ANNUAL REPORT 2013

TOMTOM

Forward-looking Statements/Important Notice

This document contains certain forward-looking statements with respect to the financial condition, results of operations and business of TomTom NV (the company) and certain of the plans and objectives of TomTom and its subsidiaries (together with the company referred to as 'the group') with respect to these items. In particular the words 'expect', 'anticipate', 'estimate', 'may', 'should', 'believe' and similar expressions are intended to identify forward-looking statements. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. Actual results may differ materially from those expressed in these forward-looking statements, and you should not place undue reliance on them. We have based these forward-looking statements on our current expectations and projections about future events, including numerous assumptions regarding our present and future business strategies, operations and the environment in which we will operate in the future. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by these forward-looking statements. These factors include, but are not limited to, levels of customer spending in major economies, changes in consumer tastes and preferences, changes in law, the performance of the financial markets, the levels of marketing and promotional expenditures by the group and its competitors, raw materials and employee costs, changes in exchange and interest rates (in particular changes in the USD and GBP versus the euro can materially affect results), changes in tax rates, future business combinations, acquisitions or disposals, the rate of technological changes, political and military developments in countries where the company operates and the risk of a downturn in the market.

Statements regarding market share, including the company's competitive position, contained in this document are based on outside sources such as specialised research institutes, industry and dealer panels in combination with management estimates. Where full-year information regarding 2013 is not yet available to the company, these statements may also be based on estimates and projections prepared by outside sources or management. Market shares are based on sales in units unless otherwise stated. The forward-looking statements contained refer only to the date in which they are made, and we do not undertake any obligation to update any forward-looking statement to reflect events or circumstances after the date of this annual report.

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CEO Letter

Our strategy

TomTom operates in four different market segments: Consumer, Automotive, Licensing and fleet management (Business Solutions).

In the Consumer market, our strategy is to maximise value from the portable navigation device (PND) category and to diversify in other product categories that have a natural fit with our brand, distribution and product design capabilities.

In the Automotive segment, we are positioning ourselves as a leading vendor of navigation software and services for the connected and automated car.

In the Licensing segment, which includes mobile device vendors and internet service providers, we are working with existing customers to deepen our current business and are targeting new potential customers with location-based applications and a need for licensing terms consistent with their customer approach and business model.

In fleet management (Business Solutions), we achieved market leadership in Europe and our strategy is to continue to grow through a combination of organic growth and targeted acquisitions.

Consumer business

Our European PND business held up well in 2013 and we gained market share. Although we sacrifice recurring revenues, we believe our decisions to bundle map updates and traffic were well judged. We successfully introduced our new navigation software at the high end of our range. In Europe we enjoyed an increase in market share and a slightly higher average selling price (ASP) for PNDs. North America remains a challenging market for our PNDs. We will introduce the new range there in early 2014. During 2014, we will complete the rationalisation of the entire PND range onto our new PND software platform, which will benefit further from our continuously improving navigation software.

In 2013, we successfully introduced a range of GPS sports watches under our own brand, representing the beginning of a significant diversification in our consumer products. In 2014, we will further improve and expand the sports watch range.

We are exploring new product categories on the basis of a fit with our brand and with our capabilities.

Automotive and Licensing business

Although we will continue to manufacture previously developed in-dash hardware for Renault, Mazda, Fiat, and Toyota, when quoting for automotive contracts, our strategy is now to offer a coherent set of navigation software components. This strategy positions us as a partner to 'tier 1' in-dash system vendors.

We offer individual CNS (connected navigation system) components, such as maps, traffic services and navigation software, as well as a complete pre-integrated connected navigation system. Next to offering our maps in the industry-standard NDS (navigation data standard) map format, we are now investing in using that NDS map format in our own server-side and device-side software. In combination with our real-time map update system, this will keep the 'on-board' NDS map up-to-date on a continuous basis.

Our strategy of licensing class-leading software components and services has been well received by Automotive OEMs (Original Equipment Manufacturers) and in-dash system vendors. We believe we are on the right track and are investing to execute on it. It will take time before we see revenues attributable to our new products. The priority in 2014 is to effectively market our products, including demonstrating working NDS-based navigation software, to secure partnerships, and to win deals for new custom in-dash systems.

We have a leadership position with our real-time traffic service which is now available also as an independent component. In 2013, we announced deals to supply our traffic streaming service to Toyota and Daimler and we announced a partnership agreement with Total Traffic + Weather Network (TTWN) in North America. This agreement combines our real-time and predictive traffic flow data with TTWN's incident, construction and congestion data to create the most comprehensive traffic product available in North America. The combined data offering will be available across multiple platforms, including radio, television, automotive, online and mobile. We extended our coverage beyond Europe and North America into Brazil and our service has gone live in China at the beginning of 2014.

Fleet management business

Our fleet management business grew strongly in 2013. This was achieved by a combination of solid organic growth and the acquisition of Coordina, the Spanish market leader in fleet management. The integration of Coordina has gone well, adding 27,000 subscriptions to reach an active installed base of 330,000 vehicle subscriptions.

The underlying industry dynamics for our fleet management business remain favourable. A combination of short return on investment for our customers and an under-penetrated and highly fragmented market allow us to plan for long-term double-digit growth of our revenue.

Technology

Our reorganisation into product units has helped us to increase R&D effectiveness. Product roadmap decisions are made principally within these product units where there is an in-depth understanding of the market. The new structure provides us with a portfolio view, which enables informed resource allocations.

Our products are all 'software intensive' in the sense that customer value derives to a large extent from the software we develop. This makes software development effectiveness the dominant determinant of our R&D effectiveness. However future uncertainties unfold, a stronger software development capability will leave TomTom in a better place. We have a long-term on-going initiative to improve our software development practices in many areas, which is bearing fruit.

We are increasingly assessing the quality of many of our software systems using third party assessment tools, which measures software quality by analysing source code that can be benchmarked with more than 600 projects from participating companies. I have been pleased to note steady improvement in our quality. At the time of writing, we have the top ranking for small-sized projects (less than 100K lines of code) and our navigation engine (NavKit) is ranked second in the big-sized projects (more than 500K lines of code).

Our investments in our new map making platform, which started in 2011, are fundamental to our future. This platform is transforming our digital map process from a quarterly batch process to one in which our map is continuously releasable and which can process sensor and crowd-sourced data from our own and customer applications in near real-time. The new platform has a good fit with the incremental update capability of the NDS map format. It is also well suited to address the emerging trend for highly automated driving, leading eventually to autonomous driving, which makes challenging demands on map resolution and freshness.

We are investing to reinforce our leadership position in real-time traffic, which is now available independently of our connected navigation application, and which delivers quicker journeys than competing applications.

We continue to invest in our navigation software, now with much greater efficiency owing to the elimination of multiple variants. During 2014, our connected navigation application will support NDS maps and demonstrate that map error reports can efficiently and routinely produce updates within days, combining the benefits of an on-board map with an up-to-date map.

There is a synergy between serving Automotive OEMs and serving consumers with our PNDs and smartphone navigation apps. Our investment in our navigation software is justified principally by future returns from automotive OEMs, but the same investment allows us to improve our PNDs by more than would otherwise be justifiable for a declining category, to increase our market share and even to hold category decline. The much faster cycle time of our PND and smartphone navigation apps validates new navigation features and promotes them to prospective automotive customers. Having consumer navigation apps on smartphones that can interoperate with in-dash systems is increasingly important for automotive customers. Our navigation software is also integrated into our fleet management system.

Financials

Our balance sheet is solid, and we established a net cash position mid-way through the year. Our result is limited by our investments in new product and technologies, such as our new map making platform and our navigation software for automotive, which are made in the expectation of a good return in the future.

Outlook for 2014

In 2014, we expect continued growth in our fleet management business, to announce new deals with automotive customers, and to establish a multiproduct consumer business. We expect our leadership position in traffic to translate into new traffic deals. We will have a rationalised, cost-effective PND range in Europe and North America, which will continue to improve from our on-going investments. By the end of 2014, we expect to have substantially completed the first version of our new map making platform and to have an NDS-based connected navigation application that keeps its on-board map up-to-date and which delivers a better user experience than any competing system.

I would like to thank all our stakeholders: our shareholders for their continuous support in our journey in this dynamic and fast-moving industry; our customers who give us valuable feedback and the drive to improve ourselves every day; and finally our employees for their dedication and hard work.

Harold Goddijn / Chief Executive Officer, TomTom NV

Who We Are

TomTom empowers movement. Every day millions of people around the world depend on TomTom to make smarter decisions. We design and develop innovative products that make it easy for people to keep moving towards their goals. Best known for being a global leader in navigation and mapping products, TomTom also creates GPS sports watches, as well as state-of-the-art fleet management solutions and industry-leading location-based products. Our business consists of four customer-facing business units: Consumer, Automotive, Licensing and Business Solutions.

Consumer

Our Consumer business is focused on creating innovative products that provide easy access to the information consumers need to make smarter decisions.

Since creating the PND market ten years ago, we have become a global leader in navigation devices, enabling drivers to get where they want to be effortlessly, quickly and safely. We have developed our business activities into the sports watch category, creating easy-to-use GPS enabled sports watches that provide at-a-glance performance information. This enables runners, cyclists, and swimmers to keep moving towards their fitness goals.

Automotive

Our Automotive business provides cutting-edge components, such as maps, traffic and software to car manufacturers. Each component can be integrated as a stand-alone product, or combined into what we call the connected navigation system, to benefit from seamless compatibility, advanced user experience and cost-effective implementation. Our products ensure our customers have accurate and reliable navigation technology.

Licensing

Our Licensing business leverages our world-class map, traffic and navigation content and services. We also offer cloud-based products that allow developers easy access to create location-enabled applications for businesses and governments.

Business Solutions

Business Solutions offers fleet management solutions for commercial fleets of any size and is also a partner for the insurance industry to develop usage-based insurance products.

We enable businesses to keep their vehicles on the move as efficiently as possible. Our WEBFLEET Software-as-a-Service (SaaS) is highly intuitive to use, allows for seamless integration with third-party applications and offers information security of the highest standards (ISO27001). Our products enable businesses to cut costs, be more productive, and contribute to environmental responsibility.

LOCATIONS

TomTom employs 3,600 people across 52 locations in 35 countries

KEY FACTS

Over **70 million PNDs** have been sold since 2004

Hundreds of millions of probes contribute to our Traffic service

Our real-time Traffic information service is available in **36** countries

Our navigable maps cover **114** countries reaching more than **4 billion** people

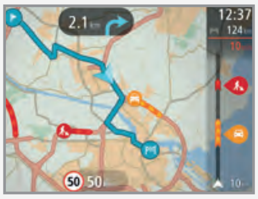
The **majority of Automotive customers** (OEMs or Tier1s) are using one or multiple of TomTom's advanced connected navigation components, such as our real-time maps, Traffic or navigation software

330,000 vehicles are managed by our fleet management solution WEBFLEET

OUR PRODUCTS

PNDs

MAP CONTENT



NAVIGATION SOFTWARE

WEBFLEET- FLEET MANAGEMENT SOLUTIONS

GPS SPORTS WATCHES

REAL-TIME TRAFFIC INFORMATION

HISTORIC TRAFFIC INFORMATION

LOCATION-BASED SERVICES

CORPORATE TIMELINE

TOMTOM

1991 Founded

1996 First navigation software launched

2001 Focused on car navigation

2004 Introduction of the PND

2005 Acquisition of Datafactory AG which formed TomTom Business Solutions

2005 IPO on NYSE Euronext Amsterdam

2006 Acquisition of Applied Generics Limited which formed TomTom Traffic

2007 Acquisition of the automotive engineering team from the Siemens R&D division which formed our Automotive business

2008 Acquisition of Tele Atlas

2009 First line fitted Automotive product launched

2010 TomTom Traffic available across Europe

2011 TomTom Traffic launched in the US

2012 First Automotive connected navigation system announced

2013 TomTom Traffic launched in Russia and Brazil

2013 Launch of new TomTom GO series and TomTom GPS Sports Watches

2013 New NavKit navigation engine introduced

2013 Acquisition of Coordina, the Spanish market leader in fleet management

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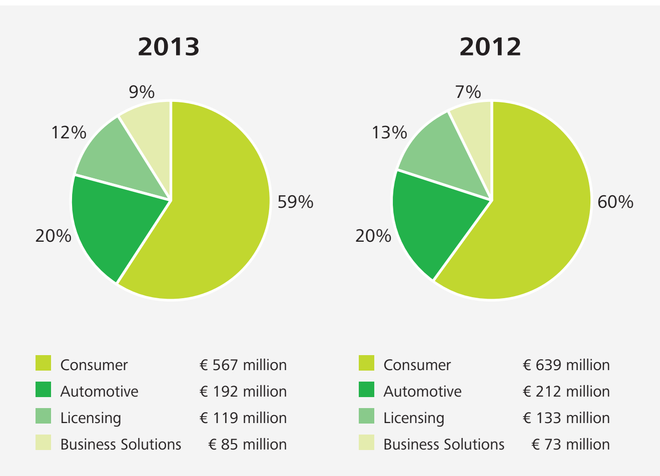
MANAGEMENT BOARD REPORT

Financial and Business Review

2013 was a solid year for us, both financially and operationally. We were able to launch important new products, such as our new PND range and our first own branded GPS sports watches, and to increase the velocity and productivity of our development activities. Revenue, although lower compared to last year, overall performed well relative to market trends, and the gross margin increased. We invested more in new product development and in acquisitions than in recent years and generated significant cash from operations. We achieved a positive net cash position mid-way through the year and built on this through to the end of the year.

Overview

Group revenue for 2013 was €963 million compared to €1,057 million in 2012. Our biggest revenue contributor is portable navigation devices within our Consumer business. This category has been decreasing in size for the past few years due to higher Automotive in-dash system adoption rates and the availability of turn-by-turn navigation on smartphones. Our overall revenue performance reflects lower Consumer, Automotive and Licensing revenue and higher Business Solutions revenue. Our goal is to reverse the decline in Consumer revenue through growing new product lines.



The gross result for the year was €521 million, and the gross margin increased by two percentage points to 54%. Operating expenses were €496 million compared to €484 million in 2012, and the operating result was €26 million compared to €70 million last year, mainly reflecting the lower gross result.

The net result for the year was €20 million compared to €49 million in 2012. For comparison purposes, the net result for 2012 of €49 million excluded a one-off tax gain of €80 million related to the settlement we agreed with the Dutch tax authorities at the end of 2012.

We spent €92 million on capital investments and acquisitions to drive future returns on our assets. We moved from a net debt position of €86 million at the end of 2012 to a net cash position of €83 million at the end of 2013.

Key figures overview

(€ in millions)	2013	% of revenue	2012	% of revenue
REVENUE	963	100%	1,057	100%
GROSS RESULT	521	54%	555	52%
OPERATING EXPENSES	496	51%	484	46%
EBITDA	143	15%	181	17%
OPERATING RESULT (EBIT)	26	3%	70	7%
NET RESULT[1]	20	2%	49	5%
NET CASH	83	-	–86	-

[1] Net result of €49 million in 2012 excludes an €80 million one-off tax gain.

Business review

Consumer

Consumer revenue in 2013 was €567 million, a decrease of 11% compared to €639 million in 2012.

In Europe (EMEA17), we increased both our market share and our average selling price for PNDs in a market that declined in volume by 14%. In Europe, our market share increased by five percentage points to 51% in 2013. The smaller North American market declined more and our market share decreased by four percentage points to 18%.

During the year, we released our new PND GO range, which is powered by our new navigation technology (Navkit) and which delivers a fresh user interface with the map and traffic at the centre of the display. This next-generation PND has been well received by our customers. Lifetime maps are now included across nearly all PND product ranges and lifetime traffic in the mid- and high-range products.

We follow multiple element revenue recognition for bundled product sales, which means that we defer part of the initial selling price and recognise it in our income statement over a number of years. This reduces revenue in our income statement in the first years following the introduction of such bundled sales.

In the emerging sports segment, we doubled revenue year on year and launched our first ranges of TomTom own-branded GPS sports watches into the market. The new TomTom Runner and TomTom Multi-Sport GPS sports watches are ultra-slim and feature an extra-large display, full-screen graphical training tools and the industry's first one-button control. During the year, both Nike and ourselves continued to sell co-branded Nike-TomTom sports watches.

Automotive

Automotive revenue in 2013 was €192 million, a decrease of 9% compared to €212 million in 2012. Our Automotive business unit is in transition. Although we will continue to manufacture previously developed in-dash hardware for Renault, Mazda, Fiat, and Toyota, when quoting for automotive contracts, we now focus on the non-hardware components of the navigation system. Our strategy going forward is to offer individual components such as maps, traffic services and navigation software, as well as a complete pre-integrated connected navigation system.

In 2013, the Fiat line fit infotainment system (U-Connect) was launched with TomTom navigation software and map content, supporting the Fiat 500L and Alfa Mito. Daimler cars started to ship in Europe with our traffic services, supporting the COMAND multimedia systems for Mercedes S-, C- and GLK-class cars. Renault's line fit infotainment system (R-Link) was progressively rolled out across models with TomTom navigation software, map content and traffic and other services, supporting amongst others ZOE, Clio, Megane, Scenic and Kangoo. R-link was awarded the first prize for connected infotainment system by SBD, an independent automotive research consultancy firm.

Licensing

Licensing revenue in 2013 was €119 million, a decrease of 10% compared to €133 million in 2012. The lower revenue resulted mainly from lower GIS Licensing revenue and the phasing out of a major contract, which has not yet been fully replaced by new contracts.

In 2013, we announced a worldwide agreement with Telmap, an Intel company, to supply maps and related content. We will deliver traffic content to Telenav's mobile navigation customers. We expanded our relationship with BlackBerry by adding TomTom's Traffic service for BB10 customers and entered into a partnership agreement with Clear Channel (The Total Traffic + Weather Network) to create the most comprehensive traffic solution available in North America.

We continued to expand our map coverage globally. Our map currently covers 41 million km of navigable roads in 114 countries.

Business Solutions

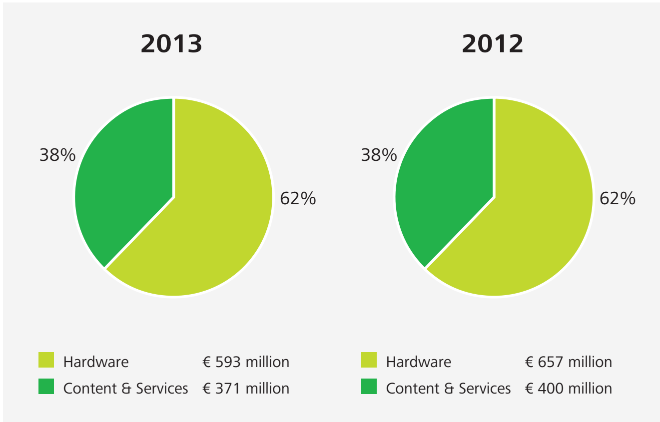
Business Solutions revenue in 2013 was €85 million, an increase of 16% compared to €73 million in 2012. The increase was mainly driven by growth in the WEBFLEET subscriber base and related recurring revenue. This recurring revenue grew by more than 25% year on year and churn rates are low. At the end of the year, a total of 330,000 vehicles were managed by TomTom Business Solutions' technology, 38% up from 239,000 at the start of 2013. In excess of 27,000 customers use TomTom's fleet management service to manage vehicles driven in more than 60 countries worldwide.

We broadened our fleet management product offering. We launched an App Center to present applications from development partners which are complementary to WEBFLEET, including CRM and ERP planning software. We also introduced a remote download service for the Digital Tachographs of Trucks and launched new road toll reporting functionality, providing transport companies with greater cost transparency.

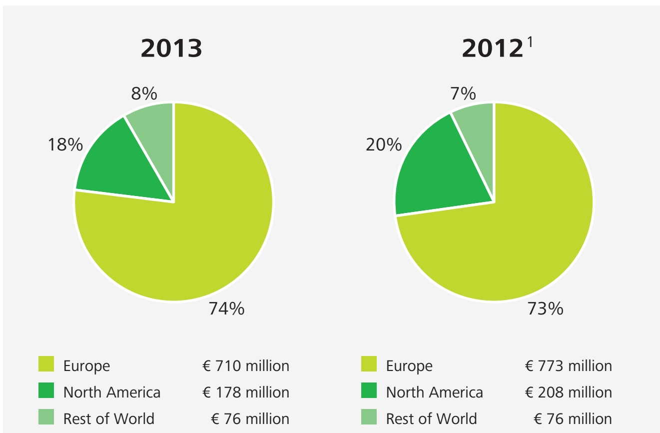
Business Solutions acquired Coordina (Gestion Electronica Logistica, S.L.) on 31 July 2013. Coordina is the Spanish market leader in fleet management solutions.

Revenue split by category and geography

Revenue from Content & Services was €371 million (2012: €400 million) or 38% of total revenue (2012: 38%). Content & Services revenue was impacted by lower Licensing revenue and by the trend towards bundling lifetime maps and traffic on the sale of a PND.



From a regional perspective, 74% of revenue was generated in Europe (EMEA) versus 73% in 2012, 18% in North America (2012: 20%) and the remaining 8% in the rest of the world (2012: 7%).



[1] The 2012 comparative figures have been adjusted to align with 2013 regional allocation of revenue.

Gross result

The gross result decreased from €555 million in 2012 to €521 million in 2013. The gross margin increased by two percentage points compared to 2012 to 54% because of higher margins on hardware products.

Operating expenses

Operating expenses for the year totalled €496 million compared to €484 million in 2012. The mix of operating expenses, as well as the comparison with the previous year, is presented in the table below.

(€ in millions)	2013	2012
R&D expenses	165	166
Amortisation of technology and databases	81	84
Marketing expenses	63	57
SG&A expenses	178	170
Stock compensation	8	7
TOTAL OPERATING EXPENSES	**496**	**484**

Research and development (R&D) expenses declined slightly year on year by €0.9 million. Total R&D spending, including the capitalised element of internal development projects, increased year on year by €23 million to €228 million (2012: €205 million). The major areas of R&D investments included our new navigation technology, the new map making platform and specific customer-related automotive projects.

Amortisation of technology and databases decreased by €2.6 million compared to 2012, as certain technologies were fully amortised by the end of 2012.

Marketing expenses increased by €5.3 million year on year as we ran several communication campaigns to support our new product launches in the Consumer segment and to increase customer awareness of the benefits of our leading real-time traffic service.

Selling, general and administrative (SG&A) expenses increased by €8.6 million year on year, mainly due to higher variable personnel expenses.

Financial income and expenses

The net interest expense for the year was €2.9 million, which was €9.1 million lower than in 2012. The reduced interest expense reflects both the improving leverage ratio and the lower outstanding borrowings in the year. Other financial losses consisted mainly of negative foreign currency results of €2.3 million compared to a gain of €1.4 million in 2012.

Result of associates

The gain of €3.1 million in the result of associates included a one-off gain of €2.5 million as a result of the remeasurement of the carrying value of our previously held interest in our associate company mapIT to its fair value, when we acquired the remaining 51% interest in mapIT during the course of the year.

Taxation

The tax charge for the year was €4 million, representing an effective tax rate (ETR) of 16.7% versus an ETR of 18.8% in 2012. This comparison excludes the impact of the €80 million one-off tax gain from the Dutch tax authorities, which had been agreed at the end of 2012. Our ETR reflects the benefits from the tax incentives, which are made available for companies with significant research and development activities in the Netherlands.

Net result

The net result for the year was €20 million compared to a net result of €49 million in 2012 (excluding the €80 million one-off tax gain).

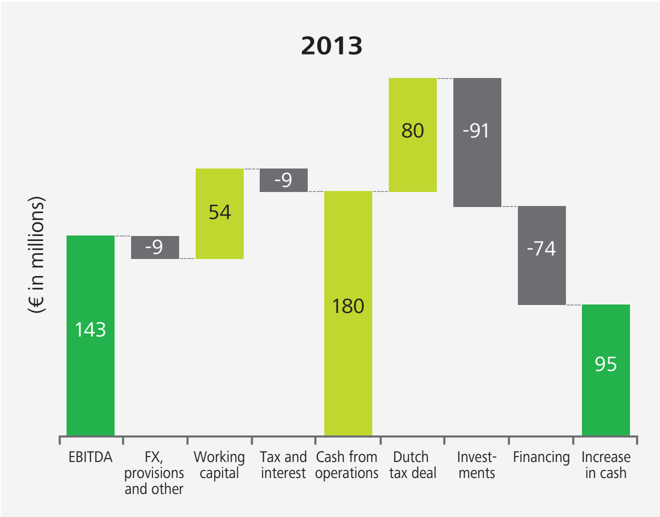
Liquidity and capital resources

In 2013, we received the €80 million tax refund from the Dutch tax authorities. Excluding this one-off gain, net cash from operating activities was €180 million in 2013, which was €13 million higher than in 2012. The increase was mainly driven by strong working capital management during the year.

Cash used in investing activities amounted to €91 million (2012: €51 million). The major investments were made in development projects and in the acquisitions of Coordina and the remaining shares of our South African associate mapIT.

Net cash used in financing activities amounted to €74 million, as we repaid the portion of the term loan which fell due in 2013.

The cash flow chart below presents the movements in cash during the year.



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Debt financing

Our balance sheet strengthened in the year.

We moved into a net cash position for the first time in five years and we ended the year with a net cash position of €83 million compared to a net debt position of €86 million at the end of 2012.

In March 2013, we repaid €75 million of outstanding borrowings. At 31 December 2013, our term loan stood at €175 million (2012: €250 million) and we had a revolving credit facility of €150 million, which is currently unutilised.

Outlook 2014

For the group we expect full-year revenue of around €900 million. We expect the gross margin to stay strong, we will maintain tight control on operating costs and we expect to deliver adjusted earnings per share of around €0.20.

Our investments are expected to increase to more than €100 million, as we invest at a higher level in our map and navigation software and continue to target acquisitions in the fleet management area.

The number of employees in 2014 is expected to be broadly comparable to 2013.

Human Resources

Our goal is to employ highly talented people who are fully engaged in our business and who deliver high levels of personal performance at work. TomTom employs more than 3,600 people across 52 locations in 35 countries. Our HR Team is responsible for the development and delivery of all initiatives to retain employees and attract and recruit new talent to the company. TomTom believes in fairness. Our employment policies provide equal opportunities for all, regardless of age, gender, ethnicity, social background, religion, disability or sexuality.

Employee engagement programme

TomTom currently operates several key employee initiatives within the company-wide global engagement programme. The initiatives within the programme are designed to ensure that we motivate and engage our employees. They include career development, management and leadership, organisational effectiveness, workplace processes and policies and compensation and benefits.

Career development

TomTom is committed to enabling our employees to develop their talents and realise their ambitions within the company. The career development initiative aims to motivate and retain employees by providing them with career opportunities and challenging work.

Over the past few years, we have created career tracks for our Engineering, Finance and Customer Care employees. In 2013, we worked on enhancing these and building career tracks for our Map Operations teams.

During 2013, to increase internal transfers, we also launched an online portal providing clear and transparent information about career opportunities within TomTom. As part of this, we have a company-wide talent management process including succession planning. Our succession planning approach helps Management to identify and support a ready pipeline of talent that is capable of taking on challenging roles and management positions within the company in the future. In 2013, we implemented some supporting information technology to allow us to visualise and manage succession plans more effectively.

Management and leadership

We introduced a consistent approach to training our people managers two years ago. During 2013, we ran training in the US, Europe and Asia, and over 200 managers have completed the programme to date. We continued the investment in our leadership development programme aimed at our executive level managers. The programme was developed in close cooperation with a global training provider, as well as a number of academics from a leading European business school. In 2013, we also developed a special training and development programme to assist the leaders of our Shared Services Units to support the business. Thus far, members of the Finance, Legal and Human Resources teams have followed this programme.

Organisational effectiveness

During 2013, we focused attention on improving the software development capabilities within our engineering teams. We have implemented consistent software development methods globally, introduced technical skills tests as part of our interview process for engineers and delivered new training processes. In mid-2013, we extended the engineering capabilities programme to include Product Management and Software Architecture.

In 2013, we also completed the acquisition of businesses located in Spain and South Africa, among other countries. We continued to expand our India operations by insourcing customer care roles and locating them in Pune, where we now employ approximately 500 people. As at the end of 2013, 31% of our employees were based in the Netherlands, compared to 35% at the end of 2012.

In terms of employee statistics, we ended 2013 with 67% of our employees based in EMEA, 22% in APAC and 11% in the Americas. These figures exclude interns.

In terms of gender diversity, 28% of our workforce is female and 72% is male. For management roles, 24% of middle management is female (defined at up to Director level), 29% of Executive Management is female, and of the three members of our Management Board one is female.

Workplace processes and policies

As a company, we believe that our work processes and employment policies should enable employees to work effectively with minimal bureaucracy. During 2013, we continued to monitor and where necessary amend employment policies and work processes. We improved reporting tools for line managers, including detailed information on both their permanent and contingent workforces. We implemented preferred supplier programmes for the provision of contractors within our Netherlands-based Engineering teams and we automated contractor data change processes to improve accuracy and efficiency.

Compensation and benefits

Our remuneration strategy is key for attracting and retaining talent. We aim to provide fair, competitive and responsible compensation for each of our employees. Our performance-related bonus plan, which rewards company performance and individual performance, was introduced in 2009. The bonuses paid vary according to the job grade and reflect the level of influence of each role in the execution of TomTom's strategy. 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.

Long-term incentives are part of our remuneration policy, for both the Management Board and our employees. They are intended to attract and retain key talent to the company. Our long-term incentive programmes include performance shares, along with stock options and restricted stock options, which are offered to selected key talents. All of our long-term incentive programmes have a vesting period of three years.

In terms of employee benefits, TomTom is committed to offering all employees secure pension, health and disability cover. Accordingly, our benefit programmes focus primarily on these aspects. We are committed to ensuring that our employees have access to quality pension, health and disability products, and we offer a product discount programme worldwide as part of our benefits package to encourage ownership of TomTom products.

Corporate Social Responsibility

Our Corporate Social Responsibility (CSR) goal is to ensure the impact of our business is a positive one. Our CSR strategy focuses on three areas:

- Environmental impact;
- Supply chain management; and
- Community giving.

Environmental impact

TomTom recognises that climate change is one of the biggest challenges facing the world today. We believe that making smarter decisions to address this challenge requires combined efforts on the part of governments, businesses, and consumers.

Our portable navigation devices enable motorists to drive safely, save fuel and use time efficiently. All of these elements help our customers improve the environment by reducing carbon dioxide emissions. At the same time, we make every effort to minimise the effects of our day-to-day business activities and operations on the environment by paying attention to how we can reduce greenhouse gas emissions.

Since 2011, we have assessed our environmental impact by measuring greenhouse gas emissions and calculating the carbon footprint of our day-to-day operations, as well as the emissions associated with our products and services. In 2012, we added a second year of operational-related emissions to our greenhouse gas inventory; it now includes emissions from our offices and business travel. Our emissions remained stable at 6kt of CO2 equivalent.

Although TomTom is not a particularly energy intensive company, our operations have an impact through the energy we use at our offices. Our goal remains to reduce emissions by optimising our workplaces and how we move people. In the first two years of emissions data collection, we improved the accuracy and quality of our data. At the same time, we set ourselves a goal to reduce the total Scope 1 and Scope 2 emissions, as identified by the greenhouse gas accounting and reporting standards established by the World Business Council for Sustainable Development, by 15% before 2020.

Supply chain management

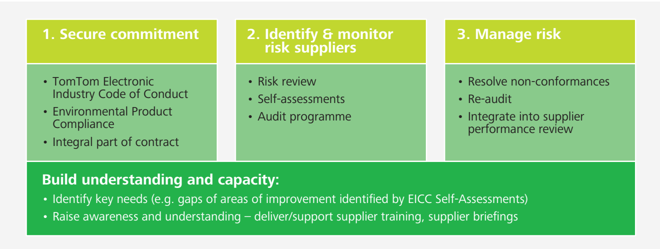
We maintain a high level of social responsibility towards our consumers, business customers, and suppliers. This includes setting targets to meet current industry standards for supply chain management, labour conditions, human rights, health, safety, and environment, according to the electronics manufacturing industry.

In 2013, we introduced a new process based on the learnings from our first year as a member of the Electronic Industry Citizenship

Coalition (EICC). The TomTom Electronic Code of Conduct, which is based on the EICC Code of Conduct, establishes the basic principles and standards for business conduct with which we expect our suppliers to comply. Since 2013, suppliers in the electronics manufacturing supply chain are required to sign this Code of Conduct.

The three-step framework we apply, as presented in the figure below, starts with ensuring that we secure the commitment of our suppliers to meet our requirements. We then use a range of risk tools to identify and monitor supplier risk, and determine where best to spend our auditing efforts.

Three-step framework



Lastly, where we conduct audits, we ensure that any non-compliance to the code is resolved and suppliers are re-audited. Establishing this system helps us to align the management of our supply chain with the highest standards in our industry.

We believe that a risk management approach enables us to spend our resources efficiently by identifying areas of high risk. We use EICC-developed tools to complete facility risk assessments for 60% of our suppliers. This includes 100% of the electronics assembly suppliers for PND, in-dash navigation systems and sports products. These suppliers accounted for almost 85% of total spend. It also includes 50% of our logistics suppliers, accounting for a further 6% of total spend. We found that the majority of the supplier facility risk assessments had a low-risk profile and there were no high-risk findings. As a result, in 2013, TomTom did not carry out any independent supplier audits.

In the course of 2013, 50 employees were trained on key environmental product compliance requirements and processes. We will, and continue to, build and improve internal processes for the management of environmental product compliance.

Community giving

In 2013, we invested in our community giving activities by donating over 2,000 PNDs. These donations were made to charitable organisations in the field of disaster emergency relief and in charitable community care where they rely on vehicles to reach the communities they serve.

In the UK, we made a donation to the Association of Lowland Search and Rescue, equipping over 20 Lowland Search and Rescue organisations across the UK with nearly 200 devices. Also in the UK, a donation of over 500 PNDs to Help the Hospices directly improved the response time of community-based nursing care services. These donations are examples of the value and benefit that TomTom products provide in helping charities achieve their missions.

We also have employee-driven community giving activities in over ten of our offices around the world. This year, we implemented a global approach to encourage and support our employees to help local communities. The programme includes the availability of start-up funding, match funding for team efforts, and small cash grants to local charitable organisations. As a result, more of our employees support charitable projects especially related to helping youth from socially and culturally diverse backgrounds, by participating in fundraising activities and using their skills as coaches and mentors.

Conclusion

We believe that responsible business is good business. We know that consumers demand high standards from the companies they support. Working to protect the environment and setting high standards for our supply chain management not only positively impacts the environment but also helps us to reduce costs and risks, increase customer loyalty and attract the best employees.

Our 2014 CSR strategy will focus on broadening our scope of community giving. Our goal is to be a positive force in the communities we are a part of around the world.

For more detail on our CSR programme please refer to our CSR corporate website: corporate.tomtom.com/ethics.cfm.

Business Risks

TomTom can be adversely affected by a variety of business risks and economic developments. A structured risk management process helps management to better understand how risks might impact the company and to take risks in a controlled manner. We update our business risk profile every year in order to manage our most important risks.

We do not quantify these risks or specify a list of the top five risks, as we believe that the careful management of all of these risks is important and that singling out particular risks could disrupt the balance of our risk management programme. The sequence of risks below in no way reflects an order of importance, vulnerability or materiality.

Approach to risk management

Senior management together agrees on the risk management priorities for the group. A single owner is held accountable for each risk, which helps ensure clear accountability for the mitigating actions. The Business Assurance department facilitates the annual assessment of business risks to achieve an appropriate level of objectivity in our assessment of risks. The business risk profile is taken into account when establishing our strategy and annual business plans and budgets.

Group risk profile

Below is an overview of the risks that we believe are most relevant to the achievement of our long-term goals and strategy. 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, which could later turn out to have a significant impact on our business and could have a material adverse effect on TomTom's financial condition, results of operations and liquidity.

Strategic risks

Competitive landscape

We operate in a highly dynamic and competitive industry characterised by convergence of technologies and consolidation of competitors, as well as new and disruptive technologies and innovations. Failure to adapt our organisation to industry trends or otherwise remain competitive could have a material adverse effect on our business and TomTom's financial condition, results of operations and liquidity.

Many of our current competitors are large, well-known organisations with greater financial, technical and human resources than ours. They may have greater ability to fund product research and development and capitalise on potential market opportunities. New competitors interested in the same markets and products may also emerge. Industry consolidation may also result in increased competition.

We have entered into a number of strategic partnerships and joint ventures to bring competitive product and service offerings to market. If any of our strategic partners fails to perform as planned or if we fail to find suitable partners for our business activities, we may be unable to bring our products and services to market and maintain a competitive market position.

Global economics

The majority of our sales are generated in Europe, which makes us vulnerable to the continued concerns about the macroeconomic environment across the region. The US is also an important market for us and deterioration in consumer demand in this region would have a negative impact on our financial results.

The majority of our purchases are made in USD. Any devaluation of the euro against the USD would therefore have a negative impact on our profitability. We use foreign exchange contracts to mitigate the risks, although these are short-term in nature and do not cover all our open exposures.

The impact of global economic conditions on consumer demand could impair our ability to generate sufficient cash flow to support our investment plans. These or other unforeseen macro economic conditions may render us unable to implement our strategic agenda as planned and consequently could have a material adverse effect on TomTom's financial condition, results of operations and liquidity.

Geographical sustainability

The North American market is important to us. We view maintaining and preferably growing market share as a vital element of being successful in the US market. However, macro economic conditions and competitive effects may render us unable to maintain sales volumes in North America, and retailer support for our products and services could decline, impacting our ability to maintain market share and average selling prices in the region.

Our aspirations to grow in high-growth markets such as China and Brazil will expose us to additional political, legal, social and economic risks. We cannot be certain that our products and services will meet consumer acceptance in these markets and we may be unable to realise our growth objectives in these emerging markets. If we are unable to realise our growth plans in North America and emerging markets, our anticipated revenues and profits could be adversely affected.

Automotive

The automotive market is continuously evolving with respect to navigation. Although the navigation experience for our end-users is similar, whether the navigation system is built in the dash or provided on a PND, the dynamics of supplying to the automotive industry are different from those of delivering mass-market consumer electronics.

There could be additional operational and technical challenges in growing our automotive business and maintaining profitability in the long term in such a rapidly evolving environment. Furthermore, new map and navigation providers may choose to enter the automotive market, which could significantly increase the level of competition we face. 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.

Brand

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 consumer confidence in our products or services.

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

Innovation and engineering capabilities

Our markets are characterised by rapid technological change, which challenges us to deliver highly competitive products and services. We will continue to focus on producing high quality innovative solutions, but there can be no guarantee that our products and services will compete successfully against current or new market entrants or competing technologies.

Our success depends on our ability to rapidly develop, market and commercialise new and upgraded products and services. The timing of our new product and service releases, our ability to accurately forecast market demand, our product mix relative to that of our competitors and our ability to understand and meet changing consumer preferences are vital to this effort. Should we be unable to meet these challenges, it may have a material adverse effect on our financial condition and results of operations.

Digital mapping

The competitive environment requires continuous investment in new technology for creating and updating map databases. Maps need to be continuously updated for changes in the environment and we are continuously adding new geographies to our map database to be able to meet the needs of existing customers, bring out new products and expand into new markets.

If we are unable to invest sufficiently to compete in terms of both the quality and coverage with other global map providers and to modernise our map delivery platforms, our business, our financial condition, results of operations and liquidity may be materially adversely affected.

Dependency on GPS satellites

Our navigation products and services depend on GPS satellite transmissions that provide position data to our customers. GPS satellites are funded and maintained by the US government. We have no control over their maintenance, support or repair. The availability and free use of GPS signals to the level of accuracy required for commercial use remain at the sole discretion of the US government.

GPS signals are carried on radio frequency bands. Any reallocation of, or interference with these bands could impair the functionality of our products. Alternate systems are in various stages of development, but again these systems remain under the control of sponsoring governments and agencies, and we cannot be certain that our products and services will be compatible with these new systems.

Operational risks

Human resources

In order to be a market leader in our industry, we need to have the most talented people working effectively together. The success of our business depends on attracting, integrating and retaining highly skilled personnel in all business units and development centres.

We aim to bring the highest calibre people into our organisation. We have a rigorous recruitment process, so that we can have high levels of confidence in the people we hire. To retain talent within our organisation, we monitor the organisational health of the company and have programmes in place to retain key employees. However, if we are unable to attract and retain the high calibre people we require, our ability to operate our business successfully could be significantly impaired.

Supply chain

We depend on a limited number of third parties and, in certain instances, on sole suppliers, for map content, component supply and manufacturing. Any disruption to or termination of our relationships with third-party manufacturers, suppliers or distributors, or any reduction in their ability to supply our needs would adversely affect our business.

Our capacity to deliver innovative products to the market means that we will continue to be dependent to some extent on components that are only available from specific leading technology organisations. Single-source component risk will remain a part of our business model for the foreseeable future. If we are unable to source any critical components, particularly critical single-source components, our business could be significantly impaired and our financial condition, results of operations and liquidity could be materially adversely affected.

Product quality

Our industry is characterised by frequent technological advances. In order to remain competitive, we need to continuously innovate to introduce new and upgraded products and services. Difficulties may be experienced that delay the development, introduction or market acceptance of our new or enhanced products.

Furthermore, we develop complex hardware and software products, which may experience material defects, errors or failure. We have internal quality control standards and procedures to mitigate these risks. However, should any of our products fail to operate as intended or otherwise experience quality problems, our reputation and brand value may suffer and we may be exposed to increased operating costs and the possibility of significant consumer product liability, which could adversely affect our financial condition, results of operations and liquidity.

Performance of real-time services

We provide fleet management services, live traffic information and sales via our web store on a 24-hour basis. 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 us and could trigger contractual penalties, which could have a material adverse effect on our financial condition and results of operations.

Disaster recovery planning

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 would 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.

We have business continuity and disaster recovery planning in place for certain systems and various eventualities. However, we are unable to plan for every possible disaster or incident. A major failure of a critical business 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.

Legal and compliance risks

Intellectual property

We rely on a combination of trademarks, trade names, patents, confidentiality and non-disclosure clauses and agreements, copyrights and design rights, to defend and protect our trade secrets and rights to the intellectual property in our products.

We may be faced with claims that we have infringed the intellectual property rights or patents of others, which if successfully asserted against us may result in us being ordered to pay substantial damages or forced to stop or delay the development, manufacture 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.

Privacy of customer data

The focus of our business providing location-based products and services to individual customers, growing public awareness and increased scrutiny by regulatory authorities, means that compliance with privacy regulations and customer expectations is increasingly important in maintaining our competitive position. While we anonymise the trace data we collect from our individual customers, and our privacy programme is designed to ensure TomTom's Privacy Principles are adhered to throughout our operations and in the design of our products and services, our reputation and brand may suffer if we fail to comply with privacy regulations or otherwise fail to meet our customers' expectations in relation to privacy matters.

Information security

Our business operations and reputation are substantially dependent on our ability to maintain confidentiality, integrity and availability over information regarding customers, employees, suppliers, proprietary technologies, intellectual property and business processes. Our information security programme requires that we deploy and maintain information security controls, processes and tools in our operations and products using a risk-based approach. However, the volume and sophistication of information security threats continue to grow. The leakage of confidential information, unauthorised use of our systems and networks or defective products could adversely affect our business and could have a material adverse effect on our financial conditions, results of operations and liquidity.

Financial risks

Financial risks are presented in note 3 - Financial risk management in the consolidated financial statements.

In Control and Responsibility Statement

The Management Board is responsible for TomTom's risk management and internal control systems. The Management Board believes that the company maintains an adequate and effective system of risk management and internal control that complies with the Dutch Corporate Governance Code (the Code).

The internal control systems are designed to manage, rather than eliminate, the risk of failure to achieve business objectives and can provide reasonable, but not absolute, assurance against financial loss or material misstatements in the financial statements.

TomTom views the management of risk as a management activity. The Management Board reviews the effectiveness of TomTom's systems of internal control relative to strategic, financial, operational and compliance risks and discusses risk management and internal controls with the Audit Committee on at least a quarterly basis.

TomTom embeds risk management in its strategic business planning. A top-down approach is followed in which management identifies the major risks that could affect the company's business objectives and assesses the effectiveness of the processes and internal controls in place to manage and mitigate these risks. For an overview of our most important business risks, please refer to the Business Risks section. Assurance on the effectiveness of controls is obtained through management reviews, control self-assessments, internal audits and testing of certain aspects of the internal financial control systems by the external auditors during their annual audit.

This, however, does not imply that TomTom can provide certainty as to the realisation of business and financial objectives, nor can the approach taken by the company to internal control over financial reporting be expected to prevent or detect all misstatements, errors, fraud or violation of law or regulations.

The key features of the systems of internal control are as follows:
- Clearly defined lines of accountability and delegation of authority are in place, together with comprehensive reporting and analysis against approved budgets;
- Operating risk is minimised by ensuring that the appropriate infrastructure, controls, systems and people are in place throughout the business;
- An organisational design is in place that supports business objectives and enables staff to be successful in their roles;
- Treasury operations manage cash balances and exposure to currency transaction risks through treasury policies, risk limits and monitoring procedures; and
- A Code of Ethics is embedded in the TomTom culture and is accessible to all staff via the intranet.

The key controls over financial reporting policies and procedures include controls to ensure that:
- Commitments and expenditures are appropriately authorised by the Management Board;
- Records are maintained that accurately and fairly reflect transactions;
- Any unauthorised acquisition, use or disposal of TomTom's assets that could have a material effect on the Financial Statements are detected on a timely basis;
- Transactions are recorded as required to permit the preparation of financial statements; and
- TomTom is able to report its financial statements in compliance with IFRS.

The Management Board believes, based on the activities performed in 2013 and in accordance with best practice provision II.1.5 of the Code, that the risk management and control systems with regard to the financial reporting risks have functioned effectively in 2013, and that the risk management and control systems provide a reasonable assurance that the 2013 financial statements do not contain any errors of material importance.

With reference to the statement within the meaning of article 5:25 (2c) of the Financial 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 profit or loss of the company and the undertakings included in the consolidation taken as a whole; and that
- The Management Board Report includes 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.

Amsterdam, 11 February 2014

The Management Board
Harold Goddijn / Chief Executive Officer
Marina Wyatt / Chief Financial Officer
Alain De Taeye / Member of the Management Board

CORPORATE GOVERNANCE

Corporate Governance

In this section, TomTom addresses its overall corporate governance structure and compliance with the principles and provisions of the Dutch Corporate Governance Code (the Code).

TomTom is committed to be transparent and accountable in its way of doing business. Our corporate governance structure supports and contributes to our commitment to all our stakeholders. TomTom monitors the corporate governance structure regularly, to ensure compliance with the applicable laws and regulations and the Code.

Any substantial change to the company's corporate governance structure will be explained to the shareholders at a General Meeting.

The Corporate Governance Code

As a listed company, TomTom is subject to the Code. The Management Board and Supervisory Board are committed to complying with the best practice provisions laid down in the Code and will continue to do so.

TomTom applies all of the relevant provisions of the Code. Currently, the company deviates from the Code's provision II.2.4 and provision IV.1.1. These deviations from the Code are explained below.

Provision II.2.4

Options granted to the Management Board members in 2009 and 2010 under the TomTom Management Board Stock Option Plan 2009 vest as follows: one third of the options granted vest after one year, another one third vests after two years and the final one third vests after three years following the grant date. This vesting timeline is not fully in line with best practice provision II.2.4, which provides that options shall have a vesting period of three years after the grant date. At the time the plan was introduced, we were operating in a rapidly changing environment that was highly competitive. The plan was designed to attract people of the highest calibre and retain key talent in the company. We also wanted to align TomTom's long-term incentives with common practice amongst international companies operating in the technology sector. To ensure that the plan fulfilled this aim, in 2009 and 2010 the company opted for the vesting timeline outlined above. The vesting timeline of the plan was amended at the Annual General Meeting in 2011 (the Management Board Stock Option Plan) to emphasise the long-term retention element of the plan and align it with the Code. As a result, all options granted under the Management Board Stock Option Plan vest three years after the grant date. This is in line with the requirements of the Code. The number of options that vest is subject to the achievement of pre-determined performance criteria. Options vested under this plan can be exercised during a period starting on the vesting date and ending on the seventh anniversary of the grant date.

Provision IV.1.1

Best practice provision IV.1.1 provides that a company's General Meeting may pass a resolution to set aside 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, which proportion may not exceed one-third of the issued share capital.

TomTom'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 company deviates from the best practice provision outlined in the preceding paragraph because it believes that maintaining continuity in its Management Board and Supervisory Board is critical for delivering long-term shareholder value. 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.

Management Board

General

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 corporate social responsibility matters insofar as these are relevant to the company's business. In these areas the Management Board is accountable to the Supervisory Board and to the General Meeting. In performing 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 must provide the Supervisory Board with all information necessary for the exercise of the duties of the Supervisory Board in a timely manner. Furthermore, the Management Board must consult with the Supervisory Board on important matters and submit important decisions to the Supervisory Board for its prior approval.

Composition and appointment

The 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 and may be re-appointed for another period of not more than four years. 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 General Meeting may appoint a member of the Management Board in contravention of the Supervisory Board's nomination by a resolution passed 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.

Members of the Management Board

The Management Board currently consists of three members. Biographies of the members of the Management Board, as well as other details relating to their careers can be found in the Profiles of the Management Board section.

Remuneration

Upon a proposal by the Remuneration Committee, the Supervisory Board determines the remuneration of the individual members of the Management Board in accordance with the company's Remuneration Policy for the Management Board. This policy was adopted in 2009 and amended by the Annual General Meeting in 2011. The Supervisory Board must present any plan providing for the remuneration of the members of the Management Board in the form of shares and options to the General Meeting for approval. For further information about the remuneration of the members of the Management Board, see the Remuneration Report included in the Supervisory Board Report, as well as note 7 - Remuneration of Members of the Management Board and the Supervisory Board in 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, and provide all relevant information. The Supervisory Board shall decide whether a conflict of interest exists. The member of the Management Board who has a (potential) conflict of interest may not be present at such meetings. Matters in which the company has a conflict of interest with a member of the Management Board in his private capacity are subject to the prior approval of the Supervisory Board. During 2013, no such conflicts of interest were reported.

Supervisory Board

General

The Supervisory Board is responsible for supervising the conduct of management by the Management Board and the general course of affairs of the company. The Supervisory Board may on its own initiative provide advice to the Management Board. The Management Board can also request the Supervisory Board's advice. The Supervisory Board acts in the interest of the company as well as that of its stakeholders as a whole in performing its duties.

The Articles of Association require that certain decisions of the Management Board be subject to the approval of the Supervisory Board. Resolutions of the Management Board to issue shares, to grant rights to acquire shares or to restrict or exclude pre-emptive rights require prior approval of the Supervisory Board. Other resolutions requiring such approval include, amongst others:

- Proposals to amend the Articles of Association;
- Proposals to conclude a legal merger or a legal demerger;
- Proposals to reduce the issued share capital; and
- Matters in which the company has a conflict of interest with a member of the Management Board in his private capacity.

Composition and appointment

The Articles of Association provide that the Supervisory Board should consist of three or more members. Each member of the Supervisory Board is appointed for a maximum of four years. This appointment can be renewed for two additional periods of not more than four years. The General Meeting appoints the members of the Supervisory 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 cases, the appointment of a member of the Supervisory Board in contravention of the 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. 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. 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.

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 expertise. The Supervisory Board aims for a diverse composition and will strive for a fair balance between experience, expertise, gender, age and background. When nominating a candidate for (re)appointment, however, the qualifications of the candidate and the specific requirements of the positions to be filled will prevail.

The Supervisory Board profile and other rules and regulations covering its decision-making process are posted on TomTom's corporate website: corporate.tomtom.com/articles.cfm.

Members of the Supervisory Board

The Supervisory Board currently consists of seven members. Biographies of the members of the Supervisory Board, as well as other details relating to their careers can be found in the Profiles of the Supervisory Board section.

Shareholders Cyrte Investments BV and Janivo Holding BV together exercised the right to nominate a candidate for an additional seat on the Supervisory Board in 2013. The proposal to appoint Toine van Laack as member of the Supervisory Board for a period of four (4) years was adopted by the Annual General Meeting on 23 April 2013.

The Supervisory Board confirms that its current composition has the necessary experience, expertise and independence to ensure that its members are able to properly execute their duties. All current members of the Supervisory Board were appointed in accordance with the Supervisory Board profile. The Supervisory Board is of the opinion that the addition of female Supervisory Board members would be beneficial; better reflecting the profile of the company's Management Board and senior management and demonstrating TomTom's commitment to the gender balance requirements of the Act on Management and Supervision. Consequently, the Supervisory Board will be nominating two female candidates for positions on the company's Supervisory Board at the 2014 Annual General Meeting.

In compliance with newly adopted Dutch legislation, no member of the Supervisory Board holds more than five directorships at Dutch 'large companies'.

The committees

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.

The Audit Committee oversees all activities of the Management Board that relate to the company's internal risk management and control systems. These include the operation of codes of conduct, the provision of financial information by the company, the performance of our external auditor and internal audit function, the policy of the company on tax planning, the financing of the company and the use of information and communication technology.

The Remuneration Committee formulates proposals for the Remuneration Policy for the Management Board, which it submits to the Supervisory Board. The Remuneration Committee also formulates proposals for the remuneration of the individual members of the Management Board and prepares the remuneration report that is included in the annual report.

The Selection and Appointment Committee oversees the drawing up of selection criteria and appointment procedures for Supervisory Board members and Management Board members. It assesses the size and composition of the Supervisory Board and the Management Board, formulates proposals concerning the profile and composition of the Supervisory Board and makes proposals for appointments and re-appointments. Succession planning for senior management in general, and related topics, are another focus of the Selection and Appointment Committee.

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 Supervisory Board members and the additional remuneration of the Chairman and the members of its committees is determined by the General Meeting. Members of the Supervisory Board are not authorised to receive any payments under the company's pension or bonus schemes or under the option or share plans. The annual remuneration of the Supervisory Board and sub-committees membership remained unchanged during 2013. The annual remuneration of the Chairman of the Supervisory Board is €50,000; the other Supervisory Board members receive €40,000.

The annual remuneration of the Chairman of the Audit Committee is €10,000, while the other members of the committee receive €7,000. The annual remuneration of the Chairman of the Remuneration Committee and of the Chairman of the Selection and

Appointment Committee is €7,000, while the other members of these committees receive €4,000. The remuneration of Supervisory Board members and committee members is proportional to the number of months served. The aggregate remuneration of the Supervisory Board members in 2013 amounted to €335,333.

For more detailed information about the remuneration of individual members of the Supervisory Board see note 7 - Remuneration 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, and provide all relevant information. 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 may not be present at such meetings. The member of the Supervisory Board with 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. Such transactions shall be disclosed in the annual report. Transactions in which there are conflicts of interest with members of the Supervisory Board have not been reported in 2013.

Shareholdings

Rob van den Bergh owns 5,000 shares in the company. These shares are held as a long-term investment within the meaning of best practice provision III.7.2 of the Code and were not granted as part of his remuneration.

General Meeting

Functioning of the General Meeting

The Annual General Meeting must be held within six months after the end of each financial year. The Annual General Meeting is convened by public notice via the company's corporate website: corporate.tomtom.com/agm.cfm.

The compilation of the annual report is a recurring agenda item, as are the adoption of the annual accounts and the release from liability of the members of the Management Board and Supervisory Board. When deemed necessary in the interest of the company, an Extraordinary General Meeting may be convened by resolution of the Management Board or the Supervisory Board.

Shareholders may appoint a proxy who is then empowered to vote on their behalf in the General Meeting. 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. Shareholders may vote by proxy. The voting rights attached to any company 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 votes cast, except where Dutch law or TomTom's Articles of Association provide for a special majority.

According to TomTom'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; and
- Resolution to dismiss or suspend a member of the Management Board or the Supervisory Board.

In addition, in accordance with Dutch law, TomTom'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 our 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 votes cast, irrespective of the share capital represented at the General Meeting.

The company's Articles of Association were amended at the 2013 Annual General Meeting following changes in Dutch corporate law.

The capital structure

The company's authorised share capital amounts to €180,000,000 and is divided in 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 2013, a total of 222,176,212 ordinary shares were issued and outstanding.

Issue of shares

The Management Board has the power to 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 an issue of shares pursuant to the exercise of a previously granted right 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 issue 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 company shareholders at an Extraordinary General Meeting. Such meetings take time to convene and could generate disruptive market speculation.

In April 2013, the Annual 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 23 October 2014. This authority is limited to 10% of the number of issued ordinary shares for general purposes (or limited to 20% in case of a merger or acquisition) and to restrict or exclude the pre-emption rights for existing shareholders for such issue or grant of rights.

Separately, the Management Board has been authorised to grant rights to subscribe for ordinary shares and to restrict or exclude the pre-emption rights for existing shareholders for those rights, up to 3,650,000 ordinary shares for the purpose of executing the TomTom Employee Stock Option Plan and the Management Board Stock Option Plan. The authorisation was subject to the prior approval of the Supervisory Board. It was granted for a period starting from the 2013 Annual General Meeting and ending with the Annual General Meeting to be held in 2014.

In addition to the authorisations referred to above, the Management Board has been authorised by the 2012 Annual General Meeting to issue preferred shares or to grant rights to subscribe for preferred shares and to restrict or exclude existing shareholders' pre-emption rights for those rights. The authorisation was subject to the prior approval of the Supervisory Board and applied until 26 October 2013. For further information on this authority of the Management Board, see the protection mechanism section below.

Repurchase by the company of its own shares

The 2013 Annual General Meeting has resolved to authorise the Management Board to acquire shares in the capital of the company up to 10% of the issued share capital. The authorisation was granted for a period of 18 months, and will be in effect until 23 October 2014.

Protection mechanism

Foundation Continuity TomTom

A foundation, the Stichting Continuïteit TomTom (the Foundation), was established on 26 May 2005 to act as an instrument that protects the company against hostile takeovers. The purpose of the Foundation is to safeguard the company's interests and those of its subsidiaries, as well as the interests of all stakeholders of the organisation. It does so by ensuring that the company is in a position to resist influences which 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 company has granted the Foundation a call option (the Call Option) entitling it to subscribe for preferred shares. The authority is limited to 50% of the aggregate outstanding share capital (excluding issued and outstanding preferred shares) of the company at the time of issue. An issue of preferred shares in the manner described would cause substantial dilution of the voting power of any shareholder whose objective was to gain control of the company.

In addition to the Call Option, a resolution was passed during the 2012 Annual General Meeting to extend the authority of the Management Board until 26 October 2013 to issue preferred shares and to grant rights to subscribe for such shares equal to fifty per cent (50%) of the aggregate nominal value of the outstanding ordinary shares at the time of issue and to restrict or exclude the pre-emption rights for existing shareholders.

In the General Meeting in 2013, the Management Board did not request a further extension of the aforementioned authority but proposed to grant the Foundation the right to subscribe for additional preferred shares up to hundred per cent (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.

This proposal was adopted by the General Meeting on 23 April 2013 and the Management Board waived all its rights under the existing authority. The Foundation shall subscribe for the preferred shares at par. Immediately after subscribing for preferred shares, the Foundation shall proceed to pay one-fourth of the nominal value of the preferred shares at the time of issue. Three-fourths of the nominal amount shall only need to be paid upon call by the company, without prejudice to the provisions of section 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.

The company believes that 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. We also believe that this measure will strengthen our position in relation to potential bidders, and allow us to seek alternatives. Currently, there are no preferred shares outstanding.

The Management Board of the company and the Board of the Foundation declare that the Foundation is independent vis à vis the company.

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.

Notification of Substantial Shareholdings and Short Positions

Shareholders owning 3% or more of the issued capital 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.

Subsequently, notification to the AFM must be done as soon as a substantial shareholding or short position reaches, exceeds, or falls below a threshold. The thresholds are: 3%, 5%, 10%, 15%, 20%, 25%, 30%, 40%, 50%, 60%, 75% and 95% of the company's issued share capital.

As at 31 December 2013, the following shareholders owning 3% or more of the company's voting rights were registered with the AFM:

Name	% voting rights
Harold Goddijn	11.8%
Corinne Goddijn-Vigreux	11.8%
Pieter Geelen/Stichting Beheer Moerbei	11.8%
Peter-Frans Pauwels/Stichting Beheer Pillar Arc	11.8%
Flevo Deelnemingen IV BV (Dasym/Janivo)[1]	10.2%
BNP Paribas Investment Partners SA	3.8%

[1] Flevo Deelnemingen IV BV is a 100% direct shareholder of Flevo Dasym BV and Flevo Janivo BV.

As at 31 December 2013, no substantial short positions in TomTom were registered with the AFM.

Article 10 of the EU Takeover Directive Decree

The Management Board states that all the information required under Article 10 of the EU Takeover Directive Decree is disclosed in the Corporate Governance section of this annual report, to the extent that it is applicable to TomTom.

Mandatory Corporate Governance Statement

The Corporate Governance section can be considered to be the corporate governance statement as referred to in Article 2a of the Dutch Decree on additional requirements for annual reports as last amended as of 1 January 2010, to the extent that it is applicable to TomTom.

The main characteristics of the company's internal risk management measures and control systems connected to its financial reporting process are described in the In Control and Responsibility Statement section of this annual report.

PROFILES

Profiles of the Management Board

HAROLD GODDIJN (53)

Chief Executive Officer
Nationality
Dutch
Year of first appointment
2001
Current term of office
AGM 2013 - AGM 2017

Education and former positions

Having studied Economics at the University of Amsterdam, Harold started his career with a venture capital firm. He then founded Psion Netherlands BV in 1989, as a joint venture with Psion PLC, and in 1991 co-founded TomTom with Peter-Frans Pauwels and Pieter Geelen. In 1998, he was appointed Managing Director of Psion Computers and he served on the Board of Psion PLC from 1998 to 1999.

MARINA WYATT (50)

Chief Financial Officer
Nationality
British
Year of first appointment
2005
Current term of office
AGM 2013 - AGM 2017

Education and former positions

Marina is a Cambridge University graduate, a Chartered Accountant and a Fellow of the Institute of Chartered Accountants in England and Wales. Having spent nine years with Arthur Andersen in the UK and US, Marina joined Psion PLC as Group Controller in 1994 and became Chief Financial Officer in 1996. She was also a Non-Executive Director of Symbian and of the publishing company Blackwell's. In 2002, Marina was appointed Chief Financial Officer of Colt Telecom PLC.

Current other positions

Non-Executive Director of Shanks Group PLC

ALAIN DE TAEYE (56)

Member of the Management Board
Nationality
Belgian
Year of first appointment
2008
Current term of office
AGM 2012 - AGM 2016

Education and former positions

Alain graduated as an engineer-architect from the University of Ghent. He founded Informatics & 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. As of 1990, Alain headed the Tele Atlas group, which was acquired by TomTom in 2008.

Profiles of the Supervisory Board

KAREL VUURSTEEN (72) / Chairman

Nationality	Dutch
Date of first appointment	25 April 2007
Current term of office	AGM 2010 - AGM 2014
Former positions	Member, Vice Chairman and Chairman of the Executive Board of Heineken NV
Current positions	Non-Executive Director of Heineken Holding NV and Chairman of the Supervisory Board of Akzo Nobel NV
Committees	Remuneration Committee, Selection and Appointment Committee (Chairman)

DOUG DUNN (69) / Deputy Chairman

Nationality	British
Date of first appointment	13 May 2005
Current term of office	AGM 2011 - AGM 2015
Former positions	Chief Executive Officer and President of ASML Holding NV
Current positions	Non-Executive Director of Soitec SA and Vice Chairman of the Supervisory Board of BE Semiconductor Industries NV
Committees	Audit Committee

GUY DEMUYNCK (62)

Nationality	Belgian
Date of first appointment	13 May 2005
Current term of office	AGM 2012 - AGM 2016
Former positions	Member of the Board of Directors of Koninklijke KPN NV, Chief Executive Officer of Kroymans Corporation BV and Chief Executive Director of Liquavista BV
Current positions	Non-Executive Director of Belgacom NV and Wizz Air Holdings PLC, member of the Supervisory Board of Apollo Vredestein BV, Teleplan International NV and Divitel Holding BV and Chairman of the Supervisory Board of Aito BV
Committees	Remuneration Committee (Chairman), Selection and Appointment Committee

ROB VAN DEN BERGH (63)

Nationality	Dutch
Date of first appointment	25 April 2007
Current term of office	AGM 2011 - AGM 2015
Former positions	Member, Vice Chairman and Chairman of the Executive Board of VNU NV (currently Nielsen Media Research)
Current positions	Chairman of the Supervisory Boards of NVDU Acquisition BV, and Stichting Holding Isala Klinieken, member of the Supervisory Board of Koninklijke Ahold NV, Holding Nationale Goede Doelen Loterijen NV (Postcode Loterij) and Pon Holdings BV
Committees	Audit Committee

Profiles of the Supervisory Board / Continued

BEN VAN DER VEER (62)

Nationality	Dutch
Date of first appointment	1 October 2008
Current term of office	AGM 2012 - AGM 2016
Former positions	Member and Chairman of the Board of Management of KPMG NV
Current positions	Non-Executive Director of Reed Elsevier Group PLC, Reed Elsevier PLC and Reed Elsevier NV and member of the Supervisory Boards of AEGON NV, Koninklijke FrieslandCampina NV and AMSTERDAM MUSEUM
Committees	Audit Committee (Chairman)

PETER WAKKIE (65)

Nationality	Dutch
Date of first appointment	28 April 2009
Current term of office	AGM 2013 - AGM 2017
Former positions	Member of the Executive Board of Koninklijke Ahold NV
Current positions	Founding partner at SPINATH+WAKKIE, Chairman of the Supervisory Board of Wolters Kluwer NV and member of the Supervisory Board of ABN AMRO Group NV, ABN AMRO Bank NV and BCD Holdings NV
Committees	Remuneration Committee, Selection and Appointment Committee

TOINE VAN LAACK (50)

Nationality	Dutch
Date of first appointment	23 April 2013
Current term of office	AGM 2013 - AGM 2017
Former positions	Managing Partner Ernst & Young Netherlands and Belgium
Current positions	Member of the Board of Directors of Janivo Holding BV and member of the Supervisory Boards of Nidera BV and Hespri Holding BV
Committees	Audit Committee

SUPERVISORY BOARD REPORT

Supervisory Board Report

General

The Supervisory Board consists of the following seven members:

- Karel Vuursteen (the Chairman);
- Doug Dunn;
- Guy Demuynck;
- Rob van den Bergh;
- Ben van der Veer;
- Peter Wakkie; and
- Toine van Laack.

Biographies of the members of the Supervisory Board, as well as the information as prescribed by provision III.1.3 of the Dutch Corporate Governance Code (the Code) can be found in the Profiles of the Supervisory Board section and are as such part of this Supervisory Board Report. This section also provides details on the committees of the Supervisory Board. The Supervisory Board confirms that six of its members are independent within the terms of best practice provision III.2.2 of the Code. Toine van Laack does not qualify as independent because he is a board member of Janivo Holding BV.

The requirements for the size and composition of the Supervisory Board are reflected in the Supervisory Board profile, which can be found on TomTom's corporate website: corporate.tomtom.com/articles.cfm.

The Supervisory Board is responsible for supervising the activities and decisions of the Management Board. The Supervisory Board is also responsible for the supervision of the general conduct of the company's business. It may provide advice to the Management Board at the request of its members and on its own initiative. In performing its duties, the Supervisory Board is guided by the interests of the company and its businesses, taking into account the interests of TomTom's stakeholders as a whole and at the same time applying the principles of good entrepreneurship. The key elements of the role and responsibilities of the Supervisory Board are set out in the Supervisory Board rules and can be found on TomTom's corporate website: corporate.tomtom.com/articles.cfm.

In addition, the Audit Committee, the Remuneration Committee and the Selection and Appointment Committee prepare and assist in the decision-making process of the Supervisory Board. Each of these committees is composed of members of the Supervisory Board. The chairs of these committees work closely with senior management of the company and conduct regular face-to-face meetings to set the agendas and prepare all relevant information for the committee meetings. Meetings of the Supervisory Board are preceded by committee meetings.

Activities 2013

Meetings in 2013

The Supervisory Board met eleven times in 2013: eight physical meetings and three conference calls. The non-physical meetings were held to discuss financial updates and recent developments within the company usually in months when there was no physical meeting. The Management Board members attended all those meetings but in some cases part of the meetings were held without the presence of (all) members of the Management Board. No member of the Supervisory Board was regularly absent from the meetings and all members were able to devote sufficient attention to the company. The meetings of the Supervisory Board achieved an overall average attendance rate of 90%.

The agenda for the meetings was prepared through consultation between the Chairman, the Management Board and the Company Secretary. Outside the regular meetings, the Chairman of the Supervisory Board was in regular contact with the CEO of the company. The members of the Supervisory Board held informal consultations with members of the Management Board and senior management of the company outside the regular Supervisory Board meetings and calls, to keep closely informed about the running of the business.

Topics

In the meetings of the Supervisory Board the recurring items on the agenda included, amongst other things:

- Summary of the deliberations and proposed resolutions of the committees;
- The company's financial and operational targets;
- The company's strategy, including the strategy of the business units designed to achieve the targets;
- The annual budget;
- The (quarterly) financial results;
- The progress on the R&D programme;
- Press releases;
- Corporate social responsibility;
- The legal compliance programme;
- Human resources;
- Corporate governance matters and new legislation;
- Outcome of the meetings with the works council;
- The main business risks and economic developments; and
- The set-up and functioning of the internal risk management and control system.

To facilitate open and productive discussion, senior management provided the Supervisory Board with comprehensive quarterly reports that outline the developments, achievements, challenges and opportunities in each business unit of the company before each physical meeting. These reports include insight into noticeable market developments, trends and analyses. During the year, senior management was frequently invited to make presentations on a range of topics to the Supervisory Board.

The Supervisory Board meetings focused throughout 2013 on providing feedback and input on the company's progress towards achieving its key objective to make available componentised map, navigation and traffic products for its consumer, automotive, licensing and fleet management customers. The Supervisory Board also focused attention on TomTom's new PND products, with their map and traffic centric display all based on the same new componentised NavKit platform, the first TomTom branded sports watches and TomTom's brand positioning. The proposal of the Management Board to grant a 100% call option to subscribe for preferred shares by the Foundation Continuity TomTom was discussed and subsequently approved in the February meeting. The Supervisory Board was also involved in the acquisition of Coordina, the number one fleet management service provider in Spain.

During discussions with the Management Board, the company's technology strategy as the foundation for future growth was a recurring theme. Specific attention was given to the focus of the various R&D projects (like the development and implementation of the new map making platform), which were discussed and monitored at each quarterly meeting. The Supervisory Board played an active role in ensuring that the Management Board's ideas were challenged and tested in order to reach decisions that would underpin the company's long-term strategy.

The company's results and its cash generation from operations were closely monitored by the Supervisory Board throughout the year. The results of the Automotive division continued to be affected by weak European markets, and their position in the respective markets featured regularly in the topics for discussion during the meetings of the Supervisory Board.

The composition and functioning of the Management Board and the performance and remuneration package of its individual members were discussed in the October meeting. Also discussed was the succession planning for the Management Board and the Supervisory Board. Subsequent actions were taken in relation with its commitment to do its utmost to identify female candidates for a position in the Supervisory Board, resulting in the nominations of two female candidates at the AGM, which will be held in May 2014.

The agenda of the Governance and Strategy meeting in November featured training on the map production process and the new map making platform, the strategies for the Automotive, Maps and Business Solutions units as well as potential growth opportunities. Time was also spent on discussing the company's governance structure. In December, the budget for 2014 was discussed and approved.

Supervisory Board self-assessment

The Supervisory Board reviewed and discussed its functioning, as well as that of its members, its committees and the Chairman, in a meeting where no member of the Management Board was present. The Management Board was also requested to provide feedback. The evaluation of the Chairman was discussed by the entire Supervisory Board, without the Chairman present. The assessment included reviews of the composition and expertise of the Supervisory Board, its time management, how they were supported by the company, the dynamics within the Supervisory Board and its succession planning. The Supervisory Board's oversight on the company's strategy, human resources management, risk management and internal controls was also reviewed.

Recommendations for improvement and suggestions for their implementation were recorded, including market insight and product knowledge to keep up with the constantly changing landscape in which TomTom is operating. The Supervisory Board intends to bring in a third party to assess its functioning every three years. The next time will be in 2015.

Remuneration Report

Meetings in 2013

The Remuneration Committee met five times in the course of 2013, with an overall attendance rate of 100%. Each meeting was also attended by Alain De Taeye and the Director Compensation and Benefits. Preparation meetings attended by the Chairman of the committee, the Director Compensation and Benefits and the Company Secretary were held prior to each committee meeting.

Activities

The committee monitored the effectiveness and relevance of TomTom's Management Board Remuneration Policy throughout the year. It also considered the extent to which the individual remuneration packages of the Management Board members were in line with the company's policy.

During the April meeting, the committee resolved to engage a remuneration expert to reassess and redefine the peer group, deliver a market competitiveness report and perform a remuneration benchmark. The new peer group was defined and the report was discussed in the committee meeting in July.

This new peer group consists mainly of similar-sized (annual revenue and market capitalisation) listed companies from the Netherlands and Europe having similar characteristics to TomTom.

While appropriate for remuneration benchmarking, many of the peer group companies are not direct competitors of TomTom and therefore some direct competitors from the US were added to improve relevancy. This new peer group factors in industry-specific dynamics, such as the rapidly changing marketplace and the challenging macro economic environment, and consists of the companies Wolters Kluwer, Invensys, Harman, Garmin, ASM International, Temenos, Imagination Technology Group, SimCorp, Unit 4, CompuGroup Medical, Pace, Kudelski and Exact Holding.

A scenario analysis was carried out within the terms of the best practice provision II.2.1 of the Code to evaluate the variable remuneration components of the remuneration packages of the Management Board members.

The meetings held in July, September and October all focused on the outcome of the market competitiveness report prepared by the remuneration expert, which compared the remuneration packages of the Management Board members with the selected peer group companies, and on reviewing the Remuneration Policy against prevalent practice in the Netherlands and within the high-tech sector. It concluded that the materials supported the committee's view that the company's remuneration packages and policy are appropriate with the exception of the long-term incentive (LTI) plan. The committee resolved to seek further advice on the LTI plan to improve its international competitiveness.

An additional committee meeting was scheduled in September, where the meeting discussed alternative LTI plans and the preferences of the committee. In the October meeting, the committee agreed a recommendation for the Supervisory Board meeting. Further, the committee benchmarked the company's contribution to the pension of the CFO and concluded that it was not in line with competitive market levels.

The Supervisory Board resolved in its October meeting to propose to the General Meeting in 2014 to change the Remuneration Policy to align it better with international high-tech sector practice. Reference is made to the section Outlook 2014 in this Remuneration Report.

The committee periodically reviewed the progress on the achievement of the key performance indicators (KPIs) that had been set for the short-term and long-term variable remuneration components. It was concluded that the vesting conditions for the options granted to the members of the Management Board in 2011 were not met, by which the options became forfeited.

The committee carried out a self-assessment of the functioning of the committee. It was concluded that the committee made good progress with regard to its effectiveness in benchmarking the remuneration packages of the Management Board members against appropriate comparator companies.

Remuneration Policy

The company's Articles of Association state that the Supervisory Board must propose the Remuneration Policy for the members of the Management Board and that the Remuneration Policy must be adopted by the General Meeting. The Supervisory Board determines the remuneration of individual members of the Management Board on the basis of criteria established by the Remuneration Policy. It reviews this policy regularly in the light of internal and/or external developments. The full text of the policy can be found on the company's corporate website: corporate.tomtom.com/remuneration.cfm.

The company's Remuneration Policy must ensure that the company is able to attract and retain highly qualified and expert executives to its Management Board in an internationally competitive market. It must also ensure that the Management Board members' remuneration is consistent with the company's strategy, its operational and financial results and delivery of value to shareholders. Another aim of the policy is to apply a responsible and sustainable remuneration framework in line with the general result-driven remuneration principles and practices throughout the company. The Remuneration Policy establishes that remuneration for the Management Board must consist of four components: base salary, short-term incentive, long-term incentive and pension.

Application in 2013

The details of the individual remuneration of all members of the Management Board and its costs to the company are presented in note 7 - Remuneration of Members of the Management Board and the Supervisory Board in the consolidated financial statements. The information described in best practice provision II.2.13 (d) of the Code is also provided there.

1. Base salary at median market level

Fixed remuneration consists of base salary plus holiday allowance, where applicable and in accordance with market practice. The objective of this element of the policy is to align the base salary levels of TomTom Management Board members with median market practice in a measured way. The base salary levels are reviewed annually, taking into account developments in the pay market and the level of position as graded within the company.

Using the outcome of the annually performed benchmarking as a base, the Supervisory Board concluded that Marina Wyatt's and Alain De Taeye's base salaries were in line with the median market level and did not need adjustment for 2013. In line with the objective to bring the CEO's base salary closer to the median market level, the Supervisory Board decided to increase the base salary of the CEO for 2013 by 20% to €450,000. The base salaries of all

Management Board members comply with the Remuneration Policy.

2. Short-term incentive

The intention of the percentage-of-salary bonus scheme is to ensure a uniform bonus structure throughout the organisation. It aligns the Management Board's bonus scheme with the bonus structure that applies to other staff within the company and with Dutch market practice. This component of Management Board remuneration was benchmarked against the same peer group as was used for the base salary comparison.

The level of cash payment is determined according to predetermined criteria and objectives. TomTom's 'on-target' bonus percentages are assessed relative to the median 'on-target' bonus percentages of our peer group companies. The on-target bonus percentage for the CEO position is 80% of his base salary. It is 64% of the base salary for the other members of the Management Board. All were in line with the market median level in the newly defined peer group.

The maximum bonus amount may be increased to 1.5 times the 'on-target' bonus amounts. For example, in cases of excellent performance the CEO may receive 120% of his base salary, and the other members of the Management Board 96% of their base salaries. In addition to the incentive scheme based on pre-determined performance criteria, the Supervisory Board may at its own discretion also decide to reward bonuses for exceptional individual performance.

For 2013, it was decided to apply the same KPIs for the short-term incentive plan as in the previous year: revenue, EBIT and cash flow. The Supervisory Board still believes that these financial KPIs are the most efficient way to foster revenue growth, control operating costs and maintain the company's ability to invest. In particular, it believes that in economically challenging times it is of the utmost importance to continue to generate sufficient cash and that costs remain firmly under control. The Supervisory Board decided to apply the following weighting: revenue 20%, EBIT 40% and cash flow 40%.

Applying the pre-determined performance criteria to the 2013 results of the company, the Supervisory Board has awarded an overall pay-out ratio of 131% of the 'on-target' bonus percentage under the short-term incentive scheme.

The Supervisory Board is of the opinion that the continuous challenging economic environment and competitive market warranted strong financial control and that therefore the strictly financial nature of the KPIs set for 2013 was appropriate.

3. Long-term incentive

The long-term incentive component is laid down in the TomTom Management Board Stock Option Plan 2009, as amended in 2011 (the Management Board Stock Option Plan). The Management Board Stock Option Plan is aimed at attracting and retaining key talent in order to ensure the company's continued high performance. It therefore aligns the company's long-term incentives with common practices within international companies operating in the technology sector.

With regard to the Management Board Stock Option Plan, the number of options that vest is subject to the achievement of pre-determined performance criteria. The performance criteria are measured over a three-year period that runs from January of the calendar year in which the options are granted. The options will vest three years after the grant date if the performance conditions have been fulfilled.

With regard to the Management Board's long-term incentive scheme, the Supervisory Board decided to reflect the company's vision and the corresponding strategic considerations for 2013 to 2015 as related to the performance criteria for the Management Board's long-term incentive scheme, by continuing to use the performance criteria established in the previous year. These criteria focus on restoring revenue growth by greater increase from non-PND product sales while limiting the decline of PND sales. TomTom's position as a preferred employer was also measured. It was further decided to introduce scaled achievement ranges for these long-term KPIs with a maximum combined achievement level of 100%. The specific related targets are deemed commercially sensitive information and are not disclosed.

The Remuneration Committee reviewed and discussed whether the performance criteria for 2013 were validly set. It concluded that the relationship between the performance criteria and the strategic objectives was appropriate.

As in previous years, the conditional grant of stock options to the Management Board members was based on a fixed pay versus pay-at-risk ratio for 2013 which was set at 1:2. Accordingly, each Management Board member was given a conditional grant of 155,000 stock options.

4. Pension plan contributions

Members of the Management Board are eligible for and can opt to participate in the company's pension plans. The company's contribution to the pension of each member of the Management Board is capped at 10% of the annual base salary.

Harold Goddijn has opted to waive his rights to take part in the company's pension plan and does not receive any contribution from the company. Marina Wyatt and Alain De Taeye do not participate in the company's pension plan and receive 10% of their respective gross annual base salary as a contribution to their respective private pension plans. In addition to the above-mentioned remuneration components, the Management Board members are entitled to remuneration for items such as medical insurance, death and disability insurance. 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.

Outlook 2014

The Supervisory Board proposes to change the Remuneration Policy as a result of the extensive market competitiveness review performed in 2013 by the Remuneration Committee. The policy change, which is subject to the approval of the General Meeting in 2014, relates to the long-term incentive plan and the contribution to the pension plan of the CFO.

The Supervisory Board wishes to improve the international competitiveness of the long-term incentive plan to better align and support its main purpose to attract and retain key talents in an international competitive market. The proposal is to refrain from setting long-term performance criteria for 2014-2016, and to grant unconditional options to the Management Board members subject to a vesting period of three years and continued employment. By the new plan, the Management Board remains continuously focused on creating more value for its shareholders.

A stock option plan without performance measures is not fully compliant with the best practice provision II.2.4 of the Code, which states that the number of options to be granted shall be dependent on the achievement of challenging targets specified beforehand. However, under the unconditional option plan, value only materialises by a successful execution of the company's long-term strategy by the Management Board. This is reflected by an increase of the value of the share price at vesting compared to the value of the share price at the grant date. As such, the Supervisory Board deems it appropriate to move away from three-year performance measures for the TomTom stock option plan.

In addition, the Supervisory Board intends to move away from the 1:2 fixed pay versus pay-at-risk ratio to setting annual stock option grants as a percentage of the fixed salary to bring it in line with competitive market levels. In this respect, the Supervisory Board has decided to adjust the level for the CFO and the member of the Management Board to a grant value equivalent to 60% of the fixed salary, and for the CEO to a grant value equivalent to 100% of the fixed salary. This aligns the level for the members of the Management Board to a market-competitive level.

The Supervisory Board further proposes to align the company's contribution to the pension of the CFO with competitive market levels and therefore to increase the contribution to 20% of the annual base salary. The contribution for the other member of the Management Board will remain capped at 10% of the annual base salary. The CEO has opted to waive his rights to take part in the company's pension plan and does not receive any contribution from the company.

The Remuneration Committee concluded that the Remuneration Policy does not require any amendments with regard to the base salaries and the short-term incentive scheme of all Management Board members, and that those still comply with the Remuneration Policy.

The base salaries of Marina Wyatt and Alain De Taeye are at the median level of market pay and therefore do not need to be adjusted in 2014. The base salary of Harold Goddijn remains under median market level. There is, however, no intention in 2014 to bring the CEO's base salary closer to the median and therefore the CEO's base salary will not be adjusted in 2014.

For the short-term incentive scheme of 2014, the Supervisory Board feels it is appropriate to apply KPIs and weighting that measure the company's strategy considering its financial position. It has therefore been decided to replace the revenue KPI by a gross profit KPI with a weighting level of 40% for 2014. The other two performance criteria will remain the same; the EBIT KPI remains at the same weighting level of 40% while reducing the weighting for the cash flow KPI to 20%. The focused nature of the KPIs reflects the Supervisory Board's opinion that the current economic climate continues to require strong financially driven KPIs.

Employee arrangements and severance agreements

All members of the Management Board have an employment contract with the company. The employment contracts are entered into for an indefinite period, but the term of office of members of the Management Board is four years. After this period, they may be re-appointed for another term of not more than four years at a time.

A notice period of 12 months is applicable to all members of the Management Board. In the event that the employment of a member of the Management Board is terminated by the company, or on its initiative, he or she shall be entitled to a fixed amount of 50% of one year's base salary, including holiday allowance if applicable. The severance compensation due will be paid to members of the Management Board during the agreed notice period of 12 months in addition to the salary.

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 him or her, or on his or her initiative.

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

Selection and Appointment Committee Report

The Selection and Appointment Committee met four times during the course of 2013, with an overall attendance rate of 100%. The committee considered the composition and succession planning of the Supervisory Board and Management Board members. As a result of its last year's evaluation, where the committee, among others, concluded to focus more on succession planning, the committee discussed the company's progress on its succession planning for key positions within the company on a quarterly basis.

The rotation plan was reviewed and discussed, also with respect to the Act on Management and Supervision. Actions were undertaken by the committee to demonstrate the Supervisory Board's commitment to the statutory gender balance requirements. Consequently, the Supervisory Board will be nominating two female candidates for positions on the company's Supervisory Board at the 2014 Annual General Meeting.

The members confirmed their various positions in Dutch and foreign companies and concluded that no member of the Supervisory Board holds more than five directorships at 'large companies' in the Netherlands.

The committee carried out a self-assessment of the functioning of the committee. It was concluded to increase its involvement in the policies, practices and initiatives by which the company aims to attract, retain and develop its top tier of managers.

Audit Committee Report

The Audit Committee met six times during the course of 2013, with an overall attendance rate of 92%. Four meetings were held prior to the publication of the financial results and there were two additional meetings to discuss the impairment review. All meetings were attended by Marina Wyatt and the VP of Business Assurance in full during the year. Harold Goddijn and Alain De Taeye attended the meetings as required (for instance, where important group risks and internal controls were discussed). The external auditor attended all agenda items relevant to the publication of the (quarterly) financial results. During the year, the Audit Committee also invited senior management responsible for IT, Tax, Treasury, The Product Office, Corporate Security, Legal and Human Resources to provide updates on their businesses.

The Audit Committee considers that it has sufficient breadth, depth, industry-relevant knowledge, experience and expertise available to enable it to discharge its duties appropriately. In particular, it considers that the financial skills and experience that can reasonably be expected of an Audit Committee in the discharge of its duties were available during the year.

Activities

The Audit Committee assisted the Supervisory Board in overseeing the following areas of the business:

- The integrity of the company's quarterly financial results and related press releases;
- The integrity of the annual report, including the company's accounting and financial reporting policies and processes;
- The integrity of the company's disclosure controls and procedures;
- Relations with the external auditor, including the scope of their plans, assessment of their independence, approval of their remuneration, and their annual re-appointment;
- The role and functioning of the Internal Audit department (part of the Business Assurance team that coordinates oversight of the company's business risk management);
- The maintenance of an effective system of risk management and internal control relating to strategic, financial, operational and compliance risks;
- Compliance with the recommendations and observations of the internal and external auditors;
- The company's approach to financing, cash and foreign exchange management;
- The financing of the company;
- The application of information and communication technology (ICT);
- The company's policy on tax planning; and
- The company's approach to business conduct and ethics, as well as its approach to protecting and securing key company assets.

In April 2013, the Audit Committee reviewed and updated the Audit Committee Charter. The Audit Committee Charter is available on TomTom's corporate website: corporate.tomtom.com/articles.cfm.

The committee carried out a self-assessment of its functioning and concluded to be effective in its work.

Financial reporting

The Supervisory Board and the Audit Committee reviewed the quarterly financial results and full-year financial statements prior to their release. Attention was paid to key accounting policies, the valuation of goodwill and other assets, and the clarity of the rules for disclosure, as well as the company's compliance with accounting standards, the requirements of NYSE Euronext Amsterdam and other corporate governance, legal and regulatory bodies.

Business assurance

The company monitors its internal controls through a systematic approach to risk assessment and internal audit. The Business Assurance team assists in the independent review of the company's risk management controls. The VP of Business Assurance leads the department, reporting functionally to the Audit Committee and administratively to the CFO. During 2013, the VP of Business Assurance reported each quarter to the Audit Committee. He also ensured open communication between himself and the chairman of the Audit Committee during the course of the year.

The internal audit programme covers key business processes, subsidiary office reviews, the auditing of major ICT projects before go live and special requests. Working with management, Internal Audit selects the areas of the business to be audited during the year. The selection of audits is presented to the Audit Committee and approved by them.

Members of the Audit Committee and the Management Board may request Internal Audit to carry out an internal audit or special consulting service at any time. During 2013, approximately 26% of the Internal Audit workload involved such special requests by management. This approach keeps the Internal Audit work schedule closely aligned with the dynamic nature of our business.

Independence

The Business Assurance department maintains a high level of independence and objectivity within its team. This is based on the following principles:

- The Audit Committee Charter describes the purpose, authority and responsibilities of Internal Audit;
- The VP of Business Assurance has unrestricted access to the Supervisory Board and Audit Committee and reports regularly to the Audit Committee, as well as maintaining a direct relationship with the Audit Committee chairman;
- The VP of Business Assurance meets at least once annually with the Audit Committee without the Management Board being present;
- Members of the Internal Audit department are qualified professionals, who uphold the ethical guidelines covering independence laid down by the professional bodies that govern registered accountants and internal auditors; and
- The internal auditor's role is to provide assurance and advice to management, who are ultimately accountable for the design and effective operation of the internal control and risk systems.

External auditor

The Audit Committee agrees the compensation of the external auditor and recommends the appointment of an external auditor to the Supervisory Board. Each new appointment is subject to the approval of the company's shareholders at the Annual General Meeting.

Deloitte Accountants BV has acted as external auditor for the company since 2004. The Audit Committee recommends that the Supervisory Board re-appoint Deloitte for the 2014 financial year-end audit, subject to the approval of shareholders at the Annual General Meeting. Deloitte have expressed their willingness to continue to provide this service to the company during 2014. Resolutions proposing their re-appointment will be submitted to the forthcoming Annual General Meeting.

During 2013, the external auditor attended each of the four Audit Committee meetings to address agenda items relating to the external financial reporting and related press releases. The Audit Committee and the external auditor also met separately, without the Management Board being present, in order to facilitate free and open discussions.

The Audit Committee reviewed the independence of the external auditor, taking into account qualitative and quantitative factors. The committee concluded that the external auditor has sufficient objectivity and independence to perform the external audit function. Below a summary is provided of services performed by Deloitte Accountants BV, its network affiliates and the fees earned.

Breakdown of fees by type of service

(€ in thousands)	2013	% of total	2012	% of total
Audit - group	445	48%	440	41%
Audit - statutory	141	15%	191	18%
Audit-related services[1]	60	6%	60	6%
Tax compliance[2]	289	31%	380	35%
Total	**935**	100%	**1,071**	100%

[1] During 2013, audit-related services consisted of quarterly analytical procedures.
[2] Tax compliance comprises local tax compliance services, including local tax filings and HR-related compliance services. These services are based on a contract that existed prior to 31 December 2012.

Following the mandatory audit rotation requirement in the Netherlands, TomTom will select a new auditor for 2015.

Financial Statements

The consolidated annual Financial Statements of the company for 2013, as prepared by the Management Board, have been audited by Deloitte Accountants BV. The Supervisory Board has approved these Financial Statements for 2013, and all individual members of the Supervisory Board, together with the members of the Management Board, have signed the Financial Statements for 2013. The Supervisory Board recommends to the Annual General Meeting to adopt the Financial Statements for 2013.

The Annual Report for 2013 is available at the company's offices on request and on the company's website: corporate.tomtom.com/annuals.cfm. Upon adoption of the Financial Statements for 2013, and in accordance with article 2:394 of the Dutch Civil Code and article 5:25o of the Financial Supervision Act, the Management Board will publish and file the Financial Statements for 2013 with the AFM. The members of the Supervisory Board have signed the annual Financial Statements pursuant to the statutory obligation under article 2:101 (2) of the Dutch Civil Code.

The Supervisory Board would like to thank the Management Board members and all employees for their dedication and hard work in 2013.

Amsterdam, 11 February 2014

The Supervisory Board
Karel Vuursteen
Doug Dunn
Guy Demuynck
Rob van den Bergh
Ben van der Veer
Peter Wakkie
Toine van Laack

FINANCIAL STATEMENTS

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Consolidated Statement of Income

for the year ended 31 December

(€ in thousands)	Notes	2013	2012
REVENUE	5	963,454	1,057,134
Cost of sales	6	442,207	502,398
GROSS RESULT		**521,247**	**554,736**
OPERATING EXPENSES			
Research and development expenses		165,408	166,315
Amortisation of technology and databases		81,436	84,011
Marketing expenses		62,577	57,305
Selling, general and administrative expenses		178,300	169,716
Stock compensation expense		7,980	7,140
TOTAL OPERATING EXPENSES	8	**495,701**	**484,487**
OPERATING RESULT		**25,546**	**70,249**
Interest result	9	−2,945	−12,084
Other financial result	9	−1,619	1,642
Result of associates	15	3,091	726
RESULT BEFORE TAX		**24,073**	**60,533**
Income tax (expense)/income	10	−4,010	68,660
NET RESULT		**20,063**	**129,193**
Attributable to:			
- Equity holders of the parent		19,539	128,724
- Non-controlling interests	23	524	469
NET RESULT		**20,063**	**129,193**
EARNINGS PER SHARE (in €)	12		
Basic		0.09	0.58
Diluted		0.09	0.58

The notes on pages 46 to 78 are an integral part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income

for the year ended 31 December

(€ in thousands)	Notes	2013	2012
NET RESULT		**20,063**	**129,193**
OTHER COMPREHENSIVE INCOME:			
Items that will not be reclassified to profit or loss:			
Actuarial gains/(losses) on defined benefit obligations		10	−1,352
Items that may be subsequently reclassified to profit or loss:			
Currency translation differences		−9,617	−1,298
OTHER COMPREHENSIVE INCOME FOR THE YEAR		**−9,607**	**−2,650**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**10,456**	**126,543**
Attributable to:			
- Equity holders of the parent		10,624	126,035
- Non-controlling interests		−168	508
TOTAL COMPREHENSIVE INCOME FOR THE YEAR[1]		**10,456**	**126,543**

[1] The items in the statement above are presented net of tax.

The notes on pages 46 to 78 are an integral part of these consolidated financial statements.

Consolidated Balance Sheet

as at 31 December

(€ in thousands)	Notes	2013	2012
ASSETS			
NON-CURRENT ASSETS			
Goodwill	13	381,569	381,569
Other intangible assets	13	803,635	821,233
Property, plant and equipment	14	25,804	26,770
Investments in associates	15	2,854	3,880
Deferred tax assets	25	9,681	13,610
TOTAL NON-CURRENT ASSETS		**1,223,543**	**1,247,062**
CURRENT ASSETS			
Inventories	16	42,260	44,383
Trade receivables	17	115,429	149,834
Other receivables and prepayments	18	38,121	35,294
Income taxes	10	0	82,968
Other financial assets	19	376	444
Cash and cash equivalents	20	257,785	164,459
TOTAL CURRENT ASSETS		**453,971**	**477,382**
TOTAL ASSETS		**1,677,514**	**1,724,444**
EQUITY AND LIABILITIES			
EQUITY			
Share capital	21	44,435	44,379
Share premium		977,087	975,260
Other reserves		160,087	159,011
Accumulated deficit		–329,463	–342,875
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT		**852,146**	**835,775**
Non-controlling interests	23	2,115	2,642
TOTAL EQUITY		**854,261**	**838,417**
NON-CURRENT LIABILITIES			
Borrowings	24	99,348	173,437
Deferred tax liability	25	171,727	170,909
Provisions	26	55,857	48,268
Deferred revenue		38,300	18,130
TOTAL NON-CURRENT LIABILITIES		**365,232**	**410,744**
CURRENT LIABILITIES			
Trade payables	27	82,337	84,162
Income taxes	10	16,370	23,933
Other taxes and social security		11,731	9,330
Borrowings	24	74,089	73,703
Provisions	26	23,975	33,192
Deferred revenue		75,516	77,126
Accruals and other liabilities	28	174,003	173,837
TOTAL CURRENT LIABILITIES		**458,021**	**475,283**
TOTAL EQUITY AND LIABILITIES		**1,677,514**	**1,724,444**

The notes on pages 46 to 78 are an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

for the year ended 31 December

(€ in thousands)	Notes	2013	2012
Operating result		25,546	70,249
Financial losses		–7,757	–784
Amortisation of intangible assets	13	100,404	95,999
Depreciation of property, plant and equipment	14	17,015	14,671
Equity-settled stock compensation expense		4,440	5,700
Change in provisions		–5,285	–9,428
Change in working capital:			
Change in inventories		3,753	13,819
Change in receivables and prepayments		33,059	47,660
Change in current liabilities (excluding provisions)[1]		16,861	–51,210
CASH GENERATED FROM OPERATIONS		**188,036**	**186,676**
Interest received		1,139	1,197
Interest paid		–2,863	–9,908
Corporate income taxes received/(paid)		73,196	–11,025
CASH FLOWS FROM OPERATING ACTIVITIES		**259,508**	**166,940**
Investments in intangible assets	13	–68,414	–42,990
Investments in property, plant and equipment	14	–16,184	–9,311
Investments in financial fixed assets		–6,942	0
Dividends received	15	1,036	1,487
CASH FLOWS FROM INVESTING ACTIVITIES		**–90,504**	**–50,814**
Repayment of borrowings	24	–75,000	–388,000
Proceeds of new term loan	24	0	247,140
Dividends paid		–377	–317
Proceeds on issue of ordinary shares	21	1,508	0
Redemption of equity instruments		0	–4,605
CASH FLOWS FROM FINANCING ACTIVITIES		**–73,869**	**–145,782**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**95,135**	**–29,656**
Cash and cash equivalents at the beginning of period		164,459	193,579
Effect of exchange rate changes on cash balances held in foreign currencies		–1,809	536
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD		**257,785**	**164,459**

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

The notes on pages 46 to 78 are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

(€ in thousands)	Notes	Share capital	Share premium	Other reserves[1]	Accumulated deficit	Total	Non-controlling interests	Total equity
BALANCE AS AT 31 DECEMBER 2011		44,379	975,260	131,213	−444,852	706,000	2,451	708,451
COMPREHENSIVE INCOME								
Result for the year		0	0	0	128,724	128,724	469	129,193
OTHER COMPREHENSIVE INCOME								
Currency translation differences		0	0	−1,337	0	−1,337	39	−1,298
Transfer to legal reserves		0	0	41,222	−41,222	0	0	0
Actuarial losses on defined benefit obligations		0	0	0	−1,352	−1,352	0	−1,352
TOTAL OTHER COMPREHENSIVE INCOME		**0**	**0**	**39,885**	**−42,574**	**−2,689**	**39**	**−2,650**
TOTAL COMPREHENSIVE INCOME		**0**	**0**	**39,885**	**86,150**	**126,035**	**508**	**126,543**
TRANSACTIONS WITH OWNERS								
Dividends paid		0	0	0	0	0	−317	−317
Stock compensation related movements	22	0	0	−12,087	15,827	3,740	0	3,740
BALANCE AS AT 31 DECEMBER 2012		**44,379**	**975,260**	**159,011**	**−342,875**	**835,775**	**2,642**	**838,417**
COMPREHENSIVE INCOME								
Result for the year		0	0	0	19,539	19,539	524	20,063
OTHER COMPREHENSIVE INCOME								
Currency translation differences		0	0	−8,925	0	−8,925	−692	−9,617
Transfer to legal reserves		0	0	29,563	−29,563	0	0	0
Actuarial gains on defined benefit obligations		0	0	0	10	10	0	10
TOTAL OTHER COMPREHENSIVE INCOME		**0**	**0**	**20,638**	**−29,553**	**−8,915**	**−692**	**−9,607**
TOTAL COMPREHENSIVE INCOME		**0**	**0**	**20,638**	**−10,014**	**10,624**	**−168**	**10,456**
TRANSACTIONS WITH OWNERS								
Dividends paid		0	0	0	0	0	−377	−377
Change in non-controlling interest		0	0	0	0	0	18	18
Stock compensation related movements	22	56	1,827	−19,562	23,426	5,747	0	5,747
BALANCE AS AT 31 DECEMBER 2013		**44,435**	**977,087**	**160,087**	**−329,463**	**852,146**	**2,115**	**854,261**

[1] Other reserves include Legal reserve and the Stock compensation reserve.

The notes on pages 46 to 78 are an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

1. General

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

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

The financial statements have been prepared by the Management Board and authorised for issue on 11 February 2014. The financial statements will be submitted for approval to the Annual General Meeting on 1 May 2014.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

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

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

Income and expenses are accounted for on an accrual basis.

New accounting standards and developments

Effective from 1 January 2013, the group adopted the following IFRS standards:

1. IFRS 10 'Consolidated financial statements' (early adopted);
2. IFRS 11 'Joint arrangements' (early adopted);
3. IFRS 12 'Disclosures of interests in other entities' (early adopted);
4. IFRS 13 'Fair value measurement';
5. IAS 28R 'Investments in Associates' (early adopted).

Other than certain additional disclosures, all the above-mentioned standards had no material impact on the recognition and measurement of the group's assets, liabilities, income and expenses. All other standards and interpretations issued and effective for the reporting period starting 1 January 2013 had no material impact on the group. IAS 19 revised 'Employee benefits', which is also effective from 1 January 2013 was early adopted by the group as from 1 January 2012, and it resulted in the recognition of the actuarial gains/losses of our defined benefit plans directly in 'Other comprehensive income' from this date of application.

All other standards and interpretations that were in issue but not yet effective for reporting periods beginning on 1 January 2013 have not yet been adopted and are not expected to have a material impact on the group.

As we have increased our investments in technologies that we develop specifically to meet the requirements of certain customers, we have presented the amortisation of these technologies in cost of sales as from 1 January 2013. The impact of such amortisation in the past is not material and therefore no adjustment is made to the comparative figures.

Use of 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 revenues and expenses during the reporting period. Actual results may differ from those estimates. The estimates and underlying assumptions are reviewed on an on-going 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 areas involving a higher degree of judgement or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4 - Critical accounting estimates and judgements.

Foreign currencies

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

Transactions and balances

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

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

Group companies

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 statements

Cash flow statements are prepared using the indirect method. Cash flows from derivative instruments are classified consistently with the nature of the instrument.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and entities controlled by the company (its subsidiaries). Control is achieved where the company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the group.

All intercompany transactions, balances and unrealised gains and losses on transactions between group companies are eliminated.

Business combinations

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.

Acquisition of additional interest in associates, which results in the group gaining control over the associate, is accounted for as a business combination. The previously held interest in the associate is considered as part of the consideration and hence is remeasured to its fair value. The gain or loss from this remeasurement is included in the 'Result of associates' in the income statement. The associate is accounted for as a subsidiary and included in the consolidated financial statements from the date the control passes to the group.

Associates

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 investment in associates includes goodwill identified on acquisition, net of any accumulated impairment loss.

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 policies of associates have been changed where necessary to ensure consistency with the policies adopted by the group.

Revenue recognition

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 reduced for estimated customer returns, rebates and other similar allowances whenever applicable based on historical data and expectations of future sales. For further details, refer to note 4 - Critical accounting estimates and judgements.

Sale of goods

Revenue on 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.

Royalty revenue

Royalty revenue is generated through licensing of geographic and/or other traffic-/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.

Sale of services

Services revenue is generated from the selling of traffic and map update services, content sales, connected navigation and fleet management services for commercial fleets. The revenue relating to the service element is recognised over the agreed or estimated service period on a straight-line basis.

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. traffic information 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 relative fair values of each identifiable element. In the absence of a stand-alone selling price the fair value of each element is estimated using other methods allowed under IFRS, such as the cost plus reasonable margin or the residual method.

The amount of revenues 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 on average from 3 months to 48 months (for lifetime services). 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.

Interest income and expense

Interest income and expense are recognised using the effective interest method.

Leasing

The group leases certain property, plant and equipment. Leases are classified as finance leases whenever the terms of the lease transfer substantially 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.

Derivative financial instruments and hedging activities

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. Derivatives are initially and subsequently measured at fair value. The group measures all derivative financial instruments using quoted prices for similar instruments or using valuation techniques with maximum use of market inputs. Gains or losses arising from changes in fair value of derivatives are recognised in the income statement, except for derivatives designated as hedging instruments, in a highly effective hedge relationship, for which cash flow hedge accounting is applied. Transaction costs are expensed in the income statement.

Government grants

The group receives government grants related to the research and development activities performed by the group. 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.

Pension obligations and costs

The group operates various defined contribution plans and a defined benefit plan for a German subsidiary. This defined benefit plan is unfunded and has no plan asset. 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 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 that have terms to maturity approximating to the terms of the related pension obligation.

Service costs and interest costs are charged to the pension expenses. Actuarial gains and losses are charged or credited to equity in 'Other comprehensive income' in the period in which they arise.

In Italy, employees are paid a staff leaving indemnity on termination of 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. The costs of providing benefits under the plans are determined separately for each plan.

Stock compensation expense

The group operates a number of equity-settled plans, as well as a cash-settled performance share plan.

Equity-settled plans

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

Performance share plan

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

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax. The group's income tax expense is calculated using tax rates that have been enacted or substantively enacted at the balance sheet date.

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

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

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

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the group's share of the net identifiable assets of the acquired subsidiary/associate at the date of acquisition. Goodwill on acquisitions is tested at least annually for impairment and carried at cost less accumulated impairment losses. Goodwill is allocated to operating segments for the purpose of impairment testing. The allocation is made to those operating segments that are expected to benefit from the business combination in which the goodwill arose.

Intangible assets other than goodwill

Internally generated intangible assets

Internal software development costs relating to 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 on-going activities focus on maintenance. At this point capitalisation is discontinued.

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. 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.

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 other than goodwill 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:

Internally generated core technology	3-5 years
Databases and tools	5-20 years
Customer relationships	5-27 years
Computer software	2-5 years
Acquired technology	4-5 years

Customer relationships include customers for maps; there is a high cost to changing map providers and historically there is high customer retention.

The group is required to use estimates, assumptions and judgements to determine the expected useful lives and future economic benefits of these assets. Such estimates are made on a regular basis, as they can be significantly affected by changes in technology and other factors.

Property, plant and equipment

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	2-4 years
Vehicles	4 years
Tools and moulds	1-2 years
Leasehold improvements	4-10 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 of tangible and intangible assets

Assets, such as goodwill, that have an indefinite useful life which are not subject to amortisation and intangible assets not yet ready to use are tested annually for impairment. Assets that are subject to amortisation/depreciation are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. In estimating the fair value less costs of disposal, the estimated future cash flows are discounted to their present value, using a post-tax discount rate that reflects current market assessments of the time-value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Goodwill is tested at the operating segment level.

An impairment loss is recognised immediately in the income statement.

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.

Financial assets

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. The classification of the financial instruments used by the group as well as the method to determine the fair value of instruments carried at fair value are disclosed in note 33 - Financial instruments by category.

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 their fair value is a positive number; otherwise the derivative is classified as a financial liability.

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the group has transferred substantially 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 17 - Trade receivables and note 20 - Cash and cash equivalents).

Trade receivables

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.

Cash and cash equivalents

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.

Inventories

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.

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. 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.

Share capital

Ordinary shares are classified as equity.

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.

Provisions

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.

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.

Other provisions include legal claims, pension liabilities and tax risks for which it is probable that an outflow of resources will be required to settle the obligation.

Borrowings

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.

3. 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 interest rate 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 our business.

Credit

Credit risk arises primarily from cash and cash equivalents held at financial institutions, and, to a certain extent, from trade receivables relating to our wholesale customers.

Cash balances are held with counterparties that have a credit risk rating of at least A-, as rated by an acknowledged rating agency. Moreover, to avoid significant concentration of our exposure to particular financial institutions, we ensure that transactions and businesses are properly spread among different counterparties.

Our exposure to wholesale customers is managed through establishing proper credit limits and continuous credit risk assessments for each individual customer.

Our procedures include aligning our credit and trading terms and conditions with our assessment of the individual characteristics and risk profile of each customer. This assessment is made based on our past experiences and independent ratings from external rating agencies whenever available.

As at 31 December 2013, our total bad debt provision represented approximately 0.3% of our group revenue (2012: 0.2%).

Foreign currencies

We operate internationally and conduct our business in multiple currencies. Revenues are earned in euro, pound sterling, the US dollar and other currencies, and do not necessarily match our cost of sales and other costs which are largely in euro and the US dollar and to a certain extent in other currencies. Foreign currency exposures on our commercial transactions relate mainly to our estimated purchases and sales transactions that are denominated in currencies other than our reporting currency - the euro (€).

We manage our 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 is reviewed annually by the Audit Committee.

A 2.5% strengthening/weakening of the euro as at 31 December 2013 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 for 2012.

		2013		2012
(€)	**Strengthen**	**Weaken**	**Strengthen**	**Weaken**
GBP	−327,148	311,664	−545,362	522,534
USD	−228,989	278,258	326,060	−312,405

Liquidity and loan covenant

Our approach to managing liquidity is to ensure that we have sufficient funds to meet our financial obligations when they fall due under both normal and stressed conditions, without incurring unacceptable losses or risking damage to our reputation.

To ensure we have sufficient cash to meet expected operational expenses, including the servicing of financial obligations, we regularly monitor our actual and future cash flow requirements, 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 €150 million.

This undrawn credit facility together with the outstanding term loan of €175 million became effective as from 31 December 2012 and will mature on 31 March 2016. Under this facility agreement we are required to meet certain performance indicators relating to interest cover and leverage. In case of breach of our loan covenants, the banks are contractually entitled to request early repayment of the outstanding amount.

We closely monitor the contractual performance indicators, and, based on the group's plan for 2014, management expects to be able to comply with the loan covenants during 2014.

The contractual maturity of the principal and interest of our borrowings as at 31 December 2013 is presented below:

(€ in thousands)	**<1 year**	**1-3 years**
Loan Principal	75,000	100,000
Interest[1]	963	2,889
TOTAL	**75,963**	**102,889**

[1] Interest on our variable rate borrowing is estimated assuming that the market interest and the required performance indicators remain constant based on the situation as at 31 December 2013.

Interest rates

Our interest rate risk arises primarily from the existing long-term borrowings. These borrowings have a floating interest coupon based on Euribor plus a spread which 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 our expectation of interest rate movements in the coming period and the acceptability of our potential exposure, our current policy is not to hedge the interest rate of our current borrowings. Accordingly, changes in Euribor may have an impact on the group's results for the coming year.

TOMTOM

Market-related interest income is received on the cash balances. It is our intention to prioritise capital preservation to earn a reasonable interest income using vanilla investment instruments like bank deposits and money market fund investments. All transactions and counterparty risk limits are governed by our Corporate Treasury Policy.

Capital risk management

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 our external borrowings as disclosed in note 24 - Borrowings.

As at 31 December 2013, we had a net cash position of €83 million (31 December 2012: net debt €86 million).

Further quantitative disclosures are included throughout these consolidated financial statements.

4. Critical accounting estimates and judgements

The group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Revenue recognition

When returns are probable, an estimate is made of the expected financial impact of these returns. The estimate is based upon historical data on the return rates and information on the inventory levels in the distribution channel.

The group reduces revenue for estimates of sales incentives. We offer sales incentives, including channel rebates and end-user rebates for our products. The estimate is based on our 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 based on an estimate of the inventory levels in the channel and future price reductions.

Multiple-element arrangements require TomTom to deliver hardware and/or a number of services under one agreement and/or a number of services under one agreement that is commercially linked. Revenue recognition must be determined separately for each of the deliverables identified, and for that purpose TomTom must estimate a reliable fair value for each deliverable. The fair value is estimated based on the relative stand-alone selling price or using a combination of estimation and allocation methods allowed by IFRS, such as cost plus reasonable margin or residual method, if that combination best reflects a transaction's substance. Total deferred revenue balance relating to the elements deferred under such multiple element arrangements as at 31 December 2013 amounted to €63 million (31 December 2012: €41 million).

Impairment of intangible assets

The group reviews impairment of intangible assets at least on an annual basis. This requires an estimation of the fair value of the cash-generating units to which the intangible assets are allocated. Estimating the fair value amount requires management 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. Our longer term forecasts in both Automotive and Consumer are subject to a higher level of uncertainty as part of the growth needs to come from either new contracts or new products. For additional information on the impairment test, reference is made to note 13 - Intangible assets.

Income taxes

The group is subject to income taxes in numerous jurisdictions. 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.

Provisions

For our critical accounting estimates and judgements on provisions, refer to note 26 - Provisions.

Internally generated technology, databases and tools

Internally generated technology, databases and tools are capitalised in accordance with IAS 38. Assumptions and judgements are made with regard to assessing the expected future economic benefits, the economic useful life and the level of completion of the databases. At the point where activities no longer relate to development but to maintenance, capitalisation is discontinued. For additional information, refer to note 13 - Intangible assets.

5. Segment reporting

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 - Consumer, Automotive, Licensing and Business Solutions - operate. Consumer generates revenue mainly from the sale of PNDs, sports watches, maps and related navigation products and services. The Automotive business unit develops and sells navigation systems, services and content, such as maps and traffic, to car manufacturers and their suppliers worldwide. Licensing generates revenue by licensing high-quality digital maps, traffic and other content to a wide range of customers, and Business Solutions provides fleet management services and related solutions to fleet owners.

Management assesses the performance of segments based on the measures of revenue and earnings before interest and taxes (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 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.

(€ in thousands)	2013	2012
Revenue		
Consumer	567,020	639,106
Automotive	192,435	211,952
Licensing	119,369	133,063
Business Solutions	84,630	73,013
TOTAL	**963,454**	**1,057,134**
EBIT		
Consumer[1]	25,668	40,516
Automotive[2]	– 631	9,412
Licensing	– 13,298	8,299
Business Solutions	24,822	24,566
TOTAL	**36,561**	**82,793**

[1] Consumer EBIT in 2012 included one-off costs of €11.7 million relating to a malfunctioning GPS chip issue and a one-off gain of €10.5 million as a result of changes of estimates in our claims and litigation provision.

[2] Automotive EBIT in 2012 included a €7.2 million gain due to changes of estimates in our claims and litigation provision as well as our warranty provision.

The EBIT measure includes the following amortisation and depreciation expenses:

(€ in thousands)	2013	2012
Amortisation and depreciation		
Consumer	24,905	20,063
Automotive	42,187	40,764
Licensing	47,605	48,295
Business Solutions	2,298	1,548
TOTAL	**116,995**	**110,670**

A reconciliation of the segment performance measure (EBIT) to the group's result before tax is provided below.

(€ in thousands)	2013	2012
Total Segment EBIT	**36,561**	**82,793**
Unallocated expenses[1]	−11,015	−12,544
Interest result	−2,945	−12,084
Other finance result	−1,619	1,642
Result of associates	3,091	726
RESULT BEFORE TAX	**24,073**	**60,533**

[1] 2013 unallocated expenses included amortisation and depreciation expense of €0.4 million.

Revenue from external customers is derived primarily from the sale of portable navigation devices and in-dash navigation systems and related content & services, and the royalty income generated from licensing our map database.

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

External revenue - by products and services

(€ in thousands)	2013	2012
Sale of goods	592,834	656,706
Rendering of services	190,072	199,440
Royalty revenue	180,548	200,988
TOTAL	**963,454**	**1,057,134**

External revenue - by geographical areas

(€ in thousands)	2013	2012[1]
Europe	710,101	772,818
North America	177,725	208,378
Rest of World	75,628	75,938
TOTAL	**963,454**	**1,057,134**

[1] The 2012 comparative figures have been adjusted to align with 2013 regional allocation of revenue.

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

Total revenue generated in the Netherlands during 2013 amounted to €60 million (2012: €77 million).

The group has no significant concentration of sales from a particular individual external customer.

The non-current assets within TomTom 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 our assets.

6. 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 of certain technologies specifically developed for particular customers.

7. Remuneration 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.

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 stock options or shares to its Supervisory Board members and the company does not provide loans to them.

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 on certain challenging financial targets (revenue, EBIT and cash flow). The total remuneration paid/payable to or on behalf of the members of the Management Board for the year ended 31 December 2013, amounted to approximately €2.5 million (2012: €1.8 million), of which 46% represented bonus payments (2012: 31%). In 2013, the bonus achievement was 131% of the on-target bonus percentage (2012: 69%).

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 which comprises social security contributions and share-based awards. The expenses/(gains) 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

(in €)	Short-term benefits			Post-employment benefits	Total Direct remuneration
	Salary	Bonus	Other emoluments		
2013					
Harold Goddijn	450,000	471,600	0	0	921,600
Marina Wyatt	400,000	335,360	17,811	40,000	793,171
Alain De Taeye	375,000	314,400	21,000	37,500	747,900
	1,225,000	**1,121,360**	**38,811**	**77,500**	**2,462,671**
2012					
Harold Goddijn	375,000	207,000	0	0	582,000
Marina Wyatt	400,000	176,640	0	40,000	616,640
Alain De Taeye	375,000	165,600	21,000	37,500	599,100
	1,150,000	**549,240**	**21,000**	**77,500**	**1,797,740**

Other remuneration related expenses

(in €)	Share-based expenses[1]	Other short-term expenses[2]	Total including Other and Direct remuneration
2013			
Harold Goddijn	–47,138	131,389	1,005,851
Marina Wyatt	–47,138	42,988	789,021
Alain De Taeye	–45,474	79,824	782,250
	–139,750	**254,201**	**2,577,122**
2012			
Harold Goddijn	278,744	45,239	905,983
Marina Wyatt	278,744	36,244	931,628
Alain De Taeye	278,744	66,599	944,443
	836,232	**148,082**	**2,782,054**

[1] The gain in the share-based expenses results from the forfeiture of the 2011 share options. Following this forfeiture, the costs incurred in previous periods have been reversed.
[2] Other short-term expenses in 2013 and in 2012 included the expenses incurred in relation to the crisis levy imposed by the Dutch government amounting to €123 thousand (2012: €37 thousand) for Mr Harold Goddijn, €72 thousand (2012: €58 thousand) for Mr Alain De Taeye and €14 thousand for Mrs Marina Wyatt (2012: nil). Although these expenses do not represent actual benefits paid to Management Board, they have been included, as the expenses incurred are in relation to the employment of the Management Board.

The share-based awards scheme is set out in the Management Board Stock Option Plan 2009 as amended in the 2011 AGM. In May 2013, each of the Management Board members were granted 155,000 new stock options under this plan. The following tables summarise information about stock options granted to members of the Management Board.

Board member	Year of grant	Outstanding Jan 1, 2013	Granted in 2013	Expired in 2013	Forfeited in 2013[1]	Outstanding Dec 31, 2013	Exercise price	Expiry date
Harold Goddijn	2009	181,500				181,500	5.71	16-06-16
	2010	150,000				150,000	5.32	12-05-17
	2011	150,000			150,000	0	6.10	09-05-18
	2012	175,000				175,000	3.51	09-05-19
	2013		155,000			155,000	3.53	08-05-20
Marina Wyatt	2006	542,685		542,685		0	28.07	09-11-13
	2009	181,500				181,500	5.71	16-06-16
	2010	150,000				150,000	5.32	12-05-17
	2011	150,000			150,000	0	6.10	09-05-18
	2012	175,000				175,000	3.51	09-05-19
	2013		155,000			155,000	3.53	08-05-20
Alain De Taeye	2009	181,500				181,500	5.71	16-06-16
	2010	150,000				150,000	5.32	12-05-17
	2011	150,000			150,000	0	6.10	09-05-18
	2012	175,000				175,000	3.51	09-05-19
	2013		155,000			155,000	3.36	08-05-20
TOTAL		**2,512,185**	**465,000**	**542,685**	**450,000**	**1,984,500**		

[1] The options granted in 2012 and 2013 are conditional upon fulfillment of certain (performance) vesting conditions, hence they are not yet vested. As the vesting conditions for the options granted in 2011 were not met, those options were forfeited.

For a description of the stock option plans, reference is made to note 22 - Share-based compensation.

Overview of remuneration of the members of the Supervisory Board

(€)	2013	2012
Karel Vuursteen (Chairman)	61,000	61,000
Doug Dunn	47,000	47,000
Guy Demuynck	51,000	51,000
Rob van den Bergh	47,000	47,000
Ben van der Veer	50,000	50,000
Peter Wakkie	48,000	48,000
Toine van Laack[1]	31,333	0
TOTAL	**335,333**	**304,000**

[1] Toine van Laack serves as a member of the Supervisory Board from 23 April 2013.

8. Additional information regarding operating expenses

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

(€ in thousands)	2013	2012
Salaries	149,200	150,781
Social security costs	28,572	25,493
Pensions	7,831	7,068
Share-based compensation	7,980	7,140
Other[1]	48,011	36,248
PERSONNEL EXPENSES	**241,594**	**226,730**

[1] Other personnel expenses include costs of secondary benefits such as health insurance, vehicle lease, sales commissions and bonuses.

Pension costs consist of the costs of the defined contribution plans of €7.6 million (2012: €6.8 million) and of the German defined benefit plan of €0.2 million (2012: €0.3 million).

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.

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.

Average number of employees

The average number of employees in 2013 was 3,491 (2012: 3,477) spread across the following functional areas:

	2013	2012
Research and development	2,265	2,226
Marketing	102	109
Sales, general and administrative	1,124	1,142
TOTAL	**3,491**	**3,477**

At 31 December 2013, the group had 3,671 (2012: 3,490) employees. During 2013, 2,351 of TomTom's employees worked outside the Netherlands (2012: 2,208).

Operating expenses include an amount of €113 million for depreciation and amortisation expenses (2012: €111 million).

(€ in thousands)	2013	2012
Amortisation	95,523	95,999
Depreciation	17,015	14,671
TOTAL	**112,538**	**110,670**

The costs for operating leases in 2013 amounted to €15.5 million (2012: €13.7 million).

9. Financial income and expenses

Financial income and expenses include the following items:

(€ in thousands)	2013	2012
Interest income	1,114	1,197
Interest expense	–4,059	–13,281
INTEREST RESULT	**–2,945**	**–12,084**
Other financial result	714	216
Foreign exchange rate result	–2,333	1,426
OTHER FINANCIAL RESULT	**–1,619**	**1,642**

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.

The interest expense relates mainly to interest paid on our borrowings and amortised transaction costs (see note 24 - Borrowings).

10. Income tax

The activities of the group are subject to corporate income tax in several countries, depending on presence and activity. The applicable statutory tax rates vary between 12.5% and 41.0%. The different tax jurisdictions in which we operate can cause the effective tax rate to differ from the Dutch corporate tax rate.

(€ in thousands)	2013	2012
Current tax	2,398	–54,956
Deferred tax	1,612	–13,704
INCOME TAX EXPENSE	**4,010**	**–68,660**

The effective tax rate was 16.7% in 2013 compared to –113.4% last year. The reconciliation between the tax charge on the basis of the Dutch tax rate and the effective tax rate is as follows:

	2013	2012
Dutch tax rate	25.0%	25.0%
Higher weighted average statutory rate of group activities	6.9%	3.1%
Income exempted from tax	–20.8%	–14.0%
Non tax deductible costs	15.7%	3.4%
Utilisation of losses not previously capitalised	–17.3%	–8.1%
Effect of prior years' settlements and/or adjustments	–26.5%	–122.3%
Remeasurement of deferred tax	33.2%	0.0%
Other	0.5%	–0.5%
EFFECTIVE TAX RATE	**16.7%**	**–113.4%**

The 2012 income tax charge included an €80 million one-off tax gain as a result of a settlement of prior years' tax issues with the Dutch tax authorities. Excluding the impact of this settlement, the effective tax rate in 2012 would have been 18.8%.

The income tax charged directly in equity in 2013 amounted to €0.3 million (2012: credit of €0.5 million).

11. Government grants

The group recognised government grants of €6.4 million (2012: €7.0 million), in respect of research and development activities performed by the group, as income. The group is not obliged to refund these amounts. Government grants are reported as deductions of respective operating expenses.

12. Earnings per share

The calculation of basic and diluted earnings per share is based on the following data:

(€ in thousands)	2013	2012
Earnings		
Net result attributed to equity holders	19,539	128,724
Adjusted earnings		
Net result attributed to equity holders	19,539	128,724
Amortisation of acquired intangibles	53,895	52,171
Acquisition-related gain	–2,472	0
Tax effect of adjustments	–12,985	–13,043
Tax gain from settlement of prior years' tax issues	0	–80,000
ADJUSTED EARNINGS[1]	**57,977**	87,852

	2013	2012
NUMBER OF SHARES		
Weighted average number of ordinary shares for basic earnings per share	221,950,450	221,895,012
EFFECT OF DILUTIVE POTENTIAL ORDINARY SHARES		
Stock options and restricted stock	1,356,832	128,508
WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES FOR DILUTED EARNINGS PER SHARE	**223,307,282**	**222,023,520**
EARNINGS PER SHARE (in €)		
Basic	0.09	0.58
Diluted	0.09	0.58
ADJUSTED EARNINGS PER SHARE (in €)[1]		
Basic	0.26	0.40
Diluted	0.26	0.40

[1] Adjusted earnings per share is not an IFRS performance measure and hence is not comparable across companies.

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.

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 potential dilutive ordinary shares arising from stock options and other equity-settled share-based plans. For the stock 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 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 stock options. 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.

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.

13. Intangible assets

(€ in thousands)	**2013**	**2012**
Goodwill	381,569	381,569
Other intangible assets	803,635	821,233
TOTAL INTANGIBLE ASSETS	**1,185,204**	**1,202,802**

(€ in thousands)	Goodwill	Database and tools	Internally generated	Other[1]	Total
BALANCE AS AT 31 DECEMBER 2011					
Investment cost	1,902,489	945,711	115,064	214,605	3,177,869
Accumulated amortisation and impairment	−1,520,920	−174,078	−62,644	−167,130	−1,924,772
	381,569	**771,633**	**52,420**	**47,475**	**1,253,097**
Movements					
Investments	0	22,741	16,478	7,169	46,388
Amortisation charges	0	−62,179	−20,362	−13,458	−95,999
Currency translation differences	0	−605	83	−162	−684
	0	−40,043	−3,801	−6,451	−50,295
BALANCE AS AT 31 DECEMBER 2012					
Investment cost	1,902,489	967,729	131,527	221,612	3,223,357
Accumulated amortisation and impairment	−1,520,920	−236,139	−82,908	−180,588	−2,020,555
	381,569	**731,590**	**48,619**	**41,024**	**1,202,802**
Movements[2]					
Investments	0	29,502	34,040	4,376	67,918
Acquisition of subsidiary	0	4,387	0	13,754	18,141
Amortisation charges	0	−64,726	−22,984	−12,694	−100,404
Currency translation differences	0	−3,047	−12	−194	−3,253
	0	−33,884	11,044	5,242	−17,598
BALANCE AS AT 31 DECEMBER 2013					
Investment cost	1,902,489	997,021	143,319	238,172	3,281,001
Accumulated amortisation and impairment	−1,520,920	−299,315	−83,656	−191,906	−2,095,797
	381,569	**697,706**	**59,663**	**46,266**	**1,185,204**

[1] Other intangible assets include technology, customer relationships, brand name and software.
[2] During the year we disposed of certain intangibles with zero book values. The total gross amount of the asset disposed across all asset classes was €23.7 million.

All intangible assets besides goodwill have finite useful lives. Goodwill has an indefinite useful life. The database as acquired at acquisition date (June 2008) represents all stored routing data used for our digital maps and has a remaining useful life of 13 years and 5 months.

Amortisation charges totalling €100.4 million (2012: €96.0 million) are included in the following line items in the Income Statement:

- Cost of sales: €4.9 million (2012: nil);
- Amortisation of technology and databases: €81.4 million (2012: €84.0 million);
- R&D expenses: €8.0 million (2012: €5.8 million); and
- Selling, general and administrative expenses: €6.1 million (2012: €6.2 million).

Impairment test for goodwill

Goodwill is allocated to the group's operating segments identified according to the core business activities as monitored by management. An impairment test on goodwill is performed at least on an annual basis or whenever Management identifies conditions that may trigger a risk of impairment.

A segment-level summary of the goodwill allocation for our segments in 2013 and 2012 is presented below:

(€ in thousands)	2013	2012
Consumer	168,687	168,687
Automotive	83,389	83,389
Licensing	85,217	85,217
Business Solutions	44,276	44,276
TOTAL	**381,569**	**381,569**

The recoverable amount of a segment 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 use post-tax cash flow projections based on financial forecasts approved by management covering a five-year period (forecasted period). Management's cash flow projections for each of the segments in the forecasted period are based on management's assumptions on the expected revenue growth rate, 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.

The revenue projections of Consumer and Licensing in the forecasted period show a slightly declining growth rate, while Automotive and in particular Business Solutions revenues are projected to grow significantly throughout the forecasted period. Given the more limited visibility on the longer-term growth, these growth rates do represent a higher level of uncertainty versus the earlier years. Gross margin and operating margin projections of each of the segments are consistent with the expected revenue developments. The growth rates after the forecasted period as well as the discount rate used for each of the segments are presented below. The input to our key assumptions classifies as level 3 input in the Fair Value Measurement Hierarchy in accordance with IFRS 13.

(€ in thousands)	Consumer	Automotive	Licensing	Business Solutions
2013				
Revenue - perpetual growth[1]	0.0%	1.0%	0.0%	2.0%
Discount rate[2]	10.0%	10.0%	10.0%	10.0%
2012				
Revenue - perpetual growth	–1.0%	1.0%	0.0%	1.0%
Discount rate	10.0%	10.0%	10.0%	9.5%

[1] Weighted average growth rate used to extrapolate cash flows beyond the forecasted period.
[2] 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.

Our expectations and input to the impairment calculation as well as the overall outcome have been compared with the available external information from various analysts.

The impairment test performed resulted in no goodwill impairment for 2013 and 2012 for any of the segments.

Management performed a sensitivity analysis on the relevant key assumptions in our 2013 year-end annual impairment testing.

The sensitivity test for the Automotive segment showed that the level of headroom available at year end 2013 (headroom: €52 million) would fall to nil should the compound revenue growth rate in the forecasted period decrease from 6.5% to 5.8%. A reasonably possible change in either the perpetual revenue growth rate or discount rate would not reduce the headroom to nil.

The sensitivity test for the Licensing segment showed that the level of headroom available at year end 2013 (headroom: €64 million) would fall to nil should the compound revenue growth rate in the forecasted period decrease from -2.4% to -4.7%. A reasonably possible change in either the perpetual revenue growth rate or discount rate would not reduce the headroom to nil.

For Consumer and Business Solutions, 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 either unit to fall below the level of their respective carrying value.

14. Property, plant and equipment

(€ in thousands)	Furniture and fixtures	Computers and hardware	Other[1]	Total
BALANCE AS AT 31 DECEMBER 2011				
Investment cost	17,797	65,040	41,932	124,769
Accumulated amortisation and impairment	–15,570	–52,597	–24,047	–92,214
	2,227	**12,443**	**17,885**	**32,555**
Movements				
Investments	271	5,330	3,872	9,473
Transfer between categories	0	1,504	–1,504	0
Depreciation charges	–935	–7,004	–6,732	–14,671
Currency translation differences	166	26	–779	–587
	–498	–144	–5,143	–5,785
BALANCE AS AT 31 DECEMBER 2012				
Investment cost	18,069	70,703	43,383	132,155
Accumulated depreciation	–16,340	–58,404	–30,641	–105,385
	1,729	**12,299**	**12,742**	**26,770**
Movements				
Investments	810	7,467	8,600	16,877
Transfer between categories	25	1,500	–1,525	0
Acquisition of subsidiary	0	466	0	466
Disposals (net)[2]	–61	–233	–817	–1,111
Depreciation charges	–643	–8,593	–7,779	–17,015
Currency translation differences	–122	–151	90	–183
	9	456	–1,431	–966
BALANCE AS AT 31 DECEMBER 2013				
Investment cost	14,328	51,638	48,089	114,055
Accumulated depreciation	–12,590	–38,883	–36,778	–88,251
	1,738	**12,755**	**11,311**	**25,804**

[1] Other assets balance as at 31 Dec 2013 mainly comprises of leasehold improvements with a carrying value of €5.0 million (31 Dec 2012: €5.8 million).
[2] The total gross amount of the assets disposed across all asset classes was €36.3 million.

No impairment of property, plant and equipment was identified during the accounting period.

15. Investments in associates

As at 31 December 2013, the group held interest in a number of associates: Infotech Enterprises Ltd ('Infotech'), Beijing Golden Tom Information Technology Co. Ltd. (Beijing Golden Tom) and WayTag (Pty) Ltd. (WayTag). Infotech provides content development and support services while Beijing Golden Tom provides support in licensing TomTom map and traffic content in the Chinese market. WayTag is a South Africa-based company that allows people and businesses to create a unique location identifier which either refers to a fixed location or to an individual's current location.

The movements in the investments in associates can be specified as follows:

(€ in thousands)	2013	2012
BALANCE AS AT 1 JANUARY	**3,880**	**4,450**
Investments in associates	0	160
Result of associates[1]	3,091	726
Transfer to subsidiary[2]	–2,957	0
Dividend received	–1,036	–1,487
Other direct equity movements	–124	31
BALANCE AS AT 31 DECEMBER	**2,854**	**3,880**

[1] Total comprehensive income equalled the net result of the associates, as there were no other items recognised in 'Other comprehensive income' of the associates. The 2013 result included a gain of € 2.5 million relating to remeasurement of previously held interest in mapIT to its fair value.
[2] Following the acquisition of 51% interest in mapIT, this associate company is now included as a subsidiary in the consolidated financial statements.

As the associates are not material to the group, no further information is provided other than those detailed below. The (estimated) full-year revenues and net profits of the associates and their assets (excluding goodwill) and liabilities are as follows:

Name of associate	Country of incorporation	Assets	Liabilities	Revenues	Net result	Interest held
2013						
Infotech[1]	India	189,492	33,879	220,454	27,195	1.35%
Beijing GoldenTom	China	5,878	5,401	1,524	–636	49.00%
WayTag	South Africa	167	41	0	–271	16.00%
2012						
Infotech[1]	India	193,408	33,919	216,442	22,236	1.35%
MapIT[1]	South Africa	4,664	306	3,374	972	49.00%
Beijing GoldenTom	China	5,547	5,531	2,288	–364	49.00%
WayTag	South Africa	192	767	0	–435	16.00%

[1] This associate 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 years ending 31 March 2013 and 31 March 2012.

Infotech is regarded as an associate as TomTom is represented in the Board of Directors. The fair value of the investment in Infotech is €6.2 million (2012: € 3.7 million).

WayTag is regarded as an associate as TomTom is represented in the Board of Directors.

16. Inventories

(€ in thousands)	2013	2012
Finished goods	21,492	26,036
Components and sub-assemblies	20,768	18,347
INVENTORIES	**42,260**	**44,383**

The amount of inventories recognised as an expense when the inventories are sold and included in cost of sales amounted to €320 million (2012: €355 million).

As a result of the write-down of inventories to their net realisable value, the group recognised a cost of €2.7 million (2012: €10.8 million). The costs are included in cost of sales.

17. Trade receivables

(€ in thousands)	2013	2012
Gross trade receivables	118,546	151,697
Allowance for doubtful receivables	–3,117	–1,863
TRADE RECEIVABLES (NET)	**115,429**	**149,834**

We expect to recover all receivables within a year. An allowance has been made for estimated unrecoverable amounts from the sale of goods. 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. There is some concentration of credit risk with certain of our large customers' accounts. Management actively monitors the credit risk related to these customers and takes pro-active action to reduce credit limits if required.

The following table summarises the movement in the allowance for doubtful trade receivables account:

(€ in thousands)	2013	2012
BALANCE AS AT 1 JANUARY	–1,863	–1,814
Additional receivables impairment	–2,567	–1,856
Receivables written off during the year as uncollectible	410	1,163
Unused amounts reversed	654	635
Translation effects	249	9
BALANCE AS AT 31 DECEMBER	**–3,117**	**–1,863**

The following table sets out details of the age of trade accounts receivable that are not overdue, as the payment terms specified in the terms and conditions established with our customers have not been exceeded, and an analysis of overdue amounts and related provisions for doubtful trade accounts receivable:

(€ in thousands)	2013	2012
Of which:		
Not overdue	94,883	117,574
Overdue < 3 months	20,594	32,583
3 to 6 months	1,463	299
Over 6 months	1,606	1,241
Less provision	–3,117	–1,863
TRADE RECEIVABLES (NET)	**115,429**	**149,834**

The provisions recorded in 2013 and 2012 are mainly related to the overdue amounts.

Trade accounts receivable include amounts denominated in the following major currencies:

(€ in thousands)	2013	2012
EUR	57,146	60,464
GBP	12,507	19,490
USD	33,193	53,772
Other	12,583	16,108
TRADE RECEIVABLES (NET)	**115,429**	**149,834**

18. Other receivables and prepayments

(€ in thousands)	2013	2012
Prepayments	6,247	6,102
VAT and other taxes	6,551	7,599
Unbilled revenue	11,057	7,758
Deferred cost of sales	10,969	9,495
Other receivables	3,297	4,340
TOTAL OTHER RECEIVABLES	**38,121**	**35,294**

The carrying amount of the other receivables and prepayments approximates their fair value.

19. Other financial assets

Other financial assets include derivative financial instruments carried at fair value through profit or loss.

	2013		2012	
(€ in thousands)	Assets	Liabilities	Assets	Liabilities
Derivatives at fair value through profit or loss	376	–236	444	–85

Derivatives at fair value through profit or loss

The notional principal amounts of the outstanding forward foreign exchange and option contracts at 31 December 2013 were €69 million (2012: €62 million).

All our outstanding options and forwards have a contractual maturity of less than one year.

20. Cash and cash equivalents

(€ in thousands)	2013	2012
Cash and cash equivalents	119,361	140,205
Deposits	138,424	24,254
TOTAL CASH AND CASH EQUIVALENTS	**257,785**	**164,459**

Cash and cash equivalents consist of cash held by the group partly 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.

21. Shareholders' equity

	2013		2012	
	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
	900,000,000	**180,000**	**900,000,000**	**180,000**
ISSUED AND FULLY PAID:				
Ordinary shares	222,176,212	44,435	221,895,012	44,379

All shares have a par value of €0.20 per share (2012: €0.20 per share). 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.

In 2013, 281,200 shares were issued following the exercise of stock options by employees (2012: nil).

Our reserves are freely distributable except for €130.6 million of legal reserves (2012: €110.0 million). Note F - Other reserves in the company financial statements provides an overview of the non-distributable reserves.

Protection mechanism

The Corporate Governance section of this annual report provides a detailed description regarding the use of Foundation Continuity TomTom as a protection 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 B preferred shares that are issued are intended to be cancelled shortly after issuance. The option is therefore not accounted for in the annual accounts, nor is any additional information as meant in IAS 32 and 39 provided.

22. Share-based compensation

There are a number of share-based compensation plans for TomTom employees. 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.

Stock option plans

The group has adopted stock option plans for members of management and eligible employees. Under the schemes, the General Meeting has granted options to members of the Management Board to subscribe for shares. The Management Board in its turn has granted options to eligible employees.

(€ in thousands)	2013	2012
Opening balance	48,818	61,090
Stock compensation expense	4,196	5,514
Transfer to retained earnings	–23,426	–17,786
Stock options excercised	–576	0
CLOSING BALANCE	**29,012**	**48,818**

The group has two option plans: 2005 stock option plan and 2009 stock option plan. The stock option plans qualifiy as 'Equity-settled share-based payment plans'. The options granted in 2007 under the 2005 stock option plan as well those granted from 2011 onwards under the 2009 plan will vest after three years (cliff vesting) while the options granted in 2009 and 2010 vest in three equal annual portions, the first third after one year, the second third after two years and the remaining third after three years from the grant date. These terms result in options under the plan that cannot be transferred, pledged or charged and may be exercised only by the option holder over a period of seven years from the grant date but only after completion of the vesting period. Options expire after the exercise period. The options will be covered at the time of exercise by issuing new shares. The options granted to members of the Management Board include additional performance conditions in addition to the three years service condition applicable for the eligible employees.

The following table summarises information about the stock options outstanding at 31 December 2013:

Year of grant	Number outstanding at 31-12-2013	Exercise price per share (€)	Weighted average remaining life (in years)	Number exercisable at 31-12-2013	Weighted average exercise price (€)
2007	18,150	25.55	0.19	18,150	25.55
2009	4,387,490	5.71 - 6.00	2.46	4,387,490	5.75
2010	3,605,500	4.81 - 5.48	3.35	3,605,500	5.33
2011	2,069,950	6.08 - 6.20	4.36	0	n/a
2012	4,100,000	3.34 - 3.51	5.36	15,000	3.50
2013	3,001,000	3.36 - 5.90	6.35	0	n/a

A summary of the group's stock option plans and the movements during the years 2013 and 2012 are presented below:

Option plans	2013		2012	
	No.	Weighted average exercise price (€)	No.	Weighted average exercise price (€)
OUTSTANDING AS AT 1 JANUARY	**17,682,662**	**7.21**	**16,724,749**	**9.25**
Granted	3,006,000	3.52	4,335,000	3.50
Exercised	−281,200	4.65	0	na
Expired	−1,639,550	27.86	−1,969,560	16.10
Forfeited	−1,585,822	5.53	−1,407,527	7.53
OUTSTANDING AS AT 31 DECEMBER	**17,182,090**	**5.39**	**17,682,662**	**7.21**

Performance share plan

The existing Performance share plan was introduced in 2011. Under this plan, eligible employees are entitled to receive a cash payment equal to the value of the number of shares that have vested. These cash-settled performance shares are conditional on the employee completing three years of service (the vesting period). On 31 December 2013 the outstanding liability with regard to the performance share plan was € 5.3 million (2012: €1.8 million).

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

Performance share plan	2013	2012
OUTSTANDING AS AT 1 JANUARY	**1,407,750**	**534,667**
Vested and paid out	0	−4,967
Granted	1,073,680	1,054,150
Forfeited	−124,700	−176,100
OUTSTANDING AS AT 31 DECEMBER	**2,356,730**	**1,407,750**

Restricted stock plans

As from 2011, the group introduced a restricted stock plan to retain a selected group of young talented employees. Each restricted-stock unit gives the right to receive one TomTom share after a three-year vesting period and qualifies as an equity-settled plan. The costs that arise from this plan are spread over the vesting period and have been determined based on TomTom's share price on the grant date. Total 2013 stock compensation expenses charged to the stock compensation reserve for this plan amounted to €245 thousand (2012: €133 thousand). As this plan is not material, no further disclosures are provided.

Valuation assumptions

The fair value of the performance shares was determined using the applicable share price at the grant date and subsequent reporting date. The fair value of the stock options granted in May 2013 and May 2012 was determined by 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. The fair value calculated is allocated on a straight-line basis over the vesting period, based on the group's estimate of equity instruments that will eventually vest.

	2013	2012
Share price at grant date (€)	3.52	3.49
Exercise price (€)	3.36-5.90	3.34 - 3.51
Expected volatility	50%	52%
Expected average option life in years	5.3	5.3
Weighted average risk-free rate	0.72%	0.99%
Expected dividends	Zero	Zero

The option valuation models require the input of highly subjective assumptions, including the expected stock price volatility. Volatility is determined using industry benchmarking for listed peer group companies, as well as the historic volatility of the TomTom NV stock. The group's employee stock 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.

23. Non-controlling interests (minority interests)

The following table presents the interest held by third parties in the group's consolidated subsidiaries:

Subsidiary	Country	% of non-controlling interest	
		31 Dec 2013	31 Dec 2012
TomTom Africa (Pty) Ltd.	South Africa	24%	24%
TomTom Navigation Taiwan Co. Ltd.	Rep. of China	30%	30%
Coordina Chile Soluciones de Localizacion Ltda.	Chile	20%	0%
Movilogistica S.A.	Mexico	30%	0%

The movements in the non-controlling interests is presented below.

(€ in thousands)	2013	2012
BALANCE AS AT 1 JANUARY	**2,642**	**2,451**
Non-controlling interests in the net result of subsidiaries	524	469
Dividends paid	–377	–317
Change in share of non-controlling interests	18	0
Currency translation differences	–692	39
BALANCE AS AT 31 DECEMBER	**2,115**	**2,642**

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.

24. Borrowings

(€ in thousands)	2013	2012
Non-current	99,348	173,437
Current	74,089	73,703
TOTAL	**173,437**	**247,140**

On 31 December 2013, the notional amount of our outstanding borrowing drawn under the existing credit facility amounted to €175 million (2012: €250 million). In addition to the term loan, this facility includes a revolving credit facility of €150 million, which remained unutilised at the end of 2013.

The carrying amount of the borrowing is denominated in the euro and includes transaction costs of €1.6 million (2012: €2.9 million) which will be amortised over the term of the loan. 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 percentage paid on the borrowing in 2013 was 1.2% (2012: 1.9%).

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. On 31 December 2013, the group complied with the loan covenants.

The outstanding borrowing of €175 million has a contractual repayment schedule of €75 million on 31 December 2014 and the remaining €100 million on 31 March 2016. Based on this maturity profile, the €75 million due on 31 December 2014 is presented as current liability and the remaining €100 million as non-current liability.

As the contractual interest rate is based on market interest rates plus certain margin and the fact that there has been no significant change to our credit rating, we estimate the fair value of the non-current borrowing at the end of 2013 and 2012 to approximate their carrying value.

The fair value of the current portion of the outstanding borrowing in 2013 and 2012 were estimated to approximate their notional amount.

25. Deferred income tax

As at 31 December 2013, the group had a deferred tax liability of €172 million (2012: €171 million) and a deferred tax asset of €10 million (2012: €14 million). The deferred tax asset and liability result from timing differences between the tax and accounting treatment of the amortisation of intangible assets, tax loss carry forwards, cash-settled share-based payments and certain provisions.

(€ in thousands)	2013	2012
DEFFERED TAX:		
To be recovered after more than 12 months	–160,141	–157,043
To be recovered within 12 months	–1,905	–256
TOTAL	**–162,046**	**–157,299**

The movement of deferred tax is as follows:

(€ in thousands)	Stock compensation expense	Other	Intangible assets	Provisions	Assessed losses	Total
BALANCE AS AT 31 DECEMBER 2011	**82**	**337**	**–225,089**	**4,150**	**48,740**	**–171,780**
(Charged)/released to income	882	–606	16,100	4,596	–7,268	13,704
(Charged)/released to equity	0	0	0	503	0	503
Currency translation differences	0	–61	1,860	–134	–1,391	274
BALANCE AS AT 31 DECEMBER 2012	964	–330	–207,129	9,115	40,081	–157,299
Acquisition of subsidiaries	0	0	–5,279	0	685	–4,594
(Charged)/released to income	362	–265	15,794	–2,662	–14,841	–1,612
Currency translation differences	0	0	1,527	–215	147	1,459
BALANCE AS AT 31 DECEMBER 2013	**1,326**	**–595**	**–195,087**	**6,238**	**26,072**	**–162,046**

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

(€ in thousands)	**2013**	**2012**
Deferred tax assets	9,681	13,610
Deferred tax liabilities	–171,727	–170,909
TOTAL	**–162,046**	**–157,299**

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

26. Provisions

(€ in thousands)	**2013**	**2012**
Non-current	55,857	48,268
Current	23,975	33,192
TOTAL	**79,832**	**81,460**

The movements in each category of provisions are as follows:

(€ in thousands)	Warranty	Claims & litigations	Other	Total
BALANCE AS AT 31 DECEMBER 2011	**43,173**	**50,429**	**7,725**	**101,327**
Increases in provisions	25,138	10,435	2462	38,035
Utilised	–23,750	–5,895	–877	–30,522
Released	–8,770	–18,530	–80	–27,380
BALANCE AS AT 31 DECEMBER 2012	**35,791**	**36,439**	**9,230**	**81,460**
Increases in provisions	19,022	11,105	5,320	35,447
Utilised	–18,805	–5,362	–895	–25,062
Released	–3,435	–8,578	0	–12,013
BALANCE AS AT 31 DECEMBER 2013	**32,573**	**33,604**	**13,655**	**79,832**

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 €32.6 million, we estimated that an amount of €17.8 million will be utilised within 12 months.

Claims and litigation

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 we have infringed intellectual property assets. In such cases, the companies making the claims seek payments that may take the form of licences 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 our best estimate, the portion of the claims and litigation provision expected to be settled in the coming twelve months amounts to approximately €2.7 million.

Other provision

Other provisions include an amount of €6.8 million (2012: €6.6 million) related to the defined benefit pension plan in Germany, and the remainder relates mainly to provision for onerous building leases and expected earn-out payments. The amount of 'Other provision' expected to be settled/utilised within the coming twelve months amounted to €3.5 million.

Other than the fact that this German defined benefit pension plan is an unfunded plan and has no plan assets, management is of the opinion that the plan has limited risks to the group as it 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 movement of the German defined benefit obligation is presented below:

(€ in thousands)	**2013**	**2012**
PRESENT VALUE OF OBLIGATION AS AT 1 JANUARY	6,572	4,603
Current service cost	24	5
Interest cost	222	251
	6,818	4,859
Remeasurements:		
- Experience (gains)/losses due to change in demographical assumptions	−10	−25
- (Gain)/loss from change in financial assumptions	0	1,825
	−10	1,800
Benefits paid	−45	−87
PRESENT VALUE OF OBLIGATION AS AT 31 DECEMBER	**6,763**	**6,572**

The service cost and the interest cost are recognised as pension costs, while the actuarial (gains)/losses are credited/charged to 'Other comprehensive income'.

The significant actuarial assumptions were as follows:

	2013	2012
Discount rate	3.40%	3.40%
Average life expectancy[1]	20.8	20.7

[1] The above average life expectancy is the average actual value for males and females retiring at age 65 set in accordance with the common German mortality tables "Heubeck 2005 G".

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

27. Trade payables

All trade payable balances have a contractual maturity of less than six months.

28. Accruals and other liabilities

Accruals and other liabilities comprise of the following:

(€ in thousands)	2013	2012
Margin-related accruals	79,094	99,305
Operating expenses accruals	94,909	74,532
TOTAL	**174,003**	**173,837**

29. Commitments and contingent 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 2013.

Operating leases

These are operating leases for buildings, cars and office equipment, which consist of:

(€ in thousands)	2013	2012
Commitments less than 1 year	13,835	13,902
Commitments between 1 - 5 years	40,442	34,918
Commitments longer than 5 years	2,198	732
TOTAL	**56,475**	**49,552**

No discount factor is used in determining the operating lease commitments.

Purchase commitments

As at 31 December 2013, the group had open purchase commitments with our contract manufacturers for certain products and components. Our contract manufacturers order the requisite component parts from their suppliers on the basis of our forecasts of the number of units we will require. Our manufacturers have commitments on these components. In certain circumstances, we have a contractual obligation to purchase these components from our 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)	2013	2012
Commitments less than 1 year	7,517	11,583
Commitments between 1 - 5 years	11,333	12,287
TOTAL	**18,850**	**23,870**

The company has 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.

Contingencies

Please refer to note 26 - Provisions for disclosures on tax and legal contingencies.

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 2013.

30. Business combinations

2013

In 2013, the group acquired a 100% equity interest in Coordina (Gestion Electronica Logistica, S.L.) and 51% in mapIT for an aggregated consideration of €15.1 million. This consideration includes a cash consideration as well as an estimated contingent consideration, which has been determined based on certain financial and non-financial key performance indicators.

MapIT is a South Africa-based associate company, in which we previously held a 49% interest. With this acquisition, which was effective from 1 June 2013, we gained full control over mapIT. The previously held 49% interest has been remeasured to its fair value, resulting in a gain of €2.5 million, which is included under the line 'Result of associates' in the income statement.

Coordina, which was acquired on 31 July 2013, is the largest fleet management service provider in Spain and has a broad local sales network and a well-established local service hub. This acquisition will enable us to deliver our innovative and easy-to-use products in combination with our TomTom WEBFLEET SaaS services to more Spanish fleets faster.

The main assets and liabilities that arose from both acquisitions combined were intangible assets of €18.3 million, deferred tax assets of €0.7 million and deferred tax liabilities of €5.3 million. Neither acquisition resulted in goodwill.

The acquired businesses contributed a revenue of €3.8 million and a net loss of €0.7 million in 2013. Excluding the impact of the acquisition-related amortisation from the purchase price allocations, the contributed result in 2013 was a net profit €0.4 million. If we had acquired both companies from 1 January 2013, the group revenue and net result for 2013 would have been €968 million and €21 million respectively.

Neither transaction is material individually and hence they are not disclosed separately, in accordance with IFRS 3.

2012

No business combination transaction took place in 2012.

31. 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	Termination benefits	Share-based expenses	Total remuneration
2013						
Management Board and senior management	4,705,411	441,964	94,250	0	723,943	5,965,568
Supervisory Board	335,333	0	0	0	0	335,333
2012						
Management Board and senior management	3,416,122	324,583	97,737	0	1,637,012	5,475,454
Supervisory Board	304,000	0	0	0	0	304,000

[1] In 2013, the total bonus payment amounted to €2.2 million versus €1.0 million in 2012.
[2] In 2013 'Other short term benefits' of the Management Board and senior management included the employer's portion of social securities of €96 thousand (2012: €105 thousand) and the crisis levy of €289 thousand (2012: €198 thousand), as imposed by the Dutch government. Although the expenses relating to the crisis levy do not represent actual benefits paid to the Management Board and to senior management, they have been included in the above table, as these expenses were incurred in relation to their employment.

Certain key management 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 Infotech Enterprises Ltd. (Infotech). Such transactions take place at normal market conditions and the total payments made for these services in 2013 amounted to €17.5 million (2012: €13.4 million). The outstanding payable due to Infotech as at 31 December 2013 was €1.9 million (31 December 2012: €1.2 million). Transactions and balances with other associates are not material and hence are not disclosed.

32. Auditors' remuneration

The total remuneration to Deloitte Accountants BV for the statutory audit of 2013 for the group amounted to €445,000 (2012: €440,000). The total service fees paid to the Deloitte network amounted to €935,000 (2012: €1,071,000). Included in the total remuneration is an amount of €578,000 (2012: €587,000) invoiced by Deloitte Accountants BV, which includes an amount of €73,000 (2012: €87,000) for other statutory audits and €60,000 (2012: €60,000) for audit-related services. The service fees paid to the Deloitte Network included an amount of € 289,000 (2012: €380,000) relating to tax services and €68,000 (2012: €104,000) relating to statutory audits. Details of the audit, audit-related and non-audit fees paid to Deloitte can also be found in the Audit Committee Report.

33. Financial instruments by category

The following table presents the group's financial instruments according to the categories as defined in IAS 39:

(€ in thousands)	Loans and receivables	Assets/liabilities at fair value through profit or loss	Other financial assets/liabilities at amortised cost	Total
AS AT 31 DECEMBER 2013				
ASSETS				
Other financial assets	0	376	0	376
Trade receivables	115,429	0	0	115,429
Cash and cash equivalents	257,785	0	0	257,785
TOTAL	**373,214**	**376**	**0**	**373,590**
LIABILITIES				
Trade payables	0	0	82,337	82,337
Other financial liabilities	0	236	0	236
Borrowings	0	0	173,437	173,437
TOTAL	**0**	**236**	**255,774**	**256,010**
AS AT 31 DECEMBER 2012				
ASSETS				
Other financial assets	0	444	0	444
Trade receivables	149,834	0	0	149,834
Cash and cash equivalents	164,459	0	0	164,459
TOTAL	**314,293**	**444**	**0**	**314,737**
LIABILITIES				
Trade payables	0	0	84,162	84,162
Other financial liabilities	0	85	0	85
Borrowings	0	0	247,140	247,140
TOTAL	**0**	**85**	**331,302**	**331,387**

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 should have 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 (for example, as prices) 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 7, these types of inputs classify as Level 2 inputs.

Company Statement of Income of TomTom NV

for the year ended 31 December

(€ in thousands)	Notes	2013	2012
Result of subsidiaries after taxation	B	34,923	64,444
Other income and expenses after tax	C	–15,384	64,280
NET RESULT		**19,539**	**128,724**

The notes on pages 81 to 83 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	2013	2012
ASSETS			
NON-CURRENT ASSETS			
Investments in subsidiaries	B	2,873,122	2,842,149
Deferred tax assets	D	0	149
TOTAL NON-CURRENT ASSETS		**2,873,122**	**2,842,298**
CURRENT ASSETS			
Receivables		15,544	89,143
Cash and cash equivalents		368	272
TOTAL CURRENT ASSETS		**15,912**	**89,415**
TOTAL ASSETS		**2,889,034**	**2,931,713**
EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY	E		
Share capital		44,435	44,379
Share premium		977,087	975,260
Other reserves	F	160,087	159,011
Accumulated deficit		–349,002	–471,599
Result for the year		19,539	128,724
TOTAL SHAREHOLDERS' EQUITY		**852,146**	**835,775**
NON-CURRENT LIABILITIES			
Borrowings	G	99,348	173,437
Intercompany payable	H	1,861,114	1,846,031
Provisions		25	66
Deferred tax liability	D	391	715
TOTAL NON-CURRENT LIABILITIES		**1,960,878**	**2,020,249**
CURRENT LIABILITIES			
Borrowings	G	74,089	73,703
Other liabilities		1,921	1,986
TOTAL CURRENT LIABILITIES		**76,010**	**75,689**
TOTAL EQUITY AND LIABILITIES		**2,889,034**	**2,931,713**

The notes on pages 81 to 83 are an integral part of these company financial statements.

Notes to the 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 Netherlands Civil Code and, specifically, in accordance with section 362.8 of the Netherlands 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 policies applied, and on the notes, please refer to the Notes to the Consolidated Financial Statements section.

B. Investments in subsidiaries

The movements in the 'Investments in subsidiaries' were as follows:

(€ in thousands)	2013	2012
BALANCE AS AT 1 JANUARY	**2,842,149**	**2,773,263**
Result of subsidiaries	34,923	64,444
Transfer to stock compensation reserve	4,965	6,300
Currency translation differences	–8,925	–1,337
Other direct equity movements	10	–521
BALANCE AS AT 31 DECEMBER	**2,873,122**	**2,842,149**

A list of subsidiaries and affiliated companies prepared in accordance with the relevant legal requirements (the Netherlands Civil Code Book 2, Part 9, sections 379 and 414) is deposited at the office of the Chamber of Commerce in Amsterdam, the Netherlands.

C. Other income and expenses after tax

The employees of the company comprise only of the members of the Management Board.

Other income and expenses consist of the remuneration of the Management Board and the Supervisory Board, the interest expense on the borrowings and the interest income on the company's outstanding cash balances. For the remuneration of the Management Board and Supervisory Board, please refer to note 7 - Remuneration of Members of the Management Board and the Supervisory Board of the consolidated financial statements.

D. Deferred taxation

As at 31 December 2013, the company has no deferred tax asset (2012: €0.1 million) and has a deferred tax liability of €0.4 million (2012: €0.7 million). The deferred tax liability results from a temporary difference between the tax treatment and the accounting treatment of the borrowing cost respectively. The movement of the deferred tax positions during the year was the result of changes/reversals of temporary differences and has been charged/released to the income statement.

E. Shareholders' equity

For the statement of changes in consolidated equity for the year ended 31 December 2013, please refer to Consolidated Statement of Changes in Equity in the consolidated financial statements. Additional information on the shareholders' equity is disclosed in note 21 - Shareholders' equity in the consolidated financial statements.

F. Other reserves

(€ in thousands)	Legal reserve participations	Cumulative translation adjustment	Total Legal reserve	Stock compensation reserve	Total
BALANCE AS AT 31 DECEMBER 2011	**63,157**	**6,966**	**70,123**	**61,090**	**131,213**
Currency translation differences	0	–1,337	–1,337	0	–1,337
Transfer from retained earnings	41,222	0	41,222	0	41,222
Stock compensation expense	0	0	0	5,699	5,699
Release to retained earnings	0	0	0	–17,786	–17,786
BALANCE AS AT 31 DECEMBER 2012	**104,379**	**5,629**	**110,008**	**49,003**	**159,011**
Currency translation differences	0	–8,925	–8,925	0	–8,925
Transfer from retained earnings	29,563	0	29,563	0	29,563
Stock compensation expense	0	0	0	4,440	4,440
Release to retained earnings	0	0	0	–24,002	–24,002
BALANCE AS AT 31 DECEMBER 2013	**133,942**	**–3,296**	**130,646**	**29,441**	**160,087**

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.

G. Borrowings

Please refer to note 24 - Borrowings in the consolidated financial statements.

H. Intercompany payable

'Intercompany payable' comprises of loans provided by subsidiaries. The interest rate on the loan during 2013 is based upon LIBOR plus a margin of 0.6% (2012: LIBOR plus a margin of 0.7%). Although no repayment period has been agreed the loan has a long-term nature.

I. Off-balance sheet commitments

The company has 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 Netherlands 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.

Amsterdam, 11 February 2014

The Management Board
Harold Goddijn
Marina Wyatt
Alain De Taeye

Amsterdam, 11 February 2014

The Supervisory Board
Karel Vuursteen
Doug Dunn
Guy Demuynck
Rob van den Bergh
Ben van der Veer
Peter Wakkie
Toine van Laack

TomTom NV
Amsterdam

Other Information

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

Subsequent events
There has been no subsequent event from 31 December 2013 to the date of issue of these financial statements.

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

Foundation Continuity TomTom
For a description of the Foundation Continuity TomTom, refer to the Corporate Governance section in this annual report.

Auditor's report
Reference is made to the Independent Auditor's Report section in this annual report.

Independent Auditor's Report

To: the Shareholders and Supervisory Board of TomTom NV

Report on the financial statements

We have audited the accompanying financial statements 2013 of TomTom NV, Amsterdam. The financial statements include the consolidated financial statements and the company financial statements. The consolidated financial statements comprise the consolidated balance sheet as at 31 December 2013, the consolidated statement of income, the consolidated statement of comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in equity for the year then ended, and notes to the consolidated financial statements, 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 2013, the company statement of income for the year then ended and the notes to the company financial statements, comprising a summary of the accounting policies and other explanatory information.

Management's responsibility

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Dutch Civil Code, and for the preparation of the management board report in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore management is responsible for such internal control as it determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion with respect to the consolidated financial statements

In our opinion, the consolidated financial statements give a true and fair view of the financial position of TomTom NV as at 31 December 2013 and of its result and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Dutch Civil Code.

Opinion with respect to the company financial statements

In our opinion, the company financial statements give a true and fair view of the financial position of TomTom NV as at 31 December 2013 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements

Pursuant to the legal requirement under Section 2:393 sub 5 at e and f of the Dutch Civil Code, we have no deficiencies to report as a result of our examination whether the management board report, to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of this Code, and whether the information as required under Section 2:392 sub 1 at b-h has been annexed. Further we report that the management board report, to the extent we can assess, is consistent with the financial statements as required by Section 2:391 sub 4 of the Dutch Civil Code.

Amsterdam, 11 February 2014

Deloitte Accountants BV
Signed by: B.E. Savert

SHAREHOLDER INFORMATION

Shareholder Information

Investor Relations

TomTom is committed to providing a high degree of transparency and consistency in its reporting. TomTom engages and maintains open dialogue with investors and analysts and has an extensive communication programme, which includes the Annual General Meeting, roadshows, investor conferences, presentations, webcasts and in-house meetings. Events related to Investor Relations are reported and regularly updated on our Investor Relations website.

TomTom strictly adheres to applicable rules and legislation on fair disclosure. It is our goal to inform investors about the company and its management, strategy, goals and expectations in a transparent, timely and consistent manner. Investors and analysts are invited to contact us with any information requests they have.

Closed period

From the first day of the quarter until the publication of our quarterly results, the company is in a closed period. During this time we do not engage in discussions with analysts, investors and financial journalists or make presentations at investor conferences.

Shares outstanding

TomTom NV had 222,176,212 shares outstanding as at 31 December 2013. The number of options outstanding was 17,182,090. The number of diluted shares outstanding was 223,307,282.

Shareholder structure

The following table shows the company's ordinary shareholder structure as at 31 December 2013:

Name	# shares	% of total
Founder-Harold Goddijn	26,137,832	11.8%
Founder-Corinne Vigreux	26,137,831	11.8%
Founder-Pieter Geelen	26,137,831	11.8%
Founder-Peter-Frans Pauwels	26,137,831	11.8%
Flevo Deelnemingen IV BV[1]	22,633,290	10.2%
Total major shareholders[2]	**127,184,615**	**57.3%**
Free float	94,991,597	42.7%
Total shares outstanding	**222,176,212**	**100.0%**

[1] Flevo Deelnemingen IV BV is a 100% direct shareholder of Flevo Dasym BV and Flevo Janivo BV.
[2] Percentage total based on non-rounded numbers.

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.

Protection mechanism

The Foundation Continuity TomTom, was established in 2005 to act as an instrument that protects the company against hostile takeovers. The purpose of the Foundation is to safeguard the company's interests and those of its subsidiaries, as well as the interests of all stakeholders of the organisation. It does so by ensuring that the company is in a position to resist influences, which 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 company has granted the Foundation a Call option entitling it to subscribe for preferred shares up to 100% of the aggregate outstanding share capital (excluding issued and outstanding preferred shares) of the company at the time of issue. An issue of preferred shares in the manner described would cause substantial dilution of the voting power of any shareholder whose objective was to gain control of the company.

The company believes that 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. We also believe that this measure will strengthen our position in relation to potential bidders, and allow us to seek alternatives.

Currently, there are no preferred shares outstanding. More information on the protection mechanism can be found in the Corporate Governance section.

Dividend policy

TomTom has no current plans to distribute dividends. We are increasing our technology investments to strengthen our capabilities and competitive position and we are looking for bolt-on acquisitions to strengthen our fleet management business (Business Solutions) whilst we continue to improve our balance sheet.

Financial calendar

Date	Event
29 April 2014	Publication Q1 2014 results
1 May 2014	Annual General Meeting
24 July 2014	Publication Q2 2014 results
29 October 2014	Publication Q3 2014 results

Listing

TomTom NV shares are traded on NYSE 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

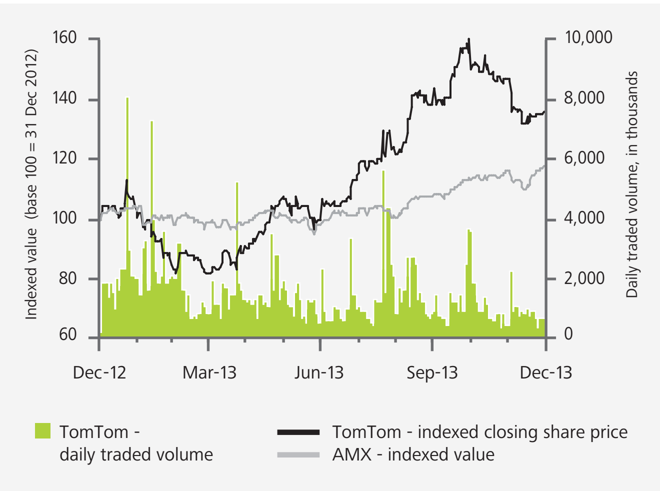
Share options of TomTom are traded on the Euronext Amsterdam Derivative Market.

Key share information

(in €, unless stated otherwise)	2013	2012
Share price at the start of the year	3.80	3.05
Share price at the end of the year	5.15	3.80
Highest share price	6.10	4.51
Lowest share price	3.11	2.85
Market capitalisation at year end (€ in millions)	1,144	843
Average daily volume traded (in thousands)	1,320	1,923
Diluted earnings per share (reported)	0.09	0.58
Diluted earnings per share (adjusted)	0.26	0.40
Diluted free cash flow per share	0.78	0.52
Earnings per share	0.09	0.58
Free cash flow per share	0.79	0.52
Weighted average number of shares outstanding (in millions)	222.0	221.9
Weighted average number of shares fully diluted (in millions)	223.3	222.0

Relative share price performance in 2013

The graph below shows the indexed closing share price development of TomTom versus the AMX during 2013. Base date equals 31 December 2012 (index value = 100).



Source: NYSE Euronext

Website

Our Investor Relations website - corporate.tomtom.com/investor.cfm - contains up-to-date financial information about TomTom. Investors and analysts are encouraged to visit our Investor Relations website regularly for a detailed and up-to-date coverage of our 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 our dedicated corporate website, which includes a wealth of information in relation to:

- Corporate Information: corporate.tomtom.com/overview.cfm
- Corporate Governance: corporate.tomtom.com/governance.cfm
- CSR: corporate.tomtom.com/ethics.cfm

Contact details

Our Investor Relations team can be contacted by:

- Email: ir@tomtom.com
- Phone: +31 20 757 5194

Visiting address

De Ruijterkade 154
1011 AC Amsterdam
The Netherlands

KEY FIGURES OVERVIEW

Key Figures Overview

(€ in millions, unless stated otherwise)	2013	2012	2011	2010	2009	2008
INCOME AND EXPENSES						
Revenue	963	1,057	1,273	1,521	1,480	1,674
Gross result	521	555	640	744	731	781
Operating result[1]	26	70	102	190	231	264
Net result[2]	20	129	74	110	94	188
DATA PER SHARE						
Earnings per share (in €) - diluted[3]	0.09	0.58	–1.97	0.49	0.47	1.17
Adjusted earnings per share (in €) - basic[3,4]	0.26	0.40	0.55	0.70	0.78	1.50
SHARES OUTSTANDING						
Average # basic shares outstanding (in millions)[3]	222	222	222	222	184	148
Average # diluted shares outstanding (in millions)[3]	223	222	222	222	185	149
REGIONAL REVENUE SPLIT						
Europe	710	773	937	1,070	1,007	1,182
North America	178	208	257	380	411	434
Rest of World	76	76	79	70	62	59
CASH FLOW						
Cash generated from operations	188	187	195	265	430	463
Cash flows from operating activities	260	167	174	210	340	354
Cash flows from investing activities	–91	–51	–73	–65	–90	–1,903
Cash flows from financing activities	–74	–146	–214	–209	–206	1,408
Net increase/(decrease) in cash and cash equivalents	95	–30	–112	–64	45	–142
BALANCE SHEET						
Goodwill	382	382	382	855	855	855
Intangible assets	804	821	872	946	986	1,011
Inventories	42	44	66	94	67	145
Trade receivables	115	150	185	306	294	290
Cash and cash equivalents	258	164	194	306	368	321
Provisions	80	81	101	109	114	113
Borrowings	173	247	384	588	790	1,388
Trade payables	82	84	117	218	201	152
Total equity and liabilities	1,678	1,724	1,799	2,623	2,686	2,767
Net cash/(Net debt)	83	–86	–194	–294	–442	–1,109
KEY RATIOS[5]						
Days sales of Inventory (DSI)	31	30	31	31	21	47
Days sales outstanding (DSO)	39	47	48	55	51	51
Creditor days	60	57	56	72	64	49
NUMBER OF EMPLOYEES						
At end of period (FTE)	3,630	3,441	3,677	3,487	3,138	3,357

[1] Operating result excludes the impairment charges (2011: €512 million; 2008: €1,047 million) and restructuring charges (2011: €14.8 million; 2010: €3.3 million; 2009: €10.3 million; 2008: €16.5 million).
[2] Net result excludes the above-mentioned impairment and restructuring charges and the related tax effects.
[3] The earnings per share number and the weighted average number of shares outstanding for all years before 2009 have been adjusted to reflect the impact of the right offering that took place in July 2009.
[4] Earnings per share adjusted for acquisition-related amortisation, goodwill impairment and restructuring charges on a post-tax basis, and an €80 million one-off tax gain in 2012.
[5] Calculated based on the sales/cost of sales and the number of days in the last three months of the year.

DEFINITIONS AND ABBREVIATIONS

Definitions and Abbreviations

Term	Definition
AFM	the Netherlands Authority for Financial Markets
AGM	Annual General Meeting
AMX	the Amsterdam Mid-Cap Index
Apps	Applications
CDS	Credit default swap
CNS	Connected navigation system
Code	the Dutch Corporate Governance Code
Company	TomTom NV
CSR	Corporate Social Responsibility
EBIT	Earnings Before Interest and Taxes
EBITDA	Earnings Before Interest, Taxes, Depreciation and Amortisation
EICC	the Electronic Industry Citizenship Coalition
EMEA17	AT, CH, DE, BE, NL, FR, IT, GB, ES, PT, TR, CZ, PL, DK, SE, FI, ZA
Foundation	Foundation Continuity TomTom
FTE	Full-time equivalent employee
GIS	Geographical information system
GPS	Global positioning system
Group	TomTom NV together with its subsidiaries
IFRS	International Financial Reporting Standards
ISO	International Standardisation Organisation
KPI	Key performance indicators
LTI	Long-term incentive plan
LTM	Last twelve months
NavKit	TomTom technology engine
NDS	Navigation data standard
North America	The United States and Canada
OEM	Original Equipment Manufacturer
PND	Portable navigation device
SaaS	Software-as-a-Service
TTWN	Total Traffic + Weather Network
WEBFLEET	TomTom Business Solutions' fleet management solution

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