

## FIRST QUARTER 2023 RESULTS

# TomTom records robust growth in Location Technology

### TOMTOM'S CHIEF EXECUTIVE OFFICER, HAROLD GODDIJN

"We had a good start to the year, with our Location Technology business continuing to gather momentum in the first quarter.

Our new TomTom Maps Platform, which we announced last year, will enable us to make further inroads in the Enterprise and Automotive markets. The new maps will add significant value for our customers and partners as they will provide global coverage, richer attributes, and fast data integration.

We are on track for a phased launch of our new maps across geographies and markets, adding features to support increasingly sophisticated use cases. In anticipation of the start of the roll-out, we have increased our sales and marketing efforts during the quarter."

### OPERATIONAL SUMMARY

- We deepened our partnership with SAP, integrating our Maps APIs with their cloud-based SAP HANA Spatial Services offering
- Our new [Navigation SDK](#) has been received well, showing traction in Enterprise markets like fleet & logistics, ride-hailing, and food delivery
- We doubled our advanced driver assistance systems (ADAS) installed base to [over 10 million automated vehicles](#), outperforming market growth
- Sale of equity interest in Cyient Ltd. for a total transaction value of €15 million

### FINANCIAL SUMMARY FIRST QUARTER 2023

- Group revenue increased by 10% to €141 million (Q1 '22: €128 million)
- Location Technology revenue increased by 12% to €118 million (Q1 '22: €105 million)
- Automotive operational revenue increased by 22% to €84 million (Q1 '22: €68 million)
- Free cash flow<sup>1</sup> is an inflow of €10 million (Q1 '22: outflow of €23 million)
- Net cash of €321 million (Q4 '22: €304 million)

### KEY FIGURES

(€ in millions)	Q1 '23	Q1 '22	y.o.y. change
Location Technology	118.0	105.2	12%
Automotive	81.1	60.5	34%
Enterprise	36.9	44.7	-17%
Consumer	22.7	23.2	-2%
<b>Revenue</b>	<b>140.7</b>	<b>128.4</b>	<b>10%</b>
<b>Gross result</b>	<b>120.7</b>	<b>109.1</b>	<b>11%</b>
Gross margin	86%	85%	
Operating expenses	118.0	129.0	-8%
<b>Operating result (EBIT)</b>	<b>2.6</b>	<b>-19.8</b>	
Operating margin	2%	-15%	
<b>Net result</b>	<b>3.0</b>	<b>-21.5</b>	
<b>Free cash flow<sup>1</sup> (FCF)</b>	<b>10.5</b>	<b>-23.2</b>	
FCF <sup>1</sup> as a % of revenue	7%	-18%	

<sup>1</sup> 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 (margin); free cash flow; net cash and gross deferred revenue.

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## TOMTOM'S CHIEF FINANCIAL OFFICER, TACO TITULAER

"We recorded year-on-year Location Technology revenue growth in the first quarter. Our Automotive business grew on a reported basis, also when correcting for the change in revenue recognition for new map subscription contracts. With a 22% year-on-year increase, Automotive operational revenue outperformed the growth of car production volumes in our core markets. Our Enterprise business performed in line with our expectations.

Operating expenses showed a year-on-year decline, mainly as a result of the realignment of our Maps organization announced last year. Gains from realized efficiencies in our mapmaking platform were partially offset by continued investments in our application layer and sales and marketing activities.

During the first quarter, a one-off gain from the sale of our equity interest in Cyient Ltd. improved our net cash position.

We remain confident that we can deliver on our guidance, and reiterate it today. Supported by growing revenues, we expect to generate positive free cash flow<sup>1</sup> in the range of 0% to 5% of group revenue this year."

## OUTLOOK 2023

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

The timing of IFRS revenue recognition for new map subscription contracts in our Automotive business changed starting from Q4 2022. This is due to the evolution of our Automotive products, from a mostly onboard offering including updates, to API-based updates and services in combination with an initial onboard map. As a result, reported Automotive revenue is positively impacted. We expect the 2023 full-year impact to be around €40 million.

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

## REVENUE FOR THE PERIOD

Revenue for the first quarter amounted to €141 million, a year-on-year increase of 10% (Q1 '22: €128 million).

## LOCATION TECHNOLOGY

Location Technology revenue was €118 million, a year-on-year 12% increase (Q1 '22: €105 million).

Automotive revenue in the quarter was €81 million, an increase of 34% compared with the same quarter last year (Q1 '22: €61 million). Automotive operational revenue was €84 million in the quarter, a year-on-year increase of 22% (Q1 '22: €68 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)	Q1 '23	Q1 '22	y.o.y. change
Automotive reported revenue	81.1	60.5	34%
Movement of Automotive deferred revenue	2.5	7.9	
<b>Automotive operational revenue</b>	<b>83.6</b>	<b>68.4</b>	<b>22%</b>

Enterprise revenue decreased, in line with our expectations, to €37 million in Q1 '23, 17% lower than the same quarter last year (Q1 '22: €45 million). Some contract renewals reflect decreased usage and therefore lower contract values.

During the quarter, we extended our partnership with SAP, providing our services to SAP's suite of software products worldwide. TomTom Maps APIs are now integrated with SAP HANA Spatial Services, the cloud-based solution that helps companies access, combine and process geotagged data. The collaboration makes it easier for businesses to leverage location technology and reflects the growing need for accurate location technology.

Furthermore, we see our Navigation SDK gaining traction. The easy-to-integrate navigation solution we introduced last year is resonating with customers and prospects in target industries like fleet & logistics, ride-hailing, and food delivery. For instance, PTV Group, whose next-generation truck navigation app is powered by the Navigation SDK, continues to integrate our latest features into their releases. In addition, Prometheus Informatics, a fleet management company, is now utilizing TomTom's Navigation SDK solution to provide its waste management clients with optimal and efficient truck routing.

In Automotive, we achieved the milestone of powering 10 million automated vehicles with maps and software for advanced driver assistance systems (ADAS). TomTom ADAS solutions provide high-quality road information globally, enabling vehicles to better anticipate the road ahead, improving vehicle efficiency, safety, and comfort for drivers. Our strong product offering, combined with increasing take rates due to heightened safety requirements, enabled us to record strong growth. The number of cars relying on TomTom ADAS solutions doubled in a year, outperforming the broader market. TomTom now serves over 30 automotive brands with its ADAS solutions, with over one-third of all new automated vehicles equipped with an ADAS map supported by TomTom.

## **CONSUMER**

Consumer reported revenue of €23 million for the quarter, roughly flat compared with the same quarter last year (Q1 '22: €23 million).

## **RESULT FOR THE PERIOD**

### **GROSS MARGIN**

The gross margin for the quarter was 86% compared with 85% in Q1 '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 profit of €3 million (Q1 '22: loss of €20 million). Total operating expenses in the quarter were €118 million, a decrease of €11 million compared with the same quarter last year (Q1 '22: €129 million). Excluding the impact of depreciation and amortization, the year-on-year decrease in operating expenses was €8 million. The decrease mainly reflects efficiency gains realized in the research and development activities for our geographic data, following the realignment of our Maps organization initiated last year.

The decrease in research and development expenses related to our geographic data is partially offset by a year-on-year increase in sales and marketing expenses and continued investments in our application layer. General and administrative expenses for the quarter include a one-off gain of €2 million, resulting from a partial release of the restructuring provision related to the Maps realignment announced in June 2022.

### **FINANCIAL INCOME, EXPENSES AND INCOME TAX**

Total financial result for the quarter was an income of €1.6 million, mainly resulting from interest income on our fixed-term deposits (Q1 '22: expense of €0.3 million).

The income tax expense for the quarter was €1.3 million compared with an expense of €1.4 million in Q1 '22.

## CASH FLOW, LIQUIDITY, AND WORKING CAPITAL

In Q1 '23, free cash flow was an inflow of €6 million versus an outflow of €23 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 €10 million.

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

(€ in millions)	Q1 '23	Q1 '22
<b>Operating result (EBIT)</b>	<b>2.6</b>	<b>-19.8</b>
Depreciation and amortization	12.5	15.2
Equity-settled stock compensation expenses	2.6	1.8
Other non-cash items	-0.6	0.8
Movements in working capital (excl. deferred revenue)	-11.0	-12.5
Movements in deferred revenue	3.2	-0.9
Interest and tax payments	-1.5	-1.5
Investments in property, plant and equipment, and intangible assets	-1.4	-6.3
<b>Free cash flow</b>	<b>6.4</b>	<b>-23.2</b>
Lease payments	-3.5	-3.6
Cash flow from other investing and financing activities	15.0	1.5
Exchange rate differences on cash and fixed-term deposits	-0.4	0.2
<b>Net cash movement</b>	<b>17.5</b>	<b>-25.2</b>

Free cash flow saw a year-on-year increase of €30 million. Excluding the impact of restructuring charges related to the Maps realignment, the year-on-year increase was €34 million. The increase in free cash flow mainly reflects a higher operating result and lower investments in intangible assets.

Working capital utilization was slightly lower compared with the same quarter last year. The underlying movements in working capital during the quarter included a comparatively higher bonus payout, which was more than offset by higher cash collection from customers. The latter resulted, in part, from a higher opening trade receivable balance in 2023, compared with the opening balance of trade receivables in 2022.

Deferred revenue increased slightly to €442 million from €439 million at the end of 2022. The following table presents the deferred revenue including the effect of netting:

(€ in millions)	31 March 2023	31 December 2022
Automotive	433.8	431.2
Enterprise	17.5	11.6
Consumer	19.0	20.7
<b>Gross deferred revenue</b>	<b>470.3</b>	<b>463.6</b>
Less: Netting adjustment to unbilled revenue	28.5	24.9
<b>Deferred revenue</b>	<b>441.8</b>	<b>438.6</b>

The increase in net deferred revenue primarily results from an increase in Enterprise deferred revenue, related to quarterly fluctuations in timing of invoicing.

Investments in intangible assets in the quarter were lower compared with the same quarter last year. This decrease is related to a one-off investment in source material made in Q1 '22.

Cash flow from other investing and financing activities was favorably impacted by the divestment of our equity interest in Cyient Ltd., resulting in proceeds of €15 million.

In the quarter, no stock options relating to our long-term employee incentive programs were exercised (Q1 '22: 187 thousand).

On 31 March 2023, the Group had no outstanding bank borrowings and reported a net cash position of €321 million (Q4 '22: net cash of €304 million).

## CONSOLIDATED CONDENSED STATEMENT OF INCOME

(€ in thousands)	<b>Q1 '23</b>	<b>Q1 '22</b>
	<b>Unaudited</b>	<b>Unaudited</b>
Revenue	140,718	128,449
Cost of sales	20,025	19,313
<b>Gross profit</b>	<b>120,693</b>	<b>109,136</b>
Research and development expenses - Geographic data	42,180	56,531
Research and development expenses - Application layer	42,461	39,365
Sales and marketing expenses	12,982	10,506
General and administrative expenses <sup>1</sup>	20,423	22,567
<b>Total operating expenses</b>	<b>118,046</b>	<b>128,969</b>
<b>Operating result</b>	<b>2,647</b>	<b>-19,833</b>
Financial result	1,598	-279
<b>Result before tax</b>	<b>4,245</b>	<b>-20,112</b>
Income tax expense	-1,272	-1,378
<b>Net result<sup>2</sup></b>	<b>2,973</b>	<b>-21,490</b>
<b>Earnings per share (in €):</b>		
Basic	0.02	-0.17
Diluted <sup>3</sup>	0.02	-0.17

<sup>1</sup> Includes a €2 million gain due to a release of the restructuring provision in Q1 '23 related to the Maps realignment announced in June 2022.

<sup>2</sup> Fully attributable to the equity holders of the parent.

<sup>3</sup> 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 March 2023 Unaudited	31 December 2022 Audited
Goodwill	192,294	192,294
Other intangible assets	36,534	42,917
Property, plant and equipment	20,502	21,645
Lease assets	31,795	35,815
Other contract-related assets	26,416	23,737
Other investments	0	13,814
Deferred tax assets	1,282	1,158
<b>Total non-current assets</b>	<b>308,823</b>	<b>331,380</b>
Inventories	14,002	14,660
Trade receivables	69,192	65,743
Unbilled receivables	46,177	48,298
Other contract-related assets	6,390	6,890
Prepayments and other receivables	37,309	36,803
Fixed-term deposits	231,753	171,000
Cash and cash equivalents	89,496	132,729
<b>Total current assets</b>	<b>494,319</b>	<b>476,123</b>
<b>Total assets</b>	<b>803,142</b>	<b>807,503</b>
<b>Total equity</b>	<b>206,815</b>	<b>199,606</b>
Lease liabilities	25,248	26,654
Deferred tax liability	1,281	2,404
Provisions	17,962	18,237
Deferred revenue	289,885	263,043
<b>Total non-current liabilities</b>	<b>334,376</b>	<b>310,338</b>
Trade payables	10,981	6,102
Lease liabilities	8,649	11,071
Provisions	7,060	11,020
Deferred revenue	151,917	175,607
Other contract-related liabilities	18,644	18,921
Income taxes	2,986	3,133
Accruals and other liabilities	61,714	71,705
<b>Total current liabilities</b>	<b>261,951</b>	<b>297,559</b>
<b>Total equity and liabilities</b>	<b>803,142</b>	<b>807,503</b>

## CONSOLIDATED CONDENSED STATEMENT OF CASH FLOWS

(€ in thousands)	Q1 '23 Unaudited	Q1 '22 Unaudited
<b>Operating result</b>	<b>2,647</b>	<b>-19,833</b>
Foreign exchange adjustments	38	1,392
Depreciation and amortization	12,508	15,244
Change in provisions	-455	-590
Equity-settled stock compensation expenses	2,608	1,774
Other non-cash movement	-207	0
Changes in working capital:		
Change in inventories	1,124	2,876
Change in receivables and prepayments	-3,904	-10,311
Change in liabilities (excluding provisions) <sup>1</sup>	-5,073	-6,018
<b>Cash flow from operations</b>	<b>9,286</b>	<b>-15,466</b>
Interest received	1,424	5
Interest paid	-315	-365
Corporate income taxes paid	-2,587	-1,107
<b>Cash flow from operating activities</b>	<b>7,808</b>	<b>-16,933</b>
Investments in intangible assets	0	-5,053
Investments in property, plant and equipment	-1,371	-1,258
Proceeds from sale of investments	14,965	0
Change in fixed-term deposits	-60,753	0
<b>Cash flow from investing activities</b>	<b>-47,159</b>	<b>-6,311</b>
Payment of lease liabilities	-3,456	-3,586
Proceeds on issue of ordinary shares	0	1,464
<b>Cash flow from financing activities</b>	<b>-3,456</b>	<b>-2,122</b>
<b>Net decrease in cash and cash equivalents</b>	<b>-42,807</b>	<b>-25,366</b>
Cash and cash equivalents at the beginning of period	132,729	205,820
Exchange rate changes on foreign cash balances	-426	198
<b>Total cash and cash equivalents at the end of the period</b>	<b>89,496</b>	<b>180,652</b>
Cash held in short term fixed deposits	231,753	150,000
<b>Net cash at the end of the period</b>	<b>321,249</b>	<b>330,652</b>

<sup>1</sup> 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-month period ended 31 March 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)	Q1 '23	Q1 '22
Cash flow from operating activities	7,808	-16,933
Investments in intangible assets	0	-5,053
Investments in property, plant and equipment	-1,371	-1,258
<b>Free cash flow</b>	<b>6,437</b>	<b>-23,244</b>
Restructuring-related cash flow <sup>1</sup>	4,043	0
<b>Free cash flow excl. restructuring<sup>1</sup></b>	<b>10,480</b>	<b>-23,244</b>

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

**Gross deferred revenue** is deferred revenue<sup>2</sup> before the netting of unbilled receivables

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

<sup>2</sup> 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.

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## AUDIO WEBCAST FIRST QUARTER 2023 RESULTS

The information for our audio webcast is as follows:

Date and time: 14 April 2023 at 14:00 CET

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

TomTom is listed at NYSE Euronext Amsterdam in the Netherlands

ISIN: NL0013332471 / Symbol: TOM2

## 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](http://www.tomtom.com).

## FORWARD-LOOKING STATEMENTS / IMPORTANT NOTICE

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

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

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