

THIRD QUARTER 2022 RESULTS**TomTom reports revenue growth driven by Location Technology****TOMTOM'S CHIEF EXECUTIVE OFFICER, HAROLD GODDIJN**

"We recorded better-than-expected revenue in the third quarter, driven by our Location Technology business. In addition both Automotive and Enterprise secured key commercial awards. An important milestone is our new partnership with Hyundai Motor Group, which sees all cars in Europe come equipped with our maps and traffic.

We are satisfied with the operational and strategic progress we have made so far this year. During the quarter we finalized the realignment of our Maps organization. Our focus on transforming the mapmaking process to a highly automated platform, paves the way toward a new era in mapmaking. We look forward to providing an update about what this means for our Enterprise and Automotive businesses at our Capital Markets Day on the 2nd of November."

OPERATIONAL SUMMARY

- Our maps and traffic will power the navigation and advanced driver assistance systems of all vehicles of all [Hyundai Motor Group](#) brands in Europe, establishing a 100% take rate
- We matured our Maps APIs portfolio enabling developers to support logistics operations optimizations in our Enterprise markets
- TomTom and PTV Group teamed up to provide the German transport authorities with data and tools to improve the safety on German roads

FINANCIAL SUMMARY THIRD QUARTER 2022

- Group revenue increased by 7% to €136 million (Q3 '21: €127 million)
- Location Technology revenue increased by 14% to €108 million (Q3 '21: €95 million)
- Automotive operational revenue increased by 29% to €75 million (Q3 '21: €58 million)
- Free cash flow excluding restructuring is an inflow of €8 million (Q3 '21: outflow of €14 million)
- Net cash of €330 million (Q2 '22: €329 million)

KEY FIGURES

(€ in millions)	Q3 '22	Q3 '21	Y.o.y. change	YTD '22	YTD '21	Y.o.y. change
Location Technology	108.3	95.4	14 %	318.9	303.4	5 %
Consumer	28.0	32.1	-13 %	78.5	88.4	-11 %
Revenue	136.3	127.5	7%	397.3	391.8	1%
Gross result	109.9	103.6	6%	328.8	312.9	5%
Gross margin	81%	81%		83%	80%	
Operating expenses	127.7	126.2	1 %	421.9	370.7	14 %
Operating result (EBIT)	-17.8	-22.5		-93.1	-57.8	
Operating margin	-13%	-18%		-23%	-15%	
Net result	-17.5	-20.8		-94.0	-55.9	
Free cash flow¹ (FCF)	8.5	-13.5		-14.6	-33.2	
FCF ¹ as a % of revenue	6%	-11%		-4%	-8%	

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; gross margin; EBIT (margin); free cash flow; net cash and gross deferred revenue.

FINANCIAL AND BUSINESS REVIEW

TOMTOM'S CHIEF FINANCIAL OFFICER, TACO TITULAER

"We are very pleased with the performance this quarter, especially with the development of our Automotive revenue. Strong revenues translated into a better-than-expected free cash flow.

For full year 2022, we expect our revenue, both on group level as well as for Location Technology, to outperform our initial guidance.¹ Free cash flow excluding restructuring is expected to be around -2% of group revenue, an improvement compared with the guidance provided at the beginning of the year.

Macroeconomic uncertainties and inflationary pressures have an impact on global car production as well as our cost levels. For 2023, we reiterate our revenue guidance, but lower the free cash flow guidance to break-even.²"

OUTLOOK 2022 AND 2023

(€ in millions, unless stated otherwise)	Actual 2021	Updated Outlook 2022	Updated Outlook 2023
Group revenue	507	505 - 520	500 - 550
Of which Location Technology	394	410 - 425	425 - 475
FCF as % of group revenue	5%	-2%	0%

Free cash flow (FCF) guidance excludes restructuring charges related to the Maps realignment, which was announced in June 2022. Throughout 2022 and 2023, we will report FCF excluding these restructuring charges.

¹ Our initial outlook for 2022 was Group revenue between €470 million and €510 million, Location Technology revenue between €380 million and €420 million and FCF as % of Group revenue of around -5%.

² Our initial outlook for 2023 was Group revenue between €500 million and €550 million, Location Technology revenue between €425 million and €475 million and FCF as % of Group revenue of at least 5%.

REVENUE

Revenue for the third quarter amounted to €136 million, an increase of 7% year on year (Q3 '21: €127 million).

Location Technology

(€ in millions)	Q3 '22	Q3 '21	y.o.y. change	YTD '22	YTD '21	y.o.y. change
Automotive	62.4	52.4	19 %	182.9	176.0	4 %
Enterprise	45.9	43.0	7 %	136.0	127.4	7 %
Revenue	108.3	95.4	14%	318.9	303.4	5%

Automotive operational revenue is calculated as follows:

(€ in millions)	Q3 '22	Q3 '21	y.o.y. change	YTD '22	YTD '21	y.o.y. change
Automotive revenue	62.4	52.4	19 %	182.9	176.0	4 %
Movement of Automotive deferred revenue	12.9	5.8		31.3	19.7	
Automotive operational revenue	75.3	58.2	29%	214.2	195.7	9%

Location Technology revenue was €108 million, an increase of 14% year on year (Q3 '21: €95 million).

Automotive generated revenue of €62 million in the quarter, an increase of 19% compared with the same quarter last year (Q3 '21: €52 million). Automotive operational revenue was €75 million in the quarter, a year-on-year increase of 29% (Q3 '21: €58 million). The significant year-on-year growth in Automotive operational revenue resulted from increased car production volumes in our core markets and the ramp-up of some new contracts.

Enterprise revenue increased to €46 million in Q3 '22, 7% higher than the same quarter last year (Q3 '21: €43 million), mainly benefiting from a stronger US dollar.

We deepened our partnership with Hyundai Motor Group in the quarter, securing an important award to support its entire vehicle lineup in Europe with maps and real-time traffic. Over the coming years, millions of vehicles will come equipped with this technology as standard, establishing a 100% take-rate. Our maps will enable advanced driver assistance systems (ADAS) to better anticipate the road ahead. In addition, we provide highly accurate, verified map content for all speed limit types across Europe, helping with intelligent speed assistance (ISA) regulation compliance.

In Enterprise we matured our Maps APIs portfolio, making it more complete for developers in our key markets. Next to continuous performance and functionality improvements, three APIs were launched. Built with fleet and logistics, ride-hailing, and food delivery markets in mind they enable the optimization of logistics operations. The new APIs support use cases such as complex dispatch for commercial fleets, dynamic multi-stop routing, and post-drive analysis through route reconstruction.

Together with PTV Group we are providing German transport authorities with the data and tools needed to improve road safety on German roads. Our real-time travel times, based on the measurement of the movement of millions of vehicles, enable authorities to intervene operationally with appropriate traffic control measures.

Consumer

(€ in millions)	Q3 '22	Q3 '21	y.o.y. change	YTD '22	YTD '21	y.o.y. change
Consumer products	26.2	30.6	-14 %	73.9	81.7	-10 %
Automotive hardware	1.8	1.5	20 %	4.6	6.6	-31 %
Consumer revenue	28.0	32.1	-13%	78.5	88.4	-11%

Consumer reported revenue of €28 million for the quarter, a decrease of 13% compared with the same quarter last year (Q3 '21: €32 million).

GROSS MARGIN

The gross margin for the quarter was 81% equal to Q3 '21 (81%). Both for this quarter as well as for the same quarter last year, gross margin did not include exceptional items.

OPERATING RESULT

Operating result (EBIT) in the quarter was a loss of €18 million (Q3 '21: loss of €23 million). Total operating expenses in the quarter were €128 million, an increase of €2 million compared with the same quarter last year (Q3 '21: €126 million). Operating expenses in Q3 '22 include a €5 million gain from a partial release of the restructuring provision as some of the impacted employees have been successfully redeployed. Excluding the impact of the restructuring charges and D&A, operating expenses increased by 9% mainly from increases in our R&D Application layer and our sales and marketing activities.

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

(€ in millions)	Q3 '22	Q3 '21	y.o.y. change	YTD '22	YTD '21	y.o.y. change
R&D - Geographic data	42.7	45.3	-6 %	136.4	130.7	4 %
R&D - Application layer	45.1	35.5	27 %	126.5	101.4	25 %
Sales and marketing	13.6	11.0	23 %	36.1	32.5	11 %
General and administrative	17.8	17.2	3 %	54.1	48.7	11 %
Total excluding D&A and restructuring	119.2	109.0	9%	353.1	313.2	13%
Depreciation and amortization	13.7	17.2	-20 %	43.3	57.5	-25 %
Restructuring	-5.2	—		25.5	—	
Operating expenses	127.7	126.2	1%	421.9	370.7	14%

FINANCIAL INCOME / EXPENSES AND INCOME TAX

Total financial result, for the quarter was an income of €1.8 million (Q3 '21: income of €2.2 million), which consisted primarily of foreign exchange gains from the revaluation of monetary balance sheet items.

The income tax expense for the quarter was €1.5 million compared with an expense of €0.5 million in Q3 '21.

BALANCE SHEET

Other intangible assets decreased to €50 million from €70 million at the end of 2021 mainly due to amortization of our map database. Cash balances, including fixed-term deposits were €330 million at the end of the quarter (Q4 '21: €356 million) reflecting cash consumed during the year.

At the end of the quarter, inventory was €14 million, a €6 million decrease from the end of last year. Trade receivables were €76 million at the end of Q3 '22 compared with €56 million at the end of 2021 resulting from higher operational revenue this quarter versus Q4 '21.

Current liabilities, excluding deferred revenue, were €138 million, compared with €110 million at the end of 2021. The increase is mainly related to restructuring-related accruals and provisions as well as other personnel-related accruals.

DEFERRED REVENUE

Deferred revenue increased to €445 million from €441 million at the end of 2021 due to increased deferrals in Automotive, partly offset by the release of deferred revenue in Enterprise and Consumer.

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

(€ in millions)	30 September 2022	31 December 2021
Automotive	426.2	395.0
Enterprise	14.9	41.5
Consumer	22.7	25.5
Gross deferred revenue	463.8	461.9
Less: Netting adjustment to unbilled revenue	19.2	21.2
Deferred revenue	444.6	440.7

CASH FLOW

In Q3 '22, free cash flow (FCF) excluding restructuring was an inflow of €8 million versus an outflow of €14 million in the same quarter last year. The improved FCF is mainly the result of higher operational revenue.

The cash flow from financing activities for the quarter was an outflow of €3 million and relates to the payment of lease liabilities offset by proceeds from issuance of shares. In the quarter 120 thousand options relating to our long-term employee incentive programs were exercised (Q3 '21: nil).

At the end of Q3 '22, the Group had no outstanding bank borrowings and reported a net cash position of €330 million (Q4 '21: net cash of €356 million).

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

(€ in millions)	Q3 '22	Q3 '21	YTD '22	YTD '21
Cash flow from operating activities	3.9	-10.9	-11.9	-24.7
Investments in intangible assets	-0.1	—	-5.2	—
Investments in property, plant and equipment	-1.1	-2.6	-3.4	-8.5
Free cash flow	2.6	-13.5	-20.5	-33.2
Restructuring-related cash flow	5.8	—	5.8	—
Free cash flow excluding restructuring	8.5	-13.5	-14.6	-33.2

- END -

CONSOLIDATED CONDENSED STATEMENT OF INCOME

	Q3 '22	Q3 '21	YTD '22	YTD '21
(€ in thousands)	Unaudited	Unaudited	Unaudited	Unaudited
Revenue	136,303	127,469	397,330	391,762
Cost of sales	26,381	23,842	68,519	78,890
Gross profit	109,922	103,627	328,811	312,872
Research and development expenses - Geographic data	50,548	55,822	162,024	164,350
Research and development expenses - Application layer	45,768	37,040	128,791	107,710
Sales and marketing expenses	13,568	10,994	36,151	32,536
General and administrative expenses ¹	17,823	22,315	94,929	66,120
Total operating expenses	127,707	126,171	421,895	370,716
Operating result	-17,785	-22,544	-93,084	-57,844
Financial result	1,826	2,213	3,707	4,850
Result before tax	-15,959	-20,331	-89,377	-52,994
Income tax expense	-1,525	-452	-4,573	-2,884
Net result²	-17,484	-20,783	-93,950	-55,878
Earnings per share (in €):				
Basic	-0.14	-0.16	-0.74	-0.44
Diluted ³	-0.14	-0.16	-0.74	-0.44

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 2022	31 December 2021
	Unaudited	Audited
Goodwill	192,294	192,294
Other intangible assets	50,147	70,478
Property, plant and equipment	23,584	26,241
Lease assets	25,737	31,488
Other contract-related assets	23,097	18,769
Other investments	14,934	17,982
Deferred tax assets	3,219	4,115
Total non-current assets	333,012	361,367
Inventories	13,653	19,585
Trade receivables	75,813	56,179
Unbilled receivables	57,572	67,311
Other contract-related assets	5,232	5,049
Other receivables and prepayments	20,814	25,429
Fixed-term deposits	216,000	150,000
Cash and cash equivalents	113,808	205,820
Total current assets	502,892	529,373
Total assets	835,904	890,740
Total equity	208,491	282,723
Lease liabilities	15,579	20,004
Deferred tax liability	2,665	3,934
Provisions	26,706	33,484
Deferred revenue	272,679	259,628
Total non-current liabilities	317,629	317,050
Trade payables	11,820	14,022
Lease liabilities	11,824	13,335
Provisions	10,937	6,537
Deferred revenue	171,930	181,099
Other contract-related liabilities	22,169	19,782
Income taxes	2,180	1,273
Accruals and other liabilities	78,924	54,919
Total current liabilities	309,784	290,967
Total equity and liabilities	835,904	890,740

CONSOLIDATED CONDENSED STATEMENT OF CASH FLOWS

(€ in thousands)	Q3 '22 Unaudited	Q3 '21 Unaudited	YTD '22 Unaudited	YTD '21 Unaudited
Operating result	-17,785	-22,544	-93,084	-57,844
Financial gains	4,340	2,753	10,306	4,867
Depreciation and amortization	13,720	17,210	43,333	57,486
Change in provisions	-26,674	-2,166	2,481	-5,684
Equity-settled stock compensation expenses	3,113	955	7,600	4,008
Other non-cash movement	—	2	-42	-152
Changes in working capital:				
Change in inventories	-306	4,969	5,203	9,205
Change in receivables and prepayments	-924	-61,340	-11,083	-52,095
Change in liabilities (excluding provisions) ¹	30,005	50,777	27,095	20,401
Cash flow from operations	5,489	-9,384	-8,191	-19,808
Interest received	9	14	78	320
Interest paid	-247	-418	-919	-1,324
Corporate income taxes paid	-1,376	-1,109	-2,828	-3,923
Cash flow from operating activities	3,875	-10,897	-11,860	-24,735
Investments in intangible assets	-116	—	-5,193	—
Investments in property, plant and equipment	-1,141	-2,612	-3,397	-8,461
Dividends received	—	228	224	228
Change in fixed-term deposits	-80,000	—	-66,000	82,930
Cash flow from investing activities	-81,257	-2,384	-74,366	74,697
Payment of lease liabilities	-3,635	-3,741	-10,820	-11,107
Proceeds on issue of ordinary shares	937	—	4,051	4,468
Purchase of treasury shares	—	—	—	-33,431
Cash flow from financing activities	-2,698	-3,741	-6,769	-40,070
Net increase/(decrease) in cash and cash equivalents	-80,080	-17,022	-92,995	9,892
Cash and cash equivalents at the beginning of period	193,364	258,908	205,820	231,520
Exchange rate changes on foreign cash balances	524	301	983	775
Total cash and cash equivalents at the end of the period	113,808	242,187	113,808	242,187
Cash held in short term fixed deposits	216,000	60,000	216,000	60,000
Net cash at the end of the period	329,808	302,187	329,808	302,187

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 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 2021.

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

EBIT margin is calculated as operating result divided by IFRS 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

¹ 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

TomTom Investor Relations

Email: ir@tomtom.com

+31 20 757 5194

AUDIO WEBCAST THIRD QUARTER 2022 RESULTS

The information for our audio webcast is as follows:

Date and time: 14 October 2022 at 13:00 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

At TomTom we're mapmakers, providing geolocation technology for drivers, carmakers, enterprises and developers.

Our highly accurate maps, navigation software, real-time traffic information and APIs enable smart mobility on a global scale, making the roads safer, the drive easier and the air cleaner.

Headquartered in Amsterdam with offices in 30 countries, TomTom's technologies are trusted by hundreds of millions of drivers, businesses and governments worldwide.

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.