste in the coming years, resulting in a smaller environmental footprint.

ENVIRONMENTAL IMPACT OF OUR OFFICES

We are persistently working to minimise the environmental impact of our offices while increasing the overall environmental awareness of our employees. In scope of our target locations are resource consumption, waste management, sanitation and cleaning management.

In 2017, we integrated several environmentally sustainable practices into our day-to-day business activities and introduced additional environmental requirements to our facility services suppliers. We are slightly behind schedule with the measurements of our environmental footprint to support future optimisation and associated costs. Coherent actions in this respect are scheduled to progress in 2018.

DRIVING A SUSTAINABLE SUPPLY CHAIN

Outsourcing is a key element of our business model – in fact, the assembly of Portable Navigation Devices (PNDs), sports products, accessories, logistics and reverse logistics is entirely outsourced. Customer Care and content production are partly outsourced. It is therefore of great importance that our suppliers recognise and observe fundamental human rights, safety and the environment in their operations. TomTom's Supplier Code sets out the standards and behaviours TomTom requires from its suppliers. TomTom's Supplier Code is based on the RBA Code of Conduct and covers Labour, Health & Safety, Environment and Ethics. We ask our major suppliers to sign and comply with TomTom's Supplier Code, to acknowledge our environmental policy and support our plans and efforts to reduce the environmental footprint of our business activities and improve social and ethical practices.

We believe that a risk management approach enables us to spend our resources efficiently by identifying areas of high risk. The supplier risk profile, self-assessments and audits are all based on RBA industry-developed tools and practices, which we continue to believe to be the most appropriate and relevant to our business and our supply chain. Using RBA tools is not only efficient for TomTom but it also sends a consistent message to our suppliers, and minimises the duplication of their effort between different customer requirements.

Based on our risk assessments, we conduct audits of our major suppliers to assess their compliance with the standards defined in TomTom's Supplier Code. This enables us to understand their management systems and processes and covers areas such as child labour, forced labour, discrimination, working hours and compensation, as well as health, safety and environmental performance.

In 2017, we completed risk assessments for 100% of our major suppliers using the RBA tools. We found that most of the supplier risk assessments had a low-risk profile and there were no high-risk findings. As a result, we did not conduct any independent supplier audits in 2017. For 2018, we plan to assess all our major suppliers again.

DOING BUSINESS IN AN ETHICAL WAY

As a member of the RBA, we integrate the RBA standards into our way of working. We do this through our internal Code of Conduct, underlying policies and procedures, and an awareness programme. Our Code of Conduct describes TomTom's values and business principles and guides our employees inside the company and in their interactions with stakeholders.

As a company with a global footprint, we interact with parties and government officials all over the world. Our position on such interactions is clear: we have a zero-tolerance approach to bribery and corruption and all other forms of misconduct. Our Anti-Bribery and Corruption Policy is intended to provide awareness about the relevant anti-bribery laws to avoid inadvertent violations and to recognise potential issues in time for them to be addressed appropriately. As a violation of anti-bribery laws can lead to severe civil and criminal penalties, reputation damage and loss of business, it is vital that everyone working at or for TomTom understands the importance of our Anti-Bribery and Corruption Policy and complies with it in their daily work. Our Code of Conduct awareness programme and control mechanisms, as described below, play a pivotal role in preventing bribery and corruption and other misconduct at TomTom.

Our internal Code of Conduct also outlines TomTom's commitments to human rights by applying labour principles in everything we do. Not applying these principles could have a severe impact on our brand reputation and business continuity. Our labour principles cover, among others, freely chosen employment, respect for age requirements, non-discrimination and freedom of association. Our labour principles are reflected in all our employment agreements, recruitment procedures, global and local policies and the way we treat our employees. We also published a Slavery and Human Trafficking Statement under the UK Modern Slavery Act that summarises our actions to address the risk of modern slavery within our own operations and those of our suppliers. As outlined above, through TomTom's Supplier Code, we expect our suppliers to respect human rights in their operations.

More information about social and employee matters at TomTom, including diversity, can be found in the People and Culture section.

Our Code of Conduct awareness programme is designed to permanently instill an awareness of everyone's responsibility to uphold TomTom's business principles and to speak up in case of any misconduct. Our Code of Conduct programme includes online gamified training, localised and interactive on-site workshops, tailored communication, and custom-made campaigns on specific topics. Our online game was created around several topics:

- Code of Conduct;
- Open Ears Procedure (Speak Up);
- Human rights;
- Safe working environment;
- Conflicts of interest;
- Business partners;
- Anti-bribery and corruption;
- Fair market competition;
- (Information) security;
- Confidential information; and
- Contracting with third parties.

In 2017, we continued the roll-out of our Code of Conduct awareness programme that we started in Q4 2016. With the last episode of the game launched in Q2 2017, we completed our 18-month Code of Conduct awareness programme rolled out to all our employees. In addition, we provided localised on-site workshops to three of our bigger sites: in Poland, India and Belgium. Our gamification has been embraced by TomTom management and is seen as an excellent tool for making complex dilemmas accessible for an international diverse workforce. It therefore provides for a solid building block to further develop our Code of Conduct awareness programme moving forward.

Our SEMS provides the framework for monitoring our ethical business practices and sustainable business commitments and the progress being made in this respect. In addition, regular audits are performed by both SEMS internal auditors and Group Internal Audit as a control mechanism.

We also provide our employees and external stakeholders with the opportunity to (anonymously) speak up about any (potential) misconduct, without the fear or retaliation.

We received six reports through our Open Ears Procedure (Speak Up) during 2017. The reports related to fraud, harassment, unsafe working environment and infringement of protection of personal data. All reports were duly investigated and in this process, one of the claims was substantiated. Although the other claims could not be substantiated as such, the investigation process did produce several improvement points that have further increased the company's resilience.

TAX PRINCIPLES

TomTom's contribution to society includes the payment of taxes. The taxes we pay help fund public services provided by governmental institutions in the countries where we operate. Annual internal trainings on tax dilemmas were organised to keep internal stakeholders aware of relevant tax legislation and to ensure compliance herewith. In 2017, we formulated our approach to tax and published it on TomTom's corporate website: www.corporate.tomtom.com/governance-documents.cfm.

BUSINESS OUTLOOK

In 2018, we will continue our efforts to reduce our environmental footprint based on the same objectives set in 2017 but with new measures. We aim to prolong our ISO14001:2015 certification in 2018. Our SEMS is helping us in our efforts to continuously improve our products, operations and social responsibility and is supportive to our ambition to help our customers to further manage and reduce their environmental impact and contributing to a safer and greener world.

We aim to align our existing sustainability framework with relevant UN sustainable development goals.

We found our physical interaction trainings with local management to be the most effective way to train people. Therefore, we will continue our Code of Conduct awareness programme by, among others things, organising additional interactive on-site workshops tailored to country specific needs, and promoting specific compliance-related topics.

RISK MANAGEMENT AND CONTROL

TomTom has implemented comprehensive and structured risk management and internal control systems helping us to achieve our business objectives. Our approach to risk management, the main risks per category and actions to manage, control and mitigate the risks are, among other things, described in this section.

APPROACH TO RISK MANAGEMENT

Senior management together agrees on the strategy for TomTom. This includes identifying significant strategic risks and determining how to manage them. The defined strategy and identified risks cascade into and are expanded upon in organisational unit strategies. A single owner is assigned responsibility for each risk, which helps to ensure clear accountability for mitigating actions. We update the risk considerations contained in the group strategy every year in order to manage our most important risks. Over the year, we monitor the mitigating actions in relation to each risk and the trend for each risk. The group strategy (including the group risks) forms the basis of our annual business plans and budgets.

In 2017, the Internal Control department further strengthened our control environment by continuing to utilise the benefits provided by Governance Risk and Compliance tooling implemented last year. This has resulted in business process owners gaining a deeper insight into their processes and associated control environment. Additionally, Internal Control simplified and strengthened communications and guidance given regarding the delegation of authorities through the organisation.

CONTROL FRAMEWORK

TomTom follows a top-down approach whereby the Management Board identifies the major risks that could affect the company's business objectives and the integrity and quality of the company's financial reporting. As a result of this annual assessment, the Management Board concluded no material changes to the control framework were required for 2018.

The internal controls are contained and maintained in the Internal Control Framework. Assurance on the effectiveness of controls is obtained through management reviews, monitoring dashboards, self-assessments, internal audits and testing of certain aspects of our internal financial control systems by the Internal Control team. The internal control systems are designed to manage, rather than eliminate, the risk that we fail to achieve our business objectives and can provide reasonable, but not absolute, assurance against financial loss or material misstatements in the financial statements.

The key features of our systems of Internal Control are as follows:

- Defined lines of accountability and delegation of authority are in place, together with reporting and analysis against forecast and budgets;
- Minimised operating risk by ensuring that the appropriate infrastructure, controls, policies, systems and people are in place throughout the business;
- Maintain organisational design that supports business objectives and a culture that encourages open and transparent communication;
- Maintain a financial shared service centre with a centralised Enterprise Resource Planning (ERP) environment which allows us to monitor our business throughout all regions and apply a consistent level of control;
- Centralised Treasury operations that manage cash balances and exposure to credit default and currency risks through Treasury policies, risk limits and monitoring procedures; and
- Ensure the Code of Conduct is accessible to all staff via the intranet, which includes whistleblowing facilities.

In 2017, there were no major failings in the internal risk management and control systems and there were no such topics for discussion with the Audit Committee and Supervisory Board.

RISK APPETITE AND IMPACT

Our willingness to assume risks and uncertainties (the risk appetite) differ for each category. The level of the company's risk appetite gives guidance as to whether TomTom will take measures to control such uncertainties. The overview table below shows the appetite and the expected impact on the group's achievement of its strategic, operational and financial objectives if one or more of the main risks and uncertainties were to materialise. The likelihood of the risk taking place is also disclosed. The risk severities shown relate to residual risk. This means that the risks are described after taking the risk response into consideration.

RISK OVERVIEW

Category	Description	Appetite	Impact	Likelihood
Strategic risks	Failure to grow our Automotive business	●●	●●●	●●
	Reputation damage	●	●●	●●
	Failure to increase productivity and scalability to our mapmaking process while shortening cycle times	●	●●●	●
Operational risks	Inability to attract, develop and retain talent	●	●●	●●
	Unavailability of online services	●	●●●	●
	Failure to recover from a disaster	●●	●●●	●
Legal & compliance risks	Intellectual property claim	●●	●●	●
	Privacy of customer data risk	●	●●●	●
	Information security risk	●●	●●●	●●
Financial risks	Unfavourable movements in foreign currencies	●●	●●	●●●

Key ● LOW ●● MEDIUM ●●● HIGH

GROUP RISK PROFILE

Below is an overview of the risks that we believe are most relevant to the achievement of our strategy, which has a time horizon of at least 12 months. The sequence of risks below does not reflect an order of importance, vulnerability or materiality. This overview is not exhaustive and should be considered in connection with forward-looking statements. There may be risks not yet known to us or which are currently not deemed to be material.

MATERIALISED RISK

Last year we included a strategic risk titled 'Failure to establish a multi-product consumer business'. In the past year the wearables market fell short of expectations leading to lower than expected results for Consumer Sports. This led to a non-cash impairment charge of €169 million in the second quarter of 2017. In response, the Sports cost-base was realigned with market developments while we continue to sell sports products and support our customers. These developments have been factored into our strengthening support for growing B2B products in line with our strategy to build upon our leading position in providing navigation technologies to business customers. Information relating to consumer market trends and our strategic response to this materialised risk is set out on page 18.

STRATEGIC RISKS

FAILURE TO GROW OUR AUTOMOTIVE BUSINESS

We might be unable to pursue new automotive opportunities and lose market share versus competition. Also, new map and navigation providers may choose to enter the automotive market, which could increase the level of competition we face.

There could be additional operational and technical challenges in growing our Automotive business and maintaining profitability over the longer term in such a rapidly evolving environment. If we are unsuccessful in maintaining and growing a profitable Automotive business, our financial condition, results of operations and liquidity may be materially adversely affected.

Risk response
We believe TomTom is well positioned to address the future needs of our customers and to successfully pursue Automotive opportunities. With our technological innovation, we continuously develop new product and service offerings in the areas of navigation, traffic, maps and autonomous driving. We believe these innovations will allow us to remain competitive in the automotive market.

Appetite	●●	Medium
Impact	●●●	High
Likelihood	●●	Medium
Trend	—	Unchanged

REPUTATION DAMAGE

All our products and services are brought to market under one brand. This leads to brand concentration risk. Brand value can be severely damaged, even by isolated incidents affecting the reputation of our business or our products and services. Some of these incidents may be beyond our ability to control and can erode customer confidence in our products or services.

Factors that negatively affect our reputation or brand image, such as adverse consumer publicity, inferior product quality, late delivery of customer commitments or poor service, could have a material adverse effect on our financial condition and results of operation.

Risk response
TomTom employs a rigorous quality management process for its products and services before they are entered into the market. Additionally, TomTom's Customer Care department aims to provide quality, responsive customer service and proactively monitors various digital platforms for customer feedback and issues. Furthermore, internal policies, governance teams and our Code of Conduct are designed to further mitigate the risk of incidents that could result in reputation or brand damage.

Appetite	●	Low
Impact	●●	Medium
Likelihood	●●	Medium
Trend	—	Unchanged

FAILURE TO INCREASE PRODUCTIVITY AND SCALABILITY TO OUR MAPMAKING PROCESS WHILE SHORTENING CYCLE TIMES

The competitive environment requires continuous investment in new technology for creating and updating map databases. Maps need to be constantly updated for changes in the environment and we are constantly adding new geographies and attributes to our map database to enable us to meet the needs of existing and new customers, bring out new products and expand into new markets. If we are unable to invest sufficiently to compete with other global map providers in terms of both the quality and coverage and to modernise our map delivery platforms, our business, our financial condition, results of operations and liquidity may be materially adversely affected.

Risk response
We continue to improve our Content Production Platform. This transactional mapmaking platform continues to strengthen TomTom's competitive positioning by moving away from traditional batch processing towards a real-time map.

Appetite	●	Low
Impact	●●●	High
Likelihood	●	Low
Trend		Decreased Risk

OPERATIONAL RISKS

INABILITY TO ATTRACT, DEVELOP AND RETAIN TALENT

Our markets are characterised by rapid technological change, which challenges us to deliver highly competitive products and services on an ongoing basis. In order to be a market leader in our industry, we need to have the most talented people working effectively together.

We aim to employ highly talented people in our organisation. Having the best people enables us to create and deliver highly innovative products and services to our customers. If we are unable to attract, develop and retain the right people, our ability to operate our business successfully could be significantly impaired.

Risk response
In our ambition to be the employer of choice in technology, our rigorous recruitment process aims to attract the best talents. We monitor the organisational health of the company and have programmes in place to retain and keep employees engaged. Ongoing significant investments are made in understanding what our employees need and want so we can offer customised experiences. We invest in our increasingly agile and talented workforce and in ensuring that we have the right Employer Brand strategy in place to attract and retain the talent we need. For example, we continuously invest in and develop our software engineering and product management capabilities through initiatives.

Appetite	●	Low
Impact	●●	Medium
Likelihood	●●	Medium
Trend	—	Unchanged

UNAVAILABILITY OF ONLINE SERVICES

We provide a variety of customer-facing online services on a 24/7 basis. These include fleet management services, live traffic information, location-based services and sales via our website. To provide these services to our customers we rely on our own, as well as outsourced, information technology, telecommunications and other infrastructure systems. A significant disruption to the availability of these systems could cause interruptions in our service to customers that may cause reputational damage for TomTom and could trigger contractual penalties, which could have a material adverse effect on our financial condition and results of operations.

Risk response
We have established a process in relation to business continuity for internal infrastructure including full redundancy for key services such as fleet management, location-based services and some traffic delivery platforms. We also agreed minimum service levels with relevant outsourced service providers. Continuous monitoring of system availability is in place.

Appetite	●	Low
Impact	●●●	High
Likelihood	●	Low
Trend	—	Unchanged

FAILURE TO RECOVER FROM A DISASTER

Unforeseen business disruptions could affect our service to customers and cause loss of, or delays in TomTom's critical business systems, our research and development work and/or product shipments. Any permanent or temporary loss of these systems could result in reputational damage, loss of revenue and liabilities to our clients. In the case of a catastrophic disaster, our company's success rests on our ability to restore our critical data and rebuild our IT business systems.

Risk response
We have business continuity and disaster recovery planning in place for business-critical systems and various eventualities. However, we are unable to plan for every possible disaster or incident. A major failure of a business-critical system from which we are not able to quickly recover, could have a material adverse effect on our financial condition, results of operations and liquidity.

Appetite	●●	Medium
Impact	●●●	High
Likelihood	●	Low
Trend	—	Unchanged

LEGAL & COMPLIANCE RISKS

INTELLECTUAL PROPERTY CLAIM

We rely on a combination of trademarks, trade names, patents, confidentiality and non-disclosure agreements, copyrights and design rights, to defend and protect our trade secrets and the intellectual property in our expanding range of products. We may be faced with claims that we have infringed the intellectual property rights or patents of others, which if asserted against us may result in us being ordered to pay substantial damages or forced to stop or delay the development, manufacturing or sale of infringing products. Any such outcome could have a material adverse effect on our financial condition, results of operations and liquidity. Furthermore, even if we were to prevail, any litigation could be costly and time-consuming.

Risk response
We have a dedicated Intellectual Property team responsible for the protection of TomTom's products and services against unauthorised use by third parties. By obtaining and enforcing intellectual property rights, such as patents and trademarks, TomTom can prevent the competition from reproducing our unique products. TomTom has built a substantial prior art portfolio and has a reputation for strongly defending its position in all intellectual property litigation, including against non-practicing entities (NPEs).

Appetite	●●	Medium
Impact	●●	Medium
Likelihood	●	Low
Trend	–	Unchanged

PRIVACY AND DATA PROTECTION RISK

We provide location-based products and services to individual customers. As there is growing public awareness and increased scrutiny by regulatory authorities, this means that compliance with privacy regulations and customer expectations is increasingly important in maintaining our competitive position. Next to this, various governments across the globe are implementing legislation allowing law enforcement and intelligence services bodies direct access to data held by businesses. Depending on country and cultural background, this could raise additional concerns regarding the use of our products and services. Our reputation and brand may suffer and regulatory sanctions may be imposed if we fail to comply with privacy laws and regulations or otherwise fail to meet our customers' expectations in relation to privacy matters.

Risk response
Inherent in the design and operations of our products and services we apply 'privacy by design' to ensure that TomTom's own Privacy Principles as well as obligations from applicable privacy laws and regulations are structurally adhered to in the design of our products and services and throughout our operations.

Appetite	●	Low
Impact	●●●	High
Likelihood	●	Low
Trend	–	Unchanged

INFORMATION SECURITY RISK

Our business operations and reputation are substantially dependent on our ability to maintain confidentiality, integrity and availability of information regarding customers, employees, suppliers, proprietary technologies, intellectual property and business processes. Additionally, the volume and sophistication of information security ('cybersecurity') threats continue to grow. The inadvertent disclosure of confidential information, unauthorised access to our systems and networks, defective products and sanctions potentially imposed by regulators could adversely affect our business, our reputation and could have a material adverse effect on our financial conditions, results of operations and liquidity.

Risk response
We deploy and maintain information security governance, controls, processes and tools in our engineering, operations and products using a risk-based approach, based on ISO information security standards.

Appetite	●●	Medium
Impact	●●●	High
Likelihood	●●	Medium
Trend	^	Increased Risk

FINANCIAL RISKS

UNFAVOURABLE MOVEMENTS IN FOREIGN CURRENCIES

The group operates internationally and conducts business in multiple currencies. Revenue is earned in euro (EUR/€), GBP, USD and other currencies, and do not necessarily match cost of sales and other costs which are largely in EUR and the USD and to a lesser extent in other currencies. Foreign currency exposures on commercial transactions relate mainly to estimated purchases and sales transactions that are denominated in currencies other than reporting currency – EUR. Unfavourable foreign currency movements such as a strengthening of the USD will have a negative impact on our profitability.

Risk response
We manage foreign currency transaction risk through options and forward contracts to cover forecasted net exposures. All such transactions are carried out within the guidelines set by our Corporate Treasury Policy, which prescribes appropriate risk limits and controls. Furthermore, we try to temper any negative foreign currency effect by conscious and calculated pricing of TomTom products and services to combat the negative impact of the exchange rate movement. Note 28 to the consolidated financial statements provides information on other financial risks.

Appetite	●●	Medium
Impact	●●	Medium
Likelihood	●●●	High
Trend	–	Unchanged

TomTom is committed to conducting business in a transparent, ethical and accountable manner. Our corporate governance structure supports and contributes to fulfilling this commitment to all our stakeholders.

GENERAL

TomTom NV is a public limited liability company incorporated under Dutch law and listed on Euronext Amsterdam in the Netherlands. We have a two-tier board structure, consisting of a Management Board and a Supervisory Board, accountable to the General Meeting for the performance of their duties.

Our corporate governance structure is based on the company's Articles of Association, the requirements of the Dutch Civil Code, the Dutch Corporate Governance Code (the Code), applicable securities laws, and the rules and regulations of Euronext Amsterdam. We continuously monitor and assess our corporate governance structure ensuring compliance with the Code, applicable laws and regulations and relevant developments. If a substantial change to the corporate governance structure of TomTom occurs effecting its compliance with the Code, the shareholders shall be informed thereof at a General Meeting.

In order to drive governance, consistency and functional excellence throughout the company, the Management Board has established a Code of Conduct, and a set of business policies and procedures which have been rolled out to all employees globally. More information on our Code of Conduct and underlying policies can be found in the Sustainability section.

CORPORATE GOVERNANCE ACTIVITIES DURING 2017

NEW CORPORATE GOVERNANCE CODE

2017 was a year of significant change and important developments in corporate governance in the Netherlands. On 8 December 2016, a new Code was published for implementation in 2017. The Management Board and Supervisory Board fully embraced and put in practice this new Code.

A working group with representatives from Finance, Legal, Internal Audit, Human Resources, Investor Relations, Corporate Communications departments and the business itself, was established to assess the impact of the Code on TomTom's business practices. The group was tasked with defining a plan of action and implementing that plan during 2017. The identified actions were discussed and approved by both the Management Board and Supervisory Board in February 2017. The actions were mostly driven by the appetite to improve, formalise and better communicate than current practice.

The working group made its assessment based on the five themes of the new Code:

1. Long-term value creation and culture;
2. Risk management and control;
3. Effective management and supervision;
4. Remuneration; and
5. Relationship with shareholders.

An overview is set out below of the findings and main actions undertaken by the Management Board and Supervisory Board during 2017. Other sections of this Annual Report elaborate further on the respective themes and where necessary, we refer to those sections.

1 Long-term value creation and culture

TomTom's strategy and culture is aimed at long-term value creation. We allocate capital to the businesses we think offer the best prospects for growth and returns; we aim to minimise our environmental impact through our sustainable solutions, operations and supply chain, and to contribute to society through investments in local communities. The Management Board fosters a culture of entrepreneurialism, integrity and inclusion to build future success and to contribute to a sustainable business. This ethos is embedded in our Code of Conduct, policies and procedures, and overall way of working.

The Management Board report reflects an improved articulation of the company's strategy, long-term value creation and culture.

2 Risk management and control

Our risk management and internal control systems were assessed against the requirements of the new Code and it was concluded that our existing control framework is compliant. The Audit Committee Charter was refreshed and amended to reflect the new requirements of the Code and published on TomTom's corporate website.

3 Effective management and supervision

We specifically focused on diversity. Diversity and inclusiveness have always been a distinctive aspect of TomTom's culture. This year, we formulated our practice into a global Diversity & Inclusion Policy. We believe that a diverse workforce contributes to the long-term value creation of our company. Our global Diversity & Inclusion Policy reflects our commitments to foster a diverse and inclusive workforce. To increase the diversity, the Supervisory Board aims to meet the objectives set for the composition of the Management Board and Supervisory Board in terms of age, gender, sexual orientation, religion, disability or ethnic origin.

The diversity objectives and our current status are described below:

Objectives	Status
An equal number of men and women during a search, selection and appointment procedure	Achieved
At least one woman in the Management Board at any time	More to do
At least two women in the Supervisory Board at any time	More to do
A Supervisory Board Chairman living in the Netherlands	Achieved
At least one member in the Supervisory Board from the US	Achieved
At least two members in the Supervisory Board with a technology background	Achieved

Status : ● Achieved / ● More to do
(see pages 50–52)

The Diversity & Inclusion Policy was launched end of 2017 and communicated to all employees. More details on TomTom's Diversity & Inclusion Policy can be found in our people and culture section.

Following the new requirements of the Code, the Management Board performed an assessment of its functioning and the functioning of its members in 2017. In addition, the Supervisory Board rules and profile, the Management Board rules, and the Supervisory Board committee's terms of reference were refreshed and amended to reflect the new requirements of the Code. All governance documents can be found on TomTom's corporate website.

4 Remuneration

To increase the readability, the Supervisory Board issued for the first time a stand-alone Remuneration report, which is included in the Supevisory Board report and published on TomTom's corporate website. The report provides an overview of our remuneration policy and the application of the policy in 2017.

As required by the new Code, TomTom reports on the pay ratio within the company. The pay ratio, which will be used moving forward, will be the average remuneration of the total global employee workforce of TomTom relative to the total remuneration package of the CEO. For more information reference is made to the Remuneration report.

5 Relationship with shareholders

TomTom's 'Policy on bilateral and other contacts with shareholders' reflects the principles upon which TomTom disseminates information and engages with (potential) shareholders and analysts. The Management Board aims to create more clarity and transparency regarding its communication with shareholders and the way it disseminates information. To that end, the 'Policy on bilateral and other contacts with shareholders' was updated and published on TomTom's corporate website end of 2017.

CORPORATE GOVERNANCE STRUCTURE

MANAGEMENT BOARD

The Management Board consists of three members: Harold Goddijn, Taco Titulaer and Alain De Taeye. The members of the Management Board are jointly authorised to represent the company. Biographies of the members of the Management Board, as well as other details relating to their careers can be found in the Management Board report section.

The Management Board is responsible for the day-to-day management of the operations of the company. Its responsibilities involve setting and achieving the company's strategic objectives, managing the company's strategic risks, legal compliance and sustainability matters. The Management Board is accountable for this to the Supervisory Board and to the General Meeting.

> **"IN FULFILLING ITS DUTIES, THE MANAGEMENT BOARD IS GUIDED BY THE INTERESTS OF THE COMPANY, TAKING INTO CONSIDERATION THE INTERESTS OF THE COMPANY'S STAKEHOLDERS AS A WHOLE."**

The Management Board provides the Supervisory Board in a timely manner with all information necessary for the Supervisory Board to fulfil its duties. Furthermore, the Management Board consults with the Supervisory Board on important matters and submits important decisions to the Supervisory Board for its prior approval.

Composition and appointment
The company's Articles of Association provide that the Management Board must consist of at least two members. Each member of the Management Board is appointed for a maximum period of four years with the possibility of re-appointment for consecutive four-year terms in accordance with the Code. The General Meeting appoints the members of the Management Board, subject to the right of the Supervisory Board to make a binding nomination.

The General Meeting may at all times, by a resolution passed with a majority of at least two-thirds of the votes cast, and representing more than 50% of the issued share capital, resolve that the nomination submitted by the Supervisory Board is not binding. In such a case, the appointment of a member of the Management Board in contravention of the Supervisory Board's nomination requires a resolution of the General Meeting adopted with a majority of at least two-thirds of the votes cast representing more than 50% of the issued share capital. If the Supervisory Board fails to use its right to submit a binding nomination, the General Meeting may appoint members of the Management Board with a majority of at least two-thirds of the votes cast, representing more than 50% of the issued share capital.

A resolution of the General Meeting to suspend or dismiss members of the Management Board requires a majority of at least two-thirds of the votes cast, representing more than 50% of the company's issued share capital.

No member of the Management Board holds more than two supervisory positions at Dutch 'large companies' in accordance with section 2:132a Dutch Civil Code.

Diversity
TomTom's Diversity & Inclusion Policy aims for at least one woman in the Management Board at any time. At present, TomTom has no women in the Management Board. As such, the Management Board does not qualify as gender balanced within the meaning of article 2:166 of the Dutch Civil Code and under TomTom's Diversity & Inclusion Policy. TomTom recognises the benefits of diversity, including gender balance. However, TomTom feels that gender is only one part of diversity and future members of the Management Board will continue to be selected on the basis of specific experience, backgrounds, skills, knowledge and insights. Currently, TomTom does not have any plans to change the composition of the Management Board. When a vacancy in the Management Board occurs, the Supervisory Board will take TomTom's Diversity & Inclusion Policy into account.

Committees of the Management Board
The Management Board has installed a Disclosure Committee to ensure compliance with the disclosure requirements under applicable laws and regulations. The Disclosure Committee reports to and assists the Management Board in the maintenance and evaluation of disclosure controls and procedures. The Disclosure Committee gathers all relevant financial and non-financial information and assesses materiality, timelines and necessity for disclosure of such information. The Disclosure Committee comprises representatives of the following departments: Investor Relations, Corporate Affairs, Group Control and Corporate Communications.

Another committee installed by the Management Board is the Security, Ethics & Compliance Committee (SE&CC). The SE&CC is the formalised governance body that looks after security, ethics and (regulatory) compliance. The SE&CC is responsible for (i) establishing direction, policies and procedures with respect to security, ethics and compliance, (ii) driving, overseeing and monitoring company wide improvement programs on these topics, and (iii) reviewing and evaluating security events and incidents and deciding on improvement actions. The SE&CC comprises a member of the Management Board (Alain De Taeye) and representatives of the following departments: Privacy & Security, IT, Internal Audit and Risk Management and Compliance.

Remuneration
The remuneration of each member of the Management Board is determined by the Supervisory Board, upon a proposal by the Remuneration Committee, and based on TomTom's remuneration policy for the Management Board as established by the General Meeting in 2014.

For further information about the remuneration policy and how it was applied in 2017, see the Remuneration report and note 33 to the consolidated financial statements.

Conflicts of interest
Members of the Management Board must report any (potential) conflict of interest to the Chairman of the Supervisory Board. The Supervisory Board shall decide whether a conflict of interest exists.

The member of the Management Board who has a (potential) conflict of interest shall not participate in discussions and decision-making on a subject or transaction in relation to which the member has a conflict of interest with the company. Decisions to enter into transactions under which members of the Management Board have conflicts of interest that are of material significance to the company and/or to the relevant member(s) of the Management Board, require the approval of the Supervisory Board.

During 2017, no conflicts of interest were reported.

RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

The company has an adequate risk management and Internal Control Framework in place. TomTom follows a top-down approach regarding the internal controls. The Management Board identifies and maintains the strategic, operational, legal and compliance, and reporting risks, and annually assesses, the effectiveness of the processes and internal controls in place to manage and mitigate those risks. The internal controls are contained and maintained in the Internal Control Framework. Together senior management agrees on the risk management priorities for the group. The group risk profile is discussed and agreed with the Management Board.

The group risk profile is taken into account when establishing our strategy, annual business plans and budgets.

The Audit Committee assists the Supervisory Board in its responsibility to oversee the system of internal control and risk management, the effectiveness of the internal auditors. For more information reference is made to the Audit Committee activities included in the Supervisory Board report.

For a full overview of the risk management and Internal Control Framework reference is made to the Risk Management and Control section.

EXTERNAL AUDITOR

EY was appointed as external auditor by the 2015 General Meeting for a term of three years up to and including the financial year 2017. The Audit Committee monitors the performance of the external accountant and the effectiveness of the external audit process, as well as its independence.

SUPERVISORY BOARD

The Supervisory Board currently consists of five members: Peter Wakkie, Jacqueline Tammenoms Bakker, Jack de Kreij, Michael Rhodin and Bernd Leukert. Biographies of the members of the Supervisory Board, as well as other details relating to their careers can be found in the Supervisory Board report section.

The Supervisory Board supervises the management of the Management Board and the general affairs of the company and supports the Management Board by providing advice. The Supervisory Board oversees how the Management Board determines its strategy and maintains a sustainable business supported by the company's sustainability programmes. The Supervisory Board regularly discusses the strategy, the implementation of the strategy and the principal risks associated with it. In performing its duties, the Supervisory Board acts in the interest of the company as well as that of stakeholders: its employees, shareholders, customers and society, including the environment we live in.

The company's Articles of Association require that certain decisions of the Management Board be subject to the approval of the Supervisory Board, such as resolutions of the Management Board to issue shares, to grant rights to acquire shares or to restrict or exclude pre-emptive rights. Other resolutions that must be approved by the Supervisory Board are, among others:

- Proposals to amend the Articles of Association;
- Proposals to conclude a legal merger or a legal demerger; and
- Proposals to reduce the issued share capital.

A more detailed description on the Supervisory Board's activities in the area of corporate governance can be found in the Supervisory Board report.

Composition and appointment
The company's Articles of Association provide that the Supervisory Board shall consist of a minimum of three members. Members of the Supervisory Board may be appointed for a maximum period of 12 years in accordance with the Code.

The Supervisory Board appoints a Chairman and a Deputy Chairman from amongst its members. The members of the Supervisory Board retire periodically in accordance with a rotation plan, which can be downloaded from TomTom's corporate website: www.corporate.tomtom.com/articles.cfm.

The General Meeting appoints the members of the Supervisory Board, subject to the right of the Supervisory Board to make a binding nomination. The full procedure of appointment and dismissal of members of the Supervisory Board is explained in article 17 of the company's Articles of Association.

The General Meeting may at all times, by a resolution passed with a majority of at least two-thirds of the votes cast, and representing more than 50% of the issued share capital, resolve that the nomination submitted by the Supervisory Board is not binding. In such a case, the appointment of a member of the Supervisory Board in contravention of the Supervisory Board's nomination requires a resolution of the General Meeting adopted with a majority of at least two-thirds of the votes cast, representing more than 50% of the issued share capital.

A resolution of the General Meeting to suspend or dismiss members of the Supervisory Board requires a majority of at least two-thirds of the votes cast, representing more than 50% of the issued share capital.

Profile and diversity

The Supervisory Board has determined a profile regarding its size and composition, taking into account the nature of TomTom's business, its activities and the desired experience and expertise. In addition to the profile, TomTom's Diversity & Inclusion Policy aims for: (i) an equal number of men and women during a search, selection and appointment procedure, (ii) the Supervisory Board Chairman living in the Netherlands, (iii) at least one member in the Supervisory Board from the US, (iv) at least two members in the Supervisory Board with a technology background, and (v) at least two women in the Supervisory Board at any time. These goals were all reached in 2017, except for the latter target.

Currently one member of the Supervisory Board is female. As such, the Supervisory Board does not qualify as gender balanced within the meaning of article 2:166 of the Dutch Civil Code and under TomTom's Diversity & Inclusion Policy. TomTom recognises the benefits of diversity, including gender balance. However, TomTom feels that gender is only one part of diversity and future members of the Supervisory Board will continue to be selected on the basis of specific experience, backgrounds, skills, knowledge and insights. In the selection and appointment procedure to select new Supervisory Board members for appointment in 2017, an equal number of men and women was reached. The Supervisory Board selected the candidate best qualified for the role.

Committees of the Supervisory Board

In line with the Code, the Supervisory Board has established an Audit Committee, a Remuneration Committee and a Selection and Appointment Committee. Each of these committees is staffed by members of the Supervisory Board and at least one of the members of the Audit Committee is a financial expert. For an overview of all activities performed by the committees, reference is made to the Supervisory Board report section. The terms of reference of each committee can be found on TomTom's corporate website: corporate.tomtom.com/supboard.cfm.

Remuneration

The remuneration of the members of the Supervisory Board and the additional remuneration of the Chairman and the members of its committees is determined by the General Meeting, last amended in 2009.

More information about the remuneration of individual members of the Supervisory Board can be found in the Supervisory Board report and for more details see note 33 Remunerations of members of the Management Board and the Supervisory Board in the consolidated financial statements.

Conflicts of interest

Members of the Supervisory Board (excluding the Chairman) must report any (potential) conflict of interest to the Chairman of the Supervisory Board. If the (potential) conflict of interest involves the Chairman of the Supervisory Board, it must be reported to the Deputy Chairman of the Supervisory Board. The Supervisory Board shall decide whether a conflict of interest exists. The member of the Supervisory Board who has a (potential) conflict of interest shall not participate in discussions and decision-making on a subject or transaction in relation to which the member has a conflict of interest with the company. Decisions to enter into transactions under which members of the Supervisory Board have conflicts of interest that are of material significance to the company and/or to the relevant member(s) of the Supervisory Board, require the approval of the Supervisory Board. During 2017, no conflicts of interest were reported.

In addition, in accordance with provision 2.7.5 of the Code, TomTom reports that no transactions occurred in 2017 between the company and legal or natural persons who hold at least 10% of the shares in the company.

FUNCTIONING OF THE GENERAL MEETING

The General Meeting is held at least once a year and generally takes place in Amsterdam, the Netherlands. The General Meeting is convened by public notice via the company's corporate website: www.corporate.tomtom.com/agm.cfm.

The compilation of the annual report is a recurring agenda item, as well as the adoption of the annual accounts, the release from liability of the members of the Management Board and Supervisory Board and the execution of the remuneration policy during the present year. When deemed necessary in the interests of the company, an Extraordinary General Meeting may be convened by resolution of the Management Board or the Supervisory Board.

The minutes and the resolutions of the General Meeting are recorded in writing. The minutes will be made available to the shareholders on TomTom's corporate website no later than three months after the meeting.

VOTING RIGHTS

Each of our ordinary shares and preferred shares is entitled to one vote. The voting rights attached to any shares held by the company are suspended as long as they are held in Treasury. Resolutions of the General Meeting are adopted by an absolute majority of the votes cast, except where Dutch law or the company's Articles of Association provide for a special majority.

According to the company's Articles of Association, the following decisions of the General Meeting require a majority of at least two-thirds of the votes cast, representing more than 50% of our issued share capital:

- Resolution to cancel a binding nomination for the appointment of a member of the Management Board or the Supervisory Board;
- Resolution to appoint a member of the Management Board or the Supervisory Board in contravention of the binding nomination by the Supervisory Board or in case the Supervisory Board did not make use of its rights to make a binding nomination; and
- Resolution to dismiss or suspend a member of the Management Board or the Supervisory Board.

In addition, in accordance with Dutch law, the company's Articles of Association provide that, if less than 50% of our issued share capital is represented at the meeting, certain decisions of the General Meeting require a majority of at least two-thirds of the issued capital represented. This includes decisions of the General Meeting regarding:

- The restriction and exclusion of pre-emptive rights, or the designation of the Management Board as the authorised body to exclude or restrict such rights;
- The reduction of the issued share capital; and
- A legal merger or legal demerger of the company.

AMENDMENT OF THE ARTICLES OF ASSOCIATION

The General Meeting may resolve to amend the Articles of Association of the company if it acts on a proposal by the Management Board that has also been approved by the Supervisory Board.

A resolution of the General Meeting to amend the Articles of Association requires an absolute majority of the votes cast, irrespective of the share capital represented at the General Meeting.

THE CAPITAL STRUCTURE

The company's authorised share capital amounts to €180,000,000 and is divided into 600,000,000 ordinary shares with a nominal value of €0.20 each and 300,000,000 preferred shares, with a nominal value of €0.20 each.

On 31 December 2017, a total of 235,318,516 ordinary shares were issued and outstanding.

Issue of shares

The Management Board may issue shares or grant rights to subscribe for shares if so designated by the General Meeting or the company's Articles of Association. This Management Board resolution is subject to the prior approval of the Supervisory Board. No resolution of the General Meeting or the Management Board is required for the issuance of shares pursuant to the exercise of a previously granted right to issue shares or to subscribe for shares.

The Management Board continues to believe it is in the company's best interests that it should be in a position to react promptly when business opportunities arise that require the issuance of ordinary shares. When such occasions arise, the Management Board therefore wishes to be authorised to issue ordinary shares and to grant rights to subscribe for such shares without the need to obtain prior approval from the shareholders at an Extraordinary General Meeting. Such meetings take time to convene and could generate disruptive market speculation.

On 24 April 2017, the General Meeting passed a resolution extending the Management Board's authorisation to resolve to issue ordinary shares or grant rights to subscribe for such shares until 24 October 2018.

This authority is limited to 10% of the number of issued ordinary shares for general purposes, and up to 10% in connection with or on the occasion of a merger, acquisition and/or (strategic) alliances, and authorises the restriction or exclusion of the pre-emption rights for existing shareholders for such issue or grant of rights.

Separately, the Management Board has been authorised to grant, subject to the prior approval of the Supervisory Board, rights to subscribe for ordinary shares and to restrict or exclude the pre-emption rights for existing shareholders for those rights, up to 1,380,000 ordinary shares for the purpose of executing the TomTom Employee Stock Option Plan and the Management Board Stock Option Plan. It was granted for a period starting from the 2017 General Meeting and ending with the General Meeting to be held in 2018.

Repurchase by the Company of its own shares

The 2017 General Meeting resolved to authorise the Management Board to acquire shares in the capital of the company up to 10% of the issued share capital, subject to certain conditions. The authorisation was granted for a period of 18 months from the date of the General Meeting and will be in effect until 24 October 2018.

"TOMTOM LAUNCHED AND COMPLETED A SHARE BUYBACK PROGRAMME IN 2017."

Share buyback

On 19 September 2017, TomTom announced the start of its share buy-back programme to repurchase ordinary TomTom shares on Euronext Amsterdam for an amount up to €50 million. The programme ended on 8 December 2017. Under this programme, a total of 5,384,450 ordinary TomTom shares were repurchased at an average price of €9.25 per share, for a total consideration of €49.8 million.

The programme was executed by an intermediary to allow for share repurchases in the open market during both open and closed periods. The programme was executed within the limits of the relevant laws and regulations and the existing authority granted at the General Meeting on 24 April 2017. The repurchased shares are held in Treasury and are used to cover the company's commitments from its stock option and share plans.

Details of the share buyback transactions can be found at **http://corporate.tomtom.com/share-buyback.cfm**

Preferred shares

Foundation Continuity TomTom (Stichting Continuïteit TomTom) is a foundation established in 2005, with a board independent of TomTom (the Foundation). The purpose of the Foundation is to safeguard the interests of the company and all of its stakeholders. It does so by ensuring that the company is in a position to resist influences that could affect its independence, continuity and/or corporate identity in any manner that would be in contravention of the interests of the company or its stakeholders. The granting of rights to subscribe for preferred shares to the Foundation may help to prevent, discourage or otherwise delay unsolicited attempts to obtain (de facto) control of the company.

The General Meeting adopted the proposal of the Management Board to grant the Foundation a call option entitling it to subscribe for preferred shares up to 100% of the aggregate nominal value of the outstanding ordinary shares at the time of issue, up to a maximum of the number of preferred shares included in the authorised capital at the time of issue.

The Foundation shall subscribe for the preferred shares at par. Immediately after subscribing for preferred shares, the Foundation shall proceed to pay one-quarter of the nominal value of the preferred shares at the time of issue. Three-quarters of the nominal amount shall only need to be paid upon call by the company, without prejudice to the provisions of article 2:84 of the Dutch Civil Code. The Foundation is entitled to exercise the option right in one or more tranches. The possible issuance of preferred shares to the Foundation will be temporary and subject to the company's Articles of Association and the legislation on takeovers. Currently, there are no preferred shares outstanding.

Unless the preferred shares have been issued pursuant to a resolution of the General Meeting, the company's Articles of Association require that a General Meeting be held within one year after the issue of preferred shares to consider their purchase or withdrawal. If no resolution on the purchase or withdrawal of the preferred shares is adopted at such a General Meeting, a General Meeting will be held every year thereafter for as long as preferred shares remain outstanding.

Substantial shareholdings and short positions

Shareholders owning 3% or more of the issued capital and/or voting rights of a listed company (a substantial shareholding or short position) must report this to the Netherlands Authority for Financial Markets (AFM) as soon as this threshold is reached or exceeded.

The thresholds for substantial shareholding notifications are: 3%, 5%, 10%, 20%, 30%, 40%, 50%, 60%, 75% and 95% of the company's issued share capital and/or voting rights.

As at 31 December 2017, the following shareholders owning 3% or more of the company's issued capital and/or voting rights were registered with the AFM:

Name	% issued capital	% voting rights
Founder – Harold Goddijn	>10%	>10%
Founder – Peter-Frans Pauwels	>10%	>10%
Founder – Corinne Vigreux	>10%	>10%
Founder – Pieter Geelen	>10%	>10%
J.H.H. de Mol	>5%	>5%
FIL Limited	>3%	<3%

OUR COMPLIANCE WITH THE CODE

TomTom complies with all the relevant provisions of the Code, with the exception of the provisions 3.1.2 (v) and 4.3.3. The nature of and reasons for these deviations are explained below.

PROVISION 3.1.2 (V)

Best practice provision 3.1.2 (v) provides that the variable remuneration component shall be linked to measurable performance criteria determined in advance, which shall be predominantly long-term in character.

TomTom deviates from best practice provision 3.1.2 (v) to the extent that it does not specify targets beforehand for its long-term incentive. All options granted under the Management Board Stock Option Plan (the Plan) shall be granted conditional to continued employment of the members of the Management Board only and a vesting period of three years is applicable.

The reason for this deviation lies in the competitiveness of TomTom. International companies in the high-tech sector continue to favour stock option plans and operate in environments not subject to the Code. The current Plan is reflective of competitive practices and enables TomTom to be competitive for international senior leadership talent. Furthermore, the inclusion of vesting criteria in addition to the increase of TomTom's share price would result in multiple hurdles for the Management Board to potentially obtain value. Stock options carry an innate de facto performance condition that focuses on achieving stock price growth before value can be derived from stock option grants. The value of the stock option remains wholly dependent on the development of TomTom's share price.

PROVISION 4.3.3

Best practice provision 4.3.3 provides that the General Meeting may pass a resolution to cancel the binding nature of a nomination for the appointment of a member of the Management Board or the Supervisory Board and/or a resolution to dismiss a member of the Management Board or of the Supervisory Board by an absolute majority of the votes cast. It may be provided that this majority should represent a given proportion of the issued capital, the proportion of which may not exceed one-third.

The company's Articles of Association provide that a binding nomination for the appointment of members of the Management Board or of the Supervisory Board may only be set aside by a resolution of the General Meeting passed with a two-thirds majority representing more than 50% of its issued share capital. The same provision applies to any resolution to dismiss a member of the Management Board or of the Supervisory Board.

The reason for this deviation is that the company believes that maintaining continuity in its Management Board and Supervisory Board is critical for delivering long-term value creation. The company would like to protect its stakeholders against a sudden change in management by maintaining the qualified majority and voting quorum requirement, which is consistent with Dutch law.

The 'Management report' ('*Bestuursverslag*'), within the meaning of section 2:391 of the Dutch Civil Code, comprises the sections of the Management Board report, and such parts of the financial statements as referred to in the Management Board report.

IN CONTROL AND RESPONSIBILITY STATEMENT

The Management Board states, in accordance with best practice provision 1.4.3. of the Code, that:

- The Management Board report provides sufficient insight into any important deficiencies in the effectiveness of the internal risk management and control systems that were detected during the 2017 financial year.
- The risk management and control systems provide a reasonable assurance that the 2017 financial statements do not contain any errors of material importance.
- Based on TomTom's current state of affairs, it is justified that the financial reporting is prepared on a going concern basis.
- The Management Board report discloses all material risks and uncertainties that are relevant regarding the expectation as to the continuity of TomTom for the 12-month period after the date of issue of this Management Board report.

The risk management and control section of the Management Board report provides a clear substantiation of the above-mentioned statement.

With reference to section 5.25c paragraph 2c of the Financial Markets Supervision Act, the Management Board states that, to the best of its knowledge:

- The annual financial statements give a true and fair view of the assets, liabilities, financial position and loss of the company and the undertakings included in the consolidation taken as a whole; and that
- The Management Board report provides a fair view of the development and performance of the business and the position of the company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that the company faces.

CORPORATE GOVERNANCE STATEMENT

The information required to be included in this Corporate Governance Statement as described in articles 3, 3a and 3b of the Dutch Decree on the contents of director's report (the Decree) are incorporated in the Corporate Governance section.

The main characteristics of the company's internal risk management measures and control systems connected to its financial reporting process, as required by article 3a sub a of the Decree, are described in the In Control and Responsibility Statement, in the Management Board report section.

The Dutch Corporate Governance Code applicable to the company in 2017 can be found at www.commissiecorporategovernance.nl.

INFORMATION PURSUANT TO ARTICLE 10 TAKEOVER DIRECTIVE

The Management Board states that all information, which must be disclosed pursuant to Article 10 of the EU Takeover Directive, is included in the Corporate Governance section, the Supervisory Board report and the notes referred to herein, to the extent that it is applicable to TomTom.

NON-FINANCIAL STATEMENT

Directive 2014/95/EU on the disclosure of non-financial information requires companies to publish a non-financial statement. The relevant provision has been implemented into Dutch law through the Decree disclosure on non- financial information *('Besluit bekendmaking niet-financiele informatie').* The information regarding environmental, anti-corruption and bribery matters and respect for human rights, as required by this directive, is incorporated in the Sustainability section. The information regarding social and employee matters, as required by this directive, is incorporated in our people and culture section.

Amsterdam, 6 February 2018
The Management Board

HAROLD GODDIJN
Chief Executive Officer

TACO TITULAER
Chief Financial Officer

ALAIN DE TAEYE
Member of the Management Board

TOMTOM

SUPERVISORY BOARD REPORT

TOMTOM SUPERVISORY BOARD
BIOGRAPHIES

PETER WAKKIE CHAIRMAN

NATIONALITY Dutch
DATE OF FIRST APPOINTMENT 28 April 2009
TERM OF OFFICE 2017–2019
AGE 69

CURRENT POSITIONS
Founding partner of Spinath+Wakkie BV, and member of the Supervisory Board of BCD Holdings NV

FORMER POSITIONS
Member of the Executive Board of Royal Ahold NV. Chairman of the Supervisory Board of Wolters Kluwer NV

COMMITTEES
Remuneration Committee

Selection and Appointment Committee (Chairman)

EXPERTISE
Compliance, corporate governance and company law

JACQUELINE TAMMENOMS BAKKER DEPUTY CHAIRMAN

NATIONALITY Dutch
DATE OF FIRST APPOINTMENT 1 May 2014
TERM OF OFFICE 2014–2018
AGE 64

CURRENT POSITIONS
Non-Executive Director of CNH Industrial NV, member of the Supervisory Board of Unibail-Rodamco and member of the Supervisory Board of Groupe Wendel, Chairman of the Van Leer Group Foundation, and member of the advisory board of the Bath School of Management

FORMER POSITIONS
Non-executive Director of Tesco PLC and Vivendi, Director General at the Dutch Ministry of Transport, responsible for Civil Aviation and Freight Transport and Chairman of the High Level Group for the future of aviation regulation in Europe

COMMITTEES
Remuneration Committee (Chairman)

Selection and Appointment Committee

EXPERTISE
(Senior) management selection, recommendation and development

JACK DE KREIJ

NATIONALITY Dutch
DATE OF FIRST APPOINTMENT 1 January 2017
TERM OF OFFICE 2017–2021
AGE 58

CURRENT POSITIONS
Vice Chairman of the Executive Board and CFO of Royal Vopak NV (until 1 February 2018), member of the Supervisory Board of Corbion NV, and Chairman of the Audit Committee of Corbion NV

FORMER POSITIONS
Vice Chairman of the Supervisory Board of Evides, Senior Partner & Territory Leader PricewaterhouseCoopers NV (PwC), Manager Register Accountant Coopers & Lybrand and formerly employed for several years with the Dutch Ministry of Finance

COMMITTEES
Audit Committee (Chairman)

EXPERTISE
Financial administration, accounting, M&A, international business, and internal risk management and control systems

NATIONALITY American
DATE OF FIRST APPOINTMENT 24 April 2017
TERM OF OFFICE 2017–2021
AGE 57

CURRENT POSITIONS
Member of the International Advisory Board of Santander, member of the Board of Directors of HZO, Inc., member of the Board of Directors of SyncSort Inc., and member of the advisory board of Arboretum Ventures

FORMER POSITIONS
Senior Vice President of IBM

COMMITTEES
Audit committee

EXPERTISE
Technology, innovation, and transformation

NATIONALITY German
DATE OF FIRST APPOINTMENT 28 September 2017
TERM OF OFFICE 2017–2021
AGE 50

CURRENT POSITIONS
Member of the Executive Board of SAP SE, member of the Supervisory Board of the German Research Center for Artificial Intelligence and of Bertelsmann SE & Co. KgaA, member of the Market Strategy Board of the International Electrotechnical Commission, and the steering committee chairman of the Plattform Industrie 4.0 for the German government's Industrie 4.0 initiative

FORMER POSITIONS
Various management positions at SAP SE

COMMITTEES
Audit committee

EXPERTISE
Technology, innovation, and transformation

CHANGES TO THE SUPERVISORY BOARD DURING 2017:

Doug Dunn
Retired, after serving for 12 years

Ben van der Veer
Stepped down, after serving for nine years

Anita Elberse
Stepped down, after serving for three years

Peter Wakkie
Re-appointed for a term of two years

Jack de Kreij, Michael Rhodin and Bernd Leukert
Joined as new members of the Supervisory Board

SUPERVISORY BOARD REPORT

INTRODUCTION

As a Supervisory Board, we aspire to live up to the highest standards of good corporate governance.

With its innovative product portfolio and supportive technology, we ensure that the company pursues a growth strategy, that positions TomTom in a rapidly changing landscape with increased demands for navigation technologies for location-based applications. We provide oversight, evaluate progress, performance and maintain an adequate system of checks and balances, advising the Management Board as appropriate. In doing this, the Supervisory Board considers long-term value creation, the interests of the company and its stakeholders, and management of a sustainable business model. The Supervisory Board is assisted in its decision-making process by the Audit Committee, the Remuneration Committee and the Selection and Appointment Committee.

In 2017, the company refocused on its strategy on growth for its Automotive, Enterprise and Telematics business. Management decided to reduce the costs related to its Consumer Sports business while continuing to support its customers in that segment. The company remains uniquely well placed to address the needs of a continuously changing technology landscape.

We greatly appreciate the efforts and commitment of TomTom's employees and its Management Board and we look forward to a further successful execution of TomTom's growth strategy.

COMPOSITION

On 31 December 2017, the Supervisory Board of TomTom consisted of five members: Peter Wakkie (Chairman), Jacqueline Tammenoms Bakker (Deputy Chairman), Jack de Kreij, Michael Rhodin and Bernd Leukert.

CHANGES IN 2017

- Jack de Kreij started on 1 January 2017 and succeeded Ben van der Veer as Chairman of the Audit Committee as of the 2017 General Meeting;
- Michael Rhodin and Bernd Leukert were appointed as new members, both for a term of four years;
- Peter Wakkie was re-appointed for a term of two years. The competent manner in which Peter fulfilled his role as member of the Supervisory Board (since 2014 as Chairman), was the reason for the binding nomination; and
- Doug Dunn retired, Ben van der Veer and Anita Elberse stepped down from the Supervisory Board.

For more details of the Supervisory Board composition, see the graphical overview below.

The Supervisory Board confirms that all members are independent as defined in best practice provisions 2.1.7 to 2.1.9 of the Code.

No member of the Supervisory Board holds more than five directorships at Dutch 'large companies', in accordance with section 2:142a of the Dutch Civil Code.

The composition of the Supervisory Board is in line with the Supervisory Board profile, as drawn up by the Supervisory Board and published on the company's website.

In 2017, one out of five members of the Supervisory Board was female. The Supervisory Board acknowledges that this is not in line with the company's Diversity & Inclusion Policy. The Supervisory Board recognises the benefits of diversity, including gender balance and has taken this into account when preparing for the nominations of the candidates appointed as Supervisory Board members in 2017. However, TomTom feels that gender is only one part of diversity and future members of the Supervisory Board will continue to be selected on the basis of their expertise, background, independence and diversity as described in the Supervisory Board profile and the Diversity & Inclusion Policy. For more information on (gender) diversity, please see the Corporate Governance section.

Biographies of the members of the Supervisory Board, as well as the information on the members as prescribed by the Code can be found in the 'Biographies of the Supervisory Board members' section of this report. This section also provides details of the Supervisory Board's committees and its members.

SUPERVISORY BOARD COMPOSITION

	Committees	Date of initial appointment	2017	2018	2019	2020	AGM 2021
Peter Wakkie	R S	28 April 2009			3rd term		
Jacqueline Tammenoms Bakker	R S	1 May 2014		1st term			
Jack De Kreij	A	1 January 2017					1st term
Michael Rhodin	A	24 April 2017					1st term
Bernd Leukert	A	28 September 2017					1st term

Key: Committee Chairman; A Audit Committee; R Remuneration Committee; S Selection and Appointment Committee

EVALUATION

The Supervisory Board and its committees reviewed and discussed its own functioning, that of its individual members, its committees and of the Chairman of the Supervisory Board. The evaluation of the Chairman of the Supervisory Board was discussed by the entire Supervisory Board, without the Chairman present. In preparation for these discussions, the members of the Supervisory Board and Management Board provided feedback through a written assessment. The assessment included reviews of the composition and expertise of the Supervisory Board, its time management, its effectiveness, its dynamics and succession planning. The Supervisory Board's oversight of the company's strategy and the effectiveness of the 'Strategy Day'. Human resources management, effectiveness of risk management and internal controls, together with the integrity and quality of financial reporting were also reviewed. The composition, functioning and succession planning of the Management Board and the performance of its individual members were also assessed and discussed.

The Supervisory Board greatly values annual evaluations since it embeds a culture of continuous improvements into the functioning of and the relationship between the Supervisory Board and the Management Board. At the beginning of the year, the Supervisory and Management Boards agree on topics for improvement, which are incorporated into the agenda to be discussed during the year.

The Supervisory Board will bring a third party in to assess its functioning every three years; the next such occasion being in 2018.

MEETINGS AND ATTENDANCE

The Supervisory Board met 12 times in 2017: six physical meetings, five conference calls and one site visit. The conference calls were held to discuss financial updates and recent developments within the company in months where no physical meeting was scheduled. The Management Board members attended all those meetings either in full or in part. The physical meetings of the Supervisory Board achieved an overall average attendance rate of 90%.

	Attendance
Supervisory Board members	
Peter Wakkie	6/6
Jacqueline Tammenoms Bakker	6/6
Jack de Kreij	5/6
Michael Rhodin	4/4
Bernd Leukert	2/3
Supervisory Board members who stepped down or retired	
Ben van der Veer	2/2
Doug Dunn	2/2
Anita Elberse	1/2

Note: Attendance is presented as the number of physical meetings attended out of the number eligible to be attended.

All members had sufficient time available for their duties relating to their membership of the Supervisory Board. No members were frequently absent from the meetings. Availability for ad hoc calls, prompt response on emails and the fact that the members prepared the meetings well, regardless of their attendance and actively participated in meeting discussions, demonstrates that they were all able to devote adequate attention to the company. If members were unable to attend a meeting, they had the opportunity to discuss any agenda item with the Chairman beforehand.

The agenda for the meetings was prepared through consultation with the Chairman, the Management Board and the Company Secretary. In addition to regular meetings, the Chairman of the Supervisory Board had regular contact with the CEO of the company. Further, members of the Supervisory Board also held informal consultations with members of the Management Board and senior management of the company so as to remain closely informed about the business.

Meetings of the Supervisory Board are preceded by committee meetings. The chairs of the committees work closely together with senior management and conduct regular meetings to set agendas and prepare all relevant information for the committee meetings.

SUPERVISORY BOARD REPORT CONTINUED

2017 ACTIVITIES

Strategic oversight

The Supervisory Board devoted considerable time to reviewing strategic options, discussing the company's strategy and the progress and execution thereof. During these sessions, the Supervisory Board ensured that the Management Board's ideas were challenged and tested in order to reach decisions that would underpin the company's strategy. Through its Audit Committee, the Supervisory Board was kept informed of the company's strategic, operational, financial, legal and compliance risks, as well as the actions taken and internal control and management systems in place to manage these risks.

In addition, a full-day Strategy Meeting was organised where the members of the Supervisory Board held constructive discussions with the Management Board and senior management on the strategic priorities of the company, more specifically of the Automotive, Enterprise and Telematics business. Ample time was spent reviewing constantly changing technology landscape within which TomTom operates and the impact thereof on the company's strategy. Topics addressed during the Strategy Meeting were: the competitive market space, product competitiveness, market developments, potential new business models, autonomous driving and technologies supportive of this technology including AI and IoT.

The Supervisory Board was closely involved in a strategic review by the Management Board of the Consumer Sports segment, which resulted in a reduction of costs and reorganisation. The Supervisory Board supported the tough decisions that management had to take.

The Supervisory Board supported the introduction of a share buyback programme to repurchase ordinary TomTom shares on Euronext Amsterdam up to a value of €50 million. The repurchased shares are to be used to cover the company's commitments following from its stock option and share plans.

Business review and financial oversight

In every physical meeting, the Supervisory Board was updated by the Management Board on commercial opportunities, deals, partnerships and order bookings. They were also provided with reports that outlined the developments, achievements, challenges and opportunities in each business unit by its senior management.

The Supervisory Board was frequently updated on the innovative progress made within maps, traffic and navigation software and the positioning and traction of these technology components in the market place.

The company's financial results, its operating result and its cash generation from operations were presented and closely supervised throughout the year. The level of investment (both CAPEX and OPEX) in the core technologies of the company were thoroughly assessed every quarter. The Supervisory Board reviewed and approved the budget for 2018.

The Supervisory Board was involved in the impairment review of goodwill and the announcement thereof on 19 July 2017.

Every quarter, the Supervisory Board was updated on the company's Investor Relations activities, such as share price developments, analysts' research and communication with shareholders. The press releases regarding the full-year and half-year results, and the quarterly updates were all reviewed and approved by the Supervisory Board.

Site visit

A site visit was organised to Berlin, where the Supervisory Board members met the local management of the Product Units: Navigation, Traffic and Travel Information and Autonomous Driving. The visit provided a deeper insight into our navigation, traffic and autonomous driving technology stack and allowed the Supervisory Board to informally meet the talent working on the technology projects which support the company's strategy. Several product demonstrations were presented by local team members.

Interaction with talent and Works Council

The Supervisory Board continued to meet talent from within the company staying in touch with the TomTom culture, dynamics and operational challenges. For this purpose, among other things, quarterly breakfast sessions were organised to facilitate a Meet & Greet between representatives of the Supervisory Board and selected talent. In an open and transparent setting they held a group dialogue on relevant matters. The participants of the Executive Leadership Programme (introduced in 2017 for the first time, underpinning World Class Leadership Programme) shared their experience. The Supervisory Board and the Dutch Works Council held two meetings.

Succession planning

The Supervisory Board discussed its own succession planning and spent ample time on the search for two new Supervisory Board members. This search was successfully completed with the appointment of Michael Rhodin and Bernd Leukert. Both new members have strong backgrounds in technology, software development and delivery. The Supervisory Board is confident that these two appointments reflect the company's positioning as a leading technology company and that the Supervisory Board's composition will remain well suited to perform its duties. For both new members, a full induction programme was organised to familiarise themselves with TomTom's business, governance and culture.

The Supervisory Board decided to recruit a sixth member to complement and strengthen its board and committees.

The Supervisory Board discussed with the Management Board the talent management process for senior management within the organisation, including succession planning.

Corporate Governance, regulations and sustainability

In relation to the new Corporate Governance Code, effective on 1 January 2017, an action plan was approved by the Supervisory and Management Boards making sure that the company's governance was assessed against the new Code and that relevant actions were taken. The Supervisory Board members were updated on the progress made every quarter. The actions were mostly driven by the appetite to improve, formalise and better communicate than current practice. All reference documents, such as the respective rules and charters were updated, and policies were formalised or refreshed.

The Supervisory Board was also informed of new regulations, including MiFID II, IFRS 15, and IFRS 16 standards as well as the measures undertaken to comply with these new regulations.

The Supervisory Board received updates on the company's sustainability programme and more specifically on the management system which was implemented in relation with the ISO14001:2015 certification (the environmental standard). This certification was obtained in 2017.

COMMITTEES OF THE SUPERVISORY BOARD

In line with the Code, the Supervisory Board has established an Audit Committee, a Remuneration Committee and a Selection and Appointment Committee. Each of these committees is staffed by members of the Supervisory Board.

REMUNERATION OF THE SUPERVISORY BOARD

The remuneration of the members of the Supervisory Board and the additional remuneration of the Chairman and the members of its committees is determined by the General Meeting, last amended in 2009. Members of the Supervisory Board are not authorised to receive any payments under the company's pension or variable pay schemes or under any long-term incentive plan. No shares or rights to shares were granted to a Supervisory Board member by way of remuneration. At present, none of the Supervisory Board members own any shares in the company.

The annual remuneration of the Supervisory Board and committees' membership remained unchanged during 2017. Respective amounts are shown in the below table.

SUPERVISORY BOARD ANNUAL REMUNERATION

Role	Chairman	Member
Supervisory Board	€50,000	€40,000
Audit Committee	€10,000	€7,000
Remuneration Committee	€7,000	€4,000
Selection and Appointment Committee	€7,000	€4,000

For more detailed information about the remuneration of individual members of the Supervisory Board see note 33 to the consolidated financial statements.

Members of the Supervisory Board are not entitled to any benefits upon the termination of their appointment.

AUDIT COMMITTEE (AC)

MEETINGS AND ATTENDANCE

The AC met four times during the course of 2017, with an overall attendance rate of 79%. All four meetings were held prior to the publication of the financial results. All meetings were attended in full by the CFO and the Head of Internal Audit.
The other members of the Management Board attended the meetings as required (for instance, where group risks and internal controls were discussed).
The external auditor attended each of the four AC meetings in full to report on its audit, quarterly procedures and management letter. The AC and the external auditor also met separately, without the Management Board present, in order to facilitate free and open discussions. Other heads of departments (e.g. Treasury, Tax, Legal & Compliance, Privacy & Security, Financial Shared Service Center and IT) were invited when the AC deemed it necessary and appropriate.

	Attendance
AC members	
Jack de Kreij (Chairman)	3/4
Michael Rhodin	2/2
Bernd Leukert	0/1
AC members who stepped down or retired	
Ben van der Veer	2/2
Doug Dunn	2/2
Anita Elberse	1/2

Note: Attendance is presented as the number of meetings attended out of the number eligible to be attended.

AUDIT COMMITTEE (AC)

Members:
Jack de Kreij (Chairman)
Michael Rhodin
Bernd Leukert

Doug Dunn retired, and Ben van der Veer and Anita Elberse stepped down from the Supervisory Board at the 2017 General Meeting.

Ben van der Veer was the Chairman of the AC until the 2017 General Meeting and was replaced by Jack de Kreij. At least one of the members of the Audit Committee is a financial expert.

Peter Wakkie joined the AC after the 2017 General Meeting to ensure that the AC consists of at least three members. With the appointment of Bernd Leukert on 28 September 2017, Peter was replaced by Bernd.

Michael Rhodin attended two AC meetings in 2017, as an observer, before officially becoming a member of the Audit Committee, to ensure greater continuity of attendance in a year where three members of the Committee stepped down or retired.

Role and responsibility
The AC undertakes preparatory work for the Supervisory Board's decision making regarding the supervision of the integrity and quality of the company's financial reporting and the effectiveness of the company's internal risk management and control systems. For the composition and the manner in which it discharges its duties reference is made to the AC Charter.

For more information
http://corporate.tomtom.com/audit-committee.cfm

SUPERVISORY BOARD REPORT CONTINUED

2017 AC ACTIVITIES

Financial oversight
The AC assisted the Supervisory Board in its responsibility to oversee the system of internal control and risk management, the effectiveness of the internal auditors, and the company's financing, financial statements and financial reporting process. In relation to the external auditor, the AC monitored its performance and the effectiveness of the external audit process, as well as its independence. Throughout the year, the AC monitored and reviewed the quarterly financial results and full-year financial statements as presented under IFRS (as adopted by the EU and in accordance with Part 9 of Book 2 of the Dutch Civil Code) including the respective disclosures prior to their releases. Special attention was paid to the (upcoming) transition to new accounting standards (IFRS 15 and IFRS 16) and the impact thereof on the financials and system environment as well as our impairment review on goodwill and intangible assets.

Other areas of attention were revenue recognition, significant estimates and the tax position.

Monitoring of internal controls
During all quarterly meetings, updates were provided on the maintenance and effectiveness of the system of internal controls and risk management relating to strategic, financial, operational, tax control and compliance matters. The company monitors its internal controls through a systematic approach, which is supported by tools, a risk management process and the Internal Audit team. The Head of Internal Audit reports functionally to the AC and administratively to the CFO.

Policy and compliance oversight
The AC further discussed items including the company's policies related to financing, cash and foreign exchange management. In relation to tax, the AC discussed the status of ongoing tax audits, the innovation box ruling, 'Country by Country' reporting, tax risk management, tax transparency, and the tax strategy/policy. Regular updates were received by the AC on TomTom's compliance programme (including whistle-blower reporting). The AC was provided with quarterly updates on the company's ongoing effort to maintain the appropriate level of a risk-based information security management programme. Time was also dedicated to the Market Abuse Regulation, as well as the company's compliance with accounting standards and the Corporate Governance Code.

Effectiveness review
The effectiveness of the AC was reviewed as part of the 2017 overall evaluation of the Supervisory Board which confirmed that the AC continues to function effectively. The role and functioning of the Internal Audit function, including its independence, were regularly discussed and the internal audit plan was approved by the AC. This plan considers the key risk areas of the business, important IT projects and information security, as well as the geographical spread of TomTom offices including local compliance (e.g. finance, HR and tax controls) and the core activities performed there.

In consultation with senior management, Internal Audit selects the areas of the business to be audited during the year. Members of the AC and the Management Board may at any time request Internal Audit to carry out an internal audit or a special consulting service. The follow up on the recommendations made by Internal Audit were observed by the AC. The Head of Internal Audit reported each quarter to the AC.

Evaluation of external auditor
EY was appointed as external auditor by the 2015 General Meeting for a term of three years up to and including the financial year 2017. Following a thorough evaluation of the performance of the external auditor the AC proposed to lengthen the agreement for another three-year period subject to approval of the 2018 Annual General Meeting. The 2017 external audit plan, including the scope and materiality applied, were approved by the AC. Reviews and discussions were held between the AC and the Management Board on the findings of the external auditor in its management letter and the actions taken by management to address the recommendations and observations made by the external auditor.

Auditor independence
TomTom has a policy on external auditor independence, whereby the auditor is not allowed to perform non-audit services that would compromise its independence or violate any other requirements or regulations affecting its appointment as auditor. The provision of non-audit services by the external auditor which do not conflict with its independence is always subject to pre-approval of the AC. The AC reviewed the independence of the external auditor EY, taking into account qualitative and quantitative factors, and concluded that EY had sufficient objectivity and independence to perform the external audit function. EY confirmed its independence and compliance with this policy to the AC. A summary is provided below of services performed by EY, its network affiliates and the fees earned.

Fees paid to external auditor

(€ in thousands)	2017	% of total	2016	% of total
Audit – group[1]	560	69%	378	57%
Audit – statutory	200	25%	196	30%
Tax compliance[2]	45	6%	83	13%
Other	6	1%	6	1%
Total fees	811	100%	**663**	**100%**

1 The group audit includes additional fees related to the audit of the IFRS 15 and IFRS 16 conversion.
2 Tax compliance comprises foreign tax compliance services.

SELECTION AND APPOINTMENT COMMITTEE (SELCO)

Meetings and attendance
The Selection and Appointment Committee met four times during the course of 2017, with an overall attendance rate of 100%. Each meeting was also attended by Alain De Taeye, the Head of HR and the Company Secretary.

	Attendance
Current Board members	
Peter Wakkie	4/4
Jacqueline Tammenoms Bakker	4/4

Note: Attendance is presented as the number of meetings attended out of the number eligible to be attended.

2017 SELCO ACTIVITIES

Succession planning
Considering the vacancy for another Supervisory Board member with a strong technology background in addition to Michael Rhodin who was appointed at the 2017 General Meeting, the SelCo engaged in 2017 with an external executive search agency and conducted a thorough search and selection process that included candidates from Europe. Interviews were held with several candidates which resulted in a recommendation by the SelCo to the Supervisory Board. The search was successfully completed, resulting in the decision of the Supervisory Board to make a nomination to the Extraordinary General Meeting on 28 September 2017 to appoint Bernd Leukert as member of the Supervisory Board.

The nomination for re-appointment of Jacqueline Tammenoms Bakker for a second term of four years, will be proposed to the 2018 General Meeting for approval.

HR strategy review
The HR strategy within the company was shared with the SelCo and quarterly updates were provided by the Head of HR. Topics that were shared, were management initiatives regarding career development, management and leadership, policies, and compensation and benefits. Special attention was given to the Executive Leadership Programme, newly introduced in 2017 for senior management. These initiatives all underpin the company's attention to talent management; to attracting, retaining and developing TomTom talent. The SelCo focused on the company's progress in its succession planning for key positions within the company. On a quarterly basis, the committee was updated on the recruitment status of vacant key positions and the leadership programme developed for talented senior leaders.

REMUNERATION COMMITTEE (REMCO)

Meetings and attendance
The Committee met four times in the course of 2017, with an overall attendance rate of 100%. Each meeting was also attended by Alain De Taeye, the Head of Rewards, the Head of HR and the Company Secretary. Preparation meetings attended by the Chairman of the Committee, the Head of Rewards and HR Operations and the Company Secretary were held prior to each Committee meeting.

	Attendance
Current Board members	
Jacqueline Tammenoms Bakker	4/4
Peter Wakkie	4/4

Note: Attendance is presented as the number of meetings attended out of the number eligible to be attended.

2017 REMCO ACTIVITIES

In 2017, the RemCo agreed the key performance indicators (KPIs) and weighting levels set for the short-term variable remuneration of the Management Board and periodically reviewed the progress on these KPIs. The long-term variable remuneration components for the Management Board were also assessed and discussed. A scenario analysis was carried out within the terms of the Code to evaluate the variable components of the remuneration packages of the Management Board members. The RemCo prepared a pay ratio to be reported for the first time this year, according to the Code, which was approved by the Supervisory Board. For a full outline of the Remuneration Policy and its application in 2017, reference is made to the 2017 Remuneration report.

SELECTION AND APPOINTMENT COMMITTEE (SELCO)

Members
Peter Wakkie (Chairman)
Jacqueline Tammenoms Bakker

Role and responsibility
The SelCo looks after the size and composition of the Supervisory Board, its succession planning and the functioning of its members. It also pays strong attention to the company's talent management and succession planning for key positions. For the composition and the manner in which the SelCo discharges its duties reference is made to the Selection and Appointment Committee Rules.

For more information
http://corporate.tomtom.com/appointment-committee.cfm

REMUNERATION COMMITTEE (REMCO)

Members
Jacqueline Tammenoms Bakker (Chairman)
Peter Wakkie

Role and responsibility
The RemCo prepares the Supervisory Board decision making regarding the determination of the remuneration of the individual Management Board members. The RemCo oversees the effectiveness, relevance and implementation of the Remuneration Policy. For the composition and the manner in which the RemCo discharges its duties reference is made to the Remuneration Committee Rules.

For more information
http://corporate.tomtom.com/remuneration-committee.cfm

REMUNERATION REPORT 2017: MANAGEMENT BOARD

REMUNERATION POLICY

This section provides an overview of the Remuneration Policy for TomTom's Management Board, and the application thereof in 2017. The Remuneration Policy has been adopted by the General Meeting, most recently in 2014.

Objectives and principles
TomTom's remuneration strategy is designed to attract and retain talent and aims at providing fair, competitive and responsible compensation for all employees, including Management Board members. Our Remuneration Policy reflects the company's remuneration strategy and vision: success for the business means success for the individual employee. The policy provides a responsible and sustainable remuneration framework for the Management Board members in line with the result-driven remuneration principles and practices throughout the company aimed at motivating for achieving our strategic objectives.

The policy supports the company's strategy, its operational and financial results, and delivery of long-term value creation to all our stakeholders. The Management Board defines the company's strategy and the Supervisory Board decides how to reward its successful delivery and ensures that the policy and its implementation are linked with the company's strategic priorities.

TomTom's strategic focus is to grow its automotive navigation and automated driving business and its enterprise online location-based API business. The remuneration of the Management Board members is intended to encourage behaviours that focus on a mix of short-term results generation to ensure ongoing progress and financial stability, as well as long-term value creation by pursuing growth opportunities through TomTom's navigation technologies.

Summarised view of our remuneration policy and application in 2017

	Policy summary	Application in 2017 summary*
Base salary	• Median market level of peer group benchmark (conducted at least every three years) • Reviewed annually considering market environment and any planned adjustments for other employees	• Base salary as follows: - Harold Goddijn €462,150 - Alain De Taeye €385,125 - Taco Titulaer €330,000 • No change to the salary of any Management Board member
Short-term incentive	• On target variable pay CEO: 80% of base salary • On target variable pay other Management Board members: - 64% of base salary • Maximum level: CEO 120%, other Management Board members 96% • Aligned with company variable pay structure • Payout in cash based on annual targets, typically financial in nature	• Measures: - Revenue (excluding Consumer Revenue) : 50% - EBITDA minus CAPEX : 50% • Actual payout: - CEO: 85% (of base salary) - Management Board members: 68% (of base salary) - The payout incentive zone is linear between minimum and target, and between target and maximum
Long-term incentive	• Stock option plan only • Annual grant and options vest after three years • Vesting is conditional upon employment only • Target level CEO: 140% of base salary • Target level for other Management Board members: - 100% of base salary • Actual grant levels do not deviate from target	• Stock option grants as follows: - Harold Goddijn 165,000 options - Alain De Taeye 100,000 options - Taco Titulaer 85,000 options • Vest on the 3rd anniversary of grant, expire at the 7th anniversary of grant • Conditional on continued employment
Pension benefits	• Maximum contribution: 20% of gross annual base salary • Opportunity to opt out of the pension provisions	Harold Goddijn Waived his pension rights Alain De Taeye €77,025 Taco Titulaer €66,000

* For a two year remuneration detail reference is made to Note 33 in the consolidated financial statements.

Our Remuneration Policy reflects the remuneration principles, as listed below, which shape the nature and positioning of pay for Management Board members as well as for senior management within TomTom.

- Company strategy and long-term value creation
- Consistency within TomTom
- Attractiveness and competitiveness
- Compliance with relevant laws and regulations and the Dutch Corporate Governance Code

Peer group
The peer group serves as an essential yardstick to determine the overall competitiveness of the company's Management Board remuneration and gives an appropriate reflection of the competitive markets in which TomTom is operating. The peer group consists of the following 22 companies which are relevant technology organisations in the Netherlands, the European Union, and the United States.

US Technology	EU Technology	Dutch Technology
Garmin	Temenos Group	ASM International
Telenav	CompuGroup Medical	ASML
Verizon Telematics	SimCorp	Philips
MiX Telematics	Imaginations Technologies Group	NXP Semiconductors
GoPro	Kudelski	Wolters Kluwer
Trimble	Bittium	
Fitbit	HERE	
Samsung Electronics	Arris Group	
CalAmp		

In principle, a benchmark with a peer group is conducted at least every three years. In the years where no benchmark is performed, the Supervisory Board considers the appropriateness of any changes to the base salary based on the market environment as well as on the salary adjustments for our employees. The peer group is being reviewed and updated, if necessary, simultaneously with the performance of the benchmark. The last time a benchmark was performed was in 2015 and the next one is planned for 2018.

APPLICATION OF REMUNERATION POLICY IN 2017

Base salary

The level of the base salary is separately benchmarked as described above; most recently in 2015.

The base salary for the CEO remains under median market level. However, it was decided not to bring the CEO's base salary closer to the median in 2017. The base salaries of the other two members of the Management Board are in line with the median market level in accordance with the benchmark results performed in 2015. Additionally, the salaries were assessed against the market environment and the adjustments for other employees, and for 2017, it was concluded that none of the salaries of the members of the Management Board needed adjustment.

Short-term incentive

TomTom's short-term incentive plan is the annual incentive plan in which Management Board members participate. The 'on-target' variable pay percentages for the Management Board members are assessed relative to those of our peer group of companies. The 'on-target' variable pay percentage is 80% of base salary for the CEO, and 64% of base salary for the other Management Board members.

In case of excellent performance, the maximum variable pay opportunity is 120% of the base salary for the CEO and 96% of the base salary for the other Management Board members, which represents 150% of the target variable pay levels. The minimum variable pay opportunity is 0% of base salary. The short-term incentive structure is detailed in the following table.

2017 Management Board variable pay structure

	Target Performance Variable pay Award Level (% of salary)	Minimum Performance Variable pay Award Level (% of salary)	Maximum Performance Variable pay Award Level (% of salary)
CEO	80%	0%	120%
Management Board members	64%	0%	96%

2017 performance criteria and outcomes

On an annual basis, the Supervisory Board determines the most relevant KPIs for the Management Board short-term incentive plan. Additionally, the Supervisory Board sets challenging, but realistic target levels for each of those performance criteria. The emphasis for 2017 was on financial metrics reflecting a focus on profitable growth. The Supervisory Board deemed these criteria to be appropriate to measure the company's strategy balancing the growth while maintaining expected levels of profitability for TomTom as a whole. These KPIs are an important measure of the success of the execution of the company's strategy and, as such, the remuneration is directly linked to long-term value creation by the company.

The target levels are set at the beginning of the year and do not change during the year. The performance against these targets is reviewed every quarter. The final assessment is determined at the end of the fiscal year based on the audited financial results. Any potential payout under the short-term incentive plan occurs annually during the first quarter of the next financial year. There is a range within which a payout under the plan may occur, as detailed in the structure above. A minimum level of performance must be achieved before any payment under the plan will be made. Payout is capped at the excellence level of performance, known as the maximum.

The final assessment of performance under the short-term incentive plan is done by the Remuneration Committee and proposed to the Supervisory Board for decision making purposes. In preparation for that final assessment, the Chairs of the Remuneration Committee and the Audit Committee review the final outcomes, inclusive of any quality of earnings elements, to ensure complete alignment on performance by both committees.

2017 measures and outcomes – Short-term incentive

Measures[1]	Measure Weight	Variable pay Outcome
Revenue	50%	49%
EBITDA – CAPEX	50%	57%
Total	**100%**	**106%**

1 These measures are non-GAAP metrics (refer to page 122). The revenue reflects group revenue minus Consumer revenue, to address the business transformation of TomTom. The EBITDA minus CAPEX measure was introduced in 2017 in order to optimise cash flow generation and encompasses TomTom as a whole.

2017 Variable pay outcome calculation

Harold Goddijn				
Target variable pay: €462,150 (base salary) x 80% = €369,720	X	Outcome: 106%	=	€392,273 (85% of base salary)
Alain De Taeye				
Target variable pay: €385,125 (base salary) x 64% = €246,480	X	Outcome: 106%	=	€261,515 (68% of base salary)
Taco Titulaer				
Target variable pay: €330,000 (base salary) x 64% = €211,200	X	Outcome: 106%	=	€224,083 (68% of base salary)

Long-term incentive

TomTom's long-term incentive refers to an option-based incentive plan. All options shall be granted on an annual basis and vesting is conditional to the continued employment of the Management Board members. The options will vest three years after the grant date. The vesting of the options is not subject to the achievement of pre-determined performance criteria. The options and the right to exercise the same will expire on the seventh anniversary date of the grant date.

As explained in the Corporate Governance report, our long-term incentive plan does not comply with best practice provision 3.1.2 v) of the Code to the extent that there are no performance conditions set prior to the grant. Stock options carry an innate de facto performance condition that focuses on achieving stock price growth, and therefore increasing shareholder value, before any monetary value can be derived from the stock option grants. The inclusion of vesting conditions, in addition to the increase of TomTom's share price, results in multiple hurdles for the Management Board to attain, in order to obtain any potential value. The Supervisory Board continues to believe that under a stock option plan without performance conditions, the Management Board remains continuously focused on creating long-term value for all its stakeholders. In addition, the option plan enables TomTom to be competitive for international senior (technology) leadership talents.

The Supervisory Board confirmed that the option-based incentive plan reflects the company's long-term focus on growth where value only materialises upon the successful execution of the company's strategy by the Management Board.

2017 Long-term incentives

The annual stock option grants are set as a percentage of the fixed salary of the Management Board members. The scheme below provides an overview of the number of stock options granted to each of the members of the Management Board in 2017.

Management Board member	% of gross annual salary	Number of stock options
Harold Goddijn	140%	165,000
Alain De Taeye	100%	100,000
Taco Titulaer	100%	85,000

See note 33 – consolidated financial statements

Pension benefit

Pension contributions are an element of the overall total remuneration of Management Board members, and vary by individual. However, members may elect to waive their rights for personal reasons. The scheme below provides an overview of the pension contributions provided by TomTom to each of the members of the Management Board in 2017.

Management Board member	Pension contribution according to the following agreement	Pension contribution 2017
Harold Goddijn	Opted to waive his rights to participate in the company pension plan as well as his rights to receive a gross pension allowance instead.	No pension contribution
Alain De Taeye	Pension contribution is capped at 20% of gross annual base salary, to be paid as a gross pension allowance.	€77,025
Taco Titulaer	Total pension contribution is capped at 20% of gross annual base salary; this pension contribution is split into a contribution into the company pension plan and a gross pension allowance. The company pension plan is a Defined Contribution plan with age defined contribution percentages and a salary cap at EUR 103,217 in 2017. Employee contribution is 6.1% of pension base.	€66,000 (consisting of €8,369 into the company pension plan and €57,631 as gross pension allowance)

Other benefits

In addition to the pension benefits, the Management Board members also receive remuneration for items such as medical insurance, death and disability insurance, and car allowances. They also benefit from directors' and officers' liability insurance coverage. These benefits are in line with market practice. The company does not provide loans to members of the Management Board.

OTHER REMUNERATION INFORMATION

Pay ratio

The new Corporate Governance Code requires TomTom to report on the pay ratio within the company. 2017 was the first financial year that TomTom reported on such pay ratio, however, TomTom has also included the ratio for the 2016 financial year for comparison purposes. The pay ratio used by TomTom reflects the average total compensation of the total global employee workforce of TomTom relative to the total remuneration package of the CEO of the company. This has resulted in the following outcome:

Fiscal year	CEO Total Remuneration (Excluding social security costs)	Average Total Compensation (All global employees)[1]	Resulting Pay Ratio
2017	€1,388,686	€55,648	25.0
2016	€1,001,065	€51,882	19.3

1 Total personnel expenses (note 6 - consolidated financial statements) excluding social security costs, Management Board total remuneration and capitalised employee expenses.

The Supervisory Board deems the pay ratio for TomTom of 25.0 to be at an acceptable level. TomTom also reviews on an annual basis the livable wage of each location in which we operate as well as the competitive dynamics and ensures that, if needed, adjustments are made to ensure team members are above those levels as part of TomTom's efforts at being a good employer. This contributes in a positive manner to our conservative pay ratio.

Scenario analysis
A scenario analysis of the possible outcomes of the variable components and the impact on the remuneration of the Management Board members is conducted annually. The effect of different performance scenarios on the level and composition of the remuneration have been analysed and the outcome hereof has been taken into consideration by the Supervisory Board when reviewing the Management Board remuneration. These scenarios include minimum (0%), target (100%) and maximum (150%) variable pay achievement and share price appreciation of 0%, 8% and 20% per annum. Under all scenarios, minimum, target, and maximum levels of performance, the Supervisory Board has assessed that the range of potential remuneration is within expected outcomes reflective of that level of performance.

Own views of Management Board members
Each individual Management Board member shares his view of his own remuneration package with the Chairman of the Remuneration Committee at least once per year. The feedback is shared with the other Remuneration Committee members. The Remuneration Committee considers all feedback when discussing and evaluating the Remuneration Policy including its components and outlook.

Exceptional individual performance
The Supervisory Board did not choose to use its discretion in 2017 to provide an additional variable pay for each member of the Management Board for exceptional individual performance, although this is possible under the Remuneration Policy article 5.7.

Share ownership
TomTom does not have share ownership guidelines for its Management Board members. Harold Goddijn is one of the founders of TomTom, and Alain De Taeye founded Tele Atlas, which was acquired by TomTom in 2008.

Management Board members	Current Shares	Value of Shares (as a multiple of base salary at 31 December 2017)
Harold Goddijn	26,319,332	470.4x
Alain De Taeye	278,643	6.0x

* Taco Titulaer does not own any shares.

OTHER POLICY INFORMATION

Revision and claw back of variable pay
The claw back provision as reflected in the Remuneration Policy is in accordance with Dutch law and forms an integral part of the employment contracts of the members of the Management Board. This means that if the variable pay, in the opinion of the Supervisory Board, produces an unfair result due to extraordinary circumstances during the period in which the predetermined performance criteria have been or should have been achieved, the Supervisory Board has the power to adjust the value downwards or upwards. In addition, the Supervisory Board is entitled at its discretion to recover on behalf of the company any variable pay awarded on the basis of incorrect financial data or other data, provided that such recovery decision shall be made in good faith. This right of recovery exists irrespective of whether the Management Board member has been responsible for the incorrect financial data or other data or was aware or should have been aware of this incorrectness.

Change of control
In case of a change of control, the Supervisory Board may determine that any options, granted to the Management Board member, shall be (deemed to be) exercisable immediately prior to and conditional upon such change of control, or during such period after the change of control as the Supervisory Board may specify. Failing exercise in such change of control event, the options will lapse.

Term of appointment
The term of appointment for all members of the Management Board is four years, while the term of employment is indefinite. Management Board members may be re-appointed for another term of four years at a time.

Notice period
All members of the Management Board have a notice period of 6 months. For the company this notice period is 12 months for termination without cause under the applicable employment agreements with the respective Management Board members.

Severance compensation
In the event that the employment of a member of the Management Board is terminated by, or on the initiative of, the company, the Management Board member is entitled to a severance payment limited to 50% of one year's base salary, unless a higher statutory severance compensation applies.

These terms will not apply if the employment of a member of the Management Board is terminated for any reason as set out in articles 7:677 (1) and 7:678 of the Dutch Civil Code. In such situations, the Management Board member will not be entitled to any severance compensation. A member of the Management Board will not be entitled to severance compensation if the employment is terminated by himself, or on his own initiative.

LOOKING AHEAD 2018

The base salary for the CEO remains under median market level, but will not be brought closer to the median in 2018. The base salaries of the other two members of the Management Board are in line with the median market level. However, an indexation of 2.6% of the salaries of all members of the Management Board shall take place in 2018.

For the short-term incentive scheme for 2018, no changes are anticipated. Given the continued focus on growing the business and on optimising profitability, the Supervisory Board feels that the current KPIs, equally weighted, are still appropriate.

For the long-term incentive scheme for 2018, no changes are anticipated. The Supervisory Board is of the opinion that the unconditional stock option plan is appropriate and corresponds with the company's long-term focus on growth.

STATEMENT

This report has been prepared in accordance with relevant Dutch corporate governance requirements, in particular best practice provision 3.4 of the Code and is part of the Supervisory Board report. The Supervisory Board has approved this report. Additional information on the Management Board remuneration in 2017 is included in note 33 to the consolidated financial statements, the information of which is incorporated in this remuneration report (as part of the Supervisory Board report) by reference.

The consolidated annual financial statements of the company for 2017, as prepared by the Management Board, have been audited by EY. The financial statements, the independent auditor's report and the management letter of the external auditor were discussed extensively with the auditors by the Audit Committee in the presence of the Management Board, and by the full Supervisory Board with the Management Board.

The Supervisory Board believes the 2017 financial statements of TomTom NV meet all requirements for correctness and transparency. The Supervisory Board has approved the financial statements for 2017. All members of the Supervisory Board and members of the Management Board have signed the financial statements for 2017 pursuant to the statutory obligations under article 2:101 (2) of the Dutch Civil Code.

The Supervisory Board recommends to the General Meeting to adopt the financial statements for 2017 and requests that the General Meeting discharges the members of the Management Board of their responsibility for the conduct of business in 2017 and the members of the Supervisory Board for their supervision in 2017. The Annual Report for 2017 is available at the company's offices on request and on the company's website: corporate.tomtom.com/annuals.cfm.

The Supervisory Board would like to thank Doug Dunn, Ben van der Veer and Anita Elberse for their highly valued contributions to the company.

Furthermore, the Supervisory Board would like to thank TomTom's shareholders for their trust in the company and its management and express its appreciation to all employees and the Management Board for the continued dedication and commitment to the company.

Amsterdam, 6 February 2018
The Supervisory Board

PETER WAKKIE

JACQUELINE TAMMENOMS BAKKER

JACK DE KREIJ

MICHAEL RHODIN

BERND LEUKERT

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF INCOME
FOR THE YEAR ENDED 31 DECEMBER

(€ in thousands)	Notes	2017	2016
Revenue	4	903,392	**987,329**
Cost of sales	5	339,343	421,101
Gross result		564,049	**566,228**
Research and development expenses		207,857	190,473
Amortisation of technology and databases		112,293	91,526
Marketing expenses		57,397	80,609
Selling, general and administrative expenses		217,660	194,726
Impairment charge	12	168,687	0
Total operating expenses	6–9	763,894	557,334
Operating result		-199,845	**8,894**
Interest result	30	-1,001	-1,371
Other financial result	30	2,667	-1,010
Result of associates	16	759	736
Result before tax		-197,420	**7,249**
Income tax (charge)/gain	10	-6,991	4,709
Net result		-204,411	**11,958**
Attributable to:			
– Equity holders of the parent		-203,987	11,987
– Non-controlling interests	26	-424	-29
Net result		-204,411	11,958
Earnings per share (€)	25		
Basic		-0.87	0.05
Diluted		-0.87	0.05

The notes on pages 77 to 102 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER

(€ in thousands)	Notes	2017	2016
Net result		**-204,411**	**11,958**
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Actuarial losses on defined benefit obligations	6	-1,109	-147
Items that may be subsequently reclassified to profit or loss:			
Currency translation differences		-9,386	261
Recycled on disposal of subsidiary		282	
Other comprehensive income for the year		**-10,213**	**114**
Total comprehensive income for the year		**-214,624**	**12,072**
Attributable to:			
– Equity holders of the parent		-214,140	11,750
– Non-controlling interests		-484	322
Total comprehensive income for the year[1]		**-214,624**	**12,072**

[1] The items in the statement above are presented net of tax of €0.5 million for 2017 (2016: €0.6 million).

The notes on pages 77 to 102 are an integral part of these consolidated financial statements.

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER

(€ in thousands)	Notes	2017	2016
Goodwill	12	**256,319**	400,318
Other intangible assets	13	**752,952**	795,771
Property, plant and equipment	14	**33,621**	40,398
Investments in associates	16	**4,223**	3,941
Deferred tax assets	11	**7,453**	12,046
Total non-current assets		**1,054,568**	1,252,474
Inventories	17	**31,609**	54,078
Trade receivables	18	**114,254**	132,424
Other receivables and prepayments	19	**53,114**	46,115
Other financial assets	20	**0**	1,210
Cash and cash equivalents	21	**120,850**	142,527
Total current assets		**319,827**	376,354
Total assets		**1,374,395**	**1,628,828**
Share capital	24	**47,064**	46,577
Share premium		**1,068,149**	1,051,890
Treasury shares	24	**-48,790**	0
Other reserves		**263,164**	234,502
Accumulated deficit		**-577,193**	-338,138
Equity attributable to equity holders of the parent		**752,394**	994,831
Non-controlling interests	26	**2,308**	1,906
Total equity		**754,702**	996,737
Borrowings	27	**0**	9,586
Deferred tax liability	11	**95,602**	97,282
Provisions	31	**43,727**	54,406
Deferred revenue	4	**142,059**	107,151
Total non-current liabilities		**281,388**	268,425
Trade payables	22	**51,441**	76,630
Income taxes	10	**1,702**	1,289
Other taxes and social security		**7,025**	9,383
Provisions	31	**37,173**	36,410
Deferred revenue	4	**101,572**	97,256
Accruals and other liabilities	23	**139,392**	142,698
Total current liabilities		**338,305**	363,666
Total equity and liabilities		**1,374,395**	**1,628,828**

The notes on pages 77 to 102 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER

(€ in thousands)	Notes	2017	2016
Operating result		**-199,845**	8,894
Financial (losses)/gains		**-2,303**	1,235
Depreciation, amortisation and impairment	8	**341,003**	132,003
Equity-settled share-based compensation expense	7	**8,104**	3,275
Change in provisions		**4,788**	9,649
Change in working capital:			
– Change in inventories		**9,964**	-5,817
– Change in receivables and prepayments		**11,255**	14,183
– Change in current liabilities (excluding provisions)[1]		**9,179**	-5,301
Cash generated from operations		**182,145**	**158,121**
Interest received	30	**258**	185
Interest (paid)	30	**-927**	-1,227
Corporate income taxes (paid)	10	**-8,654**	-12,762
Cash flows from operating activities		**172,822**	**144,317**
Investments in intangible assets	12	**-104,127**	-96,444
Investments in property, plant and equipment	13	**-16,116**	-21,141
Acquisition of subsidiaries and other businesses	15	**-24,494**	-2,331
Dividend received	16	**202**	190
Cash flows from investing activities		**-144,535**	**-119,726**
Repayment of borrowings	27	**-708**	-4,287
Change in utilisation of credit facility	27	**-10,000**	-35,000
Change in non-controlling interest	26	**-244**	-98
Dividends paid		**0**	-138
Proceeds on issue of ordinary shares	7	**12,403**	10,039
Cash flow on purchase of treasury shares	24	**-49,831**	
Cash flows from financing activities		**-48,380**	**-29,484**
Net (decrease) in cash and cash equivalents		**-20,093**	**-4,893**
Cash and cash equivalents at the beginning of period		**142,527**	147,565
Effect of exchange rate changes on cash balances held in foreign currencies		**-1,584**	-145
Cash and cash equivalents at the end of period	**21**	**120,850**	**142,527**

[1] Includes movements in the non-current portion of deferred revenue presented under Non-current liabilities.

The notes on pages 77 to 102 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(€ in thousands)	Notes	Share capital	Share premium	Treasury shares	Other reserves[1]	Accumulated deficit	Total	Non-controlling interests	Total equity
Balance as at 31 December 2015		**46,099**	**1,035,451**	**0**	**228,216**	**-340,956**	**968,810**	**1,723**	**970,533**
Comprehensive income									
Result for the year		0	0	0	0	11,987	11,987	-29	11,958
Other comprehensive income									
Currency translation differences		0	0	0	-90	0	-90	351	261
Actuarial losses on defined benefit obligations		0	0	0	0	-147	-147	0	-147
Total other comprehensive income		0	0	0	-90	-147	-237	351	114
Total comprehensive income		0	0	0	-90	11,840	11,750	322	12,072
Transactions with owners									
Share-based compensation-related movements	7	478	16,439	0	-3,129	581	14,369	0	14,369
Change in non-controlling interest		0	0	0	0	-98	-98	-1	-99
Dividend paid		0	0	0	0	0	0	-138	-138
Other movements									
Transfer between reserves		0	0	0	9,505	-9,505	0	0	0
Balance as at 31 December 2016		**46,577**	**1,051,890**	**0**	**234,502**	**-338,138**	**994,831**	**1,906**	**996,737**
Comprehensive income									
Result for the year		0	0	0	0	-203,987	-203,987	-424	-204,411
Other comprehensive income									
Currency translation differences[2]		0	0	0	-9,326	0	-9,326	-60	-9,386
Disposal of subsidiary		0	0	0	282	0	282	0	282
Actuarial losses on defined benefit obligations		0	0	0	0	-1,109	-1,109	0	-1,109
Total other comprehensive income		0	0	0	-9,044	-1,109	-10,153	-60	-10,213
Total comprehensive income		0	0	0	-9,044	-205,096	-214,140	-484	-214,624
Transactions with owners									
Share-based compensation-related movements	7	487	16,259	1,041	2,518	1,178	21,483	0	21,483
Change in non-controlling interest		0	0	0	0	-1,131	-1,131	886	-245
Repurchase of shares		0	0	-49,831	0	0	-49,831	0	-49,831
Acquisition of subsidiary	15	0	0	0	1,182	0	1,182	0	1,182
Other movements									
Transfer between reserves		0	0	0	34,006	-34,006	0	0	0
Balance as at 31 December 2017		**47,064**	**1,068,149**	**-48,790**	**263,164**	**-577,193**	**752,394**	**2,308**	**754,702**

1 Other reserves include Legal reserve and the Share-based reserve.
2 Currency translation differences arise on the translation of foreign currencies relating to foreign operations.

The notes on pages 77 to 102 are an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 (registered under trade registration number of 34224566 in the Chamber of Commerce in Amsterdam). The activities of the company include the development and sale of navigation and location-based products and services, which includes among other things: maps, traffic, navigation software, fleet management services and PNDs.

The consolidated financial statements comprise the company and its subsidiaries (the group).

The financial statements have been prepared by the Management Board and authorised for issue on 6 February 2018. The financial statements will be submitted for approval to the General Meeting on 17 April 2018.

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 as effective from 1 January 2017 and with Part 9 of Book 2 of the Dutch Civil Code. 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 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. Unless otherwise stated, these policies have been consistently applied to all the years presented.

NEW ACCOUNTING STANDARDS AND DEVELOPMENTS

To the extent relevant, all IFRS standards and interpretations including amendments that were in issue and effective from 1 January 2017, have been adopted by the group from 1 January 2017. These standards and interpretations had no material impact for the group.

Several new standards are effective for annual periods beginning after 1 January 2018. The group is required to adopt IFRS 9 ‘Financial Instruments’, IFRS 15 ‘Revenue from Contracts with Customers’ from 1 January 2018. IFRS 16 ‘Leases’ is effective for annual periods beginning after 1 January 2019, however the group will early adopt the new standard on 1 January 2018 as permitted by the transitional guidance. These new standards, as adopted by the European Union, are adopted by the company from 1 January 2018.

There is no material impact expected from the adoption of IFRS 9. The initial application of both IFRS 15 and IFRS 16 are expected to have a material impact on the group’s financial statements. The estimated impact of the adoption of these standards is based on assessments undertaken to date. The impact on the financial position as at 1 January 2018 is expected to be as follows:

(€ in millions)	Adoption of IFRS 15	Adoption of IFRS 16	Total effect of adoption
Assets (decrease)/increase	-21.5	45.7	24.2
Liabilities increase	9.4	47.6	57.0
Equity (decrease)	-30.9	-1.9	-32.8

The estimated impact of adoption as at 1 January 2018 may be subject to change until the group presents its first financial statements under the new standards.

IFRS 15 revenue from contracts with customers
IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including IAS 18 Revenue and IFRIC 13 Customer Loyalty Programmes.

Revenues in the Automotive segment relate to services, software or licensing of content. In some cases customisation and/or integration efforts are funded by customers. The transition impact is determined on a contract by contract basis. The transition impact will be primarily on license of the map as a master copy. TomTom must assess whether the customer has a right to use the content as it exists at a point in time or a right to have access to our content over a period of time.

Revenue related to customisation efforts of software (non-recurring engineering) which is delivered to an OEM as a right to use must be recognised at start of production (under IAS 18 this was recognised over the contract period).

The above changes in accounting for the Automotive segment will increase the result for the year ended 31 December 2017 by €8.1 million with a total decrease in equity at 31 December 2017 of €5.0 million. The impact of these changes on other items in the consolidated statement of financial position is a decrease in deferred revenue as well as intangible assets of €15 million and €22 million respectively.

In the Enterprise segment we have assessed all material contracts resulting in the identification of material rights which qualify for separate recognition under IFRS 15. The accounting for these material rights will decrease the result for the year ended 31 December 2017 by €0.5 million with a total decrease in equity at 31 December 2017 of €1.3 million. The impact of these changes on other items in the consolidated statement of financial position is an increase in deferred revenue of €1.7 million.

In the Telematics segment we sell hardware products which enable the end customer to receive our Webfleet services. Currently, the revenues from the sale of such hardware is recognised when risks and rewards of ownership have passed to the customers.

Under IFRS 15 there is enhanced guidance on performance obligations and whether these are considered to be distinct . Based upon this guidance we assessed that the delivery of the hardware unit that enables the Webfleet service is not distinct from the delivery of the Webfleet service. Accordingly the hardware revenue will be recognised over time in connection with the Webfleet service from the moment the service is activated.

The above change in accounting for the Telematics segment will increase the result for the year ended 31 December 2017 by €1.7 million with a total decrease in equity at 31 December 2017 of €23 million. The impact of these changes on the consolidated statement of financial position is an increase in deferred revenue of €30 million. This deferred revenue consists out of a netted position of a contract asset (the hardware) and contract liability (deferred revenue).

In the Consumer segment we have assessed all material revenue streams. Our revenue recognition as applied under IAS 18 was in line with IFRS 15 for the majority of our revenue streams. The main difference relates to the treatment of customer-related marketing expenses. Given the more detailed guidance given under IFRS 15 we have concluded that items that were previously presented as marketing costs need to be classified as a reduction in revenues. Some smaller differences were noted in the treatment of deferred revenue for niche products. The total difference has limited impact on the result for the year ended 31 December 2017 and equity as at 31 December 2017 (decreases of €0.5 million and €1.6 million respectively). The impact on our revenues and operating expenses is a decrease of €6.4 million and €5.6 million respectively.

IFRS 16 leases

IFRS 16 replaces IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC-15 'Operating Leases-Incentives' and SIC-27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'.

IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17. Lessor accounting under IFRS 16 is substantially unchanged from today's accounting under IAS 17 and has no material impact to the group.

From a lessee perspective, at the commencement date of a lease, a lessee will recognise a liability to make lease payments ('lease liability') and an asset representing the right to use the underlying asset during the lease term ('right-of-use asset'). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will also be required to remeasure the lease liability upon the occurrence of certain events (such as a change in the lease term or lease payments, unless there is a substantial modification to the substance of the contract). The amount of the remeasurement of the lease liability is recognised as an adjustment to the right-of-use asset.

Adoption of IFRS 16 is expected to result in an increase in assets of €45.7 million, a corresponding increase in liabilities of €47.6 million as at 31 December 2017 with a total decrease in equity of €1.9 million. Adoption will also result in a reduction of operating expenses for the year ended 31 December 2017 of €2.6 million and an increase in finance costs of €0.9 million.

TomTom did apply the practical expedient not to reassess whether a contract is, or contains, a lease at the date of initial application. It will apply the definition of a lease requirement only to contracts entered into (or changed) on or after the date of initial application.

Transition

The group plans to adopt IFRS 15 and IFRS 16 using the full retrospective method, with the effect of initially applying this standard recognised at the date of 1 January 2018. As a result, the group will apply the requirements of IFRS 15 and IFRS 16 to the financial year ended 31 December 2018 and the comparative period presented.

CHANGE IN ESTIMATE

Effective 1 January 2017, the group has changed the expected useful life of its map content and certain customer relationships that arose from the Tele Atlas acquisition.

The useful life of map content which was acquired and created until 31 December 2016 will remain at 20 years while the content created from 1 January onwards will have useful life of 12, 8 or 4 years depending on the type of content. The change was made to better reflect the pace of technological change in the sector. TomTom historically focused on creating the foundation for maps, which was mainly related to content with a long useful life such as road networks, geometry and address points. Customer needs and requirements are changing (e.g. because of autonomous driving) and more accurate and detailed map content is required. The map content we expect to create in the future relates to elements that have a shorter economic life. This change in useful life has no material impact to the group as the vast majority of our map content still comprises of assets that will remain at 20 years useful life.

Certain customer relationships acquired in 2008 had an expected useful life of between 20 and 27 years. Driven by technology changes that reduce switching costs for map customers as well as changes in the competitive landscape, we have changed the expected useful life. The remaining useful life of these customer relationships is now estimated between 1 and 4 years. This change of the expected useful life increased the 2017 amortisation charge of the group by €11 million.

BASIS OF CONSOLIDATION

The consolidated financial statements incorporate the financial statements of the company and entities controlled either directly, or indirectly, by the company.

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 and balances, including unrealised gains and losses, arising from transactions between group companies are eliminated.

FOREIGN CURRENCIES

The company's primary activities are denominated in EUR. Accordingly, EUR 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 translated at the rates prevailing at each 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 under 'Other financial result' in the income statement, except for gains and losses that arise from intercompany borrowings that form part of net investment in subsidiaries which are recognised in 'Other comprehensive income'.

Group companies and foreign operations
For consolidation purposes, the assets and liabilities of entities that have a functional currency other than the group's presentation currency are translated at the closing rate at the date of the balance sheet, whereas the income statement is translated at the average exchange rate for the period. Translation differences arising thereon are recognised in 'Other comprehensive income'.

CASH FLOW STATEMENT

Cash flow statements are prepared using the indirect method. Cash flows from derivative instruments are classified consistently with the nature of the instruments. Dividend income is presented under investing activities.

3. ACCOUNTING ESTIMATES

The preparation of these financial statements requires management to make certain assumptions, estimates and judgements that affect the reported amounts of assets, liabilities and disclosure of contingent assets and liabilities, as of the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results may differ from those estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and the future periods if the revision affects both current and future periods.

The table below presents the areas that involve a higher degree of judgement or areas where assumptions and estimates are significant to the financial statements:

	Note
Revenue recognition	4
Internally generated intangible assets	13
Impairment of non-financial assets	12–13
Income tax	10–11
Provisions and contingent assets/liabilities	31–32

Detailed explanations of the degree of judgement and assumptions used are included under each of the respective sections in the notes to the financial statements as referenced above.

SECTION 2:
RESULTS OF THE YEAR

This section presents the notes related to items in the income statement (except for financial income and expenses) and disclosure of operating segments. If applicable, relevant notes on balance sheet items, which also relate to items in the income statement, are also presented in this section. A detailed description of the results for the year is provided in the business and financial review and group financial review sections in the Management Board report.

4. SEGMENT REPORTING AND REVENUE

The operating segments are identified and reported on the basis of internal reports about components of the group that are regularly reviewed by the Management Board to assess the performance of the segments.

The group's internal management reporting is structured primarily on the basis of the market segments in which the four operating segments – Automotive, Enterprise, Telematics and Consumer – operate. Automotive and Enterprise are engaged in developing and selling similar location-based application components such as maps, online services (e.g. traffic) and navigation software to customers in different market segments. Automotive serves automotive customers (mainly OEMs and tier one head unit vendors) while Enterprise serves a wide range of non-Automotive customers. Telematics provides a wide range of telematics services and related products to fleet owners including sale and/or rental of hardware products associated with the services. Consumer generates revenue mainly from the sale of smart consumer electronics devices in the Drive and Sports categories, such as PNDs and sports watches.

Management assesses the performance of segments based on the measures of revenue and operating result (EBIT), whereby the EBIT measure includes allocations of expenses from supporting functions within the group. Such allocations have been determined based on relevant measures that reflect the level of benefits of these functions to each of the operating segments. As the four operating segments serve only external customers, there is no inter-segment revenue. The effects of non-recurring items such as goodwill impairment are excluded from management's measurement basis. Interest income and expenses and tax are not allocated to the segments.

There is no measure of segment (non-current) assets and/or liabilities provided to the Management Board. The non-current assets within the group include a significant portion of the carrying value of the step up resulting from the Tele Atlas acquisition in 2008. As this step up is not geographically allocated to the respective regions for internal management reporting, we believe that disclosure of geographic allocation would be highly judgemental and would not give a true representation of geographical spread of the group's assets.

(€ in thousands)	2017	2016
Automotive & Enterprise	328,777	268,956
– Automotive	190,626	132,616
– Enterprise	138,151	136,340
Telematics	162,074	155,131
Consumer	412,541	563,242
Total revenue	**903,392**	**987,329**
The EBIT of each segment is as follows:		
Automotive & Enterprise	-47,625	-25,470
– Automotive[1]	-37,861	-27,409
– Enterprise[2]	-9,764	1,939
Telematics	43,039	44,516
Consumer[3]	-19,832	-3,853
Total segment operating result (segment EBIT)	**-24,418**	**15,193**
The EBITDA of each segment is as follows:		
Automotive & Enterprise	100,044	82,115
– Automotive[1]	62,939	40,943
– Enterprise[2]	37,105	41,172
Telematics	59,081	59,132
Consumer[3]	-11,227	5,949
Total segment EBITDA	**147,898**	**147,196**

1 Automotive EBIT includes €14.1 million in disposals of map and navigation technology assets (2016: €0).
2 Enterprise EBIT includes the effect of changes in the expected useful life of certain customer relationships which led to an increase in the amortisation charge of €11 million versus prior year. Also included is the disposal of other assets of €3.1 million (2016: €0).
3 Consumer EBIT in 2017 is excluding the goodwill impairment charge of €169 million but including a restructuring charge of €28.1 million. In 2016, consumer EBIT includes a one-off gain of €9.5 million from a resolved customs case.

The difference between EBIT and EBITDA for each segment is explained by the depreciation and amortisation charge of the respective segment. A reconciliation of the segment performance measure (EBIT) to the group's result before tax is provided below.

(€ in thousands)	2017	2016
Total segment EBIT	**-24,418**	**15,193**
Unallocated expenses	-6,740	-6,299
Goodwill impairment charge	-168,687	0
Total operating result (EBIT)	**-199,845**	**8,894**
Interest result	-1,001	-1,371
Other finance result	2,667	-1,010
Result of associates	759	736
Result before tax	**-197,420**	**7,249**

A breakdown of the external revenue to types of products and services and to geographical areas is as follows.

(€ in thousands)	2017	2016
External revenue by products and services		
Sale of goods[1]	374,142	527,256
Rendering of services	201,135	213,842
Royalty revenue	328,115	246,231
Total	**903,392**	**987,329**

1 Includes navigation software and map components sold initially in bundle with the hardware.

The geographical split of the group's revenue from sale of goods and content and services is based on the location of the customers, while the split for royalty revenue is based on the coverage of the group's geographical map data and other contents.

(€ in thousands)	2017	2016
External revenue by geographical areas		
Europe[1]	702,119	773,235
North America[2]	147,544	167,361
Rest of World	53,729	46,733
Total	**903,392**	**987,329**

1 Germany, France and the United Kingdom accounted for respectively 25%, 16% and 9% of 2017 group revenue (24%, 14% and 11% of 2016 group revenue).
2 The North American revenue in 2017 and in 2016 was generated mainly in the United States of America.

Total revenue generated in the Netherlands in 2017 amounted to €59 million (2016: €63 million). The group has no significant concentration of sales from a particular individual external customer.

ACCOUNTING POLICY

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for products and/or services delivered in the normal course of business. Revenue is recognised net after deductions of estimated probable customer returns, rebates and other similar allowances whenever applicable. The revenue recognition policy for each type of revenue or their combination is presented below:

Sale of goods
Revenue from the sale of goods is only recognised when the risks and rewards of ownership of goods are transferred to the customers, which include distributors, retailers, end-users and OEMs. The risks and rewards of ownership are generally transferred at the time the product is shipped and delivered to the customer and, depending on the delivery conditions, title and risk have passed to the customer and acceptance of the product, when contractually required, has been obtained. In cases where contractual acceptance is not required, revenue is recognised when management has established that all aforementioned conditions for revenue recognition have been met.

Rendering of services
Services revenue is generated from the sale of traffic and map update services, content sales, connected navigation and fleet management services to commercial fleets. The revenue relating to the service element is recognised over the agreed or estimated service period on a straight-line basis. In arrangements where devices are rented out to the customer in Telematics, the rental revenue is included in the revenue from subscriptions.

Royalty revenue
Royalty revenue is generated through licensing of geographic and/or other traffic or location-based content to customers. Revenue is recognised on an accrual basis based on the contractual terms and substance of the relevant arrangements with the customers.

Multiple-element arrangements
The group's product and services offerings include arrangements that require the group to deliver equipment (e.g. navigation hardware) and/or a number of services (e.g. map update services) under one agreement, or under a series of agreements that are commercially linked (referred to as 'multiple-element arrangements'). In such multiple-element arrangements, the consideration received is allocated to each separately identifiable element, based on the estimated relative fair values of each identifiable element.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
SECTION 2: RESULTS OF THE YEAR

ACCOUNTING POLICY CONTINUED

Multiple-element arrangements Continued
To the extent that there is a discount on the arrangement, the discount is allocated between the elements of the contract in such a manner as to reflect the fair value of the elements and the substance of the transaction. The amount of revenue allocated to the hardware element is recognised in line with the accounting policy for the sale of goods as described above. The revenue relating to the service element is recognised over the agreed or estimated service period on a straight-line basis, which varies from 3 months to 48 months (for lifetime services).

DEFERRED REVENUE BALANCE BY SEGMENT

Deferred revenue amounted to €244 million at the end of the year (2016: €204 million). Automotive and Consumer deferred revenue is mostly driven by upfront payments of our customers for longer-term (multiple years) content and service deliveries (e.g. traffic and map updates). The Enterprise deferred revenue is mostly related to some customers who prepay TomTom each year for their annual license to our content.

(€ in thousands)	2017	2016
Automotive & Enterprise	127,374	69,981
– Automotive	113,421	58,575
– Enterprise	13,953	11,406
Telematics	1,495	1,737
Consumer	114,763	132,689
Total	**243,631**	**204,407**

SIGNIFICANT ESTIMATES

Significant revenue estimates include the estimates of various pricing allowances deducted from the revenue as well as the estimates of relative fair value of various elements in multiple-element arrangements.

The estimated sales return deduction is based upon historical data on the return rates and information on the inventory levels in the distribution channel. For sales incentives including channel and end-user rebates, the reduction in revenue is based on the group's historical experience, taking into account future expectations on rebate payments. If there is excess stock at retailers when a price reduction becomes effective, the group will compensate its customers on the price difference for their existing stock, provided certain criteria are met. To reflect the costs related to known price reductions in the income statement, an accrual is created against revenue at the time of sale based on an estimate of the inventory levels in the channel and future price reductions.

In the absence of a stand-alone selling price, the fair value of each element under a multiple-element arrangement is estimated using other methods allowed under IFRS, such as the cost plus reasonable margin or the residual method or a combination thereof. In making such estimates, management makes use of judgement and assumptions to arrive at an outcome that best reflects a transaction's substance. Total deferred revenue balance relating to the elements deferred under such multiple-element arrangements as at 31 December 2017 amounted to €104 million (31 December 2016: €115 million).

5. COST OF SALES

The group's cost of sales consists of material costs for goods sold to customers, royalty and license expenses and fulfilment costs incurred on inventory sold during the year as well as amortisation and impairment of certain technologies specifically developed/used for particular customers.

6. PERSONNEL EXPENSES

Included in the operating expenses are, amongst others, the following items:

(€ in thousands)	2017	2016
Salaries	190,211	188,133
Social security costs	35,378	32,818
Pensions	8,574	9,367
Share-based compensation[1]	12,503	5,189
Temporary employee expenses	21,372	22,149
Other[2]	19,902	4,213
Personnel expenses	**287,940**	**261,869**

1 Share-based compensation increased due to the issue of restricted shares in 2017.
2 Other personnel expenses includes costs of secondary benefits such as health insurance, vehicle lease costs, sales commissions and bonuses offset by capitalised personnel expenses in an amount of €64.1 million (2016: €62.6 million).

The average number of employees (in FTE equivalents) in 2017 was 4,738 (2016: 4,676) spread across the following functional areas:

	2017	2016
Research and development	3,212	3,085
Marketing	137	136
Sales, general and administrative	1,389	1,455
Total	**4,738**	**4,676**

At 31 December 2017, the group had a headcount of 4,825 (2016: 4,776) employees. During 2017, 3,619 (2016: 3,509) full-time-equivalent (FTE) employees worked outside the Netherlands.

PENSIONS

The group's pension plans primarily comprise of defined contribution plans, limiting the employer's legal obligation to the amount it agrees to contribute during the period of employment. In addition, the group has defined benefit plans in Germany and Belgium.

The Belgian defined benefit plan was deemed not material in previous years however based on remeasurement in 2017, the group has recognised a net pension liability of €1.3 million as at 31 December 2017. The corresponding impact of this remeasurement of €1.3 million before tax has been recognised in Other comprehensive income. The Belgian plan has plan assets of €10.1 million at 31 December 2017. The pension plan is a (guaranteed) insurance plan.

The defined benefit plan in Germany is unfunded and has no plan assets. Management is of the opinion that the plan has limited risks to the group as the plan was frozen in 2007. In the extraordinary event that the group is unable to meet its obligations, the participants will receive (partial) payments from a state-owned pension protection fund.

The total pension costs of €8.6 million (2016: €9.4 million) consists of the costs of the defined contribution plans of €8.3 million (2016: €9.1 million) and of the defined benefit plan of €0.3 million (2016: €0.3 million).

The following table presents the movement of our defined benefit obligations:

(€ in thousands)	2017		2016 Combined[1]
	Belgium	Germany	
Present value of obligation as at 1 January	9,256	9,188	**8,735**
Current service cost	1,880	82	74
Interest cost	246	173	183
	11,382	9,443	8,992
Remeasurements:			
– Experience (gains)/losses due to change in demographical assumptions	0	-93	8
– Losses from change in financial assumptions	0	408	320
	0	316	328
Benefits paid	0	-112	-132
Present value of obligation as at 31 December	11,382	9,647	**9,188**

1 In 2016 the defined benefit plan obligation for Belgium was immaterial and was not disclosed separately.

The significant actuarial assumptions were as follows:

	2017		2016
	Belgium	Germany	
Discount rate	1.8%	1.7%	1.9%
Average life expectancy[1]	18	20	20

1 The above average life expectancy is the average actual value for males and females retiring at age 65 for the Belgium plan (2016: n/a) in accordance with MR/FR -5 and 67 (2016: 67) for the Germany plan set in accordance with the common German mortality tables 'Heubeck 2005 G'.

A 0.1% increase or decrease in discount rate would result in a decrease or increase in the defined benefit obligation of approximately €0.1 million respectively, and a 1-year increase or decrease in average life expectancy would result in a €0.1 million increase or decrease respectively in the defined benefit obligation.

In Italy, employees are paid a leaving indemnity on termination of their employment. This is a statutory payment based on Italian civil law. An amount is accrued each year based on the employee's remuneration and previously revalued accruals. The indemnity has the characteristics of a defined contribution obligation and is an unfunded, but fully provided liability. This liability is included as part of 'Other provisions'.

Employees in the United States are offered the opportunity to participate in the 401K pension plan, which involves no contribution or obligation from the group besides withholding and paying the employee's contribution.

ACCOUNTING POLICY

For defined contribution plans, the group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expenses when service has been rendered to the group. Prepaid contributions are recognised as an asset to the extent that a cash refund or reduction of future payments is available.

In relation to the defined benefit plan, the group recognised a liability on the balance sheet based on the present value of the defined benefit obligation at the end of the reporting period. The defined benefit obligation is calculated at least annually using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and which have terms to maturity approximating to the terms of the related pension obligation. The service cost and the interest cost are recognised as pension costs, while the actuarial (gains)/losses are credited/charged to 'Other comprehensive income'.

7. SHARE-BASED COMPENSATION

The group has share-based compensation plans for members of the Management Board and certain employees as part of their remuneration. The group currently operates share option plans, restricted share unit plans and phantom share plans. The purpose of the share-based compensation is to retain management and employees, and align the interests of management and eligible employees with those of shareholders, by providing additional incentives to improve the group's performance on a long-term basis.

EQUITY-SETTLED PLANS

The group's equity-settled share-based payment plans comprise of share option plans (options) and a restricted share unit plan (RSU). These plans are settled through grant of the company's own equity instruments.

The group has adopted equity-settled plans for members of the Management Board and eligible employees. The General Meeting has extended the authority of the Management Board to grant, subject to the prior approval of the Supervisory Board, rights to employees to subscribe for shares under the respective equity plans. The instruments cannot be transferred, pledged or charged.

All equity-settled share-based compensation will be covered at the time of exercise, firstly through the issue of existing treasury shares held by the company, and secondly through the issue of new shares.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
SECTION 2: RESULTS OF THE YEAR

Share options
Options are exercised at the discretion of the holder, however, they may only be exercised after the completion of a three-year vesting period. Options expire after a period of seven years following the grant date after which the options can no longer be exercised and are considered to have lapsed.

The following table summarises information about the share options outstanding at 31 December 2017:

Year of grant	Number outstanding at 31-12-2017	Exercise price per share (€)	Weighted average remaining life	Number exercisable at 31-12-2017	Weighted average exercise price (€)
2011	255,500	6.08–6.20	0.36	255,500	6.11
2012	854,000	3.34–3.51	1.28	854,000	3.48
2013	1,297,100	3.36–5.90	2.29	1,297,100	3.53
2014	1,098,680	4.93–5.28	3.27	1,098,680	5.21
2015	1,140,780	7.60–7.83	4.15	53,350	7.71
2016	648,960	7.50–7.58	5.36	0	n/a
2017	751,710	9.15–9.60	6.39	0	n/a

A summary of the group's share option plans and the movements during the years 2017 and 2016 are presented below:

	2017		2016	
Option plans	No.	Weighted average exercise price (€)	No.	Weighted average exercise price (€)
Outstanding as at 1 January	8,125,043	5.32	**10,532,136**	**5.07**
Granted	762,583	9.56	796,240	7.57
Exercised	-2,545,033	4.87	-2,340,255	4.81
Expired	-12,666	5.33	-304,348	5.81
Forfeited	-283,197	7.68	-558,730	5.73
Outstanding as at 31 December	6,046,730	5.93	**8,125,043**	**5.32**

Options are exercised on a regular basis throughout the year. The average share price during the period was €8.85 (2016: €8.05). The fair value of the options is determined using the binomial tree model. This model contains the input variables, including the risk-free interest rate, volatility of the underlying share price, exercise price and share price at the date of grant.

	2017	2016
Share price at grant date (€)	9.60	7.50
Exercise price (€)	9.15–9.60	7.50–7.58
Expected volatility	45%	46%
Expected average option life in years	5.3	5.3
Weighted average risk-free rate	0.50%	0.27%
Expected dividends	Zero	Zero

The option valuation models require the input of highly subjective assumptions, including the expected share price volatility. Volatility is determined using industry benchmarking for listed peer group companies as well as the historic volatility of the TomTom NV's share. The group's employee share options have characteristics that are significantly different from those of traded options, and changes in the subjective input assumptions can affect the fair value estimate. There are no market conditions applicable to the grant.

Restricted share units
During 2017, the group issued RSUs to a select group of employees in addition to a grant of RSUs as part of the acquisition of Autonomos which took place during the year. Refer to note 15. The RSU plan qualifies as equity-settled as each RSU gives the holder the right to receive one TomTom share after the completion of the vesting period. The RSUs vest on an annual basis over a three-year period in equal tranches (cliff vesting).

During the year, 1.3 million RSUs were granted at a weighted average price of €8.68 (2016: none). No other movements in the RSUs occurred during the year. The fair value of the RSUs is determined with reference to the share price of TomTom NV at the date of grant. Of these RSUs, 138 thousand units were granted pursuant to the acquisition of Autonomos as detailed in note 15. These units follow the same vesting period but are not subject to the employment condition. The share option reserve is included in 'Other reserves' in the consolidated statement of changes in equity.

The following table summarises movements in the equity share-based compensation reserve relating to the equity-settled plans during 2017:

(€ in thousands)	2017	2016
Balance as at 1 January	14,213	17,342
Share-based compensation expense	8,104	3,275
Acquisition of subsidiary	1,182	0
Transfer to accumulated deficit	-203	-54
Share options exercised and settlement of restricted share units	-5,383	-6,350
Balance as at 31 December	17,913	**14,213**

CASH SETTLED PLAN

Phantom share plan
TomTom has granted phantom shares to certain employees. Under this plan, eligible employees are entitled to receive a cash payment equal to the value at vesting date of the number of shares that have vested. These cash-settled phantom shares are conditional on the employee completing three years of service (the vesting period). As at 31 December 2017, the outstanding liability with regard to the phantom share plan was €8.8 million (2016: €13.4 million).

The following table provides the movement in the number of phantom shares.

	2017	2016
Outstanding as at 1 January	2,312,520	**2,811,500**
Granted	368,520	628,170
Vested and paid out	-925,065	-861,700
Forfeited	-225,275	-265,450
Outstanding as at 31 December	1,530,700	**2,312,520**

ACCOUNTING POLICY

Equity-settled share-based payments are measured at fair value at the date of grant. The fair value per option is measured using the binomial tree model. For restricted share units, the fair value at grant date is equal to the share price 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.

Cash-settled share-based payments are initially measured at the fair value of the liability which is expensed on a straight-line basis over the vesting period. The liability is remeasured at each balance sheet date to its fair value, reflected by the share price at balance sheet date, with all changes recognised immediately through profit and loss.

All share-based compensation expenses are based on the number of units that are expected to vest. The group revises its estimates of the number of instruments expected to vest at each balance sheet date.

8. DEPRECIATION, AMORTISATION AND IMPAIRMENT

Total depreciation, amortisation and impairment for the year was €341 million (2016: €132.0 million) of which €14.4 million (2016: €8.8 million) is included in cost of sales.

(€ in thousands)	2017	2016
Amortisation	149,838	113,467
Depreciation	22,478	18,536
Impairment	168,687	0
Total	**341,003**	**132,003**

For details of impairment charges for the year refer to note 12 and note 13. The Increase in amortisation expense is as a result of accelerated amortisation as detailed in note 3 and 4.

Amortisation charges totalling €149.8 million (2016: €113.5 million) are included in the following line items in the Income Statement:

(€ in thousands)	2017	2016
Cost of sales	11,723	6,702
Amortisation of technology and databases	112,293	91,526
Research and development expenses	967	522
Selling, general and administration expenses	24,550	14,414
Marketing expenses	305	304
Total	**149,838**	**113,467**

9. GOVERNMENT GRANTS

In 2017, the group received government grants amounting to €4.8 million, in relation to the research and development activities performed by the group (2016: €5.8 million) which have been accounted as a deduction of wage tax expense in line with the nature of the grants.

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 comprises of the following current tax expense/(gain) as well as deferred tax expense/(gain):

(€ in thousands)	2017	2016
Current tax	6,903	13,672
Deferred tax	88	-18,381
Income tax expense/(gain)	**6,991**	**-4,709**

The current tax expense represents the tax charge on profit for current year as well as adjustments relating to prior periods. The tax paid in 2017 was €8.7 million (2016: €12.8 million) . The difference between the tax cash paid in 2017 with the tax charge of €6.9 million is mainly attributed to the adjustments relating to prior period. The tax charge represents €0.03 impact on our earnings per share.

The activities of the group are subject to corporate income tax in several countries, depending on presence and activity. The applicable statutory tax rates of the tax jurisdictions in which the group operates vary between 12.5% and 41% which may cause the group effective tax rate (ETR) to deviate from the Dutch corporate tax rate. The following table presents a numerical reconciliation between the tax charge on the basis of the Dutch tax rate and the ETR.

	2017	2016
Dutch tax rate	25.0%	25.0%
Higher/(lower) weighted average statutory rate of group activities	-0.6%	21.8%
Income exempted from tax	0.0%	-11.1%
Goodwill impairment charge	-21.4%	0.0%
Non-deductible expenses and additional tax deductibles	-1.0%	21.5%
Losses not capitalised/capitalisation of losses not previously capitalised	-2.3%	-25.3%
Effect of prior years' settlements and/or adjustments	0.9%	-68.5%
Remeasurement of deferred tax[1]	-3.0%	-30.8%
Other	-1.2%	2.3%
Effective tax rate	**-3.6%**	**-65.0%**

[1] Remeasurement of deferred tax resulted in a gain of €4.6 million in 2017 (2016: €2.3 million).

The income tax expense of €7.0 million in 2017 represents an ETR of -3.6% (2016: -65%). Excluding the impact of goodwill impairment charge €168.7 million the 2017 ETR would have been -24%. This ETR is primarily impacted by the effect of the remeasurement of our deferred tax assets and liabilities and the effect of not capitalising tax losses generated in certain jurisdictions during the year.

The remeasurement of deferred tax assets and liabilities is mainly driven by the application of the innovation box facility in the Netherlands as well as a change in the tax rate in the United States of America as part of the US tax reform.

The income tax debited directly to equity in 2017 amounted to €0.6 million (2016: credit of €0.4 million), of which €1.1 million related to the deferred tax assets and liabilities as disclosed in note 11. The income tax debited in equity mainly related to a write-off of deferred tax asset on tax losses that originally arose from the foreign currency revaluation of certain intercompany positions that form part of the net investment in subsidiaries.

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 that arise from initial accounting for a business combination or items credited or debited directly to equity. For the latter, the tax is also recognised either in Other comprehensive income or directly in equity. 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 2017, the group had a deferred tax liability of €95.6 million (2017: €97.3 million) and a deferred tax asset of €7.5 million (2016: €12.0 million).

(€ in thousands)	2017	2016
Deferred tax assets	7,453	12,046
Deferred tax liabilities	-95,602	-97,282
Total	**-88,149**	**-85,236**

The deferred tax asset and liability mainly results from the timing difference between the tax and accounting treatment of intangible assets, cash-settled share-based payments and certain provisions as well as from the capitalisation of carried forward tax losses.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
SECTION 2: RESULTS OF THE YEAR

The following table presents the movement in each of the category on a gross basis.

(€ in thousands)	Other	Intangible assets	Share-based compensation expense	Provisions	Assessed losses & credits	Total
Balance as at 31 December 2015	**504**	**-170,784**	**4,048**	**5,946**	**43,973**	**-116,313**
Acquisitions through business combination	0	0	0	0	13,201	13,201
(Charged)/credited to income statement	-776	43,306	-1,100	138	-25,418	16,150
(Charged)/credited to equity	0	0	0	233	-879[1]	-646
Impact of remeasurement (charged)/ credited to income statement	0	2,325	-94	0	0	2,231
Currency translation differences	-106	301	0	258	-312	141
Balance as at 31 December 2016	**-378**	**-124,852**	**2,854**	**6,575**	**30,565**	**-85,236**
Reclassification to provisions	0	0	0	0	264	264
(Charged)/credited to income statement	310	10,314	-1,028	-1,686	-2,145	5,765
(Charged)/credited to equity	0	0	0	525	-1,664	-1,139
Impact of remeasurement (charged)/ credited to income statement	-334	-4,642	172	-986	-62	-5,852
Acquisitions through business combination	0	-1,271	0	0	0	-1,271
Currency translation differences	-140	99	0	-282	-357	-680
Balance as at 31 December 2017	**-542**	**-120,352**	**1,998**	**4,146**	**26,601**	**-88,149**

[1] The amounts (debited)/credited to equity mainly relate to tax (gain)/losses for 2016 results from the foreign currency revaluation of certain intercompany borrowings that have been charged through equity as they form part of net investment in subsidiaries.

The group has in some jurisdictions remaining tax losses that have not been recognised as a deferred tax asset as the possible future recovery of these losses against future taxable income is uncertain. As at 31 December 2017, these losses amounted to €54.2 million (2016: €28.9 million) of which €27.4 million relating to foreign tax jurisdictions. The losses from foreign countries have no future expiry date while the vast majority of the losses generated in the Netherlands will expire in tranches in 2023 to 2026. In addition, the group has uncapitalised withholding tax credits amounting to €3.1 million (2016: €1.4 million).

The following table presents the expected timing of reversal of our deferred tax assets and liabilities.

(€ in thousands)	2017	2016
Deferred tax		
To be reversed within 12 months	-4,987	-3,438
To be reversed after more than 12 months	-83,162	-81,798
Total	**-88,149**	**-85,236**

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 (accounting base) and the amounts used for income tax purposes (tax base).

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.

The ultimate realisation of deferred tax assets is dependent upon the generation of future taxable income in the countries where the deferred tax assets originated and during the periods when the deferred tax assets become deductible. Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income, and tax planning strategies in making this assessment.

SECTION 3:
NON-CURRENT ASSETS AND INVESTMENTS

The notes in this section specify the group's non-current assets including investments made during the year either through separate asset acquisitions or business combinations.

12. GOODWILL

(€ in thousands)	2017	2016
Cost	1,921,238	1,924,357
Accumulated impairment	-1,520,920	-1,520,920
Balance as at 1 January	400,318	**403,437**
Movements		
Recognised on business combination	23,688	0
Adjustments to initial purchase price allocation[1]	0	-2,441
Impairment	-168,687	0
Currency translation differences	1,000	-678
	-143,999	-3,119
Cost	1,945,926	1,921,238
Accumulated impairment	-1,689,607	1,520,920
Balance as at 31 December	256,319	**400,318**

[1] For goodwill adjustment to the initial purchase price allocation see further details in note 15.

Contrary to historical growth trends and the expectations that we had at the end of 2016 based on the information then available, our Consumer Sports business faced difficult market circumstances. In the first quarter revenues were broadly in line with expectations but this significantly deteriorated in the course of the second quarter, resulting in an unanticipated year on year decline in revenue. As a result of these developments we have initiated a strategic review for our Sports business.

These adverse developments triggered us to perform an impairment test on 30 June 2017 for our Consumer operating segment. The recoverable amount of the Consumer segment was determined based on the fair value less costs of disposal method as this resulted in a higher recoverable amount than the value in use. Given the above mentioned developments in Consumer the expected revenues show a decline in the forecasted period. As a result of this analysis, management recognised an impairment charge of €169 million against goodwill, which results in a full write off of the goodwill of the Consumer operating segment. The impairment charge is recorded as a separate line item within operating expenses.

From the Autonomos acquisition, as disclosed under note 15, we recognised additional goodwill for an amount of €23.7 million, which has been fully allocated to Automotive segment.

A segment-level summary of the goodwill allocation for the group's segments in 2017 and 2016 is presented below:

(€ in thousands)	2017	2016
Automotive & Enterprise	192,294	168,606
– Automotive	107.077	83,389
– Enterprise	85,217	85,217
Telematics	64,025	63,025
Consumer	0	168,687
Total	256,319	**400,318**

ACCOUNTING POLICY

Goodwill represents the excess of the costs of an acquisition over the fair value of the group's share of identifiable assets of the acquired subsidiary at the date of acquisition and is carried at costs less accumulated impairment losses. Goodwill is allocated to operating segments that are expected to benefit from the business combination in which the goodwill arose.

Impairment testing of goodwill
Assets such as goodwill that have an indefinite useful life are tested for impairment at least annually, or whenever management identifies conditions that may indicate a risk of impairment.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount and is recognised immediately in the income statement. The recoverable amount is the higher of an asset's fair value less costs of disposal and its value in use. In estimating the recoverable amount, management is required to make an estimate of the expected future cash flows from the cash-generating unit in the forecasted period and also to determine a suitable discount rate in order to calculate the present value of those cash flows. Such estimates might be subject to a certain degree of judgement and uncertainty.

Impairments to goodwill are not subsequently reversed.

SIGNIFICANT ESTIMATES

Impairment test of goodwill
We set out below the methodologies as well as assumptions applied in performing the trigger-based impairment testing for Consumer as well as the year-end goodwill impairment test for Automotive, Enterprise and Telematics.

The recoverable amount of each of the segments is determined based on the higher of the value in use or fair value less costs of disposal calculations. The fair value less costs of disposal calculation resulted in a higher recoverable amount. The calculations of fair value less costs of disposal for Automotive, Enterprise and Telematics use post-tax cash flow projections based on financial forecasts approved by management covering a five-year period (forecasted period) including terminal value. Given the declining nature of the PND market, for the trigger-based impairment test of Consumer we have used a ten-year period without terminal value.

Management's cash flow projections for each of the segments in the forecasted period are based on management's assumptions on the expected revenue developments, gross margin and operating margin after allocation of operating expenses from shared units, taking into account management's expectation of market size and market share development.

Automotive revenue is projected to grow significantly throughout the forecasted period. Enterprise and Telematics revenue in the forecasted period shows a single digit growth rate, while the revenue projections of Consumer are declining in the forecasted period. Given the limited visibility on the longer-term growth, the growth rates in the later years are more subject to uncertainty compared with the earlier years. Gross margin and operating margin projections of each of the segments are consistent with the expected revenue developments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
SECTION 3: NON-CURRENT ASSETS AND INVESTMENTS

SIGNIFICANT ESTIMATES CONTINUED

The growth rates after the forecasted period as well as the discount rate used for each of the segments are presented in the table below. The input to the group's key assumptions include those that are based on non-observable market data (level 3 input in accordance with IFRS 13).

	Consumer[1]	Automotive	Enterprise	Telematics
2017				
Revenue – perpetual growth[2]	n/a	2.0%	0.0%	2.0%
Discount rate[3]	9.0%	9.0%	9.0%	9.0%
2016				
Revenue – perpetual growth[2]	0.0%	2.0%	0.0%	2.0%
Discount rate[3]	9.0%	9.0%	9.0%	9.0%

1 For Consumer the fair value less cost of disposal is based upon a 10-year forecast period and we assume no terminal value.
2 Weighted average growth rate used to extrapolate cash flows beyond the forecasted period.
3 Post-tax discount rate applied to the cash flow projections.

Discount rates used are post-tax and reflect specific risks relating to the relevant operating segments.

Management considered the effects of applying a pre-tax approach and concluded that this will not materially change the outcome of the impairment test. This applies to both the impairment test done for Consumer in the second quarter as well as the annual impairment test which we did in the fourth quarter.

Expectations and input to the impairment calculation, as well as the overall outcome, have been compared with the available external information (level 2 input in accordance with IFRS 13) from various analysts and to the extent available with market information on recent comparable transactions (mergers and acquisitions activity in relation to comparable companies).

A goodwill impairment charge of €168.7 million was recorded in the second quarter of 2017 relating to the Consumer segment. There was no impairment charge recorded at year-end for any of the segments (2016: €0).

For all segments (other than Consumer) a reasonably possible change in any of the above-mentioned key assumptions as well as other assumptions in the forecasted period would not cause the fair value less costs of disposal of any of these units to fall below the level of their respective carrying value.

13. OTHER INTANGIBLE ASSETS

The movements in the intangible assets are as follows:

(€ in thousands)	Map content and mapmaking platform[2]	Internally generated technology	Other[1]	Total
Balance as at 31 December 2015				
Cost	1,068,496	171,443	239,146	1,479,085
Accumulated amortisation and impairment	-410,870	-101,628	-155,679	-668,177
	657,626	69,815	83,467	810,888
Of which internally generated[3]	*118,498*	*69,815*	*0*	*188,313*
Movements				
Additions	56,873	35,949	4,432	97,254
Disposals (net)[4]	0	0	-147	-147
Amortisation charges	-71,215	-23,401	-18,853	-113,469
Currency translation differences	1,575	225	-575	1,225
	-12,767	**12,773**	**-15,143**	**-15,137**
Balance as at 31 December 2016				
Cost	1,127,712	207,392	233,865	1,568,969
Accumulated amortisation and impairment	-482,853	-124,804	-165,541	-773,198
	644,859	82,588	68,324	795,771
Of which internally generated[3]	*148,327*	*82,588*	*0*	*230,915*
Movements				
Additions	62,988	37,719	3,968	104,675
Acquisition through business combination	0	0	4,100	4,100
Disposals (net)[4]	-140	-376	-1,065	-1,581
Amortisation charges	-81,896	-38,025	-29,917	-149,838
Currency translation differences	-625	-2	452	-175
	-19,673	**-684**	**-22,462**	**-42,819**
Balance as at 31 December 2017				
Cost	1,140,725	240,745	224,227	1,605,697
Accumulated amortisation and impairment	-515,539	-158,841	-178,365	-852,745
	625,186	**81,904**	**45,862**	**752,952**
Of which internally generated[3]	*171,748*	*81,904*	*0*	*253,652*

1 Other intangible assets consists primarily of customer relationships with a book value of €31 million (2016: €52 million) as well as brand names and software.
2 The mapmaking platform as acquired at acquisition date (June 2008) represents geographical content data used for the group's digital maps and has a remaining useful life of 10 years and 5 months (2016: 11 years and 5 months).
3 Internally generated technology includes technology in development for an amount of €37 million (31 Dec 2016: €44 million).
4 During the year the total gross amount of the assets disposed across all intangible asset classes was €77 million (2016: €14.8 million). Within database and tools we disposed assets with a net book value of €6.9 million and within other technologies we disposed technologies for an amount of €9.5 million. The disposed assets related to mapmaking tools and technologies that are not being used anymore.

ACCOUNTING POLICY

Other intangible assets
Other intangible assets includes both assets that have been acquired, either through individual asset acquisitions or through business combinations, and assets that have been generated internally, such as the group's core technology and geographical content database.

INTERNALLY GENERATED INTANGIBLE ASSETS

Internal development costs for core technology are recognised as an intangible asset if, and only if, all of the following have been demonstrated:

- The technical feasibility to complete the project;
- The intention to complete the intangible asset, and use or sell it;
- The ability to use or sell the intangible asset;
- How the intangible asset will generate probable future economic benefits;
- The availability of adequate resources to complete the project; and
- The cost of developing the asset can be measured reliably.

Internally generated databases are capitalised until a certain level of map coverage is reached and ongoing activities focus on maintenance. At this point, capitalisation is discontinued.

Internal software costs relating to development of non-core software with an estimated average useful life of less than one year and engineering costs relating to the detailed manufacturing design of new products are expensed in the period in which they are incurred.

The amount initially recognised for internally generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. All expenditures on research activities are expensed in the income statement as incurred.

Acquired intangible assets
Definite-lived intangible assets acquired separately are initially recognised at cost. The cost of assets acquired separately includes directly attributable costs to bring the asset to its intended use. Intangible assets acquired in a business combination are identified and recognised separately from goodwill where they satisfy the definition of an intangible asset and their fair values can be measured reliably.

The cost of such intangible assets is their fair value at the acquisition date.

Subsequent to initial recognition, all intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses.

The amortisation of other intangible assets is recorded on a straight-line basis over the following estimated useful lives as follows:

- Map content and mapmaking platform: 4–20 years;
- Internally generated core technology: 3–7 years;
- Acquired technology: 4–5 years;
- Customer relationships: 5-13 years;
- Computer software: 2–5 years;
- Brand names: 5 years.

Map content and mapmaking platform created before 1 January 2017 is amortised over 20 years. All content created from 1 January 2017 is amortised over 4, 8 or 12 years depending on the type of content. Intangible assets generated for certain customer specific projects are amortised based on actual units of products sold to the customers.

Impairment
Assets which have an indefinite useful life and are not subject to amortisation and intangible assets not yet ready to use are tested for impairment at least annually, or whenever management identifies conditions that may indicate a risk of impairment. Assets that are subject to amortisation are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Testing is conducted as per the policy outlined in Note 12.

Non-financial assets, other than goodwill, which have been subject to an impairment, are reviewed for possible reversal of the impairment at each reporting date.

SIGNIFICANT ESTIMATES

Management made use of assumptions and judgement in assessing the expected future economic benefits that can be attributed to the internally generated technology, databases and tools, as well as their expected useful lives. For internally generated databases, assumption is also made on the level of completion, at which point the capitalisation is discontinued and future activities are considered to be maintenance.

Such estimates are made on a regular basis, as they can be significantly affected by changes in technology and other factors.

Impairment of other intangible assets
In 2017 (2016: €0) no impairment charge was recorded for other intangible assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
SECTION 3: NON-CURRENT ASSETS AND INVESTMENTS

14. PROPERTY, PLANT AND EQUIPMENT

(€ in thousands)	Furniture and fixtures	Computer equipment	Leasehold improvements	Other[1]	Total
Balance as at 31 December 2015					
Investment cost	12,441	63,974	15,278	30,501	122,194
Accumulated depreciation and impairment	-7,816	-44,405	-10,446	-20,658	-83,325
	4,625	19,569	4,832	9,843	38,869
Movements					
Additions	1,472	10,945	2,269	6,670	21,356
Adjustment to initial purchase price allocation	0	0	0	187	187
Disposals (net)[2]	-52	-623	-139	-346	-1,160
Depreciation charges	-1,375	-9,873	-1,515	-5,773	18,536
Currency translation differences	5	4	91	-418	-318
Balance as at 31 December 2016					
Investment cost	12,133	65,883	16,496	31,955	126,467
Accumulated depreciation and impairment	-7,458	-45,861	-10,959	-21,791	-86,069
	4,675	20,022	5,538	10,163	40,398
Movements					
Additions	1,405	7,468	2,141	5,987	17,001
Disposals (net)[2]	-36	-38	-661	-127	-862
Depreciation charges	-1,530	-10,377	-1,584	-8,987	-22,478
Currency translation differences	-66	-143	-142	-87	-438
	-227	-3,090	-246	-3,214	-6,777
Balance as at 31 December 2017					
Investment cost	13,182	64,480	17,179	27,735	122,576
Accumulated depreciation and impairment	-8,734	-47,548	-11,887	-20,786	-88,955
	4,448	**16,932**	**5,292**	**6,949**	**33,621**

1 Other property, plant and equipment includes vehicles, production tools and moulds and service equipment.
2 The total gross amount of the assets disposed across all asset classes was €18.1 million (2016: €15.7 million).

The costs for operating leases in 2017 amounted to €18 million (2016: €16 million). For disclosures of our operating lease commitments reference is made to note 32 Commitments, contingent assets and liabilities.

No impairment has been recognised for Property, plant and equipment in 2017 (2016: €0).

ACCOUNTING POLICY

The group leases certain property, plant and equipment. Leases are classified as finance leases whenever the terms of the lease substantially transfer all the risks and rewards of ownership to the group. All other leases are classified as operating leases. Rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term.

Property, plant and equipment are stated at historical cost less accumulated depreciation and impairment charges. Depreciation is recorded on a straight-line basis over the estimated useful lives of the assets as follows:

- Furniture and fixtures: 4–10 years;
- Computer equipment and hardware: 2–7 years;
- Leasehold improvements: 4–10 years;
- Vehicles: 4 years;
- Tools and moulds: 1–2 years;
- Service equipment: 5 years.

The estimated useful lives, residual values and depreciation methods are reviewed at each year-end, with the effect that any changes in estimate are accounted for on a prospective basis. The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset, and is recognised in profit or loss.

Impairment
For the accounting policy relating to impairment refer to note 13 Other intangible assets.

15. BUSINESS COMBINATIONS

2017

Autonomos acquisition
On 17 January 2017, the group acquired 100% of the shares of Autonomos GmbH for €25.7 million of which €24.5 million is paid in cash and the remainder through the issue of 138 thousand restricted share units at share price of €8.69 per share.

The company is a Berlin-based autonomous driving start-up. We have acquired a vast amount of technical expertise that will be of value in the further development of our location technologies. Specifically, the acquisition will give us a fuller understanding of the autonomous driving stack and real-time computer vision technology and allow us to improve quality of our products such as TomTom HD Map, RoadDNA localisation technology, navigation, traffic and other cloud services.

Goodwill on the acquisition can be attributed to intangible assets that do not qualify for separate recognition. The amount of Goodwill that is expected to be deductible for tax purposes is nil.

The fair value of assets and liabilities acquired and the related cash flow on acquisition was as follows:

(€ in thousands)	2017
Identifiable net assets acquired:	
Assets	
– Technology	4,100
– Other assets	360
Liabilities	
– Deferred tax liability	-1,271
– Other liabilities	-943
Fair value of the net assets acquired	2,246
Goodwill at acquisition	23,688
Consideration transferred	25,934
– Settled through issue of restricted share units	-1,182
– Cash on hand at date of acquisition	-258
Cash outflow on acquisition	24,494

The amount of revenue and loss attributable to Autonomos since the acquisition date and included in the consolidated financial statements is €0.7 million and €6.1 million respectively. Should the acquisition date have been 1 January 2017, the revenue and loss would have been €0.7 million and €6.1 million respectively.

As part of the acquisition the group also granted 1 million restricted share units to former shareholders and employees which are treated as remuneration expenses as the grant is conditional on future services rendered (refer to note 7). There were no material transaction costs related to the acquisition.

Disposal of TomTom South Africa (Pty) Ltd
On 31 December 2017 the group disposed of its share in TomTom South Africa (Pty) Ltd. The group recorded a loss on sale of €0.7 million, which includes the recycling of the accumulated currency translation reserve of €0.3 million. As the transaction is not material, no further disclosure is provided.

2016

During 2016, the group made an adjustment to the initial purchase price allocation of the Finder acquisition resulting mainly in a decrease of goodwill balance (€2.4 million) and the related contingent consideration (€2.0 million). Finder was acquired effective 23 December 2015.

ACCOUNTING POLICY

The group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

16. INVESTMENTS IN ASSOCIATES

As of 31 December 2016, the group held interests in a number of associates: Cyient Ltd. ('Cyient'), WayTag (Pty) Ltd. ('WayTag') and Beijing Golden Tom Information Technology Co. Ltd. ('Beijing Golden Tom').

The movements in the investments in associates can be specified as follows:

(€ in thousands)	2017	2016
Balance as at 1 January	3,941	**3,546**
Result of associates[1]	759	736
Dividend received	-202	-190
Other direct equity movements	-275	-151
Balance as at 31 December	4,223	**3,941**

1 The group's share in 'Other comprehensive income' of the associates are presented under 'Other direct equity movements' in the table above.

Cyient provides content development and support services. WayTag and Beijing Golden Tom have limited activities and are not material to the group.

The group has no commitment in providing additional financing to any of its associates.

The (estimated) full-year revenue and net profits and the assets and liabilities of Cyient are as follows:

	Country of incorporation	Assets	Liabilities	Revenue	Net result	Interest held (%)
			(€ in thousands)			
2017						
Cyient Ltd.[1]	India	409,477	132,711	436,838	46,206	1.33%
2016[2]						
Cyient Ltd.[1]	India	376,827	113,883	437,556	44,631	1.33%

1 Cyient has a 31 March year-end. Data for calculating the result of associate, based on the equity method, is obtained from January through to December. The summarised financial information presented above is based on financial statements for the year ending 31 March 2017 and 31 March 2016.
2 Prior year disclosure included disclosures relating to other associates. These associates are not material to the group and are no longer disclosed.

Cyient is regarded as an associate as TomTom is represented in its Board of Directors. The fair value of the investment in Cyient is €11.4 million (2016: €10.4 million).

ACCOUNTING POLICY

Associates are all entities over which the group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights, or other evidence of significant influence. Investments in associates are accounted for using the equity method of accounting, and are initially recognised at cost.

The group's share of its associates' post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition movements in 'Other comprehensive income' is recognised in 'Other comprehensive income'. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate. Unrealised gains on transactions between the group and its associates are eliminated to the extent of the group's interest in the associates. Unrealised losses are also eliminated, unless the transaction provides evidence of an impairment of the asset transferred. Accounting policy of associates has been adjusted where necessary to ensure consistency with the policy adopted by the group.

SECTION 4: WORKING CAPITAL

The notes in this section specify items that form part of group's working capital including disclosure relating to cash and cash equivalents.

17. INVENTORIES

(€ in thousands)	2017	2016
Finished goods	17,555	30,792
Components and sub-assemblies	14,054	23,286
Inventories	**31,609**	**54,078**

The amount of inventories recognised as an expense when the inventories are sold and included in cost of sales amounted to €230 million (2016: €319 million). As a result of the write-down of inventories to their net realisable value, the group recognised a cost of €5.9 million (2016: €5.6 million). These costs are included in cost of sales.

ACCOUNTING POLICY

Inventories are stated at the lower of cost and net realisable value. The cost of inventories comprises costs of purchase, assembly and conversion to finished products. The cost of inventories is determined using the first-in, first-out (FIFO) method, net of reserves for obsolescence and any excess stock. Net realisable value represents the estimated selling price less an estimate of the costs of completion and direct selling costs.

18. TRADE RECEIVABLES

(€ in thousands)	2017	2016
Gross accounts receivables	119,450	136,899
Allowance for doubtful receivables	-5,196	-4,475
Trade receivables (net)	**114,254**	**132,424**

The group expects to recover all receivables within a year. An allowance has been made for estimated unrecoverable amounts of the trade receivables. The carrying amount of trade receivables approximates their fair value. The group does not hold any collateral over these balances.

The group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. Management actively monitors the credit risk related to these customers and takes proactive action to reduce credit limits if required.

The following table summarises the movement in the allowance for doubtful trade receivables account:

(€ in thousands)	2017	2016
Balance as at 1 January	**-4,475**	**-4,236**
Additions to provision	-4,265	-2,487
Receivables written off during the year as uncollectible	2,463	816
Unused amounts reversed	1,156	1,497
Currency translation differences	-75	-65
Balance as at 31 December	**-5,196**	**-4,475**

The following table sets out the balance of trade accounts receivable that are not overdue (as the payment terms specified in the terms and conditions established with the group's customers have not been exceeded) and an analysis of the ageing of the overdue amounts and related provisions for doubtful trade accounts receivable:

(€ in thousands)	2017	2016
Of which:		
Not overdue	97,701	125,613
Overdue <3 months	12,171	4,020
3 to 6 months	2,597	2,441
Over 6 months	6,981	4,825
Less provision	-5,196	-4,475
Trade receivables (net)	**114,254**	**132,424**

The provisions recorded in 2017 and 2016 are mainly related to the overdue amounts.

Trade accounts receivable include amounts denominated in the following major currencies:

(€ in thousands)	2017	2016
EUR	89,582	83,797
GBP	6,107	14,109
USD	11,656	17,340
Other	6,909	17,178
Trade receivables (net)	**114,254**	**132,424**

ACCOUNTING POLICY

Trade receivables are initially recognised at fair value, and subsequently measured at amortised cost (if the time value is material), using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the group will not be able to collect all amounts due, according to the original terms of the receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the income statement within 'Cost of sales'. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against 'Cost of sales' in the income statement.

19. OTHER RECEIVABLES AND PREPAYMENTS

(€ in thousands)	2017	2016
Prepayments	16,327	21,151
CIT, VAT and other taxes	7,125	6,009
Unbilled revenue[1]	25,150	12,550
Deferred cost of sales[2]	1,567	2,530
Other receivables	2,945	3,875
Total other receivables	**53,114**	**46,115**

[1] The increase in unbilled revenue is driven by the timing of invoicing.

[2] Deferred cost of sales relates to cost of providing services which have been paid in advance.

The carrying amount of the other receivables and prepayments approximates their fair value.

20. OTHER FINANCIAL ASSETS/LIABILITIES

Other financial assets/liabilities include derivative financial instruments carried at fair value through profit or loss.

	2017		2016	
(€ in thousands)	Assets	Liabilities	Assets	Liabilities
Derivatives at fair value through profit or loss	0	-104	1,210	-338

The notional principle amounts of the outstanding forward foreign exchange and option contracts as at 31 December 2017 were €3.6 million (2016: €49 million). All the group's outstanding options and forwards have a contractual maturity of less than one year. The group does not apply hedge accounting.

ACCOUNTING POLICY

Derivatives are initially and subsequently measured at fair value. Gains or losses arising from changes in fair value of derivatives are recognised in the income statement. Transaction costs are expensed in the income statement.

21. CASH AND CASH EQUIVALENTS

(€ in thousands)	2017	2016
Cash and equivalents	120,850	142,527
Total cash and cash equivalents	**120,850**	**142,527**

Cash and cash equivalents consist of cash held by the group sometimes invested in short-term bank deposits with an original maturity of three months or less. The carrying amount of cash and cash equivalents approximates its fair value. All cash and cash equivalents are available for immediate use by the group.

ACCOUNTING POLICY

Cash and cash equivalents are stated at face value and comprise cash on hand, deposits held on call with banks, and other short-term highly liquid investments that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

22. TRADE PAYABLES

All trade payable balances have a contractual maturity of less than six months and the carrying amount approximates their fair value.

23. ACCRUALS AND OTHER LIABILITIES

Accruals and other liabilities comprise of the following:

(€ in thousands)	2017	2016
Margin-related accruals[1]	63,429	67,555
Operating expenses accruals	75,963	75,143
Total	**139,392**	**142,698**

[1] Margin-related accruals include items such as sales return allowance, rebates and stock protection accrual.

SECTION 5:
FINANCING, FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

This section includes notes related to financing items such as equity and borrowings as well as financial risk management and financial instruments. Related items such as earnings per share calculation as well as financial income and expenses, are included in this section.

24. SHAREHOLDER'S EQUITY

	2017		2016	
	No.	(€ in thousands)	No.	(€ in thousands)
Authorised:				
Ordinary shares	600,000,000	120,000	600,000,000	120,000
Preferred shares	300,000,000	60,000	300,000,000	60,000
Total	**900,000,000**	**180,000**	**900,000,000**	**180,000**
Issued and fully paid:				
Ordinary shares	235,318,516	47,064	232,886,736	46,577
Of which held in Treasury	5,272,350			

During 2017, the company initiated a share buyback programme whereby the company aimed to repurchase €50 million worth of shares or 5,384,450 shares. At the conclusion of the share buyback, the company repurchased 5,384,450 shares for a total consideration of €49.8 million at a weighted average share price of €9.25 per share. At 31 December 2017, TomTom possessed 5,272,350 million shares (2016: none) after utilisations of treasury shares to satisfy obligations under the equity-settled share-based compensation plans. The remaining treasury shares are also held for this purpose.

In 2017, 2,432,933 shares and 112,100 treasury shares were issued to cover the exercise of employee share options (2016: 2,390,755 shares and 0 treasury shares).

Reserves are freely distributable except for €245 million of legal reserves (2016: €220 million). Note E. Other reserves in the company financial statements provides an overview of the non-distributable reserves.

All shares have a par value of €0.20 per share (2016: €0.20 per share). All issued shares have been fully paid. Further information on the rights, restrictions and other conditions attached to ordinary and preferred shares is provided in the Corporate Governance section in the Annual Report.

The Corporate Governance section provides a detailed description regarding the use of Foundation Continuity TomTom as a protective measure. Management is of the opinion that the call option as described in the Corporate Governance section does not represent a significant value as meant in IAS 1, paragraph 31, due to the fact that the likelihood that the call option will be exercised is remote. In the remote event that the call option is exercised, the preferred shares that are issued temporarily are intended to be cancelled within a 1-year period. The option is therefore not accounted for, nor further disclosed in the annual accounts.

ACCOUNTING POLICY

Share capital
Ordinary shares are classified as share capital.

Share premium
The share premium represents the amount by which the fair value of the consideration received exceeds the nominal value of shares issued. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Treasury shares
Own equity instruments that are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the group's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognised in the share premium on a first-in, first-out basis.

25. EARNINGS PER SHARE

The calculation of basic and diluted earnings per share is based on the following data:

(€ in thousands)	2017	2016
Earnings		
Net result attributed to equity holders	-203,987	11,987
Number of shares		
Weighted average number of ordinary shares for basic earnings per share	233,721,572	231,743,011
Effect of dilutive potential ordinary shares		
Share options and restricted shares	3,114,105	3,227,387
Weighted average number of ordinary shares for diluted earnings per share	**236,835,677**	**234,970,398**
Earnings per share (€)		
Basic	-0.87	0.05
Diluted	-0.87	0.05

TomTom also reports an adjusted earnings per share which excludes acquisition-related expenses and gains on a post-tax basis in order to give more insight in our operational performance.

The reconciliation of the adjusted net result to the reported net result is presented below:

(€ in thousands)	2017	2016
Net result attributed to equity holders	-203.987	11,987
Acquisition-related expenses	72,232	55,309
Restructuring and disposals	44,600	0
Impairment charge	168,687	0
Tax effect of adjustments	-24,885	-10,920
Remeasurement of deferred tax liability[1]	4,642	-2,263
Adjusted net result	**61,289**	**54,113**
Adjusted earnings per share (€)[2]		
Basic	0.26	0.23
Diluted	0.26	0.23

1 The adjusted net result in 2017 and 2016 included adjustments for the remeasurement of deferred tax liability on acquisition-related intangibles.
2 Adjusted earnings per share is not an IFRS performance measure and hence is not comparable across companies.

ACCOUNTING POLICY

Basic earnings per share
Basic earnings per share is calculated by dividing the profit attributable to equity holders of the company by the weighted average number of ordinary shares outstanding during the year. Treasury shares are deducted from the number of ordinary shares outstanding on a weighted average basis.

Diluted earnings per share
Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares arising from share options and other equity-settled share-based plans. When the effect of the options and other equity-settled share-based plans is anti-dilutive, the number is excluded from the calculation of diluted earnings.

For the share options, a calculation is performed to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the company's shares), based on the monetary value plus the remaining service cost of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued, assuming the exercise of the share options.

Adjusted earnings per share
Adjusted earnings per share is calculated by dividing the adjusted earnings by the weighted average number of ordinary and diluted shares outstanding during the year.

26. NON-CONTROLLING INTERESTS (MINORITY INTERESTS)

The following table presents the interest held by third parties in the group's consolidated subsidiaries:

		% of non-controlling interest	
Subsidiary	Country	31 Dec 2017	31 Dec 2016
TomTom Africa (Pty) Ltd.	South Africa	24%	24%
TomTom Navigation Taiwan Co., Ltd.	Rep. of China	0%	30%
TomTom Telematics Solutions Mexico S.A. de C.V.	Mexico	10%	20%

The movements in non-controlling interest is presented below:

(€ in thousands)	2017	2016
Balance as at 1 January	1,906	**1,723**
Non-controlling interests in the net result of subsidiaries	-424	-29
Dividends paid	0	-138
Change in share of non-controlling interests	886	-1
Currency translation differences	-60	351
Balance as at 31 December	2,308	**1,906**

In 2017, the remaining interest of 30% in TomTom Navigation Taiwan Co.Ltd. was acquired. An additional 10% interest was acquired in TomTom Telematics Solutions Mexico S.A. de C.V in both 2017 and 2016. The net decrease in equity attributable to the parent for the purchase of minority interests was €1.1 million (2016: €0.1 million).

The main part of the balance of the non-controlling interest relates to TomTom Africa (Pty) Ltd. There are no material cash balances or assets held by any of the above mentioned subsidiaries.

27. BORROWINGS

(€ in thousands)	2017	2016[1]
Non-current	0	9,586
Current	0	0
Total	0	**9,586**

1 The borrowings as at 31 December 2016 is netted with transaction costs of €0.4 million.

The non-current borrowings are related to the credit facility agreement (the facility) signed on 22 December 2014 effective up to 31 March 2020. The facility comprises of a revolving credit facility for an amount of €250 million which remained undrawn at the end of December 2017 (31 December 2016: €10 million).

The interest is in line with market conditions and is based on Euribor plus a margin that depends on certain leverage covenants. The average interest paid on borrowings in 2017 was 0.7% (2016: 0.7%).

ACCOUNTING POLICY

Borrowings are recognised initially at fair value, net of transaction costs incurred. Subsequently, amounts are stated at amortised cost with the difference being recognised in the income statement over the period of the borrowings using the effective interest rate method.

28. FINANCIAL RISK MANAGEMENT

FINANCIAL RISK FACTORS

The group's activities result in exposure to a variety of financial risks including credit, foreign currencies, liquidity and loan covenants, interest rates and capital risk. Management policies have been established to identify, analyse and monitor these risks, and to set appropriate risk limits and controls. Financial risk management is carried out in accordance with our Corporate Treasury Policy. The written principles and policies are reviewed periodically to reflect changes in market conditions, the activities of the business and laws and regulations affecting the group's business.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
SECTION 5: FINANCING, FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

CREDIT

Credit risk arises primarily from cash and cash equivalents held at financial institutions and, to a certain extent, from trade receivables.

Cash balances are held with counterparties that have a credit risk rating of at least BBB-, as rated by an acknowledged rating agency. Moreover, to avoid significant concentration of exposure to particular financial institutions, we ensure that transactions and businesses are properly spread among different counterparties.

The group's exposure from its customers is managed through establishing proper credit limits and continuous credit risk assessments for each individual customer.

Procedures include aligning credit and trading terms and conditions with an assessment of the individual characteristics and risk profile of each customer. This assessment is made based on past experiences and independent ratings from external rating agencies whenever available.

As at 31 December 2017, total bad debt provision represented approximately 0.6% of group revenue (2016: 0.5%).

FOREIGN CURRENCIES

The group operates internationally and conducts business in multiple currencies. Revenue is earned in EUR, GBP, USD and other currencies, and does not necessarily match the cost of sales and other costs which are largely in EUR and USD and to a certain extent in other currencies. Foreign currency exposures on commercial transactions relate mainly to estimated purchases and sales transactions that are denominated in currencies other than reporting currency – EUR (€).

The group manages foreign currency transaction risk through options and forward contracts to cover forecasted net exposures. All such transactions are carried out within the guidelines set by Corporate Treasury Policy, which is reviewed annually by the Audit Committee.

A 2.5% strengthening/weakening of EUR as at 31 December 2017 against the currencies listed below would have increased/(decreased) profit or loss by the amount shown below. This analysis assumes that all other variables remain constant. The analysis was performed on the same basis as in 2016.

	2017		2016	
(€)	Strengthen	Weaken	Strengthen	Weaken
GBP	-229,200	218,020	1,140,747	-1,085,104
USD	-750,330	713,730	-214,524	204,038

A 2.5% strengthening/weakening of EUR as at 31 December 2017 against GBP and USD would have increased/decreased equity by €0.5 million (2016: increase/decrease of equity by €0.3 million).

LIQUIDITY AND LOAN COVENANTS

The approach to managing liquidity is to ensure that sufficient funds are available to meet financial obligations when they fall due under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the group's reputation. To ensure there is sufficient cash to meet expected operational expenses, including the servicing of financial obligations, actual and future cash flow requirements are regularly monitored, taking into account the maturity profiles of financial assets and liabilities and the rolling forecast of the group's liquidity reserve, which comprises cash and cash equivalents and an undrawn credit facility of €250 million (31 December 2016: €240 million).

Under the covenants of the facility, the group is required to meet certain performance indicators with regard to its interest cover (4.0) and leverage ratio (3.0), which are tested twice a year. Interest cover is defined as the ratio of the last twelve months (LTM) EBITDA to LTM interest expense for the relevant test period. The leverage ratio is defined as the ratio of total consolidated net debt as at the testing date to the consolidated LTM EBITDA in respect of the relevant period ending on that date. In case of a breach of these covenants, the banks are contractually entitled to request early repayment of the outstanding amount.

As at 31 December 2017, the group complied with the loan covenants and, based on the group's plan for 2018, management expects to be able to comply with the loan covenants during 2018.

Any borrowings from the credit facility have a one-month maturity period from the date of draw down. This can be continuously rolled-over up to the end date of the facility agreement at management's discretion.

INTEREST RATES

Interest rate risk arises primarily from borrowings. These borrowings have a floating interest coupon based on Euribor plus a spread that depends on leverage levels. Interest rate risk is hedged with appropriate hedging instruments whenever deemed necessary in accordance with the Corporate Treasury Policy.

Based on the expectation of interest rate movements in the coming period and the acceptability of potential exposure, the current policy is not to hedge the interest rate of our borrowings. Accordingly, changes in Euribor may have an impact on the group's results for the coming year.

Our intention is to prioritise capital preservation and when possible we invest our surplus cash using approved investment instruments, such as bank deposits and money market fund investments. All transactions and counterparty risk limits are governed by Corporate Treasury Policy.

As the current utilisation of the credit facility is zero, the company does not have material exposure to movements in interest rates.

CAPITAL RISK

The group's financing policy aims to maintain a capital structure that enables the group to achieve its strategic objectives and daily operational needs, and to safeguard the group's ability to continue as a going concern.

In order to maintain or adjust the capital structure, the group may issue new shares, adjust its dividend policy, return capital to shareholders or sell assets to reduce debt, taking into account relevant interest cover and leverage covenants of external borrowings as disclosed above.

As at 31 December 2017, the group had a net cash position of €120.9 million (31 December 2016: €132.5 million). The net cash is the cash and cash equivalents minus the nominal amount of our outstanding borrowings.

For further quantitative disclosures in respect of liquidity, interest rate and capital risks, reference is made to note 21, note 24 and note 27.

29. FINANCIAL INSTRUMENTS

The following table presents the group's financial instruments according to the categories as defined in IAS 39:

(€ in thousands)	Loans & receivables	Assets/liabilities at fair value through profit or loss	Other financial assets/liabilities at amortised cost	Total
As at 31 December 2017				
Assets				
Other financial assets	0	0	0	0
Trade receivables	114,254	0	0	114,254
Cash and cash equivalents	120,850	0	0	120,850
Total	**235,104**	**0**	**0**	**235,104**
Liabilities				
Trade payables	0	0	51,441	51,441
Other financial liabilities	0	104	0	104
Borrowings	0	0	0	0
Total	**0**	**104**	**51,441**	**51,545**
As at 31 December 2016				
Assets				
Other financial assets	0	1,210	0	1,210
Trade receivables	132,424	0	0	132,424
Cash and cash equivalents	142,527	0	0	142,527
Total	**274,951**	**1,210**	**0**	**276,161**
Liabilities				
Trade payables	0	0	76,630	76,630
Other financial liabilities	0	338	0	338
Borrowings	0	0	9,586	9,586
Total	**0**	**338**	**86,216**	**86,554**

ACCOUNTING POLICY

Financial asset
The group classifies its financial assets in the following categories: at fair value through profit or loss, and loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Financial assets at fair value through profit or loss
Derivatives are categorised at fair value through profit or loss unless they are designated as hedges. Derivatives are recorded as financial assets when the value of the derivative is positive in favour of the company; otherwise the derivative is classified as a financial liability. All derivative financial instruments are classified as current or non-current assets or liabilities based on their maturity dates and are accounted for at trade date. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the group has substantially transferred all risks and rewards of ownership.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than twelve months after the balance sheet date, which are classified as non-current assets. Loans and receivables are initially recognised at fair value and subsequently measured at amortised cost (if the effect of time value is material) using the effective interest method, less any impairment. The group's financial assets classified in the category 'Loans and receivables' comprise 'Trade receivables' and 'Cash and cash equivalents' in the balance sheet (note 18. Trade receivables and note 21. Cash and cash equivalents).

Financial liabilities and equity instruments
Financial liabilities and equity instruments issued by the group are classified according to the substance of the contractual arrangements entered into, and the definitions of a financial liability and an equity instrument. Financial liabilities are initially recognised and measured at fair value and subsequently at amortised cost. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

Fair value estimation
The group classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements.

The fair value hierarchy divides the inputs into the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities;
- Level 2: inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly (for example, derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data.

The fair value of financial assets/liabilities carried at fair value through profit or loss and the derivatives in a hedging relationship is determined using valuation techniques that maximise the use of observable market data where it is available and which rely as little as possible on entity-specific estimates. In accordance with the fair value hierarchy established by IFRS 13, these types of inputs classify as level 2 inputs.

30. FINANCIAL INCOME AND EXPENSES

Financial income and expenses include the following items:

(€ in thousands)	2017	2016
Interest income	258	185
Interest expense	-1,259	-1,556
Interest result	**-1,001**	**-1,371**
Other financial result	40	670
Foreign exchange result	2,627	-1,680
Other financial result	**2,667**	**-1,010**

The interest expense relates mainly to interest paid on borrowings and amortised transaction costs (see note 27. Borrowings).

The foreign exchange result includes results related to hedging contracts and balance sheet item revaluations. Hedging contracts are entered into to protect the group from adverse exchange rate fluctuations that may result from USD and GBP exposures.

ACCOUNTING POLICY

Interest income and expense are recognised using the effective interest method.

SECTION 6:
OTHER DISCLOSURES

This section includes the notes on provisions, commitments and contingent liabilities, remunerations of members of the Management Board and the Supervisory Board, related party transactions and auditor's remuneration.

31. PROVISIONS

(€ in thousands)	2017	2016
Non-current	43,727	54,406
Current	37,173	36,410
Total	**80,900**	**90,816**

The movements in each category of provisions are as follows:

(€ in thousands)	Warranty	Claims & litigations	Pensions	Other	Total
Balance as at 31 December 2015	**27,385**	**25,027**	**9,109**	**6,117**	**67,638**
Increases in provisions	9,912	5,109	2,883	5,935	23,839
Utilised	-10,383	-20	-139	-2,457	-12,999
Released[1]	-641	-3,238	-27	-2,013	-5,919
Reclassified	0	18,257	0	0	18,257
Balance as at 31 December 2016	**26,273**	**45,135**	**11,825**	**7,583**	**90,816**
Increases in provisions	8,453	2,061	2,058	16,343	28,915
Utilised	-10,462	-2,258	-151	-13,873	-26,744
Released[1]	-4,751	-3,410	-208	-2,733	-11,102
Reclassified	0	264	429	0	693
Currency translation differences	0	-1,678	0	0	-1,678
Balance as at 31 December 2017	**19,513**	**40,114**	**13,953**	**7,320**	**80,900**

[1] The releases were made to reflect the latest facts and circumstances and changes in estimates.

ACCOUNTING POLICY

Provisions are recognised when:

- The group has a present obligation as a result of a past event;
- It is probable that the group will be required to settle that obligation; and
- The amount can be reliably estimated.

Provisions are measured at management's best estimate of the expenditure required to settle the obligation at the balance sheet date, and are discounted to present value where the effect is material.

Warranty provision
The group generally offers warranties for its products. Management estimates the related provision for future warranty claims based on historical warranty claim information, as well as evaluating recent trends that might suggest that past cost information may differ from future claims. From the total warranty provision of €19.5 million (2016 €26.3 million), it is estimated that an amount of €9.8 million (2016 €11.2 million) will be utilised within 12 months while the remaining will be utilised between 1-3 years.

Provisions for warranty costs are recognised at the date of sale of the relevant products, at management's best estimate of the expenditure required to settle the group's obligation. Warranty costs are recorded within cost of sales.

ACCOUNTING POLICY CONTINUED

Claims and litigations
The group made a provision for potential legal, tax and other risks in various jurisdictions. The legal matters consist mainly of intellectual property infringement issues. In the normal course of business, the group receives claims relating to allegations that it has infringed intellectual property assets.

In such cases, the companies making the claims seek payments that may take the form of licenses and/or damages. While these claims will be resisted, some are likely to be settled by negotiation and others are expected to result in litigation.

The cases and claims against the group often raise difficult and complex factual and legal issues which are subject to many uncertainties and complexities, including but not limited to the facts and circumstances of each particular case and claim, the jurisdiction in which each suit is brought, and the differences in applicable law. In the normal course of business, management consults with legal counsel and certain other experts on matters related to such claims and litigation. The group accrues a liability when it is determined that an adverse outcome is more likely than not, and the amount of the loss can be reasonably estimated. If the likelihood of an adverse outcome is reasonably possible or an estimate is not determinable, the matter is disclosed, provided it is material. Management is of the opinion that the provision is adequate to resolve these claims.

The methodology used to determine the amount of the liability requires significant judgements and estimates regarding the costs of settling asserted claims. Due to the fact that there is limited historical data available, the estimated liability cannot be based upon recent settlement experience for similar types of claims.

Based on the best estimate, the portion of the claims and litigation provision expected to be settled in the coming twelve months amounts to approximately €17.7 million (2016: €17.5 million).

Pension provisions
Pension provisions relates to the defined benefit pension plan in Germany and Belgium as disclosed in note 6.

Other provisions
Other provisions relates mainly to provisions for expected restructuring expenses. The amount of 'Other provisions' estimated to be settled/utilised within the coming twelve months amounted to €7.3 million (2016: €7.7 million).

32. COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES

The group has a number of long-term financial commitments, which are not shown in the group's balance sheet as at 31 December 2017.

OPERATING LEASES

These are operating leases for buildings, cars and office equipment, which consist of:

(€ in thousands)	2017	2016
Commitments less than 1 year	15,066	18,812
Commitments between 2-5 years	33,834	48,497
Commitments after 5 years	3,313	10,077
Total	**52,213**	**77,386**

No discount factor is used in determining the operating lease commitments.

PURCHASE COMMITMENTS

As at 31 December 2017, the group had open purchase commitments with contract manufacturers for certain products and components. Contract manufacturers order the requisite component parts from their suppliers on the basis of forecasts of the number of units required. Manufacturers have commitments on these components. In certain circumstances, the group has a contractual obligation to purchase these components from the manufacturers.

OTHER COMMITMENTS

The group has contracts with third-party suppliers or other business partners that include minimum royalty or revenue share payments over the duration of the contracts that range from 1 to 5 years. The total commitments under these contracts are presented below.

(€ in thousands)	2017	2016
Commitments less than 1 year	8,702	18,130
Commitments between 1-5 years	50,000	1,534
Total[1]	**58,702**	**19,664**

1 Other commitments in 2017 include a commitment to purchase services with a total value of €50 million (2016: €12 million) from our associate, Cyient Ltd.

The group has a guarantee facility of €10 million, of which a total amount of €2.5 million has been issued (2016: €12.4 million and €2.6 million respectively).

The group has also given a guarantee as described in section 479C of the UK Companies Act to TomTom Software Ltd. Accordingly, TomTom Software Ltd. is exempted from the requirements of the Companies Act 2006 relating to audit by virtue of section 479A.

In addition, a German subsidiary, TomTom Germany GmbH & Co. KG., which is included in these consolidated financial statements, applies the exemption as described in section 264b of the German Commercial Code (HGB) with regard to the publication of the annual financial statements and the drawing up of a management report and the notes to the financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
SECTION 6: OTHER DISCLOSURES

CONTINGENCIES

Please refer to note 31 for disclosures on tax and legal contingencies.

In 2014, we won an arbitration award in which the tribunal ruled that one of our suppliers must repay royalties paid by TomTom in prior periods. In 2015, our supplier initiated legal action to annul the arbitration award which is still before the courts. While we believe it is more likely than not that the arbitration award will be upheld by the courts, we cannot be certain of such an outcome, and a final judgement in this matter, including the quantum and timing of any final judicial award, remains uncertain. Consequently, we have not recognised the asset, and given that further disclosure could seriously prejudice our position, we apply the exception under IAS 37.92 and do not disclose further information.

Based on legal advice, there were no other contingencies that management expects to have a material adverse effect on the group's financial position as at 31 December 2017.

33. REMUNERATIONS OF MEMBERS OF THE MANAGEMENT BOARD AND THE SUPERVISORY BOARD

THE REMUNERATION POLICY

The Remuneration Policy for members of the Management Board is drawn up by the Supervisory Board and approved by the General Meeting.

The on-target bonus percentage is set at 80% of the base salary for the CEO and at 64% of the base salary for the other members of the Management Board. The maximum annual incentive achievable is 120% of the annual base salary for the CEO and 96% of the annual base salary for the other members of the Management Board. The actual bonus pay-out depends challenging financial targets of revenue minus Consumer revenue and EBITDA minus CAPEX (2016: revenue and EBIT). These measures are non-GAAP metrics (refer to page 122). For more details refer to the Renumeration report. The total remuneration paid/payable to or on behalf of the members of the Management Board for the year ended 31 December 2017, amounted to approximately €2.2 million (2016: €1.3 million) and included a bonus of €0.9 million (2016: €0). In 2017, the bonus achievement was 106% of the on-target bonus percentage (2016: 0%).

In accordance with the Code, the remuneration of Supervisory Board members does not depend on the results of the company. The company does not grant either share options or shares to its Supervisory Board members and the company does not provide loans to them.

OVERVIEW OF SALARIES, PERFORMANCE-RELATED BONUSES AND OTHER EMOLUMENTS OF THE MANAGEMENT BOARD

The remuneration of the Management Board members comprises of the direct remuneration paid or payable in relation to their employment in the year and other remuneration-related expenses that comprise social security contributions and share-based awards.

The expenses recognised for share-based awards are determined in accordance with IFRS 2 and do not represent the amounts paid or payable to Management Board members.

The expenses for the direct remuneration and other remuneration-related expenses are presented below:

Direct remuneration:

	Short-term benefits				
(€)	Salary	Bonus	Other emoluments[1]	Post-employment benefits	Total Direct remuneration
2017					
Harold Goddijn	462,150	392,273	0	0	854,423
Taco Titulaer	330,000	224,083	57,631	8,369	620,083
Alain De Taeye	385,125	261,515	25,320	77,025	748,985
Total	**1,177,275**	**877,871**	**82,951**	**85,394**	**2,223,491**
2016					
Harold Goddijn	462,150	0	0	0	462,150
Taco Titulaer	330,000	0	59,326	6,674	396,000
Alain De Taeye	385,125	0	21,000	77,025	483,150
Total	**1,177,275**	**0**	**80,326**	**83,699**	**1,341,300**

1 The other emoluments for Taco Titulaer relate to a gross allowance that can be spent on private pension savings as the pension contribution is capped up to a pensionable salary of €103,217. The remaining other emoluments relates to company car and other costs.

Other remuneration:

(€)	Share-based compensation	Other short-term expenses	Total including Other and Direct remuneration
2017			
Harold Goddijn	534,263	9,301	1,397,987
Taco Titulaer	166,182	9,301	795,566
Alain De Taeye	286,613	9,301	1,044,899
Total	**987,058**	**27,903**	**3,238,452**
2016			
Harold Goddijn	538,915	8,985	1,010,050
Taco Titulaer	105,506	8,985	510,491
Alain De Taeye	288,142	8,985	780,277
Total	**932,563**	**26,955**	**2,300,818**

The share-based awards scheme is set out in the Management Board Share Option Plan and is most recently amended in the 2014 General Meeting. In May 2017, each of the Management Board members were granted new share options under this plan. The following tables summarise information about outstanding share options of each member of the Management Board, as well as the movements during the year.

Board member	Year of grant	Outstanding 1 Jan 2017	Granted in 2017	Exercised in 2017	Outstanding 31 Dec 2017[1]	Exercise price (€)	Expiry date
Harold Goddijn	2010	150,000	0	-150,000	0	5.32	12/5/2010
	2012	113,750	0	0	113,750	3.51	9/5/2012
	2013	155,000	0	0	155,000	3.53	7/5/2013
	2014	300,000	0	0	300,000	5.28	13/5/2014
	2015	210,000	0	0	210,000	7.83	7/5/2015
	2016	112,500	0	0	112,500	7.58	10/5/2016
	2017	0	165,000	0	165,000	9.57	10/5/2017
Taco Titulaer	2013	50,000	0	0	50,000	3.53	8/5/2013
	2014	34,600	0	0	34,600	5.28	13/5/2014
	2015	39,200	0	0	39,200	7.83	7/5/2015
	2016	48,500	0	0	48,500	7.58	10/5/2016
	2017	0	85,000	0	85,000	9.57	10/5/2017
Alain De Taeye	2010	150,000	0	-150,000	0	5.32	12/5/2010
	2012	113,750	0	0	113,750	3.51	9/5/2012
	2013	155,000	0	0	155,000	3.36	7/5/2013
	2014	150,000	0	0	150,000	4.93	13/5/2014
	2015	110,000	0	0	110,000	7.83	7/5/2015
	2016	56,500	0	0	56,500	7.58	10/5/2016
	2017	0	100,000	0	100,000	9.57	10/5/2017
Total		**1,948,800**	**350,000**	**-300,000**	**1,998,800**		

[1] The 2015, 2016 and 2017 options will vest three years after the grant date conditional to the Management Board members still being in service. All options outstanding related to years prior to 2015 have vested.

For a description of the share option plans, reference is made to note 7. Share-based compensation.

OVERVIEW OF REMUNERATION OF THE MEMBERS OF THE SUPERVISORY BOARD

(€)	2017	2016
Peter Wakkie	**61,000**	61,000
Anita Elberse[1]	**14,679**	47,000
Ben van der Veer[1]	**15,833**	50,000
Bernd Leukert[2]	**12,141**	0
Doug Dunn[1]	**14,679**	47,000
Guy Demuynck[1]	**0**	15,692
Jacqueline Tammenoms Bakker	**51,000**	49,931
Jack de Kreij[2]	**49,050**	0
Michael Rhodin[2]	**47,000**	0
Total	**265,382**	**270,623**

[1] Anita Elberse, Doug Dunn and Ben van der Veer stepped down from the Supervisory Board after the 2017 General Meeting. Guy Demuynck served as a member of the Supervisory Board until 22 April 2016.

[2] Jack de Kreij was appointed at the 2016 General Meeting as a member of the Supervisory Board for a term of four years, with an effective date of 1 January 2017. Michael Rhodin was appointed as a member of the Supervisory Board for a term of four years at the 2017 General Meeting. Bernd Leukert was appointed as a member of the Supervisory Board for a term of four years at an Extraordinary General Meeting held on 28 September 2017.

34. RELATED PARTY TRANSACTIONS

The expenses relating to remuneration of key management personnel are presented in the following table:

(€)	Salary and bonus[1]	Other short-term benefits[2]	Post-employment benefits	Share-based compensation	Total remuneration
2017					
Management Board and senior management	2,648,229	200,082	85,394	1,188,857	4,122,562
Supervisory Board	265,384	0	0	0	265,384
Total	**2,913,613**	**200,082**	**85,394**	**1,188,857**	**4,387,946**
2016					
Management Board and senior management	1,527,293	198,201	83,699	1,137,284	2,946,477
Supervisory Board	270,623	0	0	0	270,623
Total	**1,797,916**	**198,201**	**83,699**	**1,137,284**	**3,217,100**

1 In 2017, the total bonus expense amounted to €1.1 million versus €0 million in 2016.
2 The other short-term benefits in 2017 include mainly the social security charges.

Certain key personnel also hold ownership interests in TomTom NV, as disclosed in the Corporate Governance section under 'Notification of substantial shareholdings and short positions'.

In the normal course of business, the group receives map development and support services from its associate Cyient Ltd. Such transactions take place at normal market conditions and the total payments made for these services in 2017 amounted to €18.7 million (2016: €16.4 million). As at 31 December 2017, the outstanding payable due to Cyient Ltd. amounted to €1.7 million (31 December 2016: 1.6 million). Transactions and balances with other associates are not material and hence are not disclosed.

35. AUDITOR'S REMUNERATION

The total remuneration to Ernst & Young Accountants LLP for the statutory audit of 2017 for the group amounted to €560,000 (2016: €378,000). The total service fees paid/payable to the Ernst & Young network amounted to €811,000 (2016: €663,000).

Included in the total remuneration is an amount of €637,000 (2016: €454,000) invoiced by Ernst & Young Accountants LLP, which includes an amount of €77,000 (2016: €77,000) for other statutory audits. The service fees paid to the EY Network included an amount of €45,000 (2016: €83,000) relating to tax services and €123,000 (2016: €119,000) relating to statutory audits. Details of the audit, audit-related and non-audit fees paid to EY can also be found in the Audit Committee report. Also included is €6,000 for other services relating mainly to services on government grant declarations performed by the EY network.

36. SUBSEQUENT EVENTS

Reference is made to note J in the company financial statements.

COMPANY FINANCIAL STATEMENTS OF TOMTOM NV

COMPANY STATEMENT OF INCOME OF TOMTOM NV
FOR THE YEAR ENDED 31 DECEMBER

(€ in thousands)	Notes	2017	2016
General and administrative expenses	B	5,848	4,843
Operating result		**-5,848**	**-4,843**
Interest (expenses)		-3,688	-11,366
Other financial result		-765	1,154
Result before tax		**-10,301**	**-15,055**
Income tax gain		2,575	3,764
Result of subsidiaries after taxation	C	-196,261	23,278
Net result		**-203,987**	**11,987**

The notes on pages 106 to 107 are an integral part of these company financial statements.

COMPANY BALANCE SHEET OF TOMTOM NV
AS AT 31 DECEMBER (BEFORE PROPOSED APPROPRIATION OF RESULT)

(€ in thousands)	Notes	2017	2016
Investments in subsidiaries	C	2,781,652	2,978,665
Total non-current assets		2,781,652	**2,978,665**
Receivables		33,208	31,294
Cash and cash equivalents		107	1,913
Total current assets		33,315	**33,207**
Total assets		2,814,967	**3,011,872**
Share capital		47,064	46,577
Share premium		1,068,149	1,051,890
Treasury shares		-48,790	0
Other reserves	E	263,164	234,502
Accumulated deficit		-373,206	-350,125
Result for the year		-203,987	11,987
Total shareholders' equity	D	752,394	**994,831**
Borrowings	F	0	9,586
Intercompany payable	G	2,061,090	2,006,771
Deferred tax liability	H	21	104
Total non-current liabilities		2,061,111	**2,016,461**
Other liabilities		1,462	580
Total current liabilities		1,462	**580**
Total equity and liabilities		2,814,967	**3,011,872**

The notes on pages 106 to 107 are an integral part of these company financial statements.

A. PRESENTATION OF FINANCIAL STATEMENTS AND RECOGNITION AND MEASUREMENT PRINCIPLES

The description of the activities of TomTom NV (the company) and the company structure, as included in the notes to the consolidated financial statements, also applies to the company financial statements.

The company has prepared its company financial statements in accordance with Part 9 of Book 2 of the Dutch Civil Code and, specifically, in accordance with section 362.8 of the Dutch Civil Code. In doing so, it has applied the principles of recognition and measurement as adopted in the consolidated financial statements (IFRS). Investments in subsidiaries are accounted for using the equity method. For more information on the accounting policy applied, and on the notes, please refer to the notes to the consolidated financial statements.

B. GENERAL AND ADMINISTRATIVE EXPENSES

The employees of the company comprise only the members of the Management Board. The General and Administrative expenses comprised mainly of the remuneration of the Management Board and the Supervisory Board and other general expenses such as the auditor's fees. For the remuneration of the Management Board and Supervisory Board, reference is made to note 33 in the consolidated financial statements. The auditor's fee is further disclosed in note 35 of the consolidated financial statements.

C. INVESTMENTS IN SUBSIDIARIES

The movements in 'Investments in subsidiaries' were as follows:

(€ in thousands)	2017	2016
Balance as at 1 January	**2,978,665**	**2,972,475**
Result of subsidiaries	-196,261	23,278
Transfer to stock compensation reserve	8,484	2,344
Legal entity restructuring[1]	0	-19,260
Currency translation differences	-9,044	-90
Other direct equity movements	-192	-82
Balance as at 31 December	**2,781,652**	**2,978,665**

[1] The legal entity restructuring in 2016 is a merger between the company and one of its subsidiaries resulting in a decrease in investment balance offset by a decrease of an intercompany payable towards the subsidiary.

A list of subsidiaries and affiliated companies prepared in accordance with the relevant legal requirements (the Dutch Civil Code Book 2, Part 9, sections 379 and 414) is deposited at the office of the Chamber of Commerce in Amsterdam, the Netherlands.

D. SHAREHOLDERS' EQUITY

For the statement of changes in consolidated equity for the year ended 31 December 2017, please refer to Consolidated statement of changes in equity in the consolidated financial statements. Additional information on the shareholders' equity is disclosed in note 24 of the consolidated financial statements.

E. OTHER RESERVES

(€ in thousands)	Legal reserve participations	Cumulative translation adjustment	Total Legal reserve	Stock compensation reserve	Total
Balance as at 31 December 2015	**188,116**	**22,758**	**210,874**	**17,342**	**228,216**
Currency translation differences	0	-90	-90	0	-90
Transfer from retained earnings	9,505	0	9,505	0	9,505
Stock compensation expenses	0	0	0	3,275	3,275
Transfer to retained earnings and share premium	0	0	0	-6,404	-6,404
Balance as at 31 December 2016	**197,621**	**22,668**	**220,289**	**14,213**	**234,502**
Currency translation differences	0	-9,044	-9,044	0	-9,044
Transfer from retained earnings	34,006	0	34,006	0	34,006
Stock compensation expenses	0	0	0	8,104	8,104
Acquisition of subsidiary	0	0	0	1,182	1,182
Transfer to retained earnings and share premium	0	0	0	-5,586	-5,586
Balance as at 31 December 2017	**231,627**	**13,624**	**245,251**	**17,913**	**263,164**

LEGAL RESERVES

Legal reserves are the non-distributable reserves that are recorded for an amount equal to the restricted reserves of the company's subsidiaries and the cumulative translation adjustment reserve.

STOCK COMPENSATION RESERVE

The stock compensation reserve represents the cumulative expense of issued stock options that have been granted but not exercised.

F. BORROWINGS

Please refer to note 27 in the consolidated financial statements.

G. INTERCOMPANY PAYABLES

'Intercompany payable' comprises of loans provided by subsidiaries. The interest rate on the loan during 2017 is based upon the applicable inter-bank offered rate plus a margin of 0.0% (2016: 0.4%). Although no repayment period has been agreed the loan has a long-term nature.

H. DEFERRED TAXATION

As at 31 December 2017, the company had a deferred tax liability of €0.0 million (2016: €0.1 million). The deferred tax liability results from a temporary difference between the tax treatment and the accounting treatment of capitalised borrowing costs relating to the borrowing facilities. The movement of the deferred tax liability has been credited to the income statement.

I. OFF-BALANCE SHEET COMMITMENTS

The company has a guarantee facility of €10 million, of which a total amount of €2.5 million has been issued (2016: €12.4 million and €2.6 million respectively).

The company has also issued several declarations of joint and several liability for various group companies, in compliance with section 403 of Part 9 of Book 2 of the Dutch Civil Code. Besides these declarations, TomTom NV has given a guarantee as described in article 479C of the UK Companies Act for UK subsidiary TomTom Software Ltd.

In addition, a German subsidiary, TomTom Germany GmbH & Co. KG., applies the exemption as described in section 264b of the German Commercial Code (HGB) with regard to the publication of the annual financial statements.

The company forms a fiscal unity for corporate income tax and value added tax (VAT) purposes with several of its Dutch subsidiaries. Each company within the fiscal unity is jointly and severally liable for the fiscal liability of the fiscal unity.

J. SUBSEQUENT EVENTS

There has been no other subsequent event from 31 December 2017 to the date of issue of these financial statements.

K. PROPOSED APPROPRIATION OF RESULT

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

Amsterdam, 6 February 2018
The Management Board

HAROLD GODDIJN

TACO TITULAER

ALAIN DE TAEYE

TomTom NV
Amsterdam

Amsterdam, 6 February 2018
The Supervisory Board

PETER WAKKIE

JACQUELINE TAMMENOMS BAKKER

JACK DE KREIJ

MICHAEL RHODIN

BERND LEUKERT

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.

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 N.V.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS 2017 INCLUDED IN THE ANNUAL REPORT

OUR OPINION

We have audited the financial statements 2017 of TomTom N.V., based in Amsterdam. The financial statements include the consolidated financial statements and the company financial statements.

In our opinion:

- The accompanying consolidated financial statements give a true and fair view of the financial position of TomTom N.V. as at 31 December 2017 and of its result and its cash flows for the year 2017 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 accompanying company financial statements give a true and fair view of the financial position of TomTom N.V. as at 31 December 2017 and of its result for the year 2017 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The consolidated financial statements comprise:

- The consolidated balance sheet as at 31 December 2017.
- The following statements for the year 2017: the consolidated statement of income, the consolidated statements of comprehensive income, changes in equity and cash flows.
- The notes comprising a summary of the significant accounting policies and other explanatory information.

The company financial statements comprise:

- The company balance sheet as at 31 December 2017.
- The company statement of income for the year 2017.
- The notes comprising a summary of the accounting policies and other explanatory information.

BASIS FOR OUR OPINION

We conducted our audit in accordance with Dutch law, including the 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 N.V. in accordance with the EU Regulation on specific requirements regarding statutory audit of public-interest entities, the Wet toezicht accountantsorganisaties (Wta, Audit firms supervision act), the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

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

MATERIALITY

MATERIALITY	BENCHMARK USED	ADDITIONAL EXPLANATION
€8.4 million (2016: €8.5 million)	1.5% of gross result (2016: 1.5% of gross result)	Based on our professional judgment we have considered earnings-based measures, such as profit before tax and gross result, as the appropriate benchmark to determine materiality. We believe the gross result is a suitable basis, as the gross result is an important measure of the company's performance.

We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons.

We agreed with the supervisory board that misstatements in excess of € 420,000, 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 THE GROUP AUDIT

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

As processes are highly centralized, we have applied a centralized audit approach. We have performed all audit procedures ourselves at group level for the accounts which were of most significance for our audit and are included in the section Key Audit Matters (revenue, deferred revenue, and goodwill and other intangible assets).

Our audit coverage for total assets, revenues and gross result can be summarized as follows:

- For total assets our audit procedures achieved a coverage of 98%.
- For revenues and gross result our audit procedures achieved a coverage of 100%.

By performing the procedures mentioned above we have been able to obtain sufficient and appropriate audit evidence about the group's financial information to provide an opinion about the consolidated financial statements.

OUR KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, 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.

RISK	OUR AUDIT RESPONSE	KEY OBSERVATIONS
REVENUE RECOGNITION (MULTIPLE ELEMENT ARRANGEMENTS AND DEFERRED REVENUES)		
TomTom's sales contracts involve multiple elements which are recognized on their relative fair value and achievement of revenue recognition criteria. As such revenue recognition is based on estimates and assumptions that are complex and require significant management judgment in the areas of determining the relative fair value of the elements and the timing of the revenue recognition. Management may impact the aforementioned estimates and assumptions related to revenue recognition and consequently we identified the risk of management override in relation to revenue recognition. Revenue related disclosures are included in note 4 to the consolidated financial statements.	Our audit procedures included an assessment of the appropriateness of the Company's revenue recognition policies, understanding of the internal control environment, data analytics procedures on revenues and substantive procedures relating to contractual terms and conditions and the appropriate accounting thereof. We have assessed the assumptions and estimates used in determining the multiple element allocation and the amount of revenue to be deferred. For a sample of contracts containing multiple-element arrangements, we assessed the allocation of revenue to the separate identifiable elements, based on the estimated relative fair values of each identifiable element.	Management has updated the assumptions and estimates used based on the latest available (historic) data and expectations. We agree with the assumptions and estimates used by management. Based on our procedures performed we did not identify errors that require adjustment of the financial statements including revenue related disclosures.
IMPAIRMENT OF GOODWILL AND OTHER INTANGIBLE ASSETS		
At 31 December 2017, the total carrying value of goodwill and other intangible assets amounts to €1.0 billion. Goodwill is tested for impairment at least on an annual basis. Other intangible assets are tested for impairment when a triggering event has been identified that indicates the carrying amount may not be recoverable. The valuation of goodwill and other intangible assets is significant to our audit due to the fact that the impairment test calculations are based on several key assumptions which are estimated by management, and are by nature judgmental.	Given the complexity we involved a valuation expert in evaluating the impairment testing model and assumptions used by management. We paid specific attention to the consistency of the impairment model and assumptions applied, the goodwill impairment within the Consumer segment of €169 million and the forecasted revenue growth within the Automotive and Enterprise segments.	Management has updated the key assumptions and related forecast in the impairment models. We concur with the recorded goodwill impairment within the Consumer segment The forecasted revenue growth within the Automotive and Enterprise segment is significant however in line with management's expectations, historic trend and developments in order intake.

RISK	OUR AUDIT RESPONSE	KEY OBSERVATIONS
IMPAIRMENT OF GOODWILL AND OTHER INTANGIBLE ASSETS CONTINUED		
Key assumptions include the expected future cash flows for the five year forecasting period, the discount rate and perpetual growth rate per cash generating unit. We draw attention to the goodwill impairment loss of €169 million related to the Consumer segment. Disclosures relating to impairment of goodwill and other intangible assets are enclosed in note 12 to the consolidated financial statements.	In addition we assessed the adequacy of the disclosures, including key assumptions and that no sensitivity disclosures were required.	Based on our procedures performed we did not identify errors that require adjustment of the financial statements including related disclosure of goodwill impairment.

Compared to prior year, we made a reassessment of the key audit matters relevant to our audit. We determined that the margin-related accruals which were in prior year identified as part of the key audit matter "Revenue recognition", as well as the key audit matter Other significant estimates (certain areas relating to Income taxes and Provisions and Contingent assets/liabilities) are not considered key audit matters for the audit of the 2017 financial statements.

Our reassessment is based on an evaluation of the likelihood of occurrence and potential impact of material misstatement of the audit matters. We have assessed the likelihood of occurrence and/or the potential impact as to be lower compared to previous year due to the business developments within the Company, specifically relating to the Consumer segment.

REPORT ON OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

In addition to the financial statements and our auditor's report thereon, the annual report contains other information that consists of:

- Message from the CEO
- We are TomTom
- Management board report
- Supervisory board report
- Other information pursuant to Part 9 of Book 2 of the Dutch Civil Code
- Supplementary information

Based on the following procedures performed, we conclude that the other information:

- Is consistent with the financial statements and does not contain material misstatements.
- Contains the information as required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements. By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is less than the scope of those performed in our audit of the financial statements.

Management is responsible for the preparation of the other information, including the Management board report in accordance with Part 9 of Book 2 of the Dutch Civil Code and other information pursuant to Part 9 of Book 2 of the Dutch Civil Code.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

ENGAGEMENT

We were engaged by the supervisory board as auditor of TomTom N.V. on 24 April 2015 as of the audit for the year 2015 and have operated as statutory auditor since that date.

No prohibited non-audit services
We have not provided prohibited non-audit services as referred to in Article 5(1) of the EU Regulation on specific requirements regarding statutory audit of public-interest entities.

DESCRIPTION OF RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

RESPONSIBILITIES OF MANAGEMENT AND THE SUPERVISORY BOARD FOR THE 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. Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of the 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 in the financial statements.

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 us to obtain sufficient and appropriate audit evidence for our opinion.

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

Misstatements can arise from 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 taken 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.

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

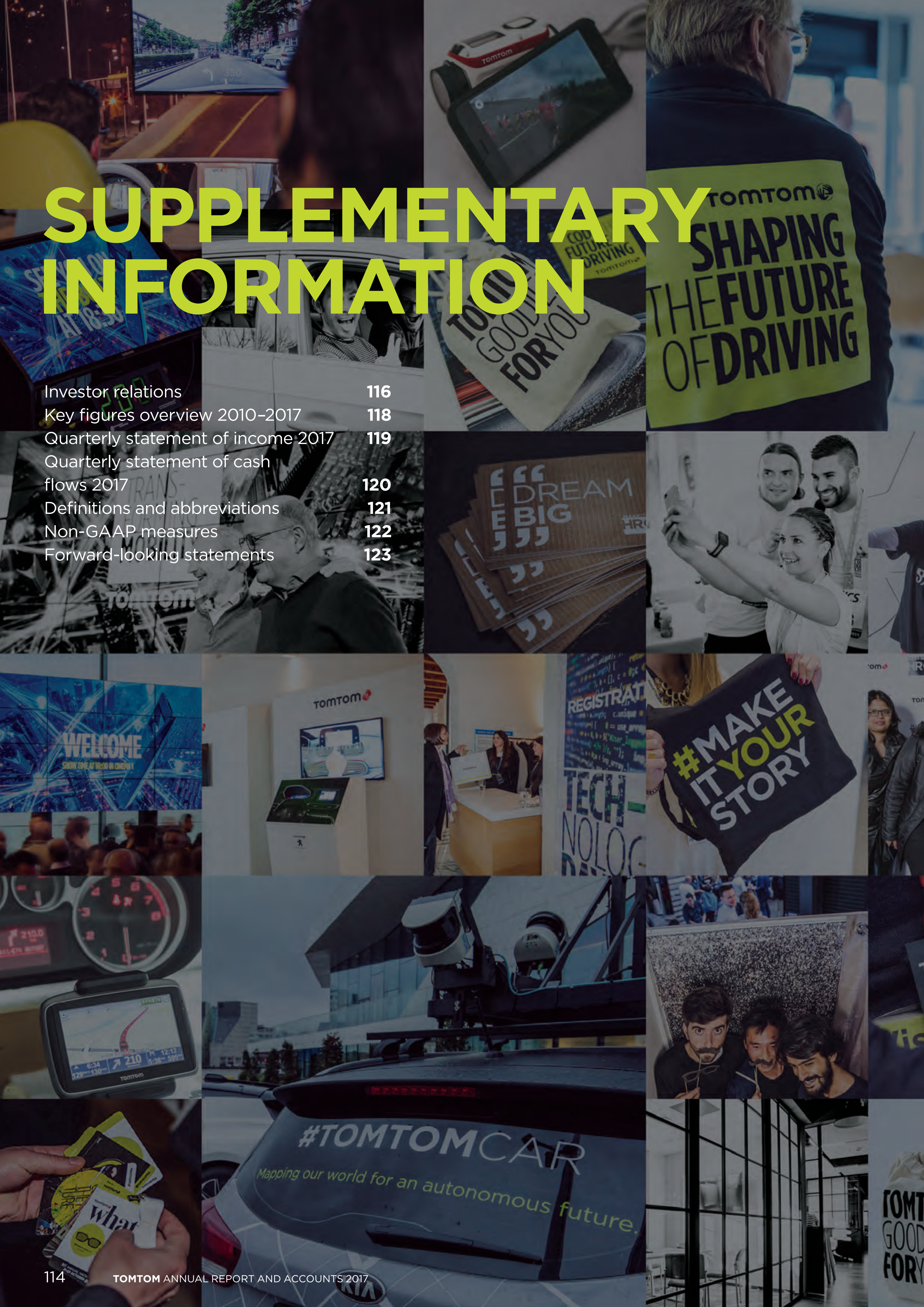
- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk 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 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 a company to cease to continue as a going concern.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures.
- 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. In this respect we also submit an additional report to the audit committee in accordance with Article 11 of the EU Regulation on specific requirements regarding statutory audit of public-interest entities. The information included in this additional report is consistent with our audit opinion in this auditor's report.

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.

Eindhoven, 6 February 2018
Ernst & Young Accountants LLP
SIGNED BY: P.J.A. GABRIËLS



SUPPLEMENTARY INFORMATION


SHAPING THE FUTURE OF DRIVING
DAM, I AM FAST!
DAM TOT DAMLOOP 2015
TomTom
TODAY'S #STORY IS TOLD BY
#ACHIEVE MORE

INVESTOR RELATIONS

TomTom is committed to providing a high degree of transparency and consistency in its reporting. We engage and maintain open dialogue with investors and analysts and have an extensive communication programme, which includes the General Meeting, roadshows, investor conferences, presentations, webcasts and in-house meetings. Related events are reported and regularly updated on the Investor Relations website.

TomTom strictly adheres to applicable rules and legislation on fair disclosure. Our goal is to inform investors about the company and its management, strategy, goals and expectations in a transparent, timely and consistent manner.

Contact with (potential) shareholders and analysts will at all times be conducted in compliance with applicable rules and regulations, in particular those concerning market abuse, inside information and equal treatment. For more information, please see Policy on bilateral and other contacts with shareholders on TomTom's corporate website.

Investors and analysts are invited to contact our Investor Relations team with information requests:

- Email: ir@tomtom.com
- Phone: +31 20 757 5194

WEBSITE

The company's Investor Relations website corporate.tomtom.com/investor.cfm contains up-to-date financial information about TomTom. Investors and analysts are encouraged to visit the Investor Relations website regularly for detailed and up-to-date coverage of the share price, shareholder meetings, quarterly and annual results, press releases, presentations, webcasts and investor relations-related events.

In addition, we recommend that investors and analysts visit TomTom's dedicated corporate website, which includes a wealth of information in relation to:

- Corporate Information: http://corporate.tomtom.com/investor.cfm.
- Corporate Governance: http://corporate.tomtom.com/corporate-governance.cfm.

FINANCIAL CALENDAR 2018

Date	Event
17 April 2018	Publication Q1 2018 results
17 April 2018	General Meeting
17 July 2018	Publication Q2 2018 results
16 October 2018	Publication Q3 2018 results

CLOSED PERIOD

During a closed period prior to the publication of the quarterly results, we do not engage in discussions with analysts, investors and financial journalists or make presentations at investor conferences.

SHAREHOLDER STRUCTURE

An overview of the company's shareholders with a holding (voting rights) of 3% or more of the issued capital can be found in the Corporate Governance section.

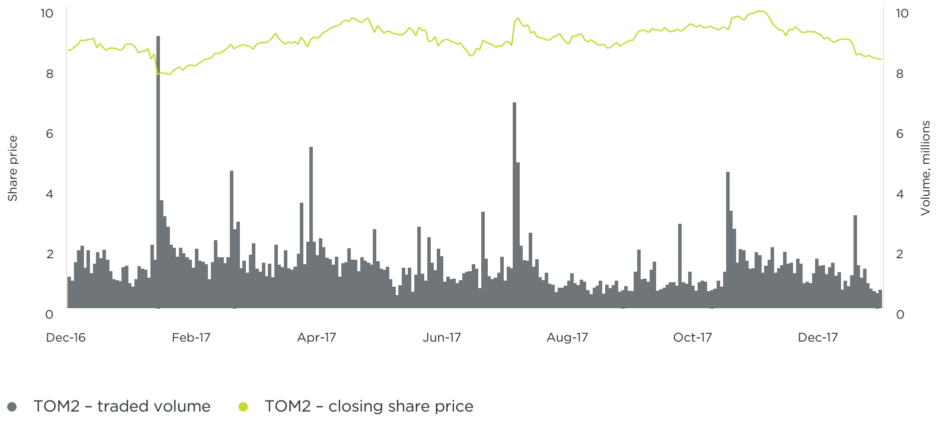
The following table shows the company's ordinary shareholder structure as at 31 December 2017.

Name	# shares	% of total
Founder – Harold Goddijn	26,319,332	11.2%
Founder – Peter-Frans Pauwels	26,137,832	11.1%
Founder – Corinne Vigreux	26,137,831	11.1%
Founder – Pieter Geelen	25,137,831	10.7%
Total founders	**103,732,826**	**44.1%**
Free float	126,313,340	53.7%
Treasury shares*	5,272,350	2.2%
Total shares outstanding	**235,318,516**	**100.0%**

* Treasury shares are related to the TomTom share buyback programme announced on 19 September 2017 and completed on 8 December 2017.

SHARE PRICE

The graph below shows TomTom's share price development during 2017.



KEY SHARE DATA

(€, unless stated otherwise)	2017	2016
Share price at the end of the previous year	8.55	11.61
Share price at the end of the year	8.26	8.55
Highest closing share price	9.86	11.88
Lowest closing share price	7.75	6.21
Market capitalisation at year end (€ in millions)	1,943	1,990
Average daily volume traded (# in thousands)	1,457	1,612
EPS – fully diluted	-0.87	0.05
Adjusted EPS – fully diluted[1]	0.26	0.23
FCF per share – fully diluted[2]	0.12	0.10
Weighted average number of shares outstanding (# in millions)	233.7	231.7
Weighted average number of shares fully diluted (# in millions)	236.8	235.0

1 Earnings per fully diluted share count adjusted for acquisition-related expenses and gains, impairments and material restructuring and disposal costs on a post-tax basis.
2 FCF is defined as cash flow from operating activities minus cash flow from investing activities.

LISTING

TomTom NV shares are traded on Euronext Amsterdam in the Netherlands, where the company is included in the Amsterdam Mid-Cap Index (AMX):

- Euronext Amsterdam symbol: TOM2
- ISIN: NL0000387058
- Common Code: 021984272
- Amsterdam Security Code Number: 38705

DIVIDEND POLICY

TomTom has no current plans to distribute dividends. The company gives priority to increasing technology investments to strengthen its capabilities and competitive position. The company believes that allocating its cash resources to these priorities serves shareholders' interests better in the longer term.

KEY FIGURES OVERVIEW 2010–2017

(€ in millions, unless stated otherwise)	2017	2016	2015	2014	2013	2012	2011	2010
Income and expenses								
Revenue	903	987	1,007	950	963	1,057	1,273	1,521
Gross result	564	566	519	523	521	555	640	744
Operating result[1]	-3	9	1	21	26	70	102	190
Net result[2]	-14	12	18	23	20	129	74	110
Data per share								
Earnings per share (€) – diluted	-0.87	0.05	0.08	0.10	0.09	0.58	-1.97	0.49
Adjusted earnings per share (€) – diluted[3]	0.26	0.23	0.21	0.27	0.26	0.40	0.55	0.70
Shares outstanding (# in millions)								
Average # basic shares outstanding	234	232	228	223	222	222	222	222
Average # diluted shares outstanding	237	235	232	225	223	222	222	222
Regional revenue split								
Europe	702	773	771	719	710	773	937	1,070
North America	148	167	186	163	178	208	257	380
Rest of World	54	47	49	68	76	76	79	70
Cash flow								
Cash generated from operations	182	158	123	135	188	187	195	265
Cash flows from operating activities	173	144	119	119	260	167	174	210
Cash flows from investing activities	-145	-120	-154	-106	-91	-51	-73	-65
Cash flows from financing activities	-48	-29	29	-118	-74	-146	-214	-209
Net (decrease)/increase in cash and cash equivalents	-20	-5	-6	-106	95	-30	-112	-64
Balance sheet								
Goodwill	256	400	403	382	382	382	382	855
Intangible assets	753	796	811	801	804	821	872	946
Inventories	32	54	49	47	42	44	66	94
Trade receivables	114	132	139	133	115	150	185	306
Cash and cash equivalents	121	143	148	153	258	164	194	306
Provisions	81	91	68	83	80	81	101	109
Borrowings	-	10	49	49	173	247	384	588
Trade payables	51	77	95	88	82	84	117	218
Total equity and liabilities	1,374	1,629	1,654	1,591	1,678	1,724	1,799	2,623
Net cash/(Net debt)	121	133	98	103	83	-86	-194	-294
Key ratios[4]								
Days sales of inventory (DSI)	33	43	31	33	31	30	31	31
Days sales outstanding (DSO)	48	45	44	46	39	47	48	55
Creditor days	53	61	60	63	60	57	56	72
Number of employees (#)								
At end of period (FTE)	4,738	4,716	4,605	4,116	3,630	3,441	3,677	3,487

1 Operating result excludes the acquisition-related impairment charges of €169 million (2011: €512 million) and restructuring charges of €28.1 million (2011: €14.8 million; 2010: €3.3 million; 2009: €10.3 million).
2 Net result excludes the above mentioned impairment and restructuring charges and the related tax effects.
3 Earnings per share adjusted for acquisition-related amortisation and gain, goodwill impairment, material restructuring and disposal costs on a post-tax basis (and an €80 million one-off tax gain in 2012).
4 Calculated based on the sales/cost of sales and the number of days in the last three months of the year.

QUARTERLY STATEMENT OF INCOME 2017

(€ in thousands, unless stated otherwise; quarterly data unaudited)	Q1 2017	Q2 2017	Q3 2017	Q4 2017	FY 2017
Revenue	**212,711**	**253,442**	**217,666**	**219,573**	**903,392**
Cost of sales	80,341	92,833	77,149	89,020	339,343
Gross result	**132,370**	**160,609**	**140,517**	**130,553**	**564,049**
Research and development expenses	50,226	53,539	51,636	52,456	207,857
Amortisation of technology and databases	22,429	24,373	24,429	41,062	112,293
Marketing expenses	14,255	21,768	11,633	9,741	57,397
Selling, general and administrative expenses	50,313	51,743	58,827	56,777	217,660
Impairment charge	0	168,687	0	0	168,617
Total operating expenses	137,223	320,110	146,525	160,036	763,894
Operating result	**-4,853**	**-159,501**	**-6,008**	**-29,483**	**-199,845**
Interest result	-175	-318	-247	-261	-1,001
Other financial result	398	1,458	-115	926	2,667
Result of associates	125	228	203	203	759
Result before tax	**-4,505**	**-158,133**	**-6,167**	**-28,615**	**-197,420**
Income tax (charge)/gain	-51	-1,923	821	-5,838	-6,991
Net result	**-4,556**	**-160,056**	**-5,346**	**-34,453**	**-204,411**
Attributable to:					
– Equity holders of the parent	-4,610	-159,902	-5,284	-34,190	-203,987
– Non-controlling interests	54	-154	-61	-263	-424
Net result	**-4,556**	**-160,056**	**-5,345**	**-34,453**	**-204,411**
Margins					
Gross margin (%)	62%	63%	65%	59%	62%
Ebit margin (%)	-2%	-63%	-3%	-13%	-22%
Calculation of adjusted earnings per share (€ in million)					
Net result attributed to equity holders	-4.6	-159.9	-5.3	-34.2	-204.0
Acquisition-related expenses	14.9	15.7	15.3	26.3	72.2
Impairment charge	0.0	168.7	0.0	0.0	168.7
Restructuring and disposals	0.0	0.0	15.4	29.2	44.6
Tax effect of adjustments	-3.2	-3.5	-6.6	-11.6	-24.9
Remeasurement of deferred tax liability	0.0	0.0	0.0	4.6	4.6
Adjusted net result	**7.0**	**21.0**	**18.8**	**14.5**	**61.3**
Basic number of shares (in thousands)	233,074	234,417	235,227	232,167	233,722
Diluted number of shares (in thousands)	236,938	238,124	237,772	235,027	236,836
Earnings per share					
Basic EPS (€)	-0.02	-0.68	-0.02	-0.15	-0.87
Fully diluted adjusted EPS (€)	0.03	0.09	0.08	0.06	0.26

QUARTERLY STATEMENT OF CASH FLOWS 2017

(€ In thousands, quarterly data unaudited)	Q1 2017	Q2 2017	Q3 2017	Q4 2017	FY 2017
Operating result	-4,853	-159,501	-6,008	-29,483	**-199,845**
Financial gains/(losses)	1,916	-1,519	-3,315	615	**-2,303**
Depreciation, amortisation and impairment	32,808	204,742	37,177	66,276	**341,003**
Change in provisions	-5,301	-2,969	11,475	1,583	**4,788**
Equity-settled stock compensation expense	1,767	2,635	2,346	1,356	**8,104**
Change in working capital:					
– Change in inventories	-8,252	7,750	212	10,254	**9,964**
– Change in receivables and prepayments	-9,821	-23,694	-11,657	56,427	**11,255**
– Change in current liabilities (excluding provisions)[1]	-7,920	4,620	21,149	-8,670	**9,179**
Cash generated from operations	**344**	**32,064**	**51,379**	**98,358**	**182,145**
Interest received	107	44	48	59	**258**
Interest (paid)	-200	-276	-214	-237	**-927**
Corporate income taxes (paid)	-2,068	-3,163	-3,082	-341	**-8,654**
Cash flows from operating activities	**-1,817**	**28,669**	**48,131**	**97,839**	**172,822**
Investments in intangible assets	-25,514	-29,159	-25,313	-24,141	**-104,127**
Investments in property, plant and equipment	-3,103	-4,255	-3,457	-5,301	**-16,116**
Acquisition of subsidiaries and other businesses	-24,493	0	0	-1	**-24,494**
Dividend received		0	106	96	**202**
Cash flows from investing activities	**-53,110**	**-33,414**	**-28,664**	**-29,347**	**-144,535**
Repayment of borrowings	-326	-382	0	0	**-708**
Change in utilisation of credit facility	-5,000	-2,000	0	-3,000	**-10,000**
Change in non-controlling interest	0	-123	0	-121	**-244**
Proceeds on issue of ordinary shares	2,171	8,809	860	563	**12,403**
Cash flow on purchase of treasury shares	0	0	0	-49,831	**-49,831**
Cash flows from financing activities	**-3,155**	**6,304**	**860**	**-52,389**	**-48,380**
Net (decrease)/increase in cash and cash equivalents	**-58,082**	**1,559**	**20,327**	**16,103**	**-20,093**
Cash and cash equivalents at the beginning of period	142,527	84,427	85,041	105,220	**142,527**
Effect of exchange rate changes on cash balances held in foreign currencies	-18	-945	-148	-473	**-1,584**
Cash and cash equivalents at the end of period	**84,428**	**85,040**	**105,220**	**120,850**	**120,850**

1 Includes movements in the non-current portion of deferred revenue presented under Non-current liabilities.

DEFINITIONS AND ABBREVIATIONS

Term	Definition
ADAS	Advanced Driver Assistance Systems
AFM	the Netherlands Authority for Financial Markets
AMX	the Amsterdam Mid-Cap Index
API	Application programming interface
App	Application
ASP	Average Selling Price
B2B	Business to Business
Code	the Dutch Corporate Governance Code
Company	TomTom NV
CRM	Customer Relationship Management
CSR	Corporate Social Responsibility
EICC	the Electronic Industry Citizenship Coalition
EPC	Environmental Product Compliance
ERP	Enterprise Resource Planning
ETR	Effective Tax Rate
EV	Electric vehicle
FMS	Fleet Management Service
Foundation	Foundation Continuity TomTom
GDPR	General Data Protection Regulation
GIS	Geographical Information System
GPS	Global Positioning System
Group	TomTom NV together with its subsidiaries
HD	High Definition
IFRS	International Financial Reporting Standards
IoT	Internet of Things

Term	Definition
ISO	International Standardisation Organisation
KPI	Key Performance Indicator
LBS	Location-based Service
LCV	Light Commercial Vehicle
LTM	Last Twelve Months
NDS	Navigation Data Standard
North America	The United States and Canada
NPE	Non-practicing entities
OEM	Original Equipment Manufacturer
OS	Operating System
PDA	Personal Digital Assistant
PND	Portable Navigation Device
POI	Point-of-interest
R&D	Research & Development
RBA	Responsible Business Alliance
SaaS	Software-as-a-Service
SD	Standard Definition
SDK	Software Development Kit
SEMS	Social and Environmental Management System
SG&A	Selling, general and administrative
TPEG	Transport Protocol Experts Group
USP	Unique Selling Point
xFCD	Extended Floating Car Data
YoY	Year on Year

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LinkedIn™ is registered trademark or trademark of LinkedIn Corporation. and its affiliates in the United States and/or other countries.
Wi-Fi® is a registered trademark of Wi-Fi Alliance®.
Siri is a trademark of Apple Inc., registered in the US and other countries.

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 because 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.

Term	Definition
Gross margin	Gross result divided by revenue
EBIT	Earnings Before Interest and Taxes (Operating result)
EBIT margin	EBIT divided by revenue
EBITDA	EBIT plus Depreciation, Amortisation and Impairment charges
EBITDA margin	EBITDA divided by revenue
Adjusted net result	Net result attributed to equity holders adjusted for acquisition-related expenses and gains, impairments and material restructuring and disposal costs on a post-tax basis (refer to note 25)
Adjusted EPS (AEPS)	Adjusted net result divided by the weighted average number of diluted shares over the period
Net cash	Cash and cash equivalents minus the nominal value of our outstanding borrowings

In this Annual Report 'TomTom' 'the company' and the 'the group' are sometimes used for convenience in contexts where reference is made to TomTom NV and/or any of its subsidiaries in general or where no useful purpose is served by identifying the particular company.

FORWARD-LOOKING STATEMENTS

This document contains certain forward-looking statements with respect to the financial condition, results of operations and business of TomTom and certain of the plans and objectives of TomTom with respect to these items. In particular, the words 'expect', 'anticipate', 'estimate', 'may', 'should', 'believe', 'outlook', 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. For a discussion of factors that could cause future results to differ from such forward-looking statements, see also the Risk management and control of this Annual Report.

THIRD-PARTY MARKET SHARE DATA

Statements regarding market share, including the company's competitive position, contained in this Annual Report are based on outside sources such as specialised research institutes, industry and dealer panels in combination with management estimates.

TOMTOM NV
DE RUIJTERKADE 154
1011 AC AMSTERDAM
THE NETHERLANDS
TEL: +31 (0)20 757 5000
WWW.TOMTOM.COM