

FOURTH QUARTER AND FULL YEAR 2022 RESULTS

Strong Automotive performance drives Q4 and 2022 revenue growth

TOMTOM'S CHIEF EXECUTIVE OFFICER, HAROLD GODDIJN

"We recorded top-line growth for the full year. Our Automotive business consistently outperformed the market trend throughout the year, while Enterprise performed in line with our expectations. I am happy with the progress we made in 2022, which is underpinned by the introduction of the new TomTom Maps Platform and a record €2.4 billion Automotive backlog.

The rollout of our new platform and improved maps in 2023 will provide customers with wider geographical coverage, more detail, and faster updates. This will support further growth of our Location Technology revenue. Our recently announced collaboration with Amazon Web Services, Meta, and Microsoft is expected to help set a global standard for maps, benefiting customers of our Maps Platform."

OPERATIONAL SUMMARY

- We introduced our new [maps](#), which will offer significant improvements in quality and will therefore be able to power a wider variety of use cases for our customers.
- We announced a [new global deal](#) to provide our maps, navigation software, and connected services to Stellantis' next-generation digital cockpit platform
- We co-founded the [Overture Maps Foundation](#) with Amazon Web Services, Meta, and Microsoft to establish an open standard for interoperable map data

FINANCIAL SUMMARY FOURTH QUARTER 2022

- Group revenue increased by 21% to €139 million (Q4 '21: €115 million)
- Location Technology revenue increased by 30% to €118 million (Q4 '21: €91 million)
- Automotive operational revenue increased by 16% to €82 million (Q4 '21: €71 million)
- Free cash flow¹ is an outflow of €15 million (Q4 '21: inflow of €57 million)

FINANCIAL SUMMARY FULL YEAR 2022

- Group revenue of €536 million (FY '21: €507 million)
- Location Technology revenue increased by 11% to €436 million (FY '21: €394 million)
- Automotive operational revenue increased by 11% to €296 million (FY '21: €266 million)
- Free cash flow¹ is an outflow of €29 million (FY '21: inflow of €24 million)
- Net cash of €304 million (FY '21: €356 million)

KEY FIGURES

(€ in millions)	Q4 '22	Q4 '21	y.o.y. change	FY '22	FY '21	y.o.y. change
Location Technology	117.6	90.6	30 %	436.4	394.0	11 %
Consumer	21.4	24.6	-13 %	99.9	112.9	-11 %
Revenue	139.0	115.2	21%	536.3	506.9	6%
Gross result	120.9	94.2	28%	449.7	407.1	10%
Gross margin	87%	82%		84%	80%	
Operating expenses	125.4	129.6	-3 %	547.3	500.3	9 %
Operating result (EBIT)	-4.5	-35.3		-97.6	-93.2	
Operating margin	-3%	-31%		-18%	-18%	
Net result	-8.8	-38.8		-102.7	-94.7	
Free cash flow¹ (FCF)	-14.6	56.7		-29.2	23.5	
FCF ¹ as a % of revenue	-10%	49%		-5%	5%	

¹ Free cash flow excludes restructuring charges related to the Maps realignment announced in June 2022.

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

FINANCIAL AND BUSINESS REVIEW

TOMTOM'S CHIEF FINANCIAL OFFICER, TACO TITULAER

"Fourth-quarter Automotive reported revenue increased sharply year on year, in part resulting from the evolution of our products, leading to a change in how we recognize revenue from new map subscription contracts. Automotive operational revenue increased by 16% year on year, outperforming the trend of car production volumes in our core markets. Enterprise exhibited an anticipated revenue decline.

Full-year group revenue increased in 2022. For 2023, we expect group revenue growth to continue, with a strong increase in Automotive revenues offsetting declines in both our Consumer and Enterprise businesses. We envision our Enterprise business to show growth from Q4 2023 onward.

In the fourth quarter, free cash flow was negatively affected by movements in working capital. We recorded an outflow of €29 million for full year 2022. In 2023, we expect to generate positive free cash flow¹ of between 0% and +5% of group revenue, supported by growing revenues."

OUTLOOK

(€ in millions, unless stated otherwise)	Outlook 2023	Actual 2022
Revenue	540 - 580	536
Of which Location Technology	455 - 485	436
FCF ¹ as % of group revenue	0% - +5%	-5%

Our Automotive products have evolved into API-based updates and services in combination with an initial onboard map, from a predominantly onboard offering including updates. As a result of this change, the timing of IFRS revenue recognition for new map subscription contracts changed from Q4 2022 onward. In the fourth quarter of 2022, the impact on reported revenue was a positive effect of €9.6 million, and we expect the positive impact on full-year 2023 revenue to be around €40 million.

The change in revenue recognition resulting from these products will also have an impact on 2024 and 2025 revenue, though the 2025 impact is expected to be negligible. We reiterate our mid-term Location Technology revenue ambition of €600 million in 2025, in combination with a free cash flow generation target of 10% of group revenue.

Our outlook is supported by an Automotive backlog² of around €2.4 billion at the end of 2022, up from €1.9 billion at the end of 2021. This increase is the result of a record order intake in 2022.

¹ Free cash flow excludes restructuring charges related to the Maps realignment announced in June 2022.

² Automotive backlog is the cumulative expected IFRS revenue from all awarded Automotive deals.

REVENUE

Revenue for the fourth quarter amounted to €139 million, an increase of 21% year on year (Q4 '21: €115 million).

Location Technology

(€ in millions)	Q4 '22	Q4 '21	y.o.y. change	FY '22	FY '21	y.o.y. change
Automotive	77.1	47.1	64 %	260.0	223.1	17 %
Enterprise	40.5	43.5	-7 %	176.4	170.9	3 %
Revenue	117.6	90.6	30%	436.4	394.0	11%
Segment EBITDA				-15.6	-32.6	52%
EBITDA margin (%)				-4%	-8%	
Segment EBIT				-71.2	-105.2	32%
EBIT margin (%)				-16%	-27%	

Location Technology revenue was €118 million in the fourth quarter, an increase of 30% year on year (Q4 '21: €91 million). Sharp revenue growth in Automotive revenue offset the anticipated decline in Enterprise revenue this quarter.

Increased car production volumes and a further ramp up of some contracts led Automotive to generate revenues of €77 million in the quarter, an increase of 64% compared with the same quarter last year (Q4 '21: €47 million). Normalized for the positive impact from the change in how we recognize revenue for new map subscription contracts, the year-on-year increase in Automotive revenue was 43%. In part, this considerable increase can be explained by the comparatively low reported revenue in Q4 2021, which reflected the impact of downward adjustments in total contract values.

Automotive operational revenue was €82 million in the quarter, a year-on-year increase of 16% (Q4 '21: €71 million) outperforming the development of car production volumes in Europe and North America.

Automotive operational revenue is calculated as follows:

(€ in millions)	Q4 '22	Q4 '21	y.o.y. change	FY '22	FY '21	y.o.y. change
Automotive revenue	77.1	47.1	64 %	260.0	223.1	17 %
Movement of Automotive deferred revenue	5.0	23.6		36.3	43.2	
Automotive operational revenue	82.1	70.7	16%	296.3	266.3	11%

Enterprise revenue decreased to €40 million in Q4 '22, 7% lower than the same quarter last year (Q4 '21: €44 million), as some contract renewals reflect decreased usage and therefore lower contract values.

Full-year Location Technology segment EBITDA improved year on year resulting from the increase in revenue, partly offset by continued investments in our application layer and sales & marketing activities.

During the quarter, we extended our longstanding partnership with Stellantis, providing our connected suite of navigation services to their next-generation digital cockpit platform, STLA SmartCockpit. TomTom's maps, navigation software, and real-time traffic information will power all Stellantis brands globally. The award was one of multiple significant Automotive contracts we closed in 2022, leading to a record Automotive backlog of €2.4 billion.

We announced that we will introduce significantly improved maps in the course of 2023, build on the new TomTom Maps Platform. The platform combines TomTom's own data with new 'super' sources such as sensor-derived observations and open-source data. The new maps will offer broader geographical coverage, an extended set of supported data types, and faster update cycles. This will enable us to build on our success in the Automotive market, scaling products and applications to a broader variety of customers.

Together with Amazon Web Services, Meta, and Microsoft we have founded the Overture Maps Foundation. To support industry demands, the pooling of resources and the creation of a global map standard is needed. The Overture Maps Foundation is a collaborative effort that intends to develop interoperable open map data through a global entity reference system and structured data schema. Our common initiative will facilitate an ecosystem of users and contributors to share map data in an efficient way and on a global scale.

Consumer

(€ in millions)	Q4 '22	Q4 '21	y.o.y. change	FY '22	FY '21	y.o.y. change
Consumer products	18.8	23.3	-19 %	92.7	105.0	-12 %
Automotive hardware	2.6	1.3	108 %	7.2	7.9	-9 %
Consumer revenue	21.4	24.6	-13%	99.9	112.9	-11%
Segment EBITDA				7.4	18.7	-61%
EBITDA margin (%)				7%	17%	
Segment EBIT				6.5	17.7	-63%
EBIT margin (%)				7%	16%	

Consumer reported revenue of €21 million for the quarter, a decrease of 13% compared with the same quarter last year (Q4 '21: €25 million).

Full-year revenue decreased by 11% compared with 2021, as a consequence segment EBITDA decreased as well year on year.

GROSS MARGIN

The gross margin for the quarter was 87% compared with 82% in Q4 '21. The improvement in gross margin is the result of a higher proportion of higher-margin software and content revenue.

OPERATING RESULT

Operating result (EBIT) in the quarter was a loss of €5 million (Q4 '21: loss of €35 million). Total operating expenses in the quarter were €125 million, a decrease of €4 million compared with the same quarter last year (Q4 '21: €130 million) as a result of lower personnel expenses in our Maps unit.

Excluding the impact of D&A and restructuring, operating expenses in the quarter decreased by 1% mainly due to lower R&D - Geographic data, partly offset by increased investments in our application layer and in our sales team to support revenue growth.

A reconciliation of operating expenses excluding D&A and restructuring charges¹ is presented below:

(€ in millions)	Q4 '22	Q4 '21	y.o.y. change	FY '22	FY '21	y.o.y. change
R&D - Geographic data	36.6	45.5	-20 %	173.0	176.2	-2 %
R&D - Application layer	42.1	37.3	13 %	168.6	138.7	21 %
Sales and marketing	14.2	12.6	12 %	50.3	45.1	12 %
General and administrative	18.9	17.9	6 %	72.9	66.6	10 %
Total excl. D&A and restructuring¹	111.8	113.4	-1%	464.8	426.6	9%
Depreciation and amortization	13.3	16.2	-18 %	56.7	73.7	-23 %
Restructuring ¹	0.4	—		25.9	—	
Operating expenses	125.4	129.6	-3%	547.3	500.3	9%

FINANCIAL RESULT AND INCOME TAX

Total financial result for the quarter was a loss of €1 million (Q4 '21: gain of €1 million), which consisted primarily of foreign exchange losses from the revaluation of monetary balance sheet items.

The income tax expense for the quarter was €3 million compared with an expense of €5 million in Q4 '21.

BALANCE SHEET

Other intangible assets decreased to €43 million from €70 million at the end of 2021 mainly due to amortization of our map database. Cash balances, including fixed-term deposits, were €304 million at the end of the quarter (Q4 '21: €356 million).

At the end of the quarter, inventory was €15 million, a €5 million decrease from the end of last year. Trade receivables were €66 million at the end of Q4 '22 compared with €56 million at the end of 2021 as a result of higher operational revenue this quarter.

¹ Restructuring charges are related to the Maps realignment announced in June 2022.

Current liabilities, excluding deferred revenue, were €122 million, compared with €110 million at the end of 2021. The increase is mainly related to an increase in personnel-related accruals, partly offset by a relatively low trade payable position.

DEFERRED REVENUE

Deferred revenue of €439 million was relatively flat compared with €441 million at the end of last year. The movement reflects a decrease in deferred revenue of Enterprise and Consumer offset by an increase in the deferred revenue position of Automotive. Automotive deferred revenue is impacted by the aforementioned change in the way we treat the performance obligations of map subscriptions, which resulted in less revenue being deferred.

The following table presents the deferred revenue including the effect of netting:

(€ in millions)	31 December 2022	31 December 2021
Automotive	431.2	395.0
Enterprise	11.6	41.5
Consumer	20.7	25.5
Gross deferred revenue	463.6	461.9
Less: Netting adjustment to unbilled revenue	24.9	21.2
Deferred revenue	438.6	440.7

CASH FLOW

In Q4 '22, free cash flow was an outflow of €21 million versus an inflow of €57 million in the same quarter last year. The year-on-year decrease is the result of lower cash collection from customers and some unfavorable movements in working capital.

The cash flow from financing activities for the quarter was an outflow of €4 million and relates to the payment of lease liabilities. During the quarter there were no stock options exercises related to our long-term employee incentive programs (Q4 '21: 12 thousand).

On 31 December 2022, the Group had no outstanding bank borrowings and reported a net cash position of €304 million (Q4 '21: net cash of €356 million).

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

(€ in millions)	Q4 '22	Q4 '21	FY '22	FY '21
Cash flow from operating activities	-19.5	61.5	-31.4	36.8
Investments in intangible assets	-0.1	0.0	-5.3	0.0
Investments in property, plant and equipment	-1.5	-4.8	-4.9	-13.3
Free cash flow	-21.1	56.7	-41.6	23.5
Restructuring-related cash flow ¹	6.5	—	12.4	—
Free cash flow excl. restructuring¹	-14.6	56.7	-29.2	23.5

¹ Restructuring charges are related to the Maps realignment announced in June 2022.

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CONSOLIDATED CONDENSED STATEMENT OF INCOME

	Q4 '22	Q4 '21	FY '22	FY '21
(€ in thousands)	Unaudited	Unaudited	Unaudited	Audited
Revenue	139,013	115,164	536,343	506,926
Cost of sales	18,100	20,931	86,619	99,821
Gross profit	120,913	94,233	449,724	407,105
Research and development expenses - Geographic data	43,736	55,457	205,760	219,808
Research and development expenses - Application layer	42,713	38,499	171,504	146,209
Sales and marketing expenses	14,202	12,645	50,353	45,181
General and administrative expenses ¹	24,791	22,979	119,720	89,098
Total operating expenses	125,442	129,580	547,337	500,296
Operating result	-4,529	-35,347	-97,613	-93,191
Financial result	-889	1,480	2,818	6,329
Result before tax	-5,418	-33,867	-94,795	-86,862
Income tax expense	-3,367	-4,907	-7,940	-7,791
Net result²	-8,785	-38,774	-102,735	-94,653
Earnings per share (in €):				
Basic	-0.07	-0.31	-0.80	-0.74
Diluted ³	-0.07	-0.31	-0.80	-0.74

¹ Includes a €0.4 million expense in restructuring for Q4 '22 and a total restructuring charge of €26 million for FY '22.

² Fully attributable to the equity holders of the parent.

³ When the net result is a loss, no additional shares from assumed conversion are taken into account as the effect would be anti-dilutive.

CONSOLIDATED CONDENSED BALANCE SHEET

(€ in thousands)	31 December 2022	31 December 2021
	Unaudited	Audited
Goodwill	192,294	192,294
Other intangible assets	42,917	70,478
Property, plant and equipment	21,645	26,241
Lease assets	35,815	31,488
Other contract-related assets	23,737	18,769
Other investments	13,814	17,982
Deferred tax assets	1,158	4,115
Total non-current assets	331,380	361,367
Inventories	14,660	19,585
Trade receivables	65,743	56,179
Unbilled receivables	48,298	67,311
Other contract-related assets	6,890	5,049
Other receivables and prepayments	36,803	25,429
Fixed-term deposits	171,000	150,000
Cash and cash equivalents	132,729	205,820
Total current assets	476,123	529,373
Total assets	807,503	890,740
Total equity	199,606	282,723
Lease liabilities	26,654	20,004
Deferred tax liability	2,404	3,934
Provisions	18,237	33,484
Deferred revenue	263,043	259,628
Total non-current liabilities	310,338	317,050
Trade payables	6,102	14,022
Lease liabilities	11,071	13,335
Provisions	11,020	6,537
Deferred revenue	175,607	181,099
Other contract-related liabilities	18,921	19,782
Income taxes	3,133	1,273
Accruals and other liabilities	71,705	54,919
Total current liabilities	297,559	290,967
Total equity and liabilities	807,503	890,740

CONSOLIDATED CONDENSED STATEMENT OF CASH FLOWS

(€ in thousands)	Q4 '22 Unaudited	Q4 '21 Unaudited	FY '22 Unaudited	FY '21 Audited
Operating result	-4,529	-35,347	-97,613	-93,191
Foreign exchange adjustments	-3,933	3,037	6,373	7,904
Depreciation and amortization	13,339	16,185	56,672	73,671
Change in provisions	-4,953	-1,790	-2,472	-7,474
Equity-settled stock compensation expenses	2,932	1,926	10,532	5,934
Other non-cash movement	-27	106	-69	-46
Changes in working capital:				
Change in inventories	-117	-433	5,086	8,772
Change in receivables and prepayments	1,919	69,978	-9,164	17,883
Change in liabilities (excluding provisions) ¹	-21,971	11,888	5,124	32,289
Cash flow from operations	-17,340	65,550	-25,531	45,742
Interest received	311	6	389	326
Interest paid	-264	-392	-1,183	-1,716
Corporate income taxes paid	-2,255	-3,646	-5,083	-7,569
Cash flow from operating activities	-19,548	61,518	-31,408	36,783
Investments in intangible assets	-78	0	-5,271	0
Investments in property, plant and equipment	-1,498	-4,813	-4,895	-13,274
Dividends received	168	138	392	366
Change in fixed-term deposits	45,000	-90,000	-21,000	-7,070
Cash flow from investing activities	43,592	-94,675	-30,774	-19,978
Payment of lease liabilities	-3,549	-3,678	-14,369	-14,785
Proceeds on issue of ordinary shares	0	93	4,051	4,561
Purchase of treasury shares	0	0	0	-33,431
Cash flow from financing activities	-3,549	-3,585	-10,318	-43,655
Net (decrease)/increase in cash and cash equivalents	20,495	-36,742	-72,500	-26,850
Cash and cash equivalents at the beginning of period	113,808	242,187	205,820	231,520
Exchange rate changes on foreign cash balances	-1,574	375	-591	1,150
Total cash and cash equivalents at the end of the period	132,729	205,820	132,729	205,820
Cash held in short term fixed deposits	171,000	150,000	171,000	150,000
Net cash at the end of the period	303,729	355,820	303,729	355,820

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

ACCOUNTING POLICIES

The condensed consolidated financial information for the three- and twelve- month period ended 31 December 2022 and the related comparative information has been prepared using accounting policies and methods of computation which are based on International Financial Reporting Standards (IFRS) as disclosed in the Financial Statements for the year ended 31 December 2022.

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

NON-GAAP MEASURES

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

Operational revenue is IFRS revenue adjusted for the movement of gross deferred revenue

Gross margin is calculated as gross profit divided by revenue

EBIT is equal to our operating result

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

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

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

Net cash is cash and cash equivalents, plus cash held in fixed term deposits

Gross deferred revenue is deferred revenue¹ before the netting of unbilled receivables

Automotive backlog is the cumulative expected IFRS revenue from all awarded Automotive deals.

¹ Deferred revenue reflects amounts not yet recognized as revenue as services still need to be delivered. Unbilled receivables represents amounts accrued for when a contractual right to invoice exists. When a single contract has both an accrual, based on contractual invoicing terms, and a deferral, because the underlying services are not yet fully delivered, the unbilled and the deferred positions are netted for presentation on the balance sheet.

FOR MORE INFORMATION

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AUDIO WEBCAST FOURTH QUARTER 2022 RESULTS

The information for our audio webcast is as follows:

Date and time: 3 February 2023 at 13:00 CET

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

TomTom is listed at NYSE Euronext Amsterdam in the Netherlands

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ABOUT TOMTOM

Billions of data points. Millions of sources. Hundreds of communities.

We are the mapmaker bringing it all together to build the world's smartest map. We provide location data and technology to drivers, carmakers, businesses, and developers. Our application-ready maps, routing, real-time traffic, APIs and SDKs enable the dreamers and doers to shape the future of mobility.

Headquartered in Amsterdam with 4,000 employees around the globe, TomTom has been helping people find their way in the world for over 30 years.

For further information, please visit www.tomtom.com.

FORWARD-LOOKING STATEMENTS / IMPORTANT NOTICE

This document contains certain forward-looking statements with respect to the financial position and results of TomTom's activities. We have based these forward-looking statements on our current expectations and projections about future events, including numerous assumptions regarding our present and future business strategies, operations and the environment in which we will operate in the future. These forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially from those expressed in the forward-looking statements, and you should not place undue reliance on them. Many of these risks and uncertainties relate to factors that are beyond TomTom's ability to control or estimate precisely, such as levels of customer spending in major economies, changes in consumer preferences, the performance of the financial markets, the levels of marketing and promotional expenditures by TomTom and its competitors, costs of raw materials, employee costs, exchange-rate and interest-rate fluctuations, changes in tax rates, changes in law, acquisitions or disposals, the rate of technological changes, political developments in countries where the company operates and the risk of a downturn in the market. Statements regarding market share, including the company's competitive position, contained in this document are based on outside sources such as specialized research institutes, industry and dealer panels in combination with management estimates.

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

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