

THIRD QUARTER 2023 RESULTS

TomTom launches new maps

TOMTOM'S CHIEF EXECUTIVE OFFICER, HAROLD GODDIJN

"Last quarter marked a pivotal moment with the launch of our new maps in core markets.

Our vision is clear. We are pioneering a unified map standard, empowering both companies and developers to harness consistent specifications for location data. It's exciting to see so many technology firms adopt this standard so quickly.

The new maps are built on this standard and leverage all relevant data sources including open data, making them stand out in terms of coverage, richness, and freshness.

We can now tap deeper into the ever-expanding location technology market, and we are encouraged by the initial feedback from our customers and prospects."

OPERATIONAL SUMMARY

- We launched our [new maps](#) of North America and Europe
- We signed a new Traffic deal in the US with [StreetLight](#), powering their cloud-based analytics products
- We reached a new milestone in our longstanding relationship with Stellantis, with our full stack of connected services integrated in the new [Peugeot E-3008](#)
- We launched a [ChatGPT plugin for location technology](#), so developers can use AI to build navigation apps

FINANCIAL SUMMARY THIRD QUARTER 2023

- Group revenue increased by 6% to €144 million (Q3 '22: €136 million)
- Location Technology revenue increased by 10% to €119 million (Q3 '22: €108 million)
- Automotive operational revenue increased by 13% to €85 million (Q3 '22: €75 million)
- Free cash flow¹ is an inflow of €13 million (Q3 '22: inflow of €8 million)
- Net cash of €325 million (Q2 '23: €316 million)

KEY FIGURES

(€ in millions, unless stated otherwise)	Q3 '23	Q3 '22	y.o.y. change	YTD '23	YTD '22	y.o.y. change
Location Technology	119.2	108.3	10%	365.5	318.9	15%
Automotive	82.5	62.4	32%	254.5	182.9	39%
Enterprise	36.8	45.9	-20%	111.0	136.0	-18%
Consumer	24.9	28.0	-11%	75.9	78.5	-3%
Revenue	144.1	136.3	6%	441.4	397.3	11%
Gross result	118.9	109.9	8%	368.9	328.8	12%
Gross margin	83%	81%		84%	83%	
Operating expenses	127.7	127.7	0%	378.5	421.9	-10%
Operating result (EBIT)	-8.7	-17.8		-9.6	-93.1	
Operating margin	-6%	-13%		-2%	-23%	
Net result	-7.9	-17.5		-9.4	-94.0	
Free cash flow¹ (FCF)	12.9	8.5		26.5	-14.6	
FCF ¹ as a % of revenue	9%	6%		6%	-4%	

¹ Free cash flow excludes restructuring payments 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; gross margin; EBIT; free cash flow; net cash and gross deferred revenue.

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TOMTOM'S CHIEF FINANCIAL OFFICER, TACO TITULAER

"We performed well in the third quarter, with our Location Technology business recording sustained year-on-year growth. Enterprise revenue was in line with our expectations and our Automotive business showed healthy underlying performance. For yet another successive quarter, year-on-year Automotive operational revenue growth outperformed car production trends in our core markets.

Continued revenue growth and a stable cost base enabled us to achieve operating leverage, increasing our free cash flow¹ in the third quarter.

For full year 2023, we reiterate our guidance and expect Group revenue to grow to between €570 million and €600 million, with Location Technology revenue between €480 million and €505 million. Free cash flow¹ is expected to be around +5% of Group revenue."

OUTLOOK 2023

(€ in millions, unless stated otherwise)	Outlook 2023	Actual 2022
Revenue	570 - 600	536
Of which Location Technology	480 - 505	436
FCF ¹ as % of Group revenue	Around +5%	-5%

Automotive revenue is positively impacted due to a change in timing of IFRS revenue recognition for new map subscription contracts, which started in Q4 2022. We expect the 2023 full-year impact to be around €40 million.

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

REVENUE FOR THE PERIOD

Revenue for the third quarter amounted to €144 million, a year-on-year increase of 6% (Q3 '22: €136 million).

LOCATION TECHNOLOGY

Location Technology revenue was €119 million, a year-on-year increase of 10% (Q3 '22: €108 million).

Automotive revenue in the quarter was €82 million, an increase of 32% compared with the same quarter last year (Q3 '22: €62 million). Automotive operational revenue in the quarter was €85 million, a year-on-year increase of 13% (Q3 '22: €75 million). This increase marks an outperformance as compared to the growth in car production volumes across our core markets, as a consequence of increasing take rates and market share gains.

Automotive operational revenue is calculated as follows:

(€ in millions, unless stated otherwise)	Q3 '23	Q3 '22	y.o.y. change	YTD '23	YTD '22	y.o.y. change
Automotive revenue	82.5	62.4	32%	254.5	182.9	39%
Movement of Automotive deferred revenue	3.0	12.9		5.1	31.3	
Automotive operational revenue	85.4	75.3	13%	259.6	214.2	21%

Enterprise revenue decreased, in line with our expectations, to €37 million in Q3 '23, 20% lower than the same quarter last year (Q3 '22: €46 million). Some contract renewals reflect decreased usage and therefore lower contract values.

We launched our new maps across our core markets of North America and Europe during the quarter. The maps are being tested and validated with prospects and partners and they are seeing meaningful results, such as increased support for new use cases, enhanced operational efficiency, and an improved ability to focus engineering resources on differentiation. Over the coming period, we will use the input from our partners to further improve the product, reduce cycle times, and improve platform scalability and efficiency. We expect to significantly expand the coverage of the maps before the end of the year.

In Enterprise, we secured a Traffic deal in the US, with StreetLight now integrating TomTom historical and real-time traffic data. Streetlight executes thousands of monthly analyses for transportation professionals and will integrate our global data into its growing line of cloud-based products. The partnership clearly exhibits the value our data and technologies can bring to location intelligence use cases, supporting reliable and scalable global mobility measurements that deliver insights and solutions to complex transportation problems.

In Automotive, the introduction of the new Peugeot E-3008 marks a new highlight in our long-standing relationship with Stellantis. The all-new electric fastback SUV is built on Stellantis' next-generation platform and features TomTom's full stack of products. Our latest connected services include over-the-air map updates, real-time traffic, and live speed camera information, as well as online search and routing, street parking information, and live weather updates.

On the back of recent advances in generative artificial intelligence (AI), and large language models (LLM) in particular, we are working on conversational interfaces that make driving safer and easier to customize. During the quarter, we launched the TomTom plugin for ChatGPT. This first-of-its-kind LLM plugin for location technology enables subscribers of ChatGPT Plus to use AI to plan trips and discover and explore new places.

CONSUMER

Consumer reported revenue of €25 million for the quarter, compared with €28 million in the same quarter last year.

RESULT FOR THE PERIOD

GROSS MARGIN

The gross margin for the quarter was 83% compared with 81% in Q3 '22. The year-on-year improvement in gross margin resulted from a higher proportion of higher-margin content and software revenue in our revenue mix.

OPERATING RESULT

Operating result (EBIT) in the quarter was a loss of €9 million (Q3 '22: loss of €18 million). Total operating expenses in the quarter were €128 million, flat compared with the same quarter last year (Q3 '22: €128 million). Excluding depreciation and amortization and restructuring effects related to the Maps realignment, underlying operating expenses decreased year on year by €1.4 million. Specifically in the third quarter of 2023, an exceptionally high subsidy contribution lowered our operating expenses.

FINANCIAL INCOME, EXPENSES AND INCOME TAX

Total financial result for the quarter was an income of €3.4 million, mainly resulting from interest income on our fixed-term deposits (Q3 '22: income of €1.8 million).

The income tax expense for the quarter was €2.5 million compared with an expense of €1.5 million in Q3 '22.

CASH FLOW, LIQUIDITY, AND WORKING CAPITAL

In Q3 '23, free cash flow was an inflow of €12 million versus an inflow of €3 million in the same quarter last year. Excluding the impact of restructuring charges related to the Maps realignment, free cash flow for the quarter was an inflow of €13 million (Q3 '22: inflow of €8 million).

A reconciliation from operating result to free cash flow, to net cash movement is presented below:

(€ in millions)	Q3 '23	Q3 '22	YTD '23	YTD '22
Operating result	-8.7	-17.8	-9.6	-93.1
Depreciation and amortization	9.8	13.7	33.5	43.3
Equity-settled stock compensation expenses	2.6	3.1	9.2	7.6
Other non-cash items	1.4	-22.3	-1.1	12.7
Movements in working capital (excl. deferred revenue)	9.1	18.4	-5.9	17.3
Movements in deferred revenue	2.0	10.4	1.3	3.9
Interest and tax payments	0.1	-1.6	-3.0	-3.7
Investments in property, plant and equipment, and intangible assets	-4.3	-1.3	-8.6	-8.6
Free cash flow	12.0	2.6	15.8	-20.5
Lease payments	-2.9	-3.6	-9.5	-10.8
Cash flow from other investing and financing activities	0.0	0.9	15.3	4.3
Exchange rate differences on cash and fixed-term deposits	0.3	0.5	0.1	1.0
Net cash movement	9.4	0.4	21.7	-26.0

Free cash flow saw a year-on-year increase of €9.4 million. Excluding the impact of restructuring charges related to the Maps realignment, the year-on-year increase was €4.5 million. The increase in free cash flow mainly reflects higher operating results corrected for amortization and depreciation.

Working capital movement was significantly impacted by restructuring-related effects in Q3 '22. Excluding these effects, the movement in working capital was more favorable than last year, due to higher cash collection from customers.

Our deferred revenue position has stayed relatively flat throughout the year. During the third quarter, the deferred revenue position increased by €2.0 million, from €438 million to €440 million, driven by both Automotive and Consumer. Year to date, deferred revenue showed an increase of €1.3 million (Q4 2022: €439 million).

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

(€ in millions)	30 September 2023	30 June 2023	31 December 2022
Automotive	436.3	433.4	431.2
Enterprise	12.3	13.6	11.6
Consumer	20.7	19.2	20.7
Gross deferred revenue	469.3	466.2	463.6
Less: Netting adjustment to unbilled revenue	29.4	28.2	24.9
Deferred revenue	439.9	438.0	438.7

Investments in property, plant and equipment in the quarter increased compared with the same quarter last year mainly due to higher investments in leasehold improvements.

Cash flow from other investing and financing activities was nil in the quarter, as no stock options relating to our long-term employee incentive programs were exercised (Q3 '22: 120 thousand).

On 30 September 2023, the Group had no outstanding bank borrowings and reported a net cash position of €325 million (Q2 '23: €316 million).

- END -

CONSOLIDATED CONDENSED STATEMENT OF INCOME

(€ in thousands)	Q3 '23	Q3 '22	YTD '23	YTD '22
	Unaudited	Unaudited	Unaudited	Unaudited
Revenue	144,114	136,303	441,381	397,330
Cost of sales	25,175	26,381	72,481	68,519
Gross profit	118,939	109,922	368,900	328,811
Research and development expenses - Geographic data	43,661	50,548	131,639	162,024
Research and development expenses - Application layer	47,263	45,768	139,134	128,791
Sales and marketing expenses	14,180	13,568	41,320	36,151
General and administrative expenses ¹	22,573	17,823	66,455	94,929
Total operating expenses	127,677	127,707	378,548	421,895
Operating result	-8,738	-17,785	-9,648	-93,084
Financial result	3,371	1,826	5,668	3,707
Result before tax	-5,367	-15,959	-3,980	-89,377
Income tax expense	-2,523	-1,525	-5,392	-4,573
Net result²	-7,890	-17,484	-9,372	-93,950
Earnings per share (in €):				
Basic	-0.06	-0.14	-0.07	-0.74
Diluted ³	-0.06	-0.14	-0.07	-0.74

¹ Includes a €5 million gain in restructuring for Q3 '22 and a total restructuring charge of €26 million for YTD '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)	30 September 2023 Unaudited	31 December 2022 Audited
Goodwill	192,294	192,294
Other intangible assets	25,170	42,917
Property, plant and equipment	23,829	21,645
Lease assets	46,432	35,815
Other contract-related assets	25,850	23,737
Other investments	0	13,814
Deferred tax assets	1,007	1,158
Total non-current assets	314,582	331,380
Inventories	14,140	14,660
Trade receivables	77,096	65,743
Unbilled receivables	47,458	48,298
Other contract-related assets	7,628	6,890
Prepayments and other receivables	26,117	36,803
Fixed-term deposits	235,854	171,000
Cash and cash equivalents	89,573	132,729
Total current assets	497,866	476,123
Total assets	812,448	807,503
Total equity	202,829	199,606
Lease liabilities	39,956	26,654
Deferred tax liability	427	2,404
Provisions	18,107	18,237
Deferred revenue	278,533	263,043
Total non-current liabilities	337,023	310,338
Trade payables	10,471	6,102
Lease liabilities	8,183	11,071
Provisions	6,944	11,020
Deferred revenue	161,375	175,607
Other contract-related liabilities	19,715	18,921
Income taxes	3,012	3,133
Accruals and other liabilities	62,896	71,705
Total current liabilities	272,596	297,559
Total equity and liabilities	812,448	807,503

CONSOLIDATED CONDENSED STATEMENT OF CASH FLOWS

(€ in thousands)	Q3 '23	Q3 '22	YTD '23	YTD '22
	Unaudited	Unaudited	Unaudited	Unaudited
Operating result	-8,738	-17,785	-9,648	-93,084
Foreign exchange adjustments	1,118	4,340	129	10,306
Depreciation and amortization	9,837	13,720	33,525	43,333
Change in provisions	308	-26,674	-844	2,481
Equity-settled stock compensation expenses	2,627	3,113	9,179	7,600
Other non-cash movement	0	0	-341	-42
Changes in working capital:				
Change in inventories	-1,583	-306	1,444	5,203
Change in receivables and prepayments	11,682	-924	-1,270	-11,083
Change in liabilities (excluding provisions) ¹	1,005	30,005	-4,809	27,095
Cash flow from operations	16,256	5,489	27,365	-8,191
Interest received	2,755	9	6,626	78
Interest paid	-498	-247	-1,255	-919
Corporate income taxes paid	-2,197	-1,376	-8,404	-2,828
Cash flow from operating activities	16,316	3,875	24,332	-11,860
Investments in intangible assets	0	-116	0	-5,193
Investments in property, plant and equipment	-4,337	-1,141	-8,576	-3,397
Proceeds from sale of investments	0	0	14,965	0
Dividends received	0	0	0	224
Change in fixed-term deposits	-108,109	-80,000	-64,854	-66,000
Cash flow from investing activities	-112,446	-81,257	-58,465	-74,366
Payment of lease liabilities	-2,918	-3,635	-9,487	-10,820
Proceeds on issue of ordinary shares	0	937	368	4,051
Cash flow from financing activities	-2,918	-2,698	-9,119	-6,769
Net decrease in cash and cash equivalents	-99,048	-80,080	-43,252	-92,995
Cash and cash equivalents at the beginning of period	188,314	193,364	132,729	205,820
Exchange rate changes on foreign cash balances	307	524	96	983
Total cash and cash equivalents at the end of the period	89,573	113,808	89,573	113,808
Cash held in short term fixed deposits	235,854	216,000	235,854	216,000
Net cash at the end of the period	325,427	329,808	325,427	329,808

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 nine- month period ended 30 September 2023 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

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

(€ in thousands)	Q3 '23	Q3 '22	YTD '23	YTD '22
Cash flow from operating activities	16,316	3,875	24,332	-11,860
Investments in intangible assets	0	-116	0	-5,193
Investments in property, plant and equipment	-4,337	-1,141	-8,576	-3,397
Free cash flow	11,979	2,618	15,756	-20,450
Restructuring-related cash flow ¹	944	5,849	10,779	5,849
Free cash flow excl. restructuring¹	12,923	8,467	26,535	-14,601

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

Gross deferred revenue is deferred revenue² before the netting of unbilled receivables

¹ Restructuring-related cash flows are related to the Maps realignment announced in June 2022.

² Deferred revenue reflects amounts not yet recognized as revenue as services still need to be delivered. Unbilled revenue 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 THIRD QUARTER 2023 RESULTS

The information for our audio webcast is as follows:

Date and time: 13 October 2023 at 13:00 CEST

<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 3,800 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.