TOMTOM

ANNUAL REPORT 2016

FORWARD-LOOKING STATEMENTS

In this Annual Report the names 'TomTom' and 'the company' and 'the group' are sometimes used for convenience in contexts where reference is made to TomTom NV and/or any of its subsidiaries in general or where no useful purpose is served by identifying the particular company.

FORWARD-LOOKING STATEMENTS

This document contains certain forward-looking statements with respect to the financial condition, results of operations and business of TomTom and certain of the plans and objectives of TomTom with respect to these items. In particular the words 'expect', 'anticipate', 'estimate', 'may', 'should', 'believe', 'outlook', 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. For a discussion of factors that could cause future results to differ from such forward-looking statements see also section Risk management and control of this Annual Report.

THIRD-PARTY MARKET SHARE DATA

Statements regarding market share, including the company's competitive position, contained in this Annual Report are based on outside sources such as specialised research institutes, industry and dealer panels in combination with management estimates.

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MESSAGE FROM THE CEO

Dear stakeholder,

2016 marked our 25th year in business. We started by developing meter-reading software for handheld computers, we developed apps for mobile devices before 'apps' was even a word, and then became famous for our invention of the portable navigation device for consumers. We soon diversified into other products, such as integrated in-vehicle navigation systems, traffic and operational fleet management. We worked hard to make our software more modular and changed our automotive strategy to move away from designing and manufacturing infotainment hardware and to integrating our maps, traffic and navigation into third-party hardware. With our expertise in maps, traffic, and navigation, we are well-positioned for the exciting emergence of self-driving cars.

At its heart, TomTom is a software technology company. In the beginning, our software ran predominantly on specific devices and we still develop device software but, these days, most of our software runs on servers in the cloud, often at scale. When our world-leading traffic service started to use location traces (probes) from vehicles, we got into 'big data' before the term became popular. We receive data probes from half a billion sources every day and with this, TomTom will help cities to become Smart Cities. We now offer current and historical traffic information in 54 countries around the world. We introduced TomTom City, an open access traffic web portal which is available in over 100 cities. By providing traffic conditions across the road network, we help make a driver's journey faster and more predictable and our technology can enable road authorities to get more throughput from their road networks.

TomTom is well placed to provide the kind of map that Autonomous Driving needs. Our HD maps with our innovative RoadDNA positioning technology now covers over 200,000 kilometres across the major highways of the US, France and Germany. We are working with many automotive OEMs to integrate our HD maps into the self-driving systems they are developing. And in early 2017, we acquired Autonomos GmbH, a Berlin-based start-up that will give us greater insights and competencies into the Autonomous Driving software stack.

> AUTONOMOUS DRIVING CONTINUES TO GAIN MOMENTUM AND WE HAVE NO DOUBT THAT *major opportunities will arise for TomTom in this space*

Ultimately, it is our people that underpin our growth ambition. With more than 3,100 people in our R&D units, we invest heavily in our products. We continue to evolve our organisational structure to enable our R&D to deliver more for our customers from the available funds and we work hard at continuously improving the way we develop our software, which is a challenge for any company to do at scale.

We are partnering with technology companies to position TomTom as a leading technology supplier for the future of driving. In 2016, we partnered with NVIDIA to develop artificial intelligence to create a cloud-to-car mapping system for self-driving cars.

This is an important step for TomTom and will enable us to propose new features to automakers faster, and therefore to make Autonomous Driving a commercial reality sooner. We also announced an agreement with Microsoft to be the supplier of location-based services for the Azure platform. Our location-based services continue to be sought after by leading technology companies and we extended our relationships with MapQuest, SAP and Pitney-Bowes.

Our Automotive strategy and products continue to be well received by automotive OEMs, resulting in order intake for 2016 of over €300 million. We made good progress in delivering a complete set of connected navigation components to our existing customers as well as securing new deals and partnerships. We announced deals with Volvo Cars, FCA, PSA Groupe, Volkswagen Group, Subaru and ŠKODA.

We have built the largest and fastest growing European fleet management business. Telematics business reached a subscriber base of more than 696,000 subscriptions in 2016, a 15% increase compared with 2015. The extensive vehicle-related data that Telematics technology can deliver is also opening up new opportunities for aftermarket Connected Car services.

Our Consumer business is transitioning from a declining PND market to a growing Sports business, with the strategy of establishing a growing multi-product consumer electronics business. Sports experienced another year of double-digit growth, which executes on our strategy to diversify our Consumer business. To confirm our commitment to the Sports business, we introduced the TomTom Sports brand and an advertising campaign to encourage people to 'Get Going' in 2016. We launched a new range of GPS sports watches, and also announced the new innovative TomTom Touch, a fitness tracker that measures body fat percentage.

The PND market declined faster than expected in 2016, and whilst we succeeded in taking market share, we made the decision to realign the Consumer business accordingly. We will however keep on extracting value from the PND category. In the last five years, we have worked very hard to gain independence from the PND business and we have developed a growing, more predictable and recurring revenue stream, which puts us at the heart of where the action is, location and mobility services. As the opportunities in location-based services grow, we have aligned our business to better capture these opportunities.

> **LOCATION-BASED APPLICATIONS REMAIN A SIGNIFICANT GROWTH OPPORTUNITY GLOBALLY** *across many industries and we will look for opportunities to innovate and play a leading role*

We will invest in content and software across these areas as well as in our advanced mapmaking platform. These areas represent growth opportunities for TomTom and we believe will be the drivers of growth across the businesses in the medium to long-term. We saw a strong revenue growth in our Automotive, Licensing and Telematics businesses in 2016, and we expect their combined revenue to grow at a CAGR of around 15% between 2016 and 2020.

I would like to thank all of our stakeholders: our shareholders for their continued support and confidence in TomTom on our journey in this dynamic and fast moving industry; our customers for their loyalty and valuable feedback that drives us to constantly innovate; and finally our employees for their dedication, energy and hard work.

Harold Goddijn
Chief Executive Officer
TomTom NV

OVERVIEW

ABOUT TOMTOM

TomTom has transformed the lives of drivers with the introduction of portable navigation devices for consumers, enabling drivers to navigate easier and safer. TomTom's enduring purpose is to transform mobility through its products, including location technologies, Connected Car services and consumer products.

FOUNDATION

Founded in 1991, TomTom has grown from a Dutch-based start-up company into a leading European technology company. The original founders are still with the company and together with over 4,700 employees are committed to improving people's lives by transforming mobility.

TomTom began with software development for mobile applications and personal digital assistants (PDAs) in 1991. TomTom soon became the early market leader in navigation applications for PDAs, such as RoutePlanner and Citymaps. In 2002, TomTom launched the Navigator application, for the first time, providing customers across Europe with affordable and easy-to-use turn-by-turn satellite navigation.

A year after the successful launch of TomTom Navigator, it was clear there was a strong demand for an all-in-one, easy-to-use, portable navigation product. The result was not just a new product, but also an entirely new category in consumer electronics: the Portable Navigation Device (PND).

The PND became one of the fastest selling consumer electronics technology in history, becoming the trusted travel companion for millions of drivers. Demand grew rapidly across Europe and North America and in the 12 years since its launch, over 81 million TomTom PNDs have been sold in 41 countries.

TOMTOM WAS FOUNDED ON THE IDEA OF MAKING
innovative technology available to everyone

DIVERSIFICATION

In the years that followed, we continued to innovate and diversified our product portfolio, to serve both consumers and businesses.

TOMTOM'S PRODUCTS INCLUDE *maps, traffic, navigation software, fleet management services, sports watches and PNDs*

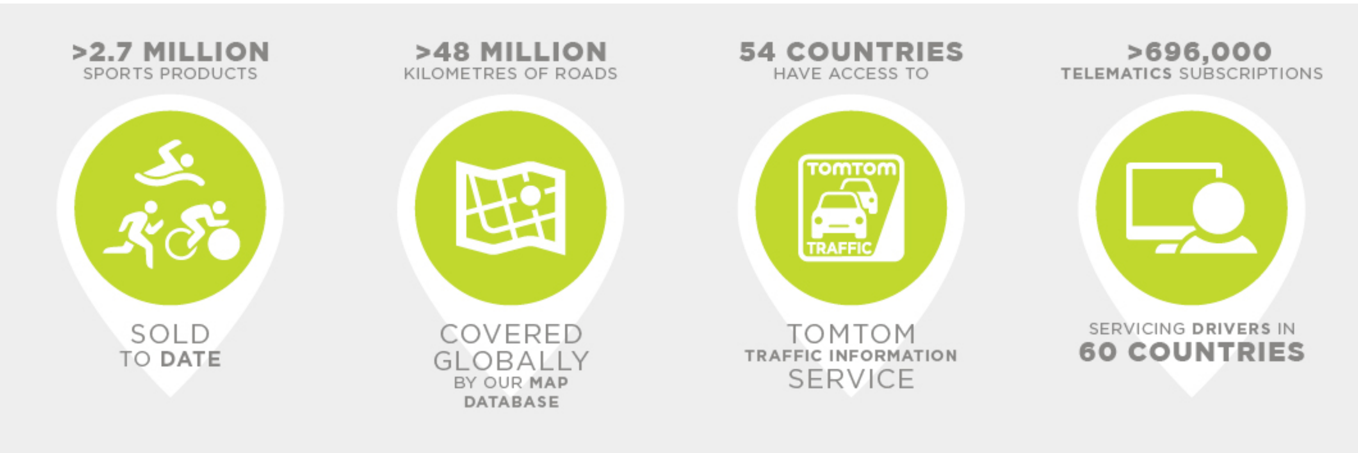
In 2013, we entered a new consumer product category when we introduced our first TomTom GPS sports watches. We pioneered optical heart-rate measurement in the watch, eliminating the need for chest straps and we added a music player, removing the need to carry a smartphone for music.

We acquired a number of new businesses including: Datafactory, which has become TomTom Telematics; Applied Generics, which provided the initial technology for TomTom Traffic; the automotive engineering team from the Siemens R&D division, which provided the resources for our diversification into Automotive; Tele Atlas, one of the global digital mapmaking companies in the world, which is now part of the foundation of our location technologies; and Autonomos GmbH, strengthening TomTom's position in Autonomous Driving.

Our Telematics business is now the largest and fastest growing telematics provider in Europe, with an installed base of more than 696,000 vehicles at the end of 2016.

We are revolutionising the way maps are updated and delivered, with our new transactional mapmaking platform, which over time will enable near real-time maps. With the deployment of this technological innovation, we are positioned to address the need for accurate and up-to-date maps. TomTom has invented RoadDNA as an HD map component to enable decimetre-level positioning of vehicles on the road.

Because of the strength of our technologies, we have been able to form strategic collaborations with Automotive customers for Advanced Driver Assistance Systems (ADAS) and Autonomous Driving in recent years. Our leading traffic information and navigation software is transforming mobility for millions of people around the world every day.



PRIVACY AND DATA GOVERNANCE

> **WE BELIEVE PRIVACY IS ABOUT FREEDOM AND BEING ABLE TO DECIDE FOR ONESELF** *how one's data is used and by whom; this is why we have established our Privacy Principles*

TomTom is a highly data intensive company. To create and maintain our various products and services, we process billions of data points every day and, for example, we use petabytes of road side imagery every day. We do this on a global scale. A significant part of the information is contributed by our users or in other ways relates to individuals. It is paramount to the continuity of us being able to use our users' data that we retain their trust.

We operate according to the privacy laws applicable in the various countries we are active. Because we are rooted in Europe, European privacy laws also apply. These laws are considered to be some of the most extensive in the world. They offer a high level of protection to our users by only allowing us to use their data when the strict conditions of these laws are met. Our company policy on privacy and processing of personal data reflects these laws and we apply this policy globally. To make it easier for our users to understand this policy, we have translated them into ten promises we make. These can be found on our website: **tomtom.com/privacy**.

To be able to live up to our promises, we employ what is generally known as 'privacy by design'. Effectively this means that when designing and engineering our products and services, privacy and properly dealing with data from or about our users is a topic we consider right from the start and throughout our engineering and operations.

TOMTOM PRIVACY PRINCIPLES

1.
WE WILL ALWAYS KEEP YOU FULLY **INFORMED ABOUT YOUR DATA**

WE MAKE SURE YOU UNDERSTAND WHICH DATA FROM (OR ABOUT) YOU WE USE, WHY WE USE IT, HOW LONG WE USE IT AND WHO CAN USE IT.

2.
WE ENABLE YOU TO **REMAIN IN CONTROL OF YOUR DATA**

WE CONSIDER THE DATA FROM OR ABOUT YOU TO BE YOURS. WE ONLY USE IT FOR THE PURPOSES FOR WHICH YOU HAVE GIVEN IT TO US, OR FOR WHICH WE COLLECTED IT FROM YOU. AT ANY TIME YOU CAN OPT-OUT OR OPT-IN USING OUR SOFTWARE AND WEBSITE.

3.
WE **PROTECT** YOUR **DATA**

YOUR DATA IS YOURS. WE KEEP IT THAT WAY BY PROTECTING IT AS BEST AS WE REASONABLY CAN TO PREVENT IT FROM FALLING INTO THE WRONG HANDS.

TOMTOM'S ACTIVITIES AT A GLANCE

Our activities are organised around three businesses: Automotive & Licensing, Telematics and Consumer.

AUTOMOTIVE & LICENSING

Automotive & Licensing business licenses maps, online services such as traffic and navigation software, to customers as components to use in their applications. These location-based application components are licensed through our Automotive business unit to automotive customers (mainly OEMs and Tier1 head unit vendors) for in-vehicle navigation, ADAS and Autonomous Driving. Through our Licensing business unit we provide these components to other than automotive customers such as technology companies, geographical information systems (GIS) providers, governmental bodies and traffic management institutions. Many customers, particularly automotive customers, use our system integration service to help them integrate our components into their navigation application systems.

TELEMATICS

Telematics business provides a range of telematics services for businesses with a fleet of connected vehicles, including fleet management and other Connected Car services. Telematics also offers under-the-bonnet telematics devices and over-the-dash driver terminals.

CONSUMER

Consumer business develops and markets smart consumer electronics devices in the Drive and Sports categories. Drive products consist mainly of consumer portable navigation devices but also includes driver terminals for businesses. Sports products consist mainly of wrist-based wearables for sports and fitness activities.

AUTOMOTIVE & LICENSING

PRINCIPAL BUSINESS

LOCATION TECHNOLOGIES FOR **CUSTOMERS** TO **INTEGRATE** INTO THEIR **APPLICATIONS**

KEY PRODUCTS

MAPS AND LIVE MAP FEEDS INCLUDING **TRAFFIC**, APIs FOR **SEARCH** AND **ROUTING**, DEVICE SOFTWARE AND SUPPORTING PRODUCTS

KEY CUSTOMERS

THROUGH OUR **AUTOMOTIVE** BUSINESS UNIT TO AUTOMOTIVE CUSTOMERS (MAINLY **OEMs**) AND THROUGH OUR **LICENSING** BUSINESS UNIT TO **OTHER THAN AUTOMOTIVE CUSTOMERS** SUCH AS APPLE, UBER AND **PUBLIC AUTHORITIES**

TELEMATICS

PRINCIPAL BUSINESS

FLEET MANAGEMENT SERVICES AND OTHER **CONNECTED CAR** SERVICES

KEY PRODUCTS

TELEMATICS SERVICE PLATFORM, **WEBFLEET**, DEVELOPER **INTERFACES**, TELEMATICS **DEVICES** AND DRIVER **TERMINALS**

KEY CUSTOMERS

VEHICLE **FLEET OWNERS** AND OTHER BUSINESSES NEEDING TO MANAGE VEHICLES SUCH AS CAR **DEALERS**, CAR **INSURANCE**, AND VEHICLE **LEASING** COMPANIES

CONSUMER

PRINCIPAL BUSINESS

CONSUMER **SPORTS** AND **NAVIGATION** DEVICES AND SERVICES

KEY PRODUCTS

SPORTS WATCHES AND ACTIVITY TRACKERS, **PNDs**, MOBILE **APPS**, ACTION CAMERAS

KEY CUSTOMERS

CONSUMERS

ALSO **PROGRAMMABLE DRIVER TERMINALS** FOR BUSINESSES

OUR PEOPLE & CULTURE

WE ARE PAVING THE WAY FOR AN ENTREPRENEURIAL, AUTONOMOUS & LEARNING CULTURE;

TomTom has over 4,700 global 'Intrapreneurs', all driving us into the future and leading the way for TomTom to be a success

People first, entrepreneurial, accessible, not standing still, trust and democratisation. These key values are the 'red thread' that binds the TomTom culture. These values are at the core of TomTom. Being able to think for yourself, taking risks and ownership and showing accountability are traits that can be found in almost every employee, at every level in the organisation. At TomTom, everyone acts as a business owner. Everyone is accountable.

After 25 years in business, the start-up mentality has never left the building. It is in our DNA. This environment allows for creative thinking, quick solutions and does not let organisational layers impede the process to just get things done. We aim to remain as flat as possible so that employees are able to work faster, smarter and with few constraints.

Our founder-spirit rubs off on each and every employee. The founders are still very involved in the company. TomTom is more than just an employer. TomTom invests in the growth of employees. It is a company where people can grow and learn faster than they can at other companies. And, given the influx of a new generation of young talent, learning and development is valued as one of the top three drivers and motivators of this generation.

Our employees are motivated, skilled and are ready to push the boundaries of what is achievable every day. At TomTom, they are encouraged to do just that.

RESEARCH & DEVELOPMENT

TomTom invests a high proportion of its revenue in R&D, which covers all product development, including our map releases, our mapmaking information systems, product-related online services, device software, and hardware development projects.

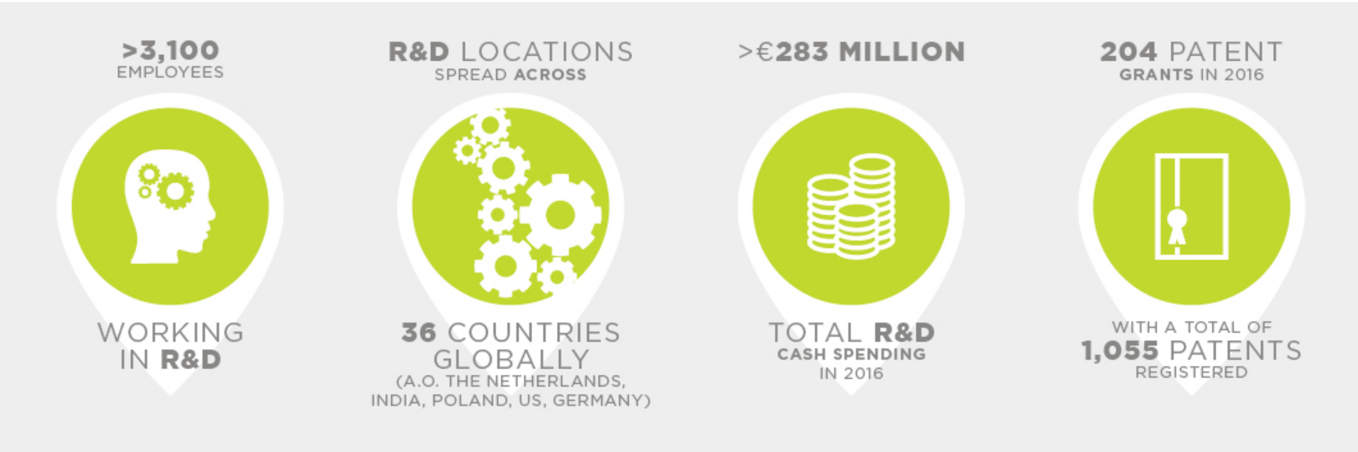
In 2016, our R&D cash spending totalled to €283 million, an increase of 6% compared with 2015. We have over 3,100 people working in R&D across 36 countries.

In our Automotive & Licensing business, the R&D investments include the following:

- Transitioning our mapmaking and navigation software to the NDS industry standard navigation map format, which has been extended for ADAS applications and for Autonomous Driving;
- Building an HD map for Autonomous Driving applications;
- Ongoing development of our mapmaking information systems;
- A new online service for predicting on-street parking availability, based on analysing location traces;
- Machine learning in Autonomous Driving.

In our Telematics business, the R&D investment include transitioning our WEBFLEET back-end into a telematics service platform that can support a wider set of Connected Car services and modernising the WEBFLEET user interface framework.

In our Consumer business, the majority of R&D investments will be in our Sports category in 2017. We are also investing in our Bridge driver terminal range.



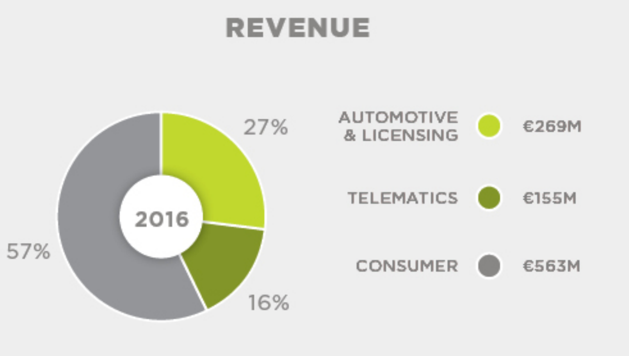
KEY FINANCIALS FOR 2016

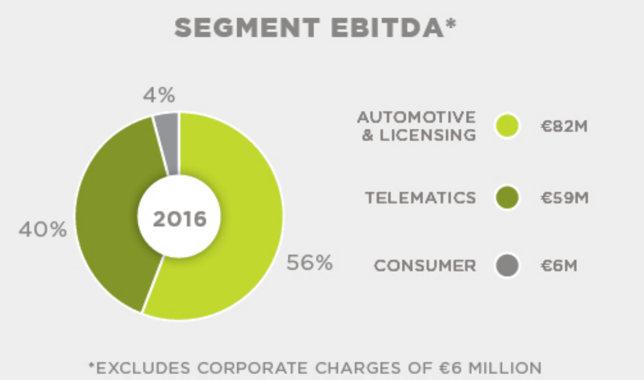
	REVENUE	GROSS MARGIN	AEPS FULLY DILUTED	NET CASH
2016	**€987 MILLION**	**57%**	**€0.23**	**€133 MILLION**
2015	€1,007 MILLION	52%	€0.21	€98 MILLION

WE REPORTED REVENUE OF €987 MILLION IN 2016 AND GROSS RESULT OF €566 MILLION; *we are reducing our dependency on hardware products by growing high gross margin, recurring data, software & services business*

In 2016, we delivered revenue of €987 million, a 2% decline compared with €1,007 million in 2015. Automotive, Telematics and Consumer Sports businesses grew strongly, partially offsetting the reduction in Consumer Drive revenue; Consumer Drive remained the biggest revenue contributor for the group. Licensing showed a modest decline year on year. The proportion of hardware revenue was 51% (2015: 55%) of total revenue in 2016 and revenue from data, software & services accounted for 49% of total revenue (2015: 45%). From a regional perspective, 78% of our 2016 revenue was generated in Europe (2015: 77%), 17% in North America (2015: 18%) and the remaining 5% in the rest of the world (2015: 5%).

This year, our gross result increased with 9% to €566 million (2015: €519 million), mainly due to a change in our product mix. Gross margin was 57% compared with 52% in 2015. EBITDA reached €141 million, an increase of 14% compared with 2015 (2015: €124 million). EBIT amounted to €9 million in 2016, (2015: €1 million) reflecting the higher gross result partially offset by an increase in operating expenses. The net result for 2016 was €12 million (2015: €18 million), translating to adjusted earnings per share of €0.23 (2015: €0.21). At the end of 2016, the net cash position was €133 million (2015: €98 million).





For an explanation of the Non-GAAP measures mentioned above please refer to the section Non-GAAP measures.

AUTOMOTIVE & LICENSING

Our Automotive & Licensing business provides maps and map-based components for customers to integrate into their applications. Our product portfolio includes live map feeds including traffic, APIs for search and routing, device software and supporting products.

MAPS

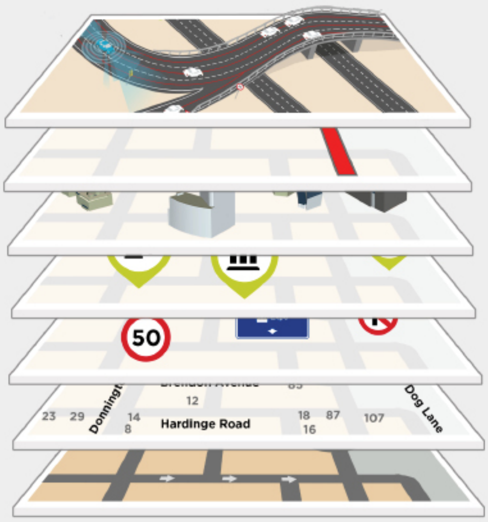
Maps have long been used as a navigation guide for travellers and explorers. For the last years however, the usage and development of maps has taken an incredible leap forward. With everyone and everything becoming connected, location and mobility information is more relevant and important than ever before. With this increased reliance on maps, comes an increase in expectations of the use cases the map has to support, how up-to-date it is and the level of detail needed within it.

We can see this evolution in the different map layers of the TomTom's map product portfolio. Starting from the road network and street name layers for the early navigation maps, to point-of-interest (POI) layers, 3D layers and others, for more advanced search and navigation experiences to the HD map and RoadDNA layers that will enable Autonomous Driving in the future.

MAP PRODUCT PORTFOLIO

A MAP IS BUILT UP FROM DIFFERENT CONTENT LAYERS WITH CERTAIN CONTENT LAYERS SUPPORTING DIFFERENT USE CASES

PRODUCT	USE CASE
HD MAP & RoadDNA	AUTONOMOUS DRIVING
ADAS	DRIVER ASSISTANCE
3D	VISUALISATION
POI	SEARCH
TRAFFIC SIGNS	NAVIGATION
ADDRESSING	GEOCODING
ROAD NETWORK	ROUTING

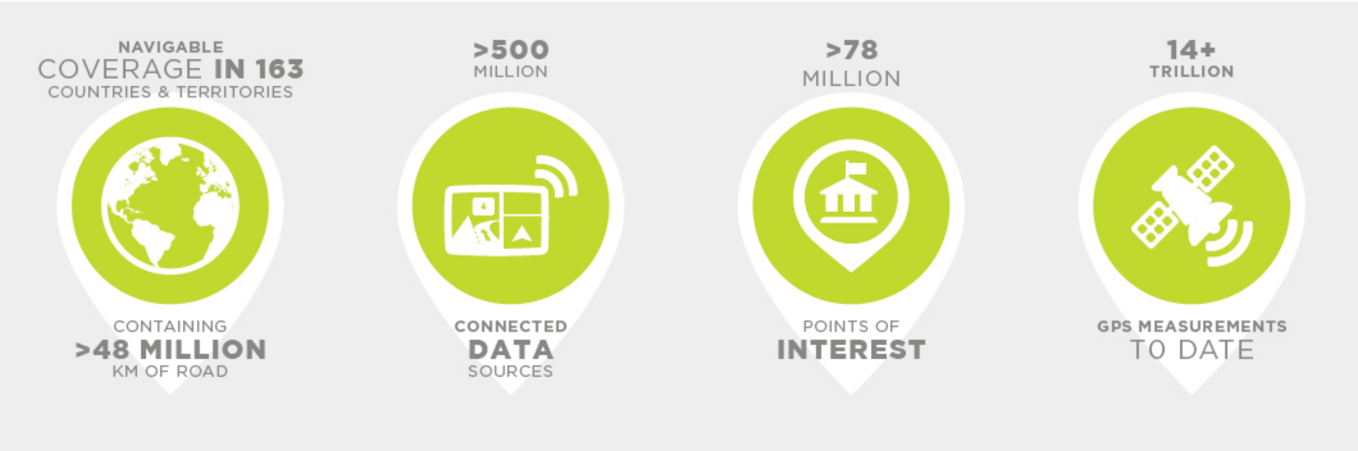


INTELLIGENT MAPMAKING

TomTom deploys intelligent mapmaking to deliver accurate and up-to-date maps. We invented a highly efficient hybrid approach that combines professional mapmaking methods with community input. Through this mapmaking approach, we tap into local teams of skilled map technicians located in more than 40 countries, a fleet of mobile mapping vans that drive the streets every day and our growing community of hundreds of millions of data sources. With nearly half a billion sources generating millions of kilometres of probe data each day we have access to the largest live probe network out there. In addition, we continue to explore new sensor data as cars become more and more connected, to further extend our pool of hybrid mapmaking data.

TRANSACTIONAL MAPMAKING

Making maps means dealing with big data and this requires an advanced map production platform. We continuously invest in our state-of-the-art transactional map production platform that allows us to rapidly close the loop between detecting changes in the real world and updating the map. This platform deploys automation and artificial intelligence to achieve short cycle times, efficiency and the right quality levels. Productivity of our map product platform will be key to the future of mapmaking where more data will have to be processed faster than ever before to meet the expectations of ever expanding use cases.



MAPMAKING INNOVATION

From creating one of the first digital maps in the world, to harnessing the power of community input, and more recently the developments such as our traffic sign categorisation artificial intelligence.

The innovation will not stop there; in 2017, we will further increase the productivity of our production system through automated multi-source map fusion and machine learning, further improve our cycle times to bring the most up-to-date maps to our users and bring new class-leading map layers to the market.

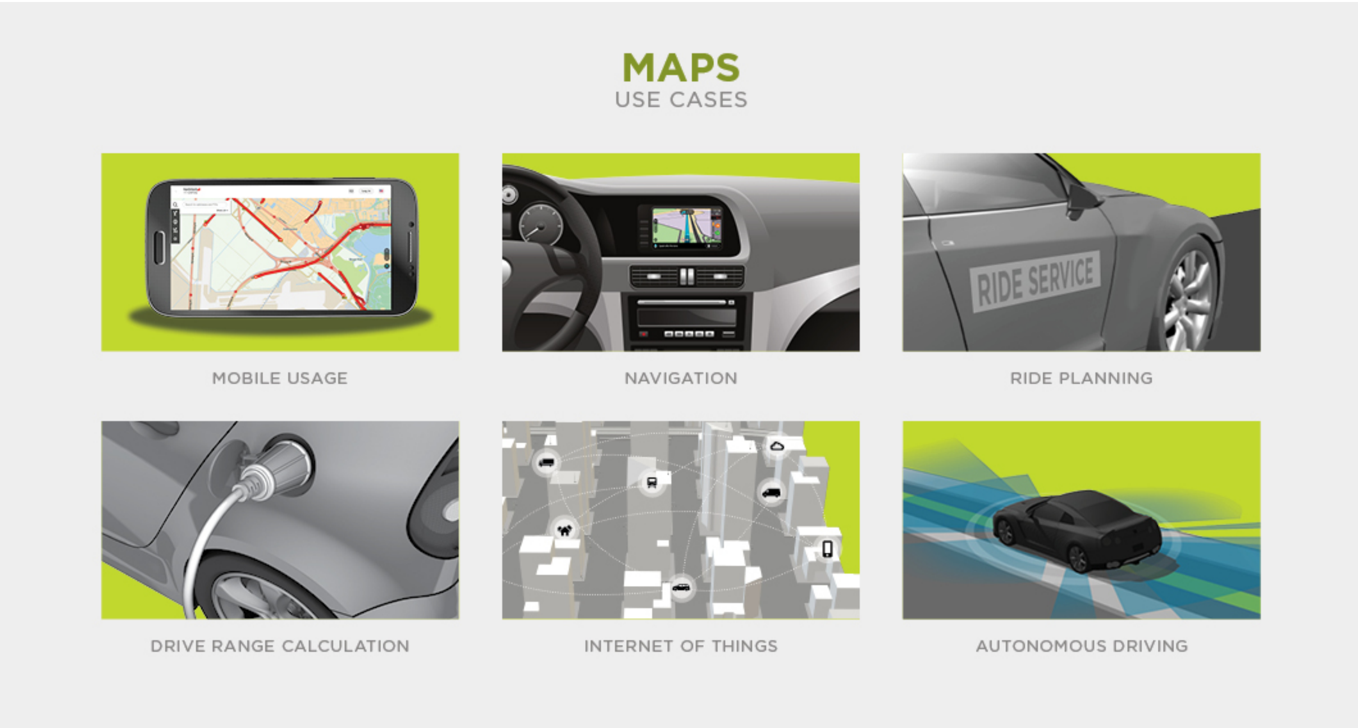
> **TOMTOM'S LEADING MAPMAKING TECHNOLOGIES ALLOW US TO RAPIDLY DETECT CHANGES HAPPENING IN REALITY** *and shorten the time for these changes to be reflected in our maps, continuously pushing the boundary towards the most real-time maps*

ENABLING CUSTOMERS TO MAKE SMARTER MOBILITY DECISIONS

With these maps, TomTom is empowering users to make smarter mobility decisions from simple decisions such as how to navigate to the airport as quickly and efficiently as possible, or calculating the most accurate driving range of your electric vehicle. Also more complex decisions can be made in a smarter way, such as how to change a city's infrastructure to accommodate the mobility of a growing population, and in the future mobility decisions for the Internet of Things.

We generally categorise the applications that use our maps into four groups:

- Analytics: the map is used as a structuring mechanism for data sets of other data, such as marketing data or government population data. The end user is nearly always a business. An example is determining the best location for a shop, based on overlaying population and traffic data on a map. There are many examples in this category where people do not realise that a map is used to make decisions.
- Display, search and navigation: the map is used to answer questions such as 'Where am I?' 'Where is a certain address or place?' and 'How do I get to the place I want to be?'. The end user is very often a consumer. Examples are maps and navigation apps for mobile phones.
- ADAS: the map is used to power functions that make driving easier, more efficient and safer. Examples are drive-train optimisation based on gradient and height, and adaptive light control to see further into the corner based on curvature data in the map.
- Autonomous Driving: the map is used in providing detailed data about the vicinity of the car to help the Autonomous Driving software make decisions. An example is very precise (decimetres) localisation based on sensor data and the HD map.



AUTONOMOUS DRIVING

Autonomous Driving is set to transform our lives: it is expected to save lives through safer mobility, it will shift from private vehicle ownership to mobility services, and it will free up parking spaces in our cramped cities. TomTom is right at the heart of this technology trend with its products for autonomous vehicles.

Autonomous Driving is about replacing human drivers with robotic drivers. Humans use their senses, brains and limbs to drive. This is changing to sensors, computers and actuators.

Many companies are working in each of these fields to turn Autonomous Driving into a reality, cooperating to solve the challenges that Autonomous Driving brings. We bring several components to the table.

First of all, TomTom's traditional strengths in navigation and traffic information are as important as they ever were for autonomous vehicles. They are the starting point for every autonomous drive: an autonomous car needs to know what route to drive and needs to ensure it avoids traffic jams where it can. The traffic feed is already used today to deliver up-to-the-second information beyond traffic as well, for example for road closures, accidents and hazardous situations.

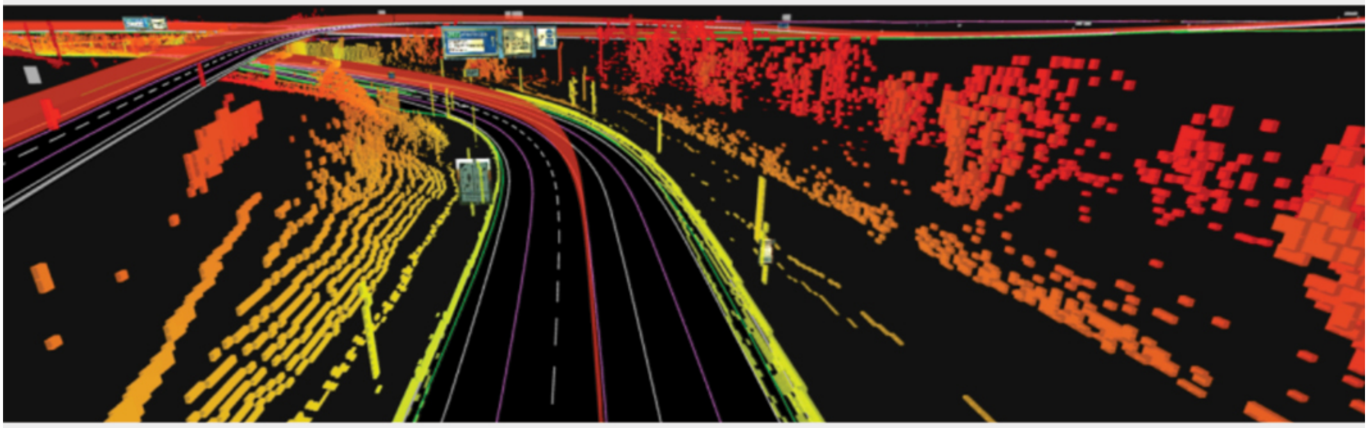
Secondly, we have our HD map product. The HD map is a recording of the world made under ideal circumstances with superhuman sensors. HD maps are used in autonomous cars to improve safety and comfort. The HD map can be likened to a drone constantly flying over your head, telling the driver what is coming. In situations with dense traffic, poor visibility because of the weather, or at larger distances, the HD map is critical to ensure a safe ride. It allows the driver to see through the car in front or ahead to the next exit or beyond the next corner.

This is not only safer, it is also more comfortable, because decisions can be taken earlier and this reduces abrupt braking or last-minute lane changes.

When using HD maps, it is critical to have reliable localisation. GPS is not good enough, it is accurate to 10-20 metres when driving. It struggles to put the car on the right side of the road, let alone the right lane. TomTom has invented RoadDNA as an HD map layer to enable decimetre-level positioning. TomTom uses highly compressed pictures of the road surroundings which are compared in the car with what the sensors see. By matching the two, the car's position is precisely determined.

HD MAP & RoadDNA

THREE IMPORTANT ENABLERS UNDERPINNING OUR PRODUCTS FOR AUTONOMOUS DRIVING



MAPMAKING SYSTEM

OUR SYSTEMS HAVE BEEN ENGINEERED TO **MINIMISE THE TIME BETWEEN AN OBSERVATION OF A CHANGE IN REALITY BY A CAR** AND AN UPDATE FOR THE CAR THAT REFLECTS THAT CHANGE. GIVEN THE AMOUNTS OF DATA THAT PASSES THROUGH TODAY AND THE GROWTH OF THAT DATA IN THE FUTURE, **AUTOMATION IS CRITICAL**, SUCH AS THROUGH THE APPLICATION OF ALL KINDS OF MACHINE LEARNING.

VAST AMOUNTS OF SENSOR DATA

TOMTOM TODAY HAS **THE LARGEST GLOBAL POOLS OF SENSOR-DERIVED DATA** AND WE ARE EXTENDING THIS WITH FURTHER DATA FROM CARS AS THEY ARE GETTING CONNECTED. HAVING THE BIGGEST DATA POOL TODAY PROVIDES US WITH THE **ABILITY TO BUILD THE BEST PRODUCTS** THAT **ATTRACT MORE CUSTOMERS**, AND WITH THEM MORE DATA.

PARTNERSHIPS

WE ARE WORKING WITH AUTOMOTIVE OEMs AND AUTOMOTIVE SUPPLIERS TO BUILD A **SCALABLE END-TO-END MAPPING PLATFORM** FOR BOTH **CLOUD AND IN-CAR SOLUTIONS**. ONE EXAMPLE IS THE PARTNERSHIP WITH NVIDIA. FURTHERMORE, A **LARGE MAJORITY** OF THE LEADING GLOBAL OEMs AND SUPPLIERS ARE **WORKING WITH OUR HD MAP ALREADY**.

TRAFFIC AND ONLINE SERVICES

Cities already face severe mobility challenges, and as the tendency to live in cities increases, the traffic challenges are also becoming greater. According to the TomTom Traffic Index, drivers in London for example can expect to spend 38% of their travel time stuck in traffic at any time of the day, and up to 45% in evening peak periods. These delays add the equivalent of more than 18 extra working days travelling per year. Smarter and more efficient solutions are required to deal with traffic planning and control in order to organise safer, greener and more comfortable mobility in cities. TomTom believes that governments, automotive companies, service providers and drivers can reduce congestion dramatically by cooperating more closely, and is actively working towards solutions that will enable this goal to be achieved. The future is collaborative!

A GLOBAL LEADER IN TRAFFIC AND TRAVEL INFORMATION

TomTom's flagship service, TomTom Traffic, has been continuously expanding its coverage reaching 54 countries in the beginning of 2017, spanning all continents. We have come a long way to position TomTom as a global leader of traffic and traffic information services. During the last 10 years, TomTom has created a comprehensive product portfolio for traffic and travel information as well as road data analytics to help improve mobility and provide solutions for better decision-making in transportation.

The success of its traffic incident and congestion service is largely explained by the growing community of half a billion data sources, which generate over 10 billion anonymous speed measurements every day. The community provides the source data that is fused to provide precise and up-to-date traffic information for highways, major roads and secondary roads on a global scale. We provide highly accurate measurements of traffic jams and delays for better route calculation, which helps drivers to make better decisions to save time on their journeys.

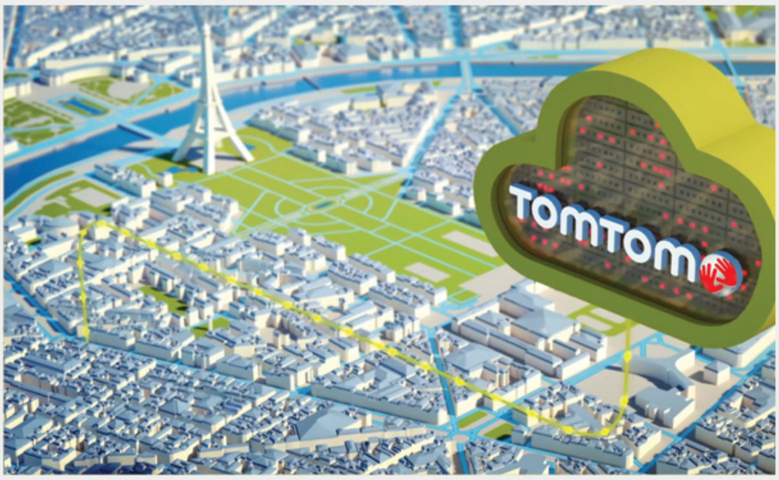
To complement the more mature traffic, innovative features and products such as speed cameras, off-street parking, weather and fuel price information services have been added to the portfolio. In 2016, we also announced on-street parking. The initial launch of the on-street parking service includes parking probabilities and search time information in a number of cities in Western Europe, such as Paris, Madrid and London. We intend to expand this service with restrictions and pricing information – all aimed to relieve the omnipresent stressful urban parking experiences.

The whole portfolio of services is used widely across many smart mobility platforms and use cases by automotive OEMs, smartphone manufacturers and 'mobility app' makers, government organisations and a wealth of additional B2B and B2C users.

ON STREET PARKING SERVICE

PARKING PROBABILITIES AND SEARCH TIME INFORMATION

SEARCHING FOR A SPOT



TOMTOM RELIEVES STRESSFUL URBAN PARKING EXPERIENCES

In 2016, TomTom also announced the TomTom City web-based platform that provides live and historical traffic and travel information services to help transport and mobility stakeholders. The open-access portal showcases TomTom's capabilities to monitor, analyse and display an extensive range of information such as the current traffic situation or the worst bottleneck areas in each city. This platform will allow drivers and traffic management professionals increasingly to understand the situation and manage journeys accordingly.

> **THIS PLATFORM IS SET TO GROW IN THE COMING YEARS,** *extending to a full suite of traffic management tools to analyse the road situation in the fastest possible way and also influence driver's behaviour*

A NEW GENERATION OF LIVE MAP SERVICES

Today, the rise of the Connected Car, Smart Mobility and Autonomous Driving triggers the need for a new generation of connected services largely enabled by a collaborative community and new sources of vehicle sensors data.

Collaboration is key. The popularity of the TomTom services drives the volume of source data as anonymous passive community input, such as location trace data and sensor data, and active community input, such as confirmation of speed camera locations, is collected in conjunction with providing services. This source data is the assurance of an extensive, high-quality, portfolio of services in the coming years. By harvesting car sensor data, commonly referred to as extended floating car data (xFCD), in addition to the location trace information, TomTom will add services to cover new use cases such as road safety (e.g. hyper-local road weather service) and Autonomous Driving (e.g. lane-level traffic incidents).

NAVIGATION

From the day we invented the PND category we have continuously invested in delivering the best navigation experience. End of 2016, we have provided our navigation software to over 100 million users, directly through our consumer business and indirectly through our other business units. We continue to learn from those users, through active and passive feedback, and improve our products accordingly.

Brought-in navigation is playing an increasingly important role, and our products are fit for purpose. Besides our own smartphone applications, in June we announced Volkswagen's release of a brought-in navigation application powered by NavKit, our navigation engine. In-dash navigation remains relevant as well. We expect that in five years from now around 25 million cars will be sold with embedded navigation globally and we will continue to invest in developing products that are relevant and easy to integrate in a vehicle context.

One of our strategic objectives is to adopt relevant industry standards. We have updated APIs for connected services such as Traffic and Speed Cameras. This further eases the integration of our products in an automotive connected navigation system. The NavKit navigation engine based on Navigation Data Standard (NDS) has been enhanced with features such as destination prediction and route learning. The user experience for incrementally updating the NDS maps in the system has also improved, which can now be done in the background, so the driver can continue to use the navigation system while this happens.

We also made great progress with the architectural renewal of NavKit. Our map matcher, the component that derives the actual position on the road from raw GPS and car sensor input, is no longer considering just the actual data, but also takes historic path data into account. This improves the map matching quality, giving a better user experience.

Another strategic goal is to become a global navigation supplier. We have further increased our footprint to navigable coverage in 163 countries and territories, by adding support for Arabic, Albanian, Serbian, Romanian, Indonesian, Hebrew, Latin and Chinese countries. We have also started the development of Korean and Japanese features. Once those are in place, we will have reached our goal and will have a navigation engine, with a software development kit (SDK) and a set of APIs, to provide navigation around the world.

Our online capabilities have been further enhanced throughout the year. Our Online Routing API now supports truck routing, as well as eco routing and range calculations based on dynamic consumption data from the vehicle, which is especially relevant for Electric Vehicles.

In the third quarter of 2016, we won the TIOBE Software Quality award for mid-sized projects (more than 100,000 lines of code) for our new map visualisation component with an all-time top score of 99.77%. In addition, NDS NavKit was second in the large-sized projects (more than one million lines of code) category. These awards demonstrate TomTom's continued efforts to build great software and improve software quality to a world-class standard.

OUR NEW MAP VISUALISATION WILL BRING A SMOOTHER MAP BROWSING EXPERIENCE- *including planning, zooming, rotating and tilting, scalability to multiple displays, moving lane guidance, and more*

APPROACH TO ADAS AND AUTONOMOUS DRIVING

In self-driving cars, the navigation system gets a different function. For instance, instead of receiving guidance instructions for every manoeuvre along the route, people in the car will be more interested in getting an abstracted understanding of the trip. Until cars can drive autonomously everywhere, the navigation system will calculate routes that are optimised for Autonomous Driving, so the driver can take his hands off the wheel as long as possible.

When approaching a route segment where Autonomous Driving is not feasible, the driver needs to get informed that a switch to manual mode is forthcoming. Finally, NavKit will be integrated with camera-based lane detection systems and with TomTom's RoadDNA technology to enable lane-level positioning, lane planning and lane guidance. Extending support for ADAS and Autonomous Driving, our navigation components will continue to play an important role in future cars.

TELEMATICS

Our Telematics business provides a range of services for businesses with a fleet of connected vehicles. These telematics services are provided to customers through a web browser, in reports that can be shared, through mobile phone applications or through an API that allows other systems to access the information.

The services use information related to the vehicle, such as GPS position and acceleration, or data that is collected from the vehicle, such as fuel usage or maintenance codes. They may also be related to the services that are connected to the function of the driver, such as work order status. Our own device, the so-called telematics black box or telematics control unit, that collects and shares the information with a back-end server, is integrated or connected with the vehicle.

We provide a range of devices, including the standard telematics black box, that uses power and ignition, OBD-II connected devices and devices that fully integrate with the CAN-bus, the internal vehicle communication system. The service can be complemented by a selection of driver terminals to provide better support to drivers.

The main telematics services are provided as a per vehicle subscription. Required hardwares are sold directly or provided on a rental basis in the monthly subscription fee.

SERVICING FLEET OWNERS

The bulk of our Telematics sales include subscriptions to our flagship solution WEBFLEET. The platform is sold through a variety of channels, including a large partner network that resells solutions and an internal sales team, which covers 25 countries. WEBFLEET is an operational fleet management service for fleet owners that provides fleet vehicle tracking, fleet management reporting, basic work order services and an eco driving module. It helps fleet managers to make better decisions, have greater control over their vehicles and improve the efficiency of their fleet.

BY USING OUR FLEET MANAGEMENT SERVICES, THERE IS AN OVERALL QUICK RETURN ON INVESTMENT, *with some customers reporting savings in fuel usage and vehicle efficiency in excess of 20%*

We serve any business that uses vehicles for their operations, from small service and maintenance companies, to long haul transport logistics. For the heavy goods vehicles, we have an additional portfolio to integrate with the vehicle's tachograph, support with special truck routing capabilities and integrate with other accessories in the vehicle, such as load temperature monitoring.

With WEBFLEET we also have one of the largest app development communities in the telematics industry. This community has access to WEBFLEET.connect API, which provides application developers and system integrators with a toolkit to access the data.

This allows vehicle and driving data as well as work order information to be integrated into customer's processes and IT systems, so that further automation can be realised. One example is the integration with Sage Live that was launched in 2016, which provides automatic mileage registration as part of the company's accounting solution.

More than 46,000 customers benefit every day from the high standards of confidentiality, integrity and availability of our ISO 27001:2013 certified service, re-audited by TÜV SÜD in November 2016.

TOMTOM PRO DRIVER TERMINALS

Used in conjunction with WEBFLEET, our TomTom PRO driver terminals enable fleet managers to communicate more effectively with drivers. Next to professional navigation, the TomTom PRO 7250 provides work order integration, allowing users to report on the start and end time of jobs throughout the day.

The TomTom PRO 8270/5 is an open but controlled Android™ platform built around the TomTom Bridge, a unique connected mobility solution where navigation and business apps come together. While work orders are integrated and accessible via other apps, it also creates possibilities to communicate with the drivers about things such as rest times, as recorded by a truck's tachograph.

CONNECTED CAR SERVICES

By combining our experience of providing Software-as-a-Service (SaaS) applications for fleet managers with Connected Car technology, we have extended our platform to also address the needs of the car services industries e.g. leasing, rental, dealers. This has enabled us to help these companies to increase their service performance as well as to build specific applications for their customers.

The services enable companies to monitor the status and whereabouts of the vehicles they provide to their fleet customers. It also allows them to build additional services on top of this. Examples include more information about maintenance and exact mileage driven for e.g. lease companies, or information about driving style for insurance companies.

The Internet of Things is a rapidly growing phenomenon, and the Connected Car is a special case within this; we expect to see a strong increase in Connected Car in the coming years. We also believe that the overall adoption of related services in the fleet sector will be fuelled by offering Connected Car services.

The TomTom Telematics Service Platform is uniquely positioned to take advantage of this growth as it has the capability to integrate multiple types of black boxes as well as to import information from a wide range of OEMs, and then bundle this into services aimed at either end customers or service providers.

CONSUMER

Our Consumer business is creating a range of sports watches and activity trackers, portable navigation devices, mobile phone navigation applications and action cameras.

TomTom is one of the world's best known global consumer electronics brands, and one of the few remaining European-based technology pioneers. TomTom is reputed for the ease of use of its products and its rate of innovation using technology to help consumers in their daily lives. Since creating the portable navigation category and expanding to sports wearables we have sold over 84 million consumer devices.

SPORTS

We believe that technology can play a key role in helping people to be healthy and live longer. TomTom sets out to motivate consumers to move more giving them relevant data and a compelling experience.

We help our customers reach their fitness goals and encourage them to go out and explore. This is the philosophy driving the innovations of our wearable product range and its mobile ecosystem. We were the first to integrate an optical heart-rate monitor into a GPS running watch and to integrate a music player directly into the watch. We have recently launched the world's first fitness tracker to combine body composition analysis with step, sleep and all day heart-rate tracking, right from the wrist – answering the age-old question 'Is what I am doing, doing anything for me?'. We have also launched an adventurer watch specially aimed at our customers enjoying the great outdoors, either trail running, skiing or snowboarding.

Marking a significant milestone for the Consumer business, TomTom announced the launch of the TomTom Sports sub-brand and an advertising campaign supporting TomTom Sports in 2016. The TomTom Sports brand caters to the needs of audiences ranging from those that are taking their first step down the road, to those that are stepping over the starting line of their first marathon. We are claiming a unique space in the world of sports. TomTom Sports is not here to shout at you to beat the impossible, be unstoppable, go harder, tougher, longer, deeper, rougher or sweatier. We want to help people where they need it most. Right at the beginning, where excuses often beat conviction. We want to be the brand that inspires people to Get Going and take that first step, no matter how big or small their effort might be, time and time again.

Underlying the TomTom Sports product portfolio, and forming the future of our audience engagement, is the TomTom Sports app. This ecosystem has been entirely re-engineered and re-designed for 2017, allowing our brand to provide not just data about users' activities, but insights that will help them to Get Going.

In a world where wearables collect personal data every second, privacy matters more than ever before. At TomTom, we take privacy very seriously and we have worked hard to make our privacy practices the benchmark - we believe that sound data privacy will be one of the key differentiating factors also for wearable brands. We are proud to lead the way, ensuring the data remains secure. More about our promise to protect data is stated in the Privacy and data governance section of this Annual Report.

DRIVE

The Drive business helps people to move and discover new ways of getting to their destination.

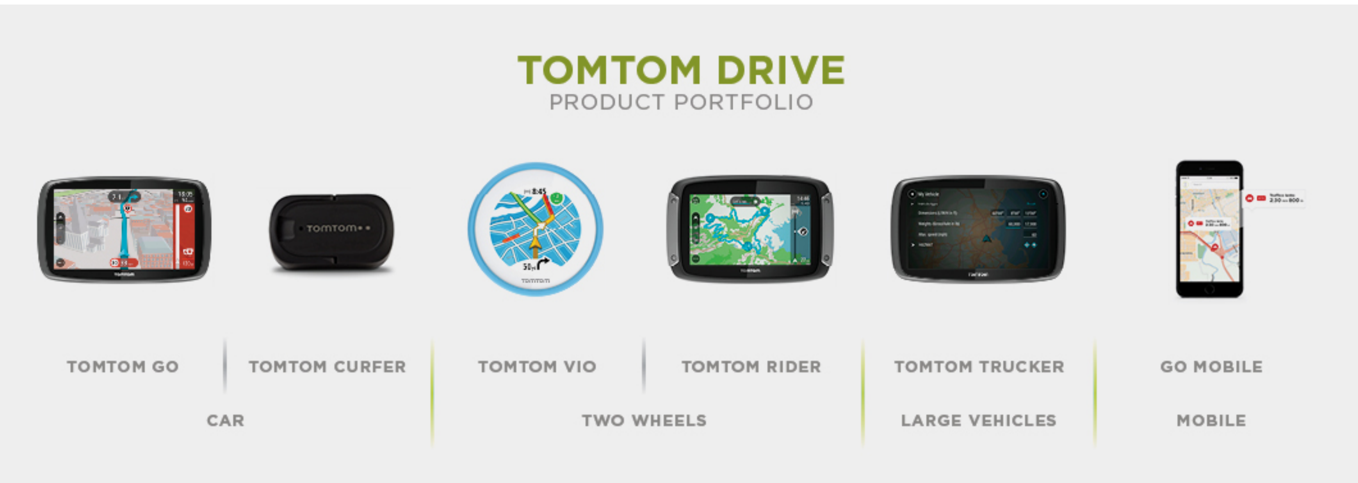
Our four product line portfolio includes navigation devices for car, two wheels, large vehicles and mobile devices. We include innovation that ensures customers buying TomTom's products enjoy a feeling of priority driving, no matter their destination.

TomTom's award-winning car navigation devices provide a priority driving experience blending the best of TomTom technologies, including sophisticated routing and award-winning traffic information. Some of our newest products include Wi-Fi® updates and deliver advanced smartphone integration, allowing for a safer drive with minimal interaction with smartphones.

In the two wheel category, TomTom's products for motorcycles – the TomTom Rider - continue to deliver value and excitement to our customers. Thrilling trips across Europe are now pre-installed in our devices, enhancing overall product experience. TomTom's desire to expand the addressable market moved us into the scooter market by launching the TomTom Vio.

TomTom's market share in the large vehicles market keeps growing. In 2016, TomTom launched the widest and strongest line-up of its TomTom Trucker range ever. That allowed for recruitment of new channel partners and geographic expansion to North America.

TomTom focused on improving the mobile apps and services. My Drive app saw large improvements during 2016, including the capability to download and transfer scenic routes to navigation devices via TomTom's cloud. TomTom also generates a significant business with our subscription-based navigation app GO Mobile. Our app for Android continues to receive multiple awards and excellent consumer ratings, and we are working on the iOS app to replicate the success of the Android version.



STRATEGIC PRIORITIES

Through our technology capabilities, we are well positioned to capture growth opportunities across our Automotive & Licensing, Telematics and Consumer businesses. Many of our growth opportunities are driven by big industry trends, including Wearables, Connected Car, Autonomous Driving and Smart City.

Within the Automotive & Licensing business we aim to grow through technology leadership in mapmaking information systems, traffic and navigation software. To achieve leadership we will invest in automation, modularity and industry standard interfaces. We are targeting new growth opportunities in ADAS and Autonomous Driving, investing in our HD map and RoadDNA technologies.

Our Telematics business strategy is to continue to profitably grow our fleet management business and to diversify to other Connected Car services such as vehicle leasing. We expect to increase our share as the leader in a fragmented European market. We will capitalise on our scale by investing in our telematics technology, to offer a superior service and client devices and to provide APIs for complementary partner products. We will continue to invest in our Telematics service platform to strengthen our leadership position in fleet management, to enable diversification into other Connected Car services, and to grow our partner ecosystem.

Following a diversification strategy, our Consumer business has established its Sports category and will invest for further growth, with the ambition of being the number one sports wearable brand in Europe. As well as having growth potential, the Sports category is a good fit with the TomTom brand and capabilities in smart devices with associated cloud-based web applications and smartphone apps. Our traditional portable navigation category is still important and we invest at the right level to make the most of a declining category. We will exploit niche growth opportunities in Drive such as our Bridge driver terminals for businesses, which take advantage of our device platform and capabilities.

TOMTOM'S STRATEGIC PRIORITIES
ARE SUMMARISED AS FOLLOWS:

AUTOMOTIVE & LICENSING

GROW THROUGH TECHNOLOGY LEADERSHIP IN **MAPS, TRAFFIC** AND **NAVIGATION**

INVEST IN **AUTOMATION, MODULARITY** AND INDUSTRY **STANDARD INTERFACES**

TARGET NEW GROWTH OPPORTUNITIES IN **ADAS** AND **AUTONOMOUS DRIVING**

TELEMATICS

CAPITALISE ON THE **GROWING SCALE** OF OUR FLEET MANAGEMENT BUSINESS

DIVERSIFY INTO OTHER **CONNECTED CAR** SERVICES OPPORTUNITIES

GROW OUR **PARTNER ECOSYSTEM**

CONSUMER

GROW OUR **SPORTS WEARABLE BRAND** IN EUROPE

EXPLOIT **NICHE OPPORTUNITIES** IN DRIVE **TAKING ADVANTAGE** OF OUR DEVICE PLATFORMS AND CAPABILITIES

MANAGEMENT BOARD REPORT

TOMTOM MANAGEMENT BOARD

HAROLD GODDIJN
56/CHIEF EXECUTIVE OFFICER

NATIONALITY Dutch
YEAR OF FIRST APPOINTMENT 2001
TERM OF OFFICE 2013 - 2017
OTHER POSITIONS None

FORMER POSITIONS AND EDUCATION Harold began his career with a venture capital firm. In 1989, Harold founded and led Psion Netherlands BV, a joint venture with Psion PLC. He also served on the board of Psion PLC. In 1991, he co-founded TomTom together with Corinne Vigreux, Peter-Frans Pauwels and Pieter Geelen. Harold holds a Master's degree in Economics from the University of Amsterdam.

TACO TITULAER
45/CHIEF FINANCIAL OFFICER

NATIONALITY Dutch
YEAR OF FIRST APPOINTMENT 2015
TERM OF OFFICE 2015 - 2019
OTHER POSITIONS None

FORMER POSITIONS AND EDUCATION Taco joined TomTom in 2005 and held various senior management positions in Group Control, Treasury and Investor Relations before his appointment as CFO in 2015. Before joining TomTom, Taco spent eight years with KPN. During this period he held various management roles in Finance and Investor Relations. Taco holds a Master's degree in Business Economics from the University of Groningen.

ALAIN DE TAEYE
59/MEMBER OF THE MANAGEMENT BOARD

NATIONALITY Belgian
YEAR OF FIRST APPOINTMENT 2008
TERM OF OFFICE 2016 - 2020
OTHER POSITIONS Non-Executive Director of Cyient Ltd

FORMER POSITIONS AND EDUCATION Alain 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 Tele Atlas, which was acquired by TomTom in 2008. Alain graduated as an engineer-architect from the Ghent University.

AUTOMOTIVE & LICENSING BUSINESS & FINANCIAL REVIEW

STRATEGIC PRIORITIES

- Grow through technology leadership in maps, traffic and navigation
- Invest in automation, modularity and industry standard interfaces
- Target new growth opportunities in ADAS and Autonomous Driving

AUTOMOTIVE BUSINESS REVIEW

Our Automotive business delivers leading maps, navigation software components and connected services to OEMs and Tier1 head unit vendors.

Car makers increasingly demand future-proof solutions that are open, modular and upgradeable. Given the complexity of building state-of-the-art infotainment systems, they are looking for suppliers who can help create competitive, low-risk products that have a fast time-to-market. TomTom's Automotive connected navigation components can be easily integrated to meet these demands to create location and navigation functions for connected cars.

With regards to components for Autonomous Driving, TomTom has continued to extend its HD map coverage, which now covers over 200,000 kilometres of roads across Europe and North America. TomTom's HD map has also won the prestigious CLEPA Innovation Award for Connectivity, an award that recognises the most innovative products and services launched in the European automotive industry.

Our Automotive strategy and products continue to be well received by automotive OEMs and Tier1 suppliers, resulting in order intake for 2016 of over €300 million. This will continue to support our top-line growth in Automotive business going forward.

We made good progress in delivering a complete set of connected navigation components to our existing customers as well as securing new deals and partnerships. In 2016, TomTom announced the launch of the connected navigation system in FCA's new Uconnect 7-inch HD Nav and Uconnect 7-inch HD Nav LIVE systems available on the all-new Fiat Tipo and Fiat 500S.

TomTom also announced the launch of PSA Groupe's global infotainment platform, built on the full suite of TomTom products, including maps, navigation software and connected services. The flexibility and modularity of these components is highlighted in the new Peugeot i-Cockpit – which was launched at the Paris Motor Show - where TomTom components work smoothly and seamlessly across an 8-inch touchscreen and a 12-inch cockpit display screen.

Our full suite of products has also been selected by Volvo Cars for their 2019 global platform, representing a first time collaboration between TomTom and Volvo Cars. Among the key features and services are automotive-grade digital NDS maps, incremental near real-time map updates, world-class navigation software NavKit, TomTom Traffic and travel-related services.

TomTom technology was also selected by Subaru for their next generation global infotainment platform, which will launch first in North America with the all-new 2017 Subaru Impreza featuring TomTom Maps and navigation software. TomTom also won a deal with Volvo Trucks to provide a customised version of the navigation software particularly aimed at the trucks segment, as well as maps and connected services, marking the first collaboration between TomTom and Volvo Trucks.

In addition, ŠKODA has chosen TomTom as traffic service provider for Europe. Within the Volkswagen Group, TomTom Traffic is already available to Audi, Volkswagen, Porsche and Bentley, and it will be rolled out to all ŠKODA car models across Europe in the course of 2017. We also entered a number of new contracts with Tier1 and Tier2 suppliers, including Digen, through which TomTom components appeared in models from Mitsubishi.

In 2016, we partnered with NVIDIA to develop artificial intelligence to create a cloud-to-car mapping system for self-driving cars. The partnership will leverage TomTom's extensive HD map coverage with the NVIDIA DRIVE PX2 computing platform to accelerate support for real-time in-vehicle localisation and mapping for Autonomous Driving.

LICENSING BUSINESS REVIEW

Our Licensing business sells maps, traffic and navigation software products on a global scale to businesses across a multitude of industries. It also offers intelligent location-based services for developers to easily integrate our location content in their location aware applications.

With rapid advancements across the Internet of Things, connected devices, mobility, and smart cities, location intelligence has quickly become an essential component across a broad range of revolutionary products and services. In 2016, we focused on three key objectives: forming strategic partnerships that would allow us to reach a much broader developer community, expanding our existing customer relationship and partnerships to further enhance the location capabilities within their applications and collaborating with cities to develop innovative traffic solutions.

As map usage continues to evolve, we have continued to innovate and advance our location technologies and capabilities. This has provided us with the opportunity to supply location services and data to many globally recognised technology companies. This includes Microsoft, who we have partnered with to integrate location-based services into Microsoft Azure to make it easier and more flexible for developers to build and manage enterprise, mobile, web and Internet of Things applications that are location-aware.

TomTom's strong mapping background has lead companies such as MapQuest, SAP, and Pitney Bowes to choose TomTom as their location partner. In 2016, these three companies have not only extended their partnerships with us, but also expanded them.

The deal with MapQuest, a subsidiary of AOL, Inc., now includes TomTom's traffic solutions in addition to our mapping services. This will provide a better user experience to millions of MapQuest customers who are seeking location information. With Pitney Bowes, we have increased their access to our localisation data. We believe this closer collaboration will redefine GIS products and intelligence services worldwide. Lastly, we are providing geocoding and address validation capabilities across SAP's product portfolio on a global level. This enriched geocoding and address validation with in the cloud and on premise will power SAP HANA's localisation information.

To address the opportunities in smart cities and live up to our commitment to fight against traffic congestion, we launched the TomTom City portal. The portal is a free to access web portal that uses our extensive range of traffic information to connect road users, connected vehicles and traffic authorities. This makes it easier than ever for traffic management experts to get access to our rich data to monitor, identify, analyse and influence traffic. The TomTom City portal currently contains live and historical traffic information for over 100 cities. Many cities, including Amsterdam and Moscow, have already selected TomTom to collaborate on developing traffic solutions to improve traffic flow, air quality, and overall mobility.

FINANCIAL REVIEW

The Automotive & Licensing financial review is combined as both segments make use of the same shared technology assets. EBIT and EBITDA for both the Automotive and Licensing segment is given in note 4 to the consolidated financial statements.

Automotive & Licensing generated a combined revenue of €269 million this year, which represents an 8% increase year on year.

Automotive revenue increased by 25% from €106 million in 2015 to €133 million this year. This growth reflects increasing revenue from new contracts that started to kick in during 2016 as well as higher revenue on existing contracts. The deferred revenue position of Automotive increased to €59 million at the end of 2016 from €23 million at the end of 2015.

Licensing revenue for the year was €136 million, compared with €142 million in 2015. The year on year decrease mainly reflects the impact of discontinuation of a business relationship with a customer, which was partially offset by revenue growth from other customers.

The EBITDA of Automotive & Licensing was €82 million compared with €68 million in 2015 while the EBIT improved from -€34 million in 2015 to -€25 million this year. The year on year improved profitability is the result of the revenue growth in Automotive at a stronger gross margin, partially offset by the increase in amortisation expenses of several technology platforms.

(€ in millions, unless stated otherwise)	2016	2015	y.o.y. change[1]
Automotive	132.6	105.9	25%
Licensing	136.3	142.1	-4%
Total Revenue	269.0	248.0	8%
EBITDA[2, 3]	82.1	68.4	20%
EBITDA margin (%)	*31%*	*28%*	
Operating result (EBIT)[3]	-25.5	-33.9	
EBIT margin (%)	*-9%*	*-14%*	

1. Change percentages and totals calculated before rounding.
2. D&A costs mainly relate to our map asset (including acquisition-related amortisation).
3. The EBIT and EBITDA measure and the reconciliation to our income statement is further explained in note 4 of the consolidated financial statements. This note also provides a split between Automotive and Licensing.

BUSINESS OUTLOOK

In 2017, we want to extend our Automotive market share. Building on our strategic partnerships with NVIDIA, Bosch SoftTec and other automotive suppliers, we aim to strengthen our position in the automotive industry with the mapping, software and services expertise that enables TomTom to seize ADAS and Autonomous Driving opportunities.

The explosion of connected devices coupled with advances in location awareness will continue to pave the way for growing number of new opportunities in Licensing. As an independent location content and service provider, TomTom is in a unique position to innovate and capitalise on this market. Our transactional mapmaking platform enables us to create fresh and more detailed maps with high quality that takes full advantage of the growing sensor data offered through the connected devices. These maps, combined with our leading traffic products and online services, give us a very competitive and complete product portfolio.

TELEMATICS BUSINESS & FINANCIAL REVIEW

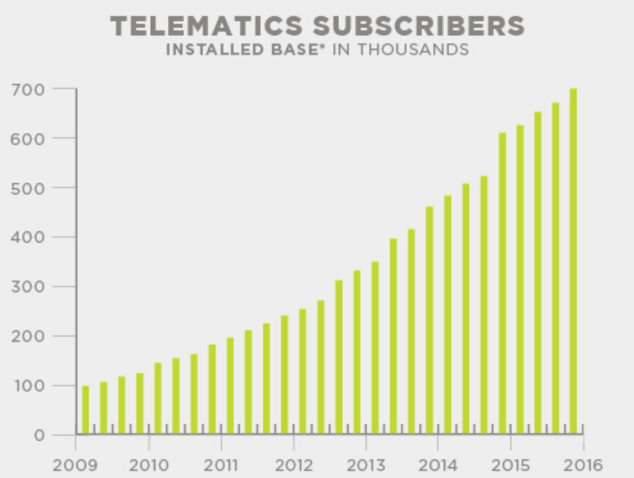
STRATEGIC PRIORITIES

- Capitalise on the growing scale of our fleet management business
- Diversify into other Connected Car services opportunities
- Grow our partner ecosystem

BUSINESS REVIEW

SUBSCRIBER BASE

Our Telematics business has continued to grow throughout 2016, reaching more than 696,000 subscribers by the end of the year. This growth has been realised organically, and represents a 15% increase compared with the end of last year.



*ON A QUARTERLY BASIS AS OF Q4 2009

TomTom Telematics now serves more than 46,000 businesses worldwide, making us one of the leading telematics solution providers based on customers and subscribers.

A GLOBALLY RECOGNISED LEADER

For the second year in a row, Telematics has been named as Europe's largest and fastest growing provider of fleet management solutions by market research firm Berg Insight.

The award recognises Telematics' strategy of growing through partnerships and integrations using WEBFLEET's open API, which introduces the business to new customer segments and strengthens our ambitions to support the fleet industry in its digital transformation.

Telematics was also named European Telematics Company of the year by Frost & Sullivan. The panel commended us for our successful implementation of industry best practices to innovate and meet changing customer needs and enable partners in different verticals to create applications suited to their individual sectors.

GROWTH OF CONNECTED CAR

In 2016, Telematics increased its sales in the Connected Car space, with key contracts being kicked off and rolled out in 2017.

One of the biggest developments for 2016 has been the agreement signed with PSA Groupe to make WEBFLEET available for all connected Peugeot, Citroën, and DS fleet vehicles. This kind of alliance with a car manufacturer – using the data sent by manufacturer-fitted telematics units – is a first for TomTom Telematics and has been rolled out in France, Spain, Belgium and the Netherlands.

TOMTOM PRO 2020

In 2016, we launched our first driver terminal without navigation, the TomTom PRO 2020. This is a basic driver terminal that allows drivers to report on both the start and end time of work, as well as to select between business and private trips. The TomTom PRO 2020 is an easy and accessible way for fleet managers to work closer and more effectively with their drivers, and helps to remove some of the barriers for companies looking to enter the telematics market.

VDO

We also extended our partner network, most notably through the announcement of an integration with the VDO's Tachograph (one of the leading companies in the world of tachographs) and software, making the TomTom LINK 510 a key hardware component to download tachograph information, while the trucks remain on the road.

TELEMATICS FINANCIAL REVIEW

Telematics revenue in 2016 was €155 million, a 15% increase year on year (2015: €135 million). The recurring subscription revenue for the year was €118 million compared with €98 million in 2015, an increase of 21%.

Hardware and other services revenue was relatively flat compared with 2015. This was mainly due to a higher proportion of hardware rental in our new subscriber sales mix and lower uptake of the Driver Terminals as a category in line with general market developments.

Telematics EBITDA increased by 21% year on year to €59 million in 2016 (2015: €49 million), which led to an EBITDA margin of 38% in 2016 compared with 36% last year. EBIT amounted to €45 million in 2016, a 12% increase compared with last year (2015: €40 million). In 2016, Telematics operating expenses were impacted by the integration and amortisation expenses related to its recent acquisitions.

(€ in millions,unless stated otherwise)	2016	2015[1]	y.o.y. change[2]
Hardware and other services revenue[3]	36.8	37.2	-1%
Subscription revenue	118.4	97.8	21%
Total Revenue	155.1	135.0	15%
EBITDA[4]	59.1	49.0	21%
EBITDA margin (%)	*38%*	*36%*	
Operating result (EBIT)[4]	44.5	39.7	12%
EBIT margin (%)	*29%*	*29%*	
Monthly subscription ARPU (€)	14.9	15.9	-6%
Subscriber installed base (# in thousands)	696	605	15%

1. 2015 financial metrics exclude Finder S.A. as the acquisition is effective as of the end of December 2015.
2. Change percentages and totals calculated before rounding.
3. Other services revenue comprises installation services and separately purchased traffic service and/or map content.
4. The EBIT and EBITDA measure and reconciliation to our income statement is further explained in note 4 of the consolidated financial statements.

BUSINESS OUTLOOK

We are committed to innovation, sustained investment in R&D and capacity to increase scale and capitalise on growth.

New technologies such as Connected Car services provide more opportunities to develop our business beyond the traditional Fleet Management Services.

We are also committed to continue to innovate and develop within our strategic partnerships. This sets us apart from competition, ensuring our technology enables industry partners to enhance their products and services, also allowing customers to continue saving money and improving operational processes.

Together with our partners we want to create new apps, solutions and integrations that will offer innovative benefits to customers in any industry, operating any type of vehicle fleet. These new technologies will help to revolutionise business processes through greater levels of automation and insight, and ultimately bring the technology closer to the driver.

CONSUMER BUSINESS & FINANCIAL REVIEW

STRATEGIC PRIORITIES

- Grow our Sports wearable brand in Europe
- Exploit niche opportunities in Drive taking advantage of our device platforms and capabilities

CONSUMER BUSINESS REVIEW

In 2016, a significant amount of new products were launched that establish TomTom as a credible multi-product sports and fitness consumer electronics brand.

SPORTS

In 2016, we completely refreshed our Sports product ranges and introduced a new portfolio of fitness and sports products. We also reached over one million users on the MySports platform.

In the first quarter, we launched TomTom Golfer 2, our second generation GPS sports watch designed to help golfers improve their game by using automatic shot detection and give detailed post-round analysis. A golfer can see golf course data such as distance to hazards and green, and keep track of the score, distance and time of their round.

In the second half of 2016, we refreshed our Running and Fitness product range with the next generation sports watches that now include route exploration. They came with new, slimmer, sleeker straps in a range of colours to wear every day. Our fitness product offering is extended with the TomTom Touch, our first fitness tracker that combines body composition analysis with steps, sleep and all day heart-rate tracking right from the wrist. With the push of a button, it measures the percentage of body fat and muscle mass in your body. We also introduced the new GPS Outdoor Watch, the Adventurer, designed for outdoor activities with dedicated sports modes for hiking, trail running, skiing and snowboarding and is equipped with a built-in heart-rate monitor, barometer, compass and automatic lift detection for snow sports.

We also introduced our new sub-brand, TomTom Sports, and our first brand campaign 'Get Going' was launched in the fourth quarter across all media with the objective to drive top-of-mind awareness across key markets.

DRIVE

In the first quarter, we launched the TomTom RIDER 410, our new generation PNDs for motorcyclists. The RIDER 410 'Great Rides Edition' came with a range of new features, including Lifetime World Maps, Lifetime TomTom Traffic, route planning with TomTom MyDrive, hands-free calling and round trip planning. We also introduced the GO Mobile app with on-board maps, TomTom Traffic, routing and speed camera warnings in countries where available. We introduced this through a freemium model allowing the customer to use the app for a certain monthly distance and sign up for a full subscription via an in-app purchase.

In the second quarter, we launched three new TomTom PNDs within the TomTom START range, and also two new TomTom PNDs in the VIA range, with Bluetooth® hands-free calling options and the option for smart phone connected traffic service. We introduced TomTom Traffic Checker on the MyDrive App, targeting 'commuters'. Additionally, we introduced TomTom Jam Ahead Warnings on the Speed Cameras App, alerting drivers to rapidly slowing, or stationary, traffic on the highway ahead. We also announced the availability of truck trip planning, enabling professional drivers to save on driving time by conveniently planning a route anytime, and anywhere, with TomTom MyDrive.

In September, we launched the new TomTom VIO, the world's first smartphone connected navigation device designed for scooters. We also launched a new GO PND range with Siri voice recognition software and Google Voice Search™ service integration, Bluetooth hands-free calling and smart phone notifications as well as built-in Wi-Fi to enable on-device content management that does not need wires nor desktop computers. We also started shipping the TomTom TRUCKER 600 in North America designed for professional truckers that want a companion device to help reduce worry from the job. Truck drivers can get vehicle-relevant navigation that takes into account truck weight, type, size and cargo to find the perfect route. Finally we introduced the Curfer product which is a performance tracker for cars and consists of an OBD (on-board diagnostics) adapter and a smartphone app connected seamlessly to give instant feedback on both driving technique and the car's performance.

CONSUMER FINANCIAL REVIEW

Consumer revenue for the year was €563 million compared with €624 million in 2015. The decrease was driven by lower PND revenue, partially offset by a strong growth in Sports revenue.

As we continued to build a multi-product Sports business and expand our product and service offerings in this category, Sports revenue increased by 53% from €69 million last year to €106 million this year. We shipped over one million sports devices in 2016 (2015: 600,000). This growth was the result of the launch of our new range GPS sports watches and the TomTom Touch activity tracker.

Consumer PND markets were weak during 2016. The European PND market experienced a faster rate of unit decline compared with the first half of the year. This market in units was down by 19% for the year as a whole. We managed to keep our leading market position in Europe.

The Automotive hardware revenue declined by 16% year on year to €61 million due to discontinuation of a legacy platform, that went end of life in the second half of 2016.

Consumer segment EBITDA for the year was €5.9 million (2015: €14 million) and the EBIT was -€3.9 million (2015: €2.6 million). This decline in profitability reflects the overall decline in PND revenue, partially offset by the growth in Sports. At the end of 2016, we rationalised the Consumer organisation to align our cost base with the revenue development.

(€ in millions, unless stated otherwise)	2016	2015	y.o.y. change[1]
Consumer products	502.0	551.2	-9%
Automotive hardware	61.2	72.4	-15%
Total Revenue	563.2	623.6	-10%
EBITDA[2]	5.9	14.1	-58%
EBITDA margin (%)	*1%*	*2%*	
Operating result (EBIT)[2]	-3.9	2.6	
EBIT margin (%)	*-1%*	*0%*	
KEY PND MARKET DATA			
Market size Europe (# units sold in millions)[3]	5.0	6.8	-19%
TomTom market share (%)	53%	52%	

1. Change percentages and totals calculated before rounding.
2. The EBIT and EBITDA measure and reconciliation to our income statement is further explained in note 4 of the consolidated financial statements.
3. Europe refers to the following 12 countries: AT, BE, CH, CZ, DE, ES, FR, GB, IT, NL, PL and SE.

BUSINESS OUTLOOK

In 2017, we will focus on expanding and enhancing our range of products, apps and services in the Sports category and establish ourselves as a credible sports and fitness consumer electronics brand. We will bring new features to the MySports app, GPS watches and activity trackers to improve overall user experience that contributes to a healthier life.

We aim to grow Drive specialist product sales in the niche markets whilst extracting the value from the PND category, which we believe will remain a meaningful category on its own for the foreseeable future.

GROUP FINANCIAL REVIEW

KEY FIGURES OVERVIEW

(€ in millions, unless stated otherwise)	2016	2015	y.o.y. change[1]
Automotive & Licensing	269.0	248.0	8%
Telematics	155.1	135.0	15%
Consumer	563.2	623.6	-10%
Total Revenue	987.3	1,006.6	-2%
Gross result[2]	566.2	518.5	9%
Gross margin (%)	*57%*	*52%*	
Operating result (EBIT)[2, 3]	8.9	0.6	
EBIT margin (%)	*1%*	*0%*	
Net result[2]	12.0	18.3	
Adjusted net result[4]	54.1	49.6	
EPS - fully diluted (€)	0.05	0.08	
Adjusted EPS - fully diluted (€)[4]	0.23	0.21	
Depreciation & amortisation[2]	132.0	123.1	7%
of which acquisition-related	55.3	52.1	6%
EBITDA[3]	140.9	123.7	14%
EBITDA margin %	*14%*	*12%*	
Cash flows from operating activities	144.3	118.8	22%
Cash flows from investing activities	-119.7	-154.2	22%
Net cash	132.5	98.3	35%

1. Change percentages and totals calculated before rounding.
2. 2015 includes a €11 million impairment charge on customer specific technology.
3. The EBIT and EBITDA measure and reconciliation to our income statement is further explained in note 4 of the consolidated financial statements.
4. A reconciliation of adjusted net result and adjusted EPS to our income statement is provided in note 25 of the consolidated financial statements.

REVENUE

In 2016, we generated revenue of €987 million, a 2% decline compared with €1,007 million in 2015. From a regional perspective, 78% of our 2016 revenue was generated in Europe (2015: 77%), 17% in North America (2015: 18%) and the remaining 5% in the rest of the world (2015: 5%).

GROSS RESULT

Our gross result for 2016 was €566 million, 9% higher compared with last year (2015: €519 million). The year on year increase was mainly due to a change in our product mix, with relatively higher portion of recurring high gross margin data, software & services revenue. We reported a gross margin of 57% compared with 52% in 2015. At constant currency rates for US dollar (USD) and British Pound (GBP), our gross margin would have been one percentage point higher.

OPERATING EXPENSES

Operating expenses for the year were €557 million compared with €518 million in 2015. This increase is mainly caused by higher depreciation and amortisation costs as well as an increase in Selling, general and administrative (SG&A). Both 2016 and 2015 operating expenses included a one-off gain of around €9 million, which resulted from respectively a resolved customs case (2016) and a settlement of a legal case (2015).

Research & Development (R&D) expenses amounted to €190 million in 2016 compared with €185 million last year. The year on year increase is mainly the result of increased usage of server and storage related to our content production platform. Total R&D cash spending during the year, including capital expenditures, amounted to €283 million compared with €268 million last year. The increase is mainly explained by higher investments in our mapmaking platform.

Our marketing expenses were relatively flat year on year, although the focus of our marketing campaigns has shifted more towards Sports products to support our growth in this category.

SG&A expenses increased from €172 million in 2015 to €195 million in 2016. The increase is mainly in our Telematics unit, reflecting an increase in our sales force and higher acquisition-related amortisation and integration expenses.

Total amortisation and depreciation expenses were €132 million compared with €123 million in 2015. Amortisation of technology and database increased by €15 million year on year due to the amortisation of certain technology platforms that went operational in 2016.

Operating result (EBIT) for the year amounted €8.9 million (2015: €0.6 million) reflecting the higher gross result partially offset by the above-mentioned increase in operating expenses.

FINANCIAL RESULTS AND TAXATION

Total financial expenses for the year were €2.4 million versus €8.3 million in 2015. The year on year decrease was mainly the result of a lower foreign currency loss compared with 2015.

The income tax for the year was a gain of €4.7 million, mainly reflecting a change in estimated prior years' taxable income following the finalisation of the tax returns and the remeasurement of deferred tax assets and liabilities to a lower tax rate due to the application of the innovation box facility in the Netherlands.

NET RESULT

The net result for the year was €12 million (2015: €18 million). The net result adjusted for acquisition-related expenses and gains on a post-tax basis was €54 million compared with €50 million in 2015. The adjusted EPS for the year was €0.23 (2015: €0.21).

INVESTMENTS

Total cash used in investing activities in 2016 was €120 million, a decrease of €34 million compared with €154 million in 2015. In 2015, we made two acquisitions for an aggregate consideration of €42 million. Excluding 2015 acquisitions, our cash used in investing activities increased by €8 million year on year due to higher investments in our map database.

CASH, LIQUIDITY AND DEBT FINANCING

The net cash from operating activities increased from €119 million to €144 million this year reflecting higher EBITDA. Net cash used in financing activities for the year was a net cash outflow of €29 million as we were able to reduce the utilisation of our credit facility and have fully repaid the external borrowings from an acquired subsidiary early 2016. Net cash used in financing activity includes a cash inflow of €10 million from the exercise of 2.3 million options related to our long-term employee incentive programmes.

At the end of 2016, our net cash position was €133 million (2015: €98 million) which includes an outstanding borrowing of €10 million (2015: €45 million) that we utilised from our €250 million revolving credit facility.

BUSINESS OUTLOOK

In 2017, we expect full year revenue of between €925 million and €950 million. Adjusted EPS is expected of around €0.25.

We expect the combined revenue of the Automotive, Licensing and Telematics businesses to grow above 10% year on year in 2017, in line with our previous expectations of their combined revenue CAGR of 15% between 2016 and 2020.

In Consumer, we expect the PND revenue to continue to decline; this will be only partially offset by a growing Sports business. We expect the level of investments (both CAPEX and OPEX) to show a modest increase compared with 2016, excluding acquisitions. In particular, we are investing in advanced content and software for the automotive industry and in our mapmaking activities.

The number of employees in 2017 is expected to modestly increase compared with 2016.

HUMAN RESOURCES

While 2015 laid the foundation to reshape Human Resources to deliver on company and organisational objectives, 2016 proved to be the year in which our HR strategy and objectives around People & Culture, World Class Leadership, and the Employer Brand, started to pay off. Our ambition continues to be the employer of choice in technology and the strong efforts we made in 2016 are getting us closer and closer to this goal.

PEOPLE & CULTURE

The key to our future success as a company is reliant on the strength of our people and culture. We want to attract the best people, invest in their development and give them the opportunity to grow and achieve more every day.

Entrepreneurialism is valued in our company and we believe that organisational flexibility will allow for people to make their own choices and thrive. TomTom attracts agile and adaptable people, capable of effectively dealing with and responding rapidly to changing circumstances. Having the best people enables us to deliver the greatest and most innovative products and services to our customers.

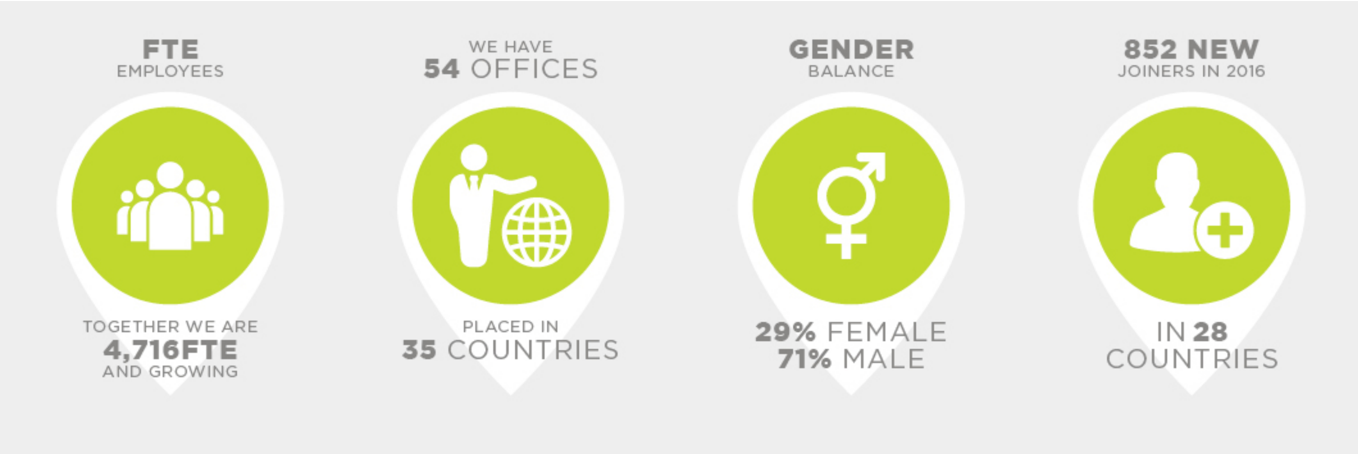
CELEBRATING CULTURE

In 2016, we sought out ways to give employees a platform and support activities across the business. At the start of the year, we launched a new intranet platform that included Yammer, an employee social sharing network, as well as a daily news feed to share employee stories. The intention of the new platform was to build bridges between global offices and share stories, ideas and projects. Within the first week of launch 100% of our workforce joined the platform. It is the primary content hub for all things happening within TomTom.

Besides improving all internal platforms and communication channels, we focused on supporting employee activities, boosting awareness across all TomTom global sites, and bringing a higher level of communication efforts to everything we do internally. These activities include:

- Live internal broadcasts of Hackathons, Innovation Days and other internal events;
- Awareness campaigns to support internal departments and activities;
- The launch of a narrowcast system, SCALA, to showcase all business content and employee generated content on designated media screens in offices around the globe.

We continue to find new and creative ways to celebrate people and culture within TomTom. 2016 saw a big shift in boosting and improving the level of our employee communication and activities.



EMPLOYEE GROWTH

TomTom is committed to the advancement and career development of our employees. This is exemplified by our policy to first recruit from within the company, which supports our 'Achieve More' proposition. In support of this policy, we are strongly promoting internal hires for leadership and management roles before recruiting externally. We continue to develop and improve our career track programmes in Finance, Customer Care, Map Operations and Software Development. The World Class Software Development Programme has continued to deliver value to the company in its fourth year of existence. These results have included further refining the way TomTom scales its Agile development, sharing best practices across product units, organising events such as Agile Summits and external speaker series. Our World Class Product Management Programme continued to make progress with strategies and roadmaps continually improving. Through our external engagements TomTom is increasingly visible as a leader in Agile organisations and this visibility has contributed to our recruitment and talent development. Finally, our product units have further refined and documented the different software development frameworks in place and made further improvements in the use of software development key performance indicators.

In 2016, TomTom's graduate programme continued to attract top talent. We attracted over 1,600 graduates from around the world (up by 150% from 2015). Graduates came from top tier universities: MIT, ESSEC, HEC, LSE, and Imperial College London. Due to the very rigorous selection process we have in place for graduates, we only hired six in 2016. It is an elite programme, and we only make offers to the very highest calibre of candidates. For 2016, we hired Product Managers and Marketing Managers, Mobile Developers and Test Engineers. The graduate programme continues to recruit the strongest performing employees who deliver significant results for the business. Our ambition is to continuously raise the level of this programme and to create a competitive engineering track that is a highly sought after placement for those who qualify.

PROMOTING A LEARNING CULTURE

Enabling our people's development and growth is key to delivering our 'Achieve More' promise to employees. Our learning and development platform provides employees with the opportunity to enhance their skills through various online and offline events, such as webinars, classroom courses and external presentations. The platform is tailored with programmes customised for individual employees, job segments, and for leaders. In 2016, we launched Lynda, the online platform for learning. Lynda proved to be a success with over 1,624 course hours completed and 100% participation of registered users.

IMPROVED TECHNOLOGY

We started to implement Workday in 2016 and the program will go live in 2017. This platform will improve all levels of employee and manager human resource management, and will give us a competitive advantage around candidate experience and talent management.

STAYING COMPETITIVE

Our remuneration strategy is key for attracting and retaining talent. We aim to provide fair, competitive and responsible compensation for each of our employees. However, we recognise that the workforce is changing and markets are becoming highly competitive with respect to benefits, compensation and perks. A one-size-fits-all policy does not make sense for the workforce of the future. Given the changes in the market, especially in the technology sector, we continue to focus on the individual needs of our employees so that we can create customised, personalised programmes for different segments of our employee population. This will lead to a unique attraction and retention approach and will enable us to compete effectively against other benefit and perk-driven employers. In terms of employee benefits, TomTom is committed to offering all employees market competitive benefits such as pension and health care according to each country's unique context. Next to these important benefits, we also offer a product discount programme to encourage ownership of TomTom products. Long-term incentives for senior management and key individuals are part of our remuneration policy. These incentives are intended to attract and retain talent to the company. Our long-term incentive programme includes phantom stock and stock options which are offered to key talents. All of our long-term incentive programmes are conditional to continued employment of the employee only and have a vesting period of three years. 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. The bonuses paid as a percentage of base salary vary according to the job grade and reflect the level of influence that each role has in the execution of TomTom's strategy.

WORLD CLASS LEADERSHIP

We want to safeguard what makes us a strong company and therefore need leaders who will cascade that energy and ambition down to the employees to drive our 'Achieve More' proposition and deliver on our company vision for the future.

DARE TO LEAD

At TomTom we employ the best people. And the best people need the best leaders. These leaders play a key role in attracting, developing and retaining the right people. In 2016, we created TomTom's leadership model. The model is made up of pre-requisites which are intrinsic to a person, and pillars which can be developed and learned. This was based on internal surveys and interviews, as well as external research, and embodies our core value proposition around leadership.

Prerequisites for leadership at TomTom:

- Drive: a continuous hunger for success through tenacity and the ability to endure even the most difficult situations.
- Adaptability: ability to change something or oneself to fit to occurring changes.
- Smart & curious: a persistent appetite to learn and improve yourself and the people around you. A desire to invest time and energy into getting to know more about the people, processes, products, concepts around you. Open to other points of view.
- Integrity: adherence to moral and ethical principles, soundness of moral character, honesty.

5 leadership pillars at the core of the TomTom Leadership model:

- Drive high performance: by setting high expectations and guiding towards them.
- Dare to lead: align teams around vision, strategy and purpose.
- Create an autonomous environment: that drives innovation, ownership, and accountability.
- Unleash talent: through a passion to help people achieve more.
- Connect: to drive collaboration throughout the organisation.

Working in partnership with Right Management, experts in the field of leadership assessment and development, we then designed our World Class Leadership assessment programme. The purpose of the programme is to measure the potential that our existing leaders currently have against our leadership model, and to ultimately gain a full overview on where leadership potential is within the organisation. The assessment consists of three online psychometric surveys, an interview with a qualified assessor from Right Management, and a feedback session. All employees with people management responsibilities will go through the assessment during 2017, and will be identified as having high, medium, low or no potential against the model. There is an expectation that leadership teams will follow up on an individual basis with suitable measures, including development programmes for high potential leaders, and removal out of a leadership role for those showing low or no potential. HR will support in those measures.

EMPLOYER BRAND

2016 saw an increase in Employer Brand awareness, including a shorter time to hire, in key markets, as well as increased employee engagement scores in the markets where we focused our efforts. We continue to bring our employees to the forefront of the business and celebrate who we are, our talent, and what we have accomplished at TomTom. We work closely with our talent team on targeted recruitment and retention tactics that will contribute to our goal to be the employer of choice in technology.

TALENT WANTED

To be the employer of choice in technology, TomTom wants the best talent. As the talent market continues to change and accelerate, we are transforming how we attract, develop and retain the right talent for our business – now and for the future. We build relationships. We source actively for all roles. We organise hackathons, use social media, work with our Fellows for thought leadership, and engage with and involve our leadership. At TomTom everyone recruits. 2016 saw a stronger partnership with Employer Brand. As a result, sourcing efforts, increased candidate participation in events, quality of hire and candidate conversion significantly improved.

MARKET-LEADING EMPLOYER BRAND

2016 saw external recognition as a thought leader in Employer Brand and the Future of Work. This is validated by numerous speaking invitations, roundtable discussions and influencer panels around our HR strategies, our views on the Future of Work in Technology and our positioning of the TomTom Employer Brand. Keynotes include: HR Tech, Workday Rising and the Universum Advisory Board roundtable discussions where we presented to 50 leading European companies in technology, finance, FMCG, education and others.

We continue to make ourselves present on the global stage and lead conversations around the Future of Work. We strive to create awareness around how we work, our unique company culture and the value we contribute to the talent market as a leading technology company.

VIKTORIJA RISTOVA
JUNIOR SOFTWARE ENGINEER

'MY FAVOURITE PROJECT WAS WORKING ON THE ROUTING FUNCTIONALITY OF OUR NAVIGATION PRODUCTS. AS PART OF THE PROJECT, I HAD AN OPPORTUNITY TO ENHANCE MY TECHNICAL KNOWLEDGE AND CONTRIBUTE TO THE CORE FUNCTIONALITY OF OUR BUSINESS.'

NIVARD VAN GERREVINK
PROJECT MANAGER

'I WORKED FOR YEARS ON SEVERAL RENAULT PROJECTS, AND I THINK THE FIRST CONNECTED EMBEDDED NAVIGATION SYSTEM WAS THE MOST ENJOYABLE. AT THAT TIME, I WAS RESPONSIBLE FOR QUALITY. I STILL LOOK INSIDE RENAULT CARS WITH PRIDE IF I SEE "MY" SYSTEM!'

JOOST KOP
SYSTEM ARCHITECT

'AT TOMTOM YOU HAVE FREEDOM TO ORGANISE YOUR WORK IN THE WAY YOU WANT TO. AND TOMTOM IS NOT HESITANT IN WORKING WITH NEW TECHNOLOGIES.'

EMPLOYER BRAND EFFECTIVENESS

In 2016, we developed our first market campaign for one of our key technology hubs. In support of this campaign, we invested in several candidate activities of which the candidate response rate was more than expected. Time to hire significantly decreased and quality of candidates improved as a result. Furthermore, the campaign influenced employee engagement rates in this market.

While 2015 was the year to build foundations, 2016 was the year to create 'effective content' - observing what resonates with our core target audience and adjusting where necessary to deliver results. Our content engagement rates and interactions in 2016 were significantly above market and competition. From 2015 to 2016, we grew on our social channels by 120%, achieving higher than average per week rates in engagement and impressions without paid content. We continue to encourage employee generated content as well as produce employee digital stories such as Behind the Launch, revealing a behind-the-scenes look at our people and culture. In 2016, we produced over 100 communication campaigns to support our markets and to encourage employee engagement internally. In 2017, we plan to increase our digital presence with the addition of new social and technical community platforms and invest more in digital campaigns to drive traffic to our career site and relevant TomTom events.

BUSINESS OUTLOOK

In 2017, we will focus on our World Class Leadership programme, attracting and retaining top talent and celebrating our people and culture.

We will continue to make improvements in HR technology.

With the launch of Workday in 2017, we will launch a brand new career site. With this new applicant tracking system we hope to significantly improve the candidate experience as well as have better transparency on candidate analytics allowing us to create effective communication campaigns in 2017.

CORPORATE SOCIAL RESPONSIBILITY

TomTom recognises that long-term value creation goes hand in hand with maintaining a sustainable business. We understand the importance of strong environmental business practices, doing business with likeminded partners and engage employees who live up to our goals. Achieving a balance between all stakeholders is essential to meet the needs of the present without compromising the ability of future generations.

STRONG CONTRIBUTION TO SOCIETY

TomTom recognises that climate change is one of the biggest challenges facing the world today. Smarter and more efficient solutions are required to deal with traffic planning and control in order to organise safer, greener and more comfortable mobility in cities. TomTom believes that governments, automotive companies, service providers and drivers can reduce congestion dramatically by cooperating more closely, and we are actively working towards solutions that will enable this goal to be achieved.

For example, our fleet management products provide a complete approach to help drivers adapt a responsible driving style and reduce fuel consumption and CO_2 emissions. It supports drivers in their commitment of being environmentally responsible. Another example is the launch of TomTom City in 2016, which provides a platform to connect traffic authorities, businesses and citizens to jointly manage sustainable and efficient mobility.

In 2016, we furthered our ambition to improve our sustainability footprint by designing and implementing a social environmental management system (SEMS) which is in compliance with ISO14001 standard and the Electronic Industry Citizenship Coalition (EICC) requirements.

Our SEMS sets out how we approach our social and environmental responsibility as a global organisation, by trying to minimise our environmental impact and maximising our positive contribution to the community we work and live in. It gives guidance to our employees, suppliers, customers and other relevant stakeholders on how we uphold our social and environmental standards in everything we do. The SEMS consists of policies, procedures, process descriptions, business guidelines, and templates and is accessible for our global work force.

TomTom's contribution to society includes the payment of taxes. The taxes we pay are a significant source of funding of public services provided by governmental institutions in the countries where we operate. Annual internal trainings on tax dilemmas were organised to keep internal stakeholders aware of relevant tax legislation and to ensure compliance herewith.

LIKEMINDED PARTNERS

As a global business we are committed to continuously improving our supply chain management practices. TomTom uses its full membership of the EICC to achieve these objectives.

We have adopted and implemented the EICC Code of Conduct in our business processes and operations. This code sets out the electronics supply chain standards and practices for business conduct that we expect from our employees and our suppliers. We use our SEMS to ensure the proper management of the EICC standards within our business. This framework also enables us to identify and mitigate operational risks and facilitates continual improvement in our supply chain management practices.

We expect our suppliers to comply with all relevant requirements and to share our commitment to corporate social responsibility and continuous improvement in social and environmental performance. Not only in the development and manufacturing of products but also in the way they conduct their businesses. The EICC Code of Conduct is embedded in our vendor selection process and is signed by all our major Tier1 suppliers.

We continue to believe that a risk management approach enables us to spend our resources efficiently by identifying areas of high risk. The risk profile, self-assessments and audits are all based on EICC developed tools and practices which we believe are the most appropriate and relevant to our business and our supply chain. Using EICC tools is not only efficient for TomTom but it also sends a consistent message to our suppliers, and minimises the duplication of their effort between different customer requirements.

In 2016, we completed facility risk assessments for 100% of our Tier1 major suppliers using EICC developed tools. This includes electronics assembly suppliers for the PND, in-dash navigation systems and sports products. These suppliers accounted for 88% of TomTom's total supply chain spend. It also included 50% of our logistics suppliers, accounting for a 6.5% of total supply chain 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, we did not conduct any independent supplier audits in 2016.

COMMUNITY GIVING

In 2016, we continued our pledge and commitment to help kids BeActive and support efforts in our local communities in which we work and live. We launched our BeActive programme in Pune, India. This programme is a collaboration between TomTom and eight municipal corporation schools in Pune and aims to allow the children to increase physical activity, channel their energy toward sports and to cultivate team spirit. Over 320 children were chosen to participate and TomTom employees will give back 16,000 volunteer hours plus host a full day cricket tournament.

In the Netherlands, for the second year in a row, we extended our partnership with the 'Richard Krajicek Foundation'. This organisation was founded by Dutch Wimbledon Champion Richard Krajicek and gives underprivileged youth the opportunity to participate in sports. The programme supports these kids by building playgrounds, organising sport activities and even providing academic scholarships to those who continue to mentor other kids in the programme. Our employees have hosted a number of fundraisers throughout the year to directly support these efforts.

In addition, in the Netherlands we also sponsored local initiatives in Amsterdam such as Girls Day, EU Code Week, the Dam tot Dam Loop, World Solar Challenge and JINC, Future Boss of Tomorrow. JINC is an organisation that helps children aged 8 - 16 to get a good start in the labour market.

Globally, TomTom employees donated 5,635 hours to Dementia research by playing Sea Hero Quest. This is the world's first mobile game where anyone can help scientists fight dementia. This game has been played by almost 2.5 million people generating over 63 years of gameplay, making Sea Hero Quest the largest dementia study in history.

TomTom employees from four countries, Belgium, Germany the Netherlands and Poland, participated in a 24-hour, 250 kilometre relay run to raise money for Juvenile Diabetes and our employees' To the Heart Foundation. Employees raised over €27,000 to support these causes. In 14 years, our employee To the Heart Foundation has raised over €207,000 to support children's charities.

In 2016, we also extended our partnership with 'Kids Run Free' a UK charity that creates opportunities for children to run relay races in and out of school. TomTom supported them with funding for 10 races and provided our GPS watches and coaching for the young runners.

In the United States, we sponsored various employee initiatives including the St Jude Walk to end Cancer, the American Heart Association and by raising funds for our own employees running the Boston Marathon for charity.

BUSINESS OUTLOOK

Our ambition is to maintain a sustainable company.

Our aim for 2017 is to strengthen our community giving strategy and launch our new global CSR programme 'TomTom Gives'.

We will also further deploy our SEMS within our organisation.

RISK MANAGEMENT AND CONTROL

TomTom has implemented comprehensive and structured risk management and internal control systems helping us to achieve our business objectives. Our approach to risk management, the main risks per category and actions to manage, control and mitigate the risks are, among others, described in this section.

APPROACH TO RISK MANAGEMENT

Senior management together agrees on the risk management priorities for the group. The group risk profile is discussed and agreed with the Management Board. A single owner is assigned responsibility for each risk, which helps to 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. We update our group risk profile every year in order to manage our most important risks. Over the year, we monitor the mitigating actions in relation to each risk and the trend for each risk. The business risk profile is taken into account when establishing our strategy, annual business plans and budgets.

In 2016, we further strengthened our control environment with the Internal Control department driving risk and control ownership by business process owners (BPOs) as well as upgrading the tools used to monitor our IT general controls. Additionally, BPOs gained better insight into their processes and associated control environment through enhanced dashboards. We also continued to align risk management and control related efforts within the organisation. This allowed Internal Audit to make a more informed decision on what areas to audit and gain more value from our internal audits. The result has been value adding audits with recommendations that where welcomed by the business and strengthened our overall control environment.

CONTROL FRAMEWORK

TomTom follows a top-down approach whereby 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 those risks. These internal controls are contained and maintained in the Internal Control Framework. Assurance on the effectiveness of controls is obtained through management reviews, monitoring dashboards, self-assessments, internal audits and testing of certain aspects of our internal financial control systems by the Internal Control team. This, however, does not imply that certainty as to the realisation of our business and financial objectives can be provided, nor can the approach of the company to control its 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 our Internal Control are as follows:

- Defined lines of accountability and delegation of authority are in place, together with reporting and analysis against budgets;
- Minimised operating risk by ensuring that the appropriate infrastructure, controls, policies, systems and people are in place throughout the business;
- Maintain organisational design that supports business objectives and a culture that encourages open and transparent communication;
- Maintain a financial shared service centre with a centralised Enterprise Resource Planning (ERP) environment which allows us to monitor our business throughout all regions and apply a consistent level of control;
- Centralised Treasury operations manage cash balances and exposure to credit default and currency risks through treasury policies, risk limits and monitoring procedures; and
- Ensure the Code of Conduct is accessible to all staff via the intranet, which includes whistleblowing facilities.

RISK APPETITE AND IMPACT

Our willingness to assume risks and uncertainties (the risk appetite) differ for each category. The level of the company's risk appetite gives guidance as to whether TomTom would take measures to control such uncertainties. The overview table shows the appetite and the expected impact on the group's achievement of its strategic, operational and financial objectives if one or more of the main risks and uncertainties were to materialise. The likelihood of the risk taking place is also disclosed. The risks are shown net. This means that the risks are described after taking the risk response into consideration.

RISK OVERVIEW

CATEGORY	DESCRIPTION	APPETITE	IMPACT	LIKELI-HOOD
STRATEGIC RISKS	FAILURE TO ESTABLISH A MULTI-PRODUCT CONSUMER BUSINESS	●●	●●●	●●
	FAILURE TO GROW OUR AUTOMOTIVE BUSINESS	●●	●●●	●●
	REPUTATION DAMAGE	●	●●	●●
	FAILURE TO INCREASE PRODUCTIVITY AND SCALABILITY TO OUR MAPMAKING PROCESS WHILE SHORTENING CYCLE TIMES	●	●●●	●●
OPERATIONAL RISKS	INABILITY TO ATTRACT, DEVELOP AND RETAIN TALENT	●	●●	●●
	UNAVAILABILITY OF ONLINE SERVICES	●	●●●	●
	FAILURE TO RECOVER FROM A DISASTER	●●	●●●	●
LEGAL AND COMPLIANCE RISKS	INTELLECTUAL PROPERTY CLAIM	●●	●●	●
	PRIVACY OF CUSTOMER DATA RISK	●	●●●	●
	INFORMATION SECURITY RISK	●	●●●	●
FINANCIAL RISKS	UNFAVOURABLE MOVEMENTS IN FOREIGN CURRENCIES	●●	●●	●●●

● LOW ●● MEDIUM ●●● HIGH

GROUP RISK PROFILE

Below is an overview of the risks that we believe are most relevant to the achievement of our strategy. The sequence of risks below does not reflect an order of importance, vulnerability or materiality. 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.

STRATEGIC RISKS

FAILURE TO ESTABLISH A MULTI-PRODUCT CONSUMER BUSINESS

Although the PND market shows a declining trend, a significant part of our revenue is still derived from PNDs and we expect this to remain a meaningful category in its own right for the upcoming years. If we are unable to successfully launch new Consumer products and fail to adapt our organisation to remain competitive this 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.

RISK RESPONSE

We aim to continuously develop new innovative products in the Sports category and establish ourselves as a credible sports and fitness consumer electronics brand. Next, we aim to grow Drive specialist product sales in the niche markets whilst extracting value from the PND category.

FAILURE TO GROW OUR AUTOMOTIVE BUSINESS

We might be unable to pursue new automotive opportunities and lose market share versus competition. Also, new map and navigation providers may choose to enter the automotive market, which could increase the level of competition we face. There could be additional operational and technical challenges in growing our Automotive business and maintaining profitability over the longer term in such a rapidly evolving environment. 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.

RISK RESPONSE

We believe TomTom is well positioned to address the future needs of our customers and to successfully pursue Automotive opportunities. With our technological innovation we continuously develop new product and service offerings in the area of navigation, traffic and maps. We believe these innovations will allow us to remain competitive in the automotive market.

REPUTATION DAMAGE

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 customer confidence in our products or services.

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

RISK RESPONSE

TomTom employs a rigorous continuous quality management process for its products and services before they are entered into the market. Additionally, TomTom's Customer Care department aims to provide quality, fast response customer service and proactively monitors various digital platforms for customer feedback and issues. Furthermore, internal policies, governance teams and our Code of Conduct are designed to further mitigate the risk of incidents that could result in reputation or brand damage.

FAILURE TO INCREASE PRODUCTIVITY AND SCALABILITY TO OUR MAPMAKING PROCESS WHILE SHORTENING CYCLE TIMES

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 and attributes to our map database to enable us to meet the needs of existing and new customers, bring out new products and expand into new markets. If we are unable to invest sufficiently to compete with other global map providers in terms of both the quality and coverage and to modernise our map delivery platforms, our business, our financial condition, results of operations and liquidity may be materially adversely affected.

RISK RESPONSE

Over the last few years, we have invested significantly in developing a new Content Production Platform. This transactional mapmaking platform will strengthen TomTom’s competitive positioning by moving away from traditional batch processing towards a continuously updated real-time map. Additionally, we have made some changes to the structure of our mapmaking organisation to maximise the productivity and drive a much higher level of automation. Also, we have developed several strategic partnerships to develop technologies to support Autonomous Driving.

OPERATIONAL RISKS

INABILITY TO ATTRACT, DEVELOP AND RETAIN TALENT

Our markets are characterised by rapid technological change, which challenges us to deliver highly competitive products and services on an ongoing basis. In order to be a market leader in our industry, we need to have the most talented people working effectively together.

We aim to employ highly talented people in our organisation. Having the best people enables us to create and deliver highly innovative products and services to our customers. If we are unable to attract, develop and retain the right people, our ability to operate our business successfully could be significantly impaired.

RISK RESPONSE

In our ambition to be the employer of choice in technology, our rigorous recruitment process aims to attract the best talents. We monitor the organisational health of the company and have programmes in place to retain and keep (key) employees engaged. Ongoing significant investments are made in understanding what our employees need and want so we can offer customised experiences. We invest in our increasingly agile and talented workforce and in ensuring that we have the right employer brand strategy in place to attract and retain the talent we need. For example, we continuously invest in and develop our software engineering and product management capabilities through initiatives such as our World Class Software Development Programme as described in the section Human Resources.

UNAVAILABILITY OF ONLINE SERVICES

We provide a variety of customer-facing online services on a 24/7 basis. These include fleet management services, live traffic information, location-based services and sales via our website. To provide these services to our customers we rely on our own, as well as outsourced, information technology, tele-communications 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 TomTom and could trigger contractual penalties, which could have a material adverse effect on our financial condition and results of operations.

RISK RESPONSE

We have established a process in relation to business continuity for internal infrastructure including full redundancy for key services such as fleet management, location-based services and some traffic delivery platforms. We also agreed minimum service levels with relevant outsourced service providers. Continuous monitoring of system availability is in place.

FAILURE TO RECOVER FROM A DISASTER

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 could 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.

RISK RESPONSE

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

We rely on a combination of trademarks, trade names, patents, confidentiality and non-disclosure agreements, copyrights and design rights, to defend and protect our trade secrets and the intellectual property in our expanding range of products. We may be faced with claims that we have infringed the intellectual property rights or patents of others, which if asserted against us may result in us being ordered to pay substantial damages or forced to stop or delay the development, manufacturing 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.

RISK RESPONSE

We have a dedicated Intellectual Property team responsible for the protection of TomTom's products and services against unauthorised use by third parties. By obtaining and enforcing intellectual property rights, such as patents and trademarks, TomTom can prevent the competition from reproducing our unique products. TomTom has built a substantial prior art portfolio and has a reputation for strongly defending its position in all intellectual property litigation, including against non-practicing entities (NPE).

PRIVACY OF CUSTOMER DATA RISK

We provide location-based and fitness products and services to individual customers and as there is growing public awareness and increased scrutiny by regulatory authorities, this means that compliance with privacy regulations and customer expectations is increasingly important in maintaining our competitive position. Next to this, various governments across the globe are implementing legislation allowing law enforcement and intelligence services bodies direct access to data held by businesses. Depending on country and cultural background, this could raise additional concerns regarding the use of our products and services. Our reputation and brand may suffer and regulatory sanctions may be imposed if we fail to comply with privacy laws and regulations or otherwise fail to meet our customers' expectations in relation to privacy matters.

RISK RESPONSE

Inherent in the design and operations of our products and services we apply 'privacy-by-design' to ensure that TomTom's own Privacy Principles as well as obligations from applicable privacy laws and regulations are structurally adhered to in the design of our products and services and throughout our operations.

INFORMATION SECURITY RISK

Our business operations and reputation are substantially dependent on our ability to maintain confidentiality, integrity and availability of information regarding customers, employees, suppliers, proprietary technologies, intellectual property and business processes. Additionally, the volume and sophistication of information security ('cybersecurity') threats continue to grow. The inadvertent disclosure of confidential information, unauthorised access to our systems and networks, defective products and sanctions potentially imposed by regulators could adversely affect our business, our reputation and could have a material adverse effect on our financial conditions, results of operations and liquidity.

RISK RESPONSE

We structurally deploy and maintain information security governance, controls, processes and tools in our engineering, operations and products using a risk-based approach, based on ISO information security standards.

FINANCIAL RISKS

UNFAVOURABLE MOVEMENTS IN FOREIGN CURRENCIES

The group operates internationally and conducts business in multiple currencies. Revenue is earned in euro (EUR), GBP, USD and other currencies, and do not necessarily match cost of sales and other costs which are largely in EUR and the USD and to a lesser extent in other currencies. Foreign currency exposures on commercial transactions relate mainly to estimated purchases and sales transactions that are denominated in currencies other than reporting currency - EUR (€). Unfavourable foreign currency movements such as a strengthening of the USD will have a negative impact on our profitability.

RISK RESPONSE

We manage 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. Furthermore, we try to temper any negative foreign currency effect by conscious and calculated pricing of TomTom products and services to combat the negative impact of the exchange rate movement. For additional information, see note 28 to 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 requirements of the Dutch Corporate Governance Code (the Code).

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

The Management Board believes, based on the activities performed in 2016 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 2016, and that the risk management and control systems provide a reasonable assurance that the 2016 financial statements do not contain any errors of material importance. With reference to section 5.25c paragraph 2c of the Financial Markets 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 review 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, 8 February 2017

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

CORPORATE GOVERNANCE

TomTom is committed to conducting business in a transparent, ethical and accountable manner. Our corporate governance structure supports and contributes to fulfilling this commitment to all our stakeholders.

GENERAL

TomTom NV is a public limited liability company incorporated under Dutch law and listed on Euronext Amsterdam in the Netherlands. We have a two-tier board structure, consisting of a Management Board and an independent Supervisory Board, accountable to the General Meeting for the performance of their duties.

Our corporate governance structure is based on the company's Articles of Association, the requirements of the Dutch Civil Code, the Dutch Corporate Governance Code (the Code), applicable securities laws, and the rules and regulations of Euronext Amsterdam.

We continuously monitor and assess our corporate governance structure and compliance with the Code, applicable laws and regulations and relevant developments. In order to drive governance, consistency and functional excellence throughout the company, the Management Board has established a Code of Conduct, and a set of business policies and procedures which have been rolled out to all employees globally.

In this paragraph, we address our overall corporate governance and provide information on our compliance with the best practice provisions of the Code. Occasional deviations from the Code are explained and information on the reasons for any such deviations are provided at the end of this paragraph.

In case of any substantial changes to the corporate governance structure of TomTom and its compliance with the Code, the shareholders shall be informed hereof at a General Meeting.

MANAGEMENT BOARD

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 relevant to the company's business. The Management Board is accountable for this to the Supervisory Board and to the General Meeting.

In fulfilling 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 provides the Supervisory Board in a timely manner with all information necessary for the Supervisory Board to fulfil its duties. Furthermore, the Management Board consults with the Supervisory Board on important matters and submits important decisions to the Supervisory Board for its prior approval.

COMPOSITION AND APPOINTMENT

The company's 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 with the possibility of re-appointment for consecutive four year terms in accordance with the Code. 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 appointment of a member of the

Management Board in contravention of the Supervisory Board's 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. 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.

The Management Board currently consists of three members: Harold Goddijn, Taco Titulaer and Alain De Taeye. The members of the Management Board are jointly authorised to represent the company. Biographies of the members of the Management Board, as well as other details relating to their careers can be found in this Management Board Report section under TomTom Management Board.

TomTom does recognise the benefits of diversity throughout the company. When selecting a candidate for appointment to the Management Board, the Supervisory Board will consider, among others, specific experience, knowledge, skills and gender diversity within the Management Board. When nominating a candidate for appointment the qualifications of the candidate will prevail.

REMUNERATION

The remuneration of each member of the Management Board is determined by the Supervisory Board, upon a proposal by the Remuneration Committee, and based on the company's Remuneration Policy for the Management Board as established by the General Meeting in 2014.

For further information about the Remuneration Policy and how it is applied in 2016, reference is made to the Remuneration Report in the Supervisory Board Report section, and note 33 Remunerations 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. The Supervisory Board shall decide whether a conflict of interest exists.

The member of the Management Board who has 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. Decisions to enter into transactions under which members of the Management Board have conflicts of interest that are of material significance to the company and/or to the relevant member(s) of the Management Board, require the approval of the Supervisory Board.

During 2016, no such conflicts of interest were reported.

SUPERVISORY BOARD

The Supervisory Board supervises the management of the Management Board and the general course of affairs of the company and supports the Management Board by providing advice. In performing its duties, the Supervisory Board acts in the interest of the company as well as that of its stakeholders.

The company's Articles of Association require that certain decisions of the Management Board be subject to the approval of the Supervisory Board, such as resolutions of the Management Board to issue shares, to grant rights to acquire shares, to restrict or exclude pre-emptive rights, to amend the Articles of Association, to conclude a legal merger or a legal demerger, and to reduce the issued share capital.

COMPOSITION AND APPOINTMENT

The company's Articles of Association provide that the Supervisory Board shall consist of a minimum of three members. Members of the Supervisory Board may be appointed for a maximum period of twelve years in accordance with the Code.

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, which can be downloaded from TomTom's corporate website:
corporate.tomtom.com/responsibilities-structure.cfm.

The General Meeting appoints the members of the Supervisory Board, subject to the right of the Supervisory Board to make a binding nomination. The full procedure of appointment and dismissal of members of the Supervisory Board is explained in article 17 of the company's Articles of Association.

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 appointment of a member of the Supervisory Board in contravention of the Supervisory Board's 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.

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.

With the resignation of Guy Demuynck as of the 2016 annual General Meeting, the Supervisory Board consisted of five members. At the 2016 annual General Meeting, Jack de Kreij was appointed as a member of the Supervisory Board with effect of 1 January 2017. As a result, as per 1 January 2017, the Supervisory Board consists of six members. Biographies of the members of the Supervisory Board as at 31 December 2016, as well as other details relating to their careers, can be found in the Supervisory Board Report section.

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 nationality, 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 Supervisory Board Rules covering, among others, its decision-making process are posted on TomTom's corporate website: **corporate.tomtom.com/responsibilities-structure.cfm**.

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. As at 31 December 2016, two out of five members of the Supervisory Board were female. No member of the Supervisory Board holds more than five supervisory positions at Dutch 'large companies'.

THE COMMITTEES

In line with the Code, 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 and at least one of the members of the Audit Committee is a financial expert. For an overview of all activities performed by the committees, reference is made to the Supervisory Board Report section. The terms of reference of each committee can be found on TomTom's corporate website: **corporate.tomtom.com/responsibilities-structure.cfm**.

REMUNERATION

The remuneration of the members of the Supervisory Board and the additional remuneration of the Chairman and the members of its committees is determined by the General Meeting, last amended in 2009. 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. No shares or rights to shares were granted to a Supervisory Board member by way of remuneration. At present, none of the Supervisory Board members own any shares in the company.

The annual remuneration of the Supervisory Board and committees' membership remained unchanged during 2016. Respective amounts are shown in the below table.

Role	Chairman	Member
Supervisory Board	€50,000	€40,000
Audit Committee	€10,000	€7,000
Remuneration Committee	€7,000	€4,000
Selection and Appointment Committee	€7,000	€4,000

For more detailed information about the remuneration of individual members of the Supervisory Board see note 33 Remunerations 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. 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 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. Decisions to enter into transactions under which members of the Supervisory Board have conflicts of interest that are of material significance to the company and/or to the relevant member(s) of the Supervisory Board, require the approval of the Supervisory Board.

During 2016, no such conflicts of interest were reported.

In accordance with provision III.6.4 of the Code, TomTom reports that no transactions occurred in 2016 between the company and legal or natural persons who hold at least 10% of the shares in the company.

SHARES AND SHAREHOLDERS' RIGHTS

FUNCTIONING OF THE GENERAL MEETING

The General Meeting is held at least once a year and generally takes place in Amsterdam, the Netherlands. The 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 well as the adoption of the annual accounts, the release from liability of the members of the Management Board and Supervisory Board and the execution of the Remuneration Policy during the previous year. When deemed necessary in the interests of the company, an Extraordinary General Meeting may be convened by resolution of the Management Board or the Supervisory Board.

Each shareholder is entitled, either personally or by proxy authorised in writing, to attend the General Meeting, to address the meeting and to exercise his or her voting rights. 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. The voting rights attached to any 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 the votes cast, except where Dutch law or the company's Articles of Association provide for a special majority.

According to the company'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, the company'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 the 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 the votes cast, irrespective of the share capital represented at the General Meeting.

THE CAPITAL STRUCTURE

The company's authorised share capital amounts to €180,000,000 and is divided into 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. As at 31 December 2016, a total of 232,886,736 ordinary shares were issued and outstanding.

ISSUE OF SHARES

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

On 22 April 2016, the General Meeting passed a resolution extending the Management Board's authorisation to resolve the issuance of ordinary shares or grant rights to subscribe for such shares until 22 October 2017. This authority is limited to 10% of the number of issued ordinary shares for general purposes, and an additional 10% in connection with or on the occasion of a merger or acquisition, and authorises the restriction or exclusion of the pre-emption rights for existing shareholders for such issue or grant of rights.

Separately, the Management Board has been authorised to grant, subject to the prior approval of the Supervisory Board, rights to subscribe for ordinary shares and to restrict or exclude the pre-emption rights for existing shareholders for those rights, up to 1,300,000 ordinary shares for the purpose of executing the TomTom Employee Stock Option Plan and the Management Board Stock Option Plan. It was granted for a period starting from the 2016 General Meeting and ending with the General Meeting to be held in 2017.

REPURCHASE BY THE COMPANY OF ITS OWN SHARES

The 2016 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, subject to certain conditions. The authorisation was granted for a period of 18 months and will be in effect until 22 October 2017.

PREFERRED SHARES

Foundation Continuity TomTom (Stichting Continuïteit TomTom) is a foundation established in 2005, with a board independent of TomTom (the Foundation). The purpose of the Foundation is to safeguard the interests of the company and its stakeholders. It does so by ensuring that the company is in a position to resist influences that 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 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.

The General Meeting adopted the proposal of the Management Board to grant the Foundation a call option entitling it to subscribe for preferred shares up to 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.

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. Currently, there are no preferred shares outstanding.

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.

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 set thresholds. The thresholds for substantial shareholding notifications are: 3%, 5%, 10%, 15%, 20%, 25%, 30%, 40%, 50%, 60%, 75% and 95% of the company's issued share capital.

At 31 December 2016, the following shareholders owning 3% or more of the company's voting rights were registered with the AFM:

Name	% voting rights[1]
Founder - Harold Goddijn	11.30%
Founder - Corinne Vigreux	11.22%
Founder - Pieter Geelen/Stichting Beheer Moerbei	11.22%
Founder - Peter-Frans Pauwels/Stichting Beheer Pillar Arc	11.22%
J.H.H. de Mol	5.01%
Flevo Deelnemingen IV BV	4.99%

1. These percentages, which include both direct and indirect capital interests/voting rights, do not necessarily reflect the actual shareholding in the company due to the notification requirements with the AFM.

COMPLIANCE WITH THE CODE

As a Dutch listed company, TomTom is subject to the Code. The Management Board and Supervisory Board recognise the importance of good corporate governance and are committed to complying with the best practice provisions of the Code and continuously monitors developments in this area.

TomTom complies with all of the relevant provisions of the Code, with the exception of the following provisions: II.2.4 and IV.1.1. The nature of and reasons for these deviations are explained below.

PROVISION II.2.4

Best practice provision II.2.4 provides that if options are granted, they shall, in any event, not be exercised in the first three years after the date of granting. The number of options to be granted shall be dependent on the achievement of challenging targets specified beforehand.

At the 2014 General Meeting, the proposal to amend the Remuneration Policy with regard to the long-term incentive component laid down in the TomTom NV Management Board Stock Option Plan (the Plan) was adopted. As a result of this decision, the performance conditions for the vesting of the options were removed. All options granted under the Plan shall be granted conditional to continued employment of the members of the Management Board only. TomTom deviates from best practice provision II.2.4 to the extent that it does not specify targets beforehand. A vesting period of three years is applicable.

The reason for amending the Remuneration Policy was to align it better with international high-tech sector practice. Under the new Plan, the Management Board remains continuously focused on creating more value for the company's shareholders.

TomTom's comparable and competitor companies are international companies in the high-tech sector. These companies continue to favor stock option plans and operate in environments not subject to the Code. The current Plan is reflective of competitive practices and enables TomTom to be competitive for international senior leadership talent.

Furthermore, the inclusion of vesting conditions in addition to the increase of TomTom's share price results in multiple hurdles for the Management Board to potentially obtain value. Stock options carry an innate de facto performance condition that focuses on achieving stock price growth before value can be derived from stock option grants. The value of the stock option remains wholly dependent on the development of TomTom's share price.

PROVISION IV.1.1

Best practice provision IV.1.1 provides that the General Meeting may pass a resolution to cancel 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.

The company'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.

CORPORATE GOVERNANCE STATEMENT

Article 2a of the Dutch Decree on additional requirements for annual reports, last amended on 1 November 2015 (the Decree) requires companies to publish a statement concerning their approach to corporate governance and compliance with the Corporate Governance Code. The information required to be included in this corporate governance statement as described in articles 3, 3a and 3b of the Decree are incorporated in this paragraph.

The main characteristics of the company's internal risk management measures and control systems connected to its financial reporting process, as required by article 3a sub a of the Decree, are described in the Risk Management and Control section.

The Dutch Corporate Governance Code applicable to the company in 2016 can be found at **www.commissiecorporategovernance.nl**. The Monitoring Committee Corporate Governance has published an amended version of the Dutch Corporate Governance Code on 8 December 2016, which will be applicable to the company for the financial year starting on 1 January 2017.

INFORMATION PURSUANT TO ARTICLE 10 TAKEOVER DIRECTIVE

The Management Board states that all information, which must be disclosed pursuant to Article 10 of the EU Takeover Directive Decree, is included in this paragraph, the Supervisory Board Report section and the notes referred to herein, to the extent that it is applicable to TomTom.

SUPERVISORY BOARD

TOMTOM SUPERVISORY BOARD

As at 31 December 2016

PETER WAKKIE
68/CHAIRMAN

NATIONALITY Dutch
DATE OF FIRST APPOINTMENT 28 April 2009
TERM OF OFFICE 2013 - 2017

FORMER POSITIONS Member of the Executive Board of Royal Ahold NV
CURRENT POSITIONS Founding partner of Spinath + Wakkie BV, Chairman of the Supervisory Board of Wolters Kluwer NV and member of the Supervisory Board of BCD Holdings NV
COMMITTEES Remuneration Committee, Selection and Appointment Committee (Chairman)

DOUG DUNN
72/DEPUTY CHAIRMAN

NATIONALITY British
DATE OF FIRST APPOINTMENT 13 May 2005
TERM OF OFFICE 2015 - 2017

FORMER POSITIONS Chief Executive Officer and President of ASML Holding NV
CURRENT POSITIONS Non-Executive Director of Soitec SA and Global Foundries, Vice-Chairman of the Supervisory Board of BE Semiconductor Industries NV
COMMITTEES Audit Committee

BEN VAN DER VEER
65

NATIONALITY Dutch
DATE OF FIRST APPOINTMENT 1 October 2008
TERM OF OFFICE 2016 - 2017

FORMER POSITIONS Member and Chairman of the Board of Management of KPMG NV
CURRENT POSITIONS Non-Executive Director of RELX Group PLC, RELX PLC and RELX NV and member of the Supervisory Board of AEGON NV and Royal Friesland Campina NV
COMMITTEES Audit Committee (Chairman)

JACQUELINE TAMMENOMS BAKKER
63

NATIONALITY Dutch

DATE OF FIRST APPOINTMENT 1 May 2014

TERM OF OFFICE 2014 – 2018

FORMER POSITIONS Non-executive Director of Tesco PLC, Vivendi and Director General at the Dutch Ministry of Transport, responsible for Civil Aviation and Freight Transport and Chairman of the High Level Group for the future of aviation regulation in Europe

CURRENT POSITIONS Non-Executive Director of CNH Industrial NV, member of the Supervisory Board of Unibail- Rodamco and the Groupe Wendel, Chairman of the Van Leer Group Foundation and Member of the advisory board of the Bath School of Management

COMMITTEES Remuneration Committee (Chairman), Selection and Appointment Committee

ANITA ELBERSE
44

NATIONALITY American

DATE OF FIRST APPOINTMENT 1 May 2014

TERM OF OFFICE 2014 – 2018

FORMER POSITIONS Visiting Fellow and Lecturer at The Wharton School University of Pennsylvania (2001-2003)

CURRENT POSITIONS Lincoln Filene Professor of Business Administration at Harvard Business School

COMMITTEES Audit Committee

SUPERVISORY BOARD REPORT

TomTom's Supervisory Board is responsible for supervising and advising the Management Board in setting and achieving the company's strategy and its objectives. In performing its duties, the Supervisory Board is guided by the interests of the company and its stakeholders. The Supervisory Board is assisted in its decision-making process by the Audit Committee, the Remuneration Committee, and the Selection and Appointment Committee.

INTRODUCTION

During 2016, the company continued to gain momentum in the Automotive and Licensing business, and Telematics continued to grow. The Sports business showed double-digit growth again, while the PND market declined faster than expected. The company prepared itself to capture the opportunities in location-based services. With its innovative product portfolio and supportive technology, the company remains uniquely well placed to address the need for an accurate and up-to-date map.

The efforts and commitment of the employees of the company and its Management Board are greatly appreciated by the Supervisory Board. The Supervisory Board looks forward to a further successful execution of TomTom's growth strategy.

COMPOSITION

As at 31 December 2016, the Supervisory Board of TomTom consisted of five members: Peter Wakkie (Chairman), Doug Dunn (Deputy Chairman), Ben van der Veer, Jacqueline Tammenoms Bakker and Anita Elberse.

Guy Demuynck stepped down from the Supervisory Board after the 2016 General Meeting by which time he had served for eleven years.

Per 1 January 2017 the Supervisory Board of TomTom consists of six members, due to Jack de Kreij who was appointed at the 2016 General Meeting as a member of the Supervisory Board with an effective date of 1 January 2017 for a term of four years.
At the 2016 General Meeting, Ben van der Veer was re-appointed for a term of one year. This means that at the 2017 General Meeting Ben van der Veer will have served for nine years. Jack de Kreij will succeed Ben van der Veer as Chairman of the Audit Committee as of the 2017 General Meeting.

At the 2017 General Meeting the second term of Peter Wakkie will expire. Peter Wakkie will be proposed for re-appointment for a two-year term at this meeting, which means that after that time he will have served for ten years.

Doug Dunn will step down from the Supervisory Board after the 2017 General Meeting, by which time he will have served for twelve years, the maximum term according to the Corporate Governance Code (Code). Furthermore, Anita Elberse has decided to step down as a member of the Supervisory Board after the 2017 General Meeting. Her new leadership position at the Harvard Business School does not allow her to combine these duties with a seat on the Supervisory Board of TomTom.

The Supervisory Board nominated Michael Rhodin for appointment as a new member of the Supervisory Board for a term of four years, to be resolved upon and effective from the 2017 General Meeting. He will also become a member of the Audit Committee.

As a result of the above changes and provided that the proposed nominations will be adopted by the 2017 General Meeting, the Supervisory Board will consist of four members: Peter Wakkie (Chairman), Jacqueline Tammenoms Bakker (Deputy Chairman), Jack de Kreij and Michael Rhodin.

The Supervisory Board confirms that all members are independent as meant within the terms of the Code.

The composition of the Supervisory Board is in line with the Supervisory Board profile, as drawn up by the Supervisory Board and published on the company's website, in terms of experience, expertise, nationality, gender and age. As at 31 December 2016, two out of five members of the Supervisory Board were female.

No member of the Supervisory Board holds more than five directorships at Dutch 'large companies'.

Biographies of the members of the Supervisory Board as at 31 December 2016, as well as the information on the members as prescribed by the Code, can be found in the Profiles of the Supervisory Board section of this report. This section also provides details on the committees of the Supervisory Board.

MEETINGS IN 2016

The Supervisory Board met fourteen times in 2016: six physical meetings and eight conference calls. The non-physical meetings were held to discuss financial updates and recent developments within the company in the months when no physical meeting was scheduled. The Management Board members attended all those meetings either in full or in part. The meetings of the Supervisory Board achieved an overall average attendance rate of 88%.

All members have had sufficient time available for their duties relating to their membership of the Supervisory Board. No members were frequently absent from the meetings. Their availability for ad-hoc calls, prompt response on emails and the fact that the members prepared the meetings well, regardless of their attendance at the meetings, and actively participated in the meeting discussions, demonstrate that they were all able to devote adequate attention to the company.

The agenda for the meetings was prepared through consultation with the Chairman, the Management Board and the Company Secretary. In addition to the regular meetings, the Chairman of the Supervisory Board had regular contact with the CEO of the company. Further, the members of the Supervisory Board also held informal consultations with members of the Management Board and senior management of the company to remain closely informed about the business.

Meetings of the Supervisory Board are preceded by committee meetings. The chairs of the committees work closely together with senior management and conduct regular face-to-face meetings to set the agendas and prepare all relevant information for the committee meetings.

SUPERVISORY BOARD ACTIVITIES

To facilitate open and productive discussions, the Management Board and 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 also included insight into noticeable market developments, trends and analyses. During the year, senior management was frequently invited to present a range of topics to the Supervisory Board.

It is important for the Supervisory Board to stay in touch with the talents within the company. For this purpose, among others, quarterly breakfast sessions were organised to facilitate a Meet & Greet between members of the Supervisory Board and a selective number of talents. In an open and transparent setting the Supervisory Board members were provided with feedback from the talents on several topics, such as the TomTom culture and dynamics, and operational challenges. The Supervisory Board strongly supports the company's efforts with regard to talent management as well as succession planning for key positions within the organisation and the Supervisory Board was regularly kept updated on these items, including the vacancy status of key positions.

The Supervisory Board devoted considerable time to reviewing strategic options and discussing the company's long-term strategy. An active role was played in ensuring that the Management Board's ideas were challenged and tested in order to reach decisions that would underpin the company's strategy. The group strategy and the business unit strategies were presented, reviewed, and constructive discussions were held with the Management Board and senior management. In addition, the Supervisory Board was kept regularly informed of major commercial opportunities, deals and partnerships.

During discussions with the Management Board, specific attention was paid to the execution of the strategy to diversify the Consumer business. The introduction of the next generation sports watches and fitness products (the TomTom Touch) and its traction in the market, were closely monitored during the year. The product roadmap, the marketing campaigns, which were planned for the launch of the new products in 2016, and the TomTom Sports brand proposition 'Get Going' were shared with the members of the Supervisory Board.

Frequent updates were provided to the Supervisory Board on the order intakes made which, together with orders secured earlier, will support the growth strategy of the Automotive business. In addition, the Supervisory Board closely followed the continued growth in the Telematics business.

The Supervisory Board was frequently updated on the innovative progress made with maps, traffic and navigation software and the positioning and traction of these technology components in the market. The new transactional mapmaking platform enables TomTom to address the need to provide for accurate and up-to-date maps for navigation applications and driver assistance applications, including Autonomous Driving.

The Supervisory Board was regularly updated on the efforts of management to align its business to better capture the growth opportunities in location-based services and to anticipate on the PND market, which declined faster than expected. There was also time dedicated to discussing the organisational structure, including the Research & Development set-up.

The company's financial results, its operating result and its cash generation from operations were presented and closely supervised throughout the year. The level of investment (both CAPEX and OPEX) in the core technologies of the company were thoroughly observed every quarter by the Supervisory Board. The Supervisory Board reviewed and approved the budget for 2017.

The Supervisory Board regularly gained insights into the constantly changing landscape which TomTom is operating in. During 2016, several demonstrations of innovative products (such as the TomTom Touch and TomTom City) were presented to the Supervisory Board.

Every quarter, the Supervisory Board was updated on the company's Investor Relations activities, such as share price developments and analysts' research and communication with shareholders. The press releases regarding the full-year and half-year results, and the quarterly trading updates were all reviewed and approved by the Supervisory Board. The Supervisory Board also reviewed and approved the other press releases which qualified as inside information and were published during the year, such as the preliminary disclosure of the financial results of the third quarter.

Through its Audit Committee, the Supervisory Board was kept informed about the company's strategic, operational, financial, legal and compliance risks, as well as the actions taken and systems in place to manage these risks.

The Supervisory Board received updates on the company's corporate social responsibility programmes and its intellectual property strategy. The Supervisory Board members were also informed about corporate governance developments and relevant regulations. Among others, the new Market Abuse Regulation, effective as of 3 July 2016, was discussed with the members, as well as the measures undertaken to comply with this new regulation. Further, the company's compliance programme was explained, including the online Code of Conduct game which was developed as part of this programme and demonstrated to the members of the Supervisory Board.

The composition, functioning and succession planning of the Management Board and the performance of its individual members were discussed.

The Supervisory Board assessed its own succession planning. With the anticipated retirement of Doug Dunn and the departure of Anita Elberse after the 2017 General Meeting, the Supervisory Board engaged with an external executive search agency. To secure that sufficient technology expertise is available within the Supervisory Board, it was decided to search for a new member with a strong technology background. The search was successfully completed, resulting in the decision of the Supervisory Board to make a nomination to the 2017 General Meeting to appoint Michael Rhodin as member of the Supervisory Board. For more information, reference is made to the Selection and Appointment Committee report.

The Supervisory Board discussed with the Management Board the talent management process for senior management within the organisation, including succession planning.

SELF-ASSESSMENT

The Supervisory Board reviewed and discussed its own functioning, as well as that of its individual members, its committees and the Chairman. The evaluation of the Chairman was discussed by the entire Supervisory Board, without the Chairman present. In preparation of these discussions, the members of the Supervisory Board and Management Board provided feedback through a written assessment. The assessment included reviews of the composition and expertise of the Supervisory Board, its time management, its effectiveness, its dynamics and succession planning. The Supervisory Board's oversight on the company's strategy and the effectiveness of the strategy day, human resources management, risk management and internal controls were also reviewed.

The relationships between the individual members of the Supervisory Board and between the Supervisory Board and the Management Board were rated very high overall. The same applied in view of the atmosphere in the boardroom in terms of encouraging equal contribution, candid discussion and critical thinking. The induction of the new Supervisory Board member will be an attention point for the Supervisory Board in 2017. The Supervisory Board will continue to spend ample time in further understanding the opportunities for the company in Autonomous Driving and its innovative location technologies and, also in this respect, aims to visit one of the TomTom locations outside the Netherlands.

The Supervisory Board intends to bring in a third party to assess its functioning every three years; the next such occasion being in 2018.

REMUNERATION COMMITTEE REPORT

This Remuneration Report describes the activities of the Remuneration Committee (Committee), the Remuneration Policy for the Management Board and its application in 2016, as well as an outlook for 2017. The Remuneration Policy was first adopted by the General Meeting in 2005 and has since been amended several times, most recently in 2014. In line with Dutch legislation, the execution of the Remuneration Policy in 2016 will be put on the agenda for discussion as a separate agenda item at the 2017 General Meeting.

The Committee consists of two members: Jacqueline Tammenoms Bakker (Chairman) and Peter Wakkie.

COMMITTEE MEETINGS

The Committee met four times in the course of 2016, with an overall attendance rate of 100%. Each meeting was also attended by Alain De Taeye, the Head of HR, the Head of Reward & Operations and the Company Secretary. Preparation meetings attended by the Chairman of the Committee, the Head of Reward & Operations and the Company Secretary were held prior to each Committee meeting.

COMMITTEE ACTIVITIES

The Committee monitored the effectiveness and relevance of the 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.

The Committee agreed on the key performance indicators (KPIs) and weighting levels set for the short-term variable remuneration of the Management Board and periodically reviewed the progress on the achievement of these KPIs. A scenario analysis was carried out within the terms of the Code to evaluate the variable components of the remuneration packages of the Management Board members.

The Committee spent time on the preparation for the 2016 General Meeting where the execution of the Remuneration Policy in 2015 appeared on the agenda as a separate agenda item.

The Committee defined a new peer group in 2015, which serves as an essential yardstick to determine the overall competitiveness of the company's Management Board remuneration and gives an appropriate reflection of the competitive markets in which TomTom is operating. The peer group consists of the following 22 companies: Wolters Kluwer, Harman, Garmin, ASM International, Temenos Group, Imagination Technology Group, SimCorp, CompuGroup Medical, Arris Group, Kudelski, GoPro, Trimble Navigation, Fleetmatics, Elektrobit, Telenav, Mix Telematics, Fitbit, LoJack, HERE, ASML, Philips, and NXP Semiconductors.

In 2015, the Committee concluded that the annual long-term incentive award levels continued to be below market median level, i.e. are the least competitive remuneration component. In 2016, the Committee reviewed and discussed the outcome of a study performed on long-term incentive structures against prevalent practice in the Netherlands, Europe and the US among the peer group companies as well as in the high-tech and general industry sectors overall. The Committee concluded to recommend to the Supervisory Board to bring the long-term incentive component more in line with the market, by increasing the percentage of the fixed salary of the Management Board members that determines the annual stock option grants. The Supervisory Board supported the recommendation of the Committee and concluded to increase, with effective date 1 January 2017, the long-term incentive grant level to 140% (was 100%) for the CEO, and to 100% (was 60%) for the other two members of the Management Board. This will be reflected in the 2017 long-term incentive grant.

The Committee evaluated its own functioning and concluded that its activities are satisfactory and adequately serve the company's needs.

REMUNERATION POLICY

The company's Articles of Association state that the Supervisory Board must propose to the General Meeting 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 laid down in the Remuneration Policy. The Supervisory Board 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 executives to its Management Board in an international 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. Additionally, the policy must 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 consists of four components: base salary, short-term incentive, long-term incentive and benefits (including pension scheme contributions).

APPLICATION IN 2016

The details of the individual remuneration of all members of the Management Board and its costs to the company are presented in note 33 - Remuneration of Members of the Management Board and the Supervisory Board in the consolidated financial statements. The information described in the best practice provision II.2.13 (d) of the Code applicable to the financial year 2016, is also provided there.

The Remuneration Policy and the remuneration components of each of the members of the Management Board are benchmarked against a peer group whenever such benchmark is deemed to be necessary by the Committee.

1. Base salary at median market level

The objective is to align the base salary levels of TomTom Management Board members with median market practice in a measured way. Fixed remuneration consists of base salary plus holiday allowance, where applicable and in accordance with market practice.

Based on the outcome of the benchmark performed in 2015, it was concluded that the base salaries of Alain De Taeye and Taco Titulaer were in line with the median market level and did not need adjustment for 2016. The base salary of Harold Goddijn remains under median market level. However, it was decided not to bring his base salary closer to the median.

2. Short-term incentive

The intention of the percentage-of-salary bonus scheme is to ensure a uniform bonus structure throughout the organisation.

The level of cash payment is determined according to pre-determined 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. The maximum bonus potential is 1.5 times the 'on-target' bonus amounts (for the CEO this means a maximum of 120% and for the other two Management Board members 96%). In addition, the Supervisory Board may at its own discretion decide to reward bonuses for exceptional individual performance.

The performance criteria continued to be the same for 2016: the revenue KPI weighted at 50% and the EBIT KPI weighted at 50%. It is the Supervisory Board's opinion that these strong financially driven KPIs appropriately measure the company’s strategy focused on profitable growth. These KPIs are an important measure of the success of the execution of the company’s strategy and, as such, the remuneration is directly linked to performance of the company's strategy.

The pre-determined performance criteria in relation to the 2016 results of the company, did not allow for any pay-out under the short-term incentive scheme for any of the Management Board members.

The Supervisory Board is of the opinion that the continuous challenging economic environment and competitive market warranted strong financial control and therefore the strictly financial nature of the KPIs set for 2016 was appropriate.

3. Long-term incentive

The long-term incentive scheme, laid down in the TomTom NV Management Board Stock Option Plan, is aimed at attracting and retaining key talent in order to ensure the company's continued high performance in line with common practices within international companies in the technology sector.

With regard to the Management Board Stock Option Plan, options shall be granted conditional to continued employment of the Management Board member. The vesting of the options is not subject to the achievement of pre-determined performance criteria. The options will vest three years after the grant date.

The Supervisory Board confirmed that the unconditional option plan reflects the company's long-term focus on growth where value only materialises upon the successful execution of the company's strategy by the Management Board.

The annual stock option grants are set as a percentage of the fixed salary of the Management Board members. The level for the CEO was set to a grant value equivalent to 100% of the fixed salary (resulting in 2016 in 112,500 stock options), and for the other two members of the Management Board to a grant value equivalent to 60% of the fixed salary (resulting in 2016 in 56,500 stock options for Alain De Taeye and 48,500 stock options for Taco Titulaer).

4. Benefits

Members of the Management Board are eligible for and can opt to participate in the company's pension plans or receive a contribution to their respective private pension plan. According to the Remuneration Policy, the contribution to be paid by the company on behalf of a member of the Management Board is based on a percentage of the gross annual base salary and is capped at 20% of the gross annual base salary.

Harold Goddijn has opted to waive his rights to take part in the company's pension plan or to receive a pension allowance; as a result, he does not receive any contribution from the company.

The contributions to the private pension plan of Alain De Taeye are capped at 20% of the individual gross annual base salary.

The 2016 company's pension plan is based on a defined contribution plan with age-defined contribution percentages. For the financial year 2016, the pensionable salary was capped at €100,000. Under the 2016 company pension plan, Taco Titulaer paid a pension premium contribution of approximately 6.1% out of his pensionable-bearing salary. The company's total pension contribution includes the company's contribution to the company's pension plan and a gross allowance that can be spent on private pension savings, and is capped at, in total, 20% of the CFO's gross annual base salary in accordance with the Remuneration Policy.

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, housing and car allowances. 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 2017

The base salary for the CEO remains under median market level. However, it was decided not to bring the CEO's base salary closer to the median in 2017. The base salaries of the other two members of the Management Board are in line with the median market level and do not need adjustment for 2017.

For the short-term incentive scheme for 2017, the Supervisory Board feels it is appropriate to apply KPIs and weighting that measures the company's strategy. Given the continued focus on growing the business, a revenue KPI for 2017 will continue to be applied weighted at 50%. The second KPI will change from EBIT to EBITDA minus CAPEX weighted at 50% in order to optimise profitability.

The Supervisory Board is of the opinion that the unconditional Management Board Stock Option Plan is appropriate and corresponds with the company's long-term focus on growth. To bring the long-term incentive component more in line with the market, the Supervisory Board decided to increase the long-term incentive grant level to 140% (was 100%) for the CEO, and to 100% (was 60%) for the other two members of the Management Board. This will be reflected in the 2017 long-term incentive grant.

EMPLOYMENT ARRANGEMENTS AND SEVERANCE COMPENSATION

The term of appointment for all members of the Management Board is four years, while the term of employment is indefinite. Management Board members may be re-appointed for another term of four years at a time.

The employment of a member of the Management Board may be terminated by or on the initiative of the company with a notice period of 12 months. In such event, the Management Board member is entitled to a severance payment limited to 50% of one year's base salary, unless a higher statutory severance compensation applies.

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 himself, or on his own initiative.

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

SELECTION AND APPOINTMENT COMMITTEE REPORT

This Selection and Appointment Committee Report describes the main items discussed by the Selection and Appointment Committee (Committee) during the year 2016.

The Committee consists of two members: Peter Wakkie (Chairman) and Jacqueline Tammenoms Bakker.

COMMITTEE MEETINGS

The Selection and Appointment Committee met five times during the course of 2016, with an overall attendance rate of 100%. Each meeting was also attended by Alain De Taeye, the Head of HR and the Company Secretary.

COMMITTEE ACTIVITIES

The Committee spent ample time on the composition of the Supervisory Board and its succession planning. It continued to pay strong attention to the company's talent management and succession planning for key positions.

With the retirement of Guy Demuynck in 2016 and Doug Dunn in 2017, it was concluded that a candidate with a strong background in the technology sector would best complement the Supervisory Board moving forward. The Committee reviewed and concluded on the profile of the new member of the Supervisory Board. The Committee engaged with an external agency and conducted a thorough search and selection process that included candidates from the US East Coast and Europe. Interviews were held with several candidates which resulted in a recommendation by the Committee to the Supervisory Board.

The Committee resolved to recommend to the Supervisory Board to nominate for appointment at the 2017 General Meeting Michael Rhodin as member of the Supervisory Board for a term of four years. He will join the Audit Committee after the 2017 General Meeting. With the nomination of Michael Rhodin, the Supervisory Board is confident that it reflects the company's positioning as a leading technology company and that its composition will remain well suited to perform its duties.

The HR strategy within the company was shared with the Committee and quarterly updates were provided by the Head of HR. Topics which were shared in this respect were initiatives from management in view of career development, management and leadership, and compensation and benefits. Those initiatives all underpin the company's attention for talent management with the aim to attract, retain and develop TomTom talent. The Committee focused on the company's progress on its succession planning for key positions within the company. On a quarterly basis the Committee was updated on the recruitment status of vacant key positions and the leadership programme developed for talented senior leaders.

The Committee carried out a self-assessment of the functioning of the Committee. The composition of the Supervisory Board and its succession planning shall remain a priority for the Committee in 2017. The members of the Committee will also closely monitor the World Class Leadership Programme aimed at gaining a full overview on where potential leadership is within the organisation.

The Committee had two meetings with the Dutch Works Council in 2016.

AUDIT COMMITTEE REPORT

This report describes the main items discussed by the Audit Committee (Committee) during 2016.

The role and responsibility of the Committee as well as the composition and the manner in which it discharges its duties are set out in the Audit Committee Charter, which is available on TomTom's corporate website:
corporate.tomtom.com/audit-committee.cfm

During 2016, the Committee consisted of three members: Ben van der Veer (Chairman), Doug Dunn and Anita Elberse. With the appointment at the 2016 General Meeting of Jack de Kreij as a member of the Supervisory Board, effective 1 January 2017, the Committee consists per that date of four members.

COMMITTEE MEETINGS

The Committee met four times during the course of 2016, with an overall attendance rate of 75%. All four meetings were held prior to the publication of the financial results. All meetings were attended in full by the CFO and the Head of Internal Audit. The other members of the Management Board attended the meetings as required (for instance, where group risks and internal controls were discussed). The external auditor attended each of the four Committee meetings in full to report on its audit, quarterly procedures and management letter. The Committee and the external auditor also met separately, without the Management Board present, in order to facilitate free and open discussions. Other heads of departments (e.g. Treasury, Tax, Legal and IT) were invited when the Committee deemed it necessary and appropriate.

COMMITEE ACTIVITIES

The Committee assisted the Supervisory Board in its responsibility to oversee the system of internal controls and risk management, the effectiveness of the internal auditors, and the company's financing, financial statements and financial reporting process. In relation to the external auditor, the Committee monitored its performance and the effectiveness of the external audit process, as well as its independence.

Throughout the year, the Committee monitored and reviewed the quarterly financial results and full year financial statements as presented under IFRS, including the respective disclosures prior to their releases. Attention was paid to the (upcoming) transition to new accounting standards, revenue recognition, the valuation of goodwill and intangible assets, significant estimates, the tax position and the clarity of the rules for disclosure, as well as the company's compliance with accounting standards, the requirements of Euronext Amsterdam and other corporate governance, legal and regulatory bodies.

During all quarterly Committee meetings, updates were provided on the maintenance and effectiveness of the system of internal controls and risk management relating to strategic, financial, operational, and compliance matters. The company monitors its internal controls through a systematic approach, which is supported by the risk management process and the Internal Audit team. The Head of Internal Audit reports functionally to the Committee and administratively to the CFO.

The Committee further discussed items including the company's policies related to financing, cash and foreign exchange management. In relation to tax, the Committee discussed the status of ongoing tax audits, the innovation box ruling, 'Country by Country' reporting, tax risk management, and the tax strategy/policy. Regular updates were received by the Committee on TomTom's compliance programme (including whistle-blower reporting). The Committee was provided with quarterly updates on the company's ongoing effort to maintain the appropriate level of a risk-based information security management.

The effectiveness of the Committee was reviewed as part of the 2016 overall evaluation of the Supervisory Board which confirmed that the Committee continues to function effectively.

The role and functioning of the Internal Audit function, including its independence, were regularly discussed and the internal audit plan was approved by the Committee. This plan considers the key risk areas of the business, important IT projects and information security, as well as the geographical spread of TomTom offices including local compliance (e.g. finance, HR and tax controls) and the core activities performed there. In consultation with senior management, Internal Audit selects the areas of the business to be audited during the year. Members of the Committee and the Management Board may at any time request Internal Audit to carry out an internal audit or a special consulting service. The follow up on the recommendations made by Internal Audit, were observed by the Committee. The Head of Internal Audit reported each quarter to the Committee.

Ernst & Young Accountants LLP (EY) was appointed as external auditor by the 2015 General Meeting for a term of three years up to and including the financial year 2017.

The 2016 external audit plan, including the scope and materiality applied, were approved by the Committee. The Committee evaluated the performance of the external auditor. Reviews and discussions were held between the Committee and the Management Board on the findings of the external auditor in its management letter and the actions taken by management to address the recommendations and observations made by the external auditor.

TomTom has a policy on external auditor independence, whereby the auditor is not allowed to perform non-audit services that would compromise its independence or violate any other requirements or regulations affecting its appointment as auditor. The external auditor may, however, provide non-audit services which do not conflict with its independence, subject to pre-approval of the Head of Internal Audit and, when above €25,000, also the Audit Committee.

The Committee reviewed the independence of the external auditor EY, taking into account qualitative and quantitative factors, and concluded that EY had sufficient objectivity and independence to perform the external audit function. EY confirmed its independence and compliance with TomTom's policy on auditor independence to the Audit Committee. A summary is provided below of services performed by EY, its network affiliates and the fees earned.

(€ in thousands)	2016	% of total	2015	% of total
Audit - group	378	57%	360	61%
Audit - statutory	196	30%	155	26%
Tax compliance[1]	83	13%	76	13%
Other	6	1%	0	0%
TOTAL FEES	**663**	**100%**	**591**	**100%**

1. Tax compliance comprises foreign tax compliance services, including local tax filings and HR-related compliance services.

FINANCIAL STATEMENTS

The consolidated annual Financial Statements of the company for 2016, as prepared by the Management Board, have been audited by EY. The Financial Statements, the report and management letter of the external auditor were discussed extensively with the auditors by the Audit Committee in the presence of the Management Board, and by the full Supervisory Board with the Management Board.

The Supervisory Board is of the opinion that the 2016 Financial Statements of TomTom NV meets all requirements for correctness and transparency. The Supervisory Board has approved the Financial Statements for 2016. All members of the Supervisory Board and members of the Management Board have signed the Financial Statements for 2016 pursuant to the statutory obligations under article 2:101 (2) of the Dutch Civil Code.

The Supervisory Board recommends to the General Meeting to adopt the Financial Statements for 2016 and requests that the 2017 General Meeting discharges the members of the Management Board of their responsibility for the conduct of business in 2016 and the members of the Supervisory Board for their supervision in 2016. The Annual Report for 2016 is available at the company's offices on request and on TomTom's corporate website: **corporate.tomtom.com/annuals.cfm**.

The Supervisory Board would like to thank Guy Demuynck for his highly valued contributions to the company.

Further, the Supervisory Board would like to thank TomTom's shareholders for their trust in the company and its management. A special appreciation is made by the Supervisory Board to all employees and the Management Board for their continued dedication and commitment to the company.

Amsterdam, 8 February 2017

The Supervisory Board
Peter Wakkie
Doug Dunn
Ben van der Veer
Jacqueline Tammenoms Bakker
Anita Elberse
Jack de Kreij

FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF INCOME

for the year ended 31 December

(€ in thousands)	*Notes*	2016	2015
REVENUE	*4*	**987,329**	**1,006,607**
Cost of sales	*5*	421,101	488,080
GROSS RESULT		**566,228**	**518,527**
Research and development expenses		190,473	185,443
Amortisation of technology and databases		91,526	76,694
Marketing expenses		80,609	83,438
Selling, general and administrative expenses		194,726	172,352
TOTAL OPERATING EXPENSES	*6-9*	557,334	517,927
OPERATING RESULT		**8,894**	**600**
Interest result	*30*	-1,371	-925
Other financial result	*30*	-1,010	-7,343
Result of associates	*16*	736	167
RESULT BEFORE TAX		**7,249**	**-7,501**
Income tax gain	*10*	4,709	25,794
NET RESULT		**11,958**	**18,293**
Attributable to:			
- Equity holders of the parent		11,987	18,122
- Non-controlling interests	*26*	-29	171
NET RESULT		11,958	18,293
EARNINGS PER SHARE (€)	*25*		
Basic		0.05	0.08
Diluted		0.05	0.08

The notes on pages 72 to 107 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December

(€ in thousands)	*Notes*	2016	2015
NET RESULT		**11,958**	**18,293**
OTHER COMPREHENSIVE INCOME:			
Items that will not be reclassified to profit or loss:			
Actuarial (losses) on defined benefit obligations	*6*	-147	-96
Items that may be subsequently reclassified to profit or loss:			
Currency translation differences		261	11,571
OTHER COMPREHENSIVE INCOME FOR THE YEAR		**114**	**11,475**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**12,072**	**29,768**
Attributable to:			
- Equity holders of the parent		11,750	30,113
- Non-controlling interests		322	-345
TOTAL COMPREHENSIVE INCOME FOR THE YEAR[1]		**12,072**	**29,768**

1. The items in the statement above are presented net of tax of €0.6 million for 2016 (2015: €9.3 million).

The notes on pages 72 to 107 are an integral part of these consolidated financial statements.

CONSOLIDATED BALANCE SHEET

as at 31 December

(€ in thousands)	*Notes*	2016	2015
Goodwill	*14*	400,318	403,437
Other intangible assets	*12*	795,771	810,908
Property, plant and equipment	*13*	40,398	38,869
Investments in associates	*16*	3,941	3,546
Deferred tax assets	*11*	12,046	7,512
TOTAL NON-CURRENT ASSETS		1,252,474	1,264,272
Inventories	*17*	54,078	48,657
Trade receivables	*18*	132,424	138,593
Other receivables and prepayments	*19*	46,115	53,533
Other financial assets	*20*	1,210	967
Cash and cash equivalents	*21*	142,527	147,565
TOTAL CURRENT ASSETS		376,354	389,315
TOTAL ASSETS		**1,628,828**	**1,653,587**
Share capital	*24*	46,577	46,099
Share premium		1,051,890	1,035,451
Other reserves		234,502	228,216
Accumulated deficit		-338,138	-340,956
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT		994,831	968,810
Non-controlling interests	*26*	1,906	1,723
TOTAL EQUITY		996,737	970,533
Borrowings	*27*	9,586	44,254
Deferred tax liability	*11*	97,282	123,825
Provisions	*31*	54,406	35,065
Deferred revenue	*4*	107,151	83,726
TOTAL NON-CURRENT LIABILITIES		268,425	286,870
Trade payables	*22*	76,630	94,951
Income taxes	*10*	1,289	4,382
Other taxes and social security		9,383	13,056
Borrowings	*27*	0	4,287
Provisions	*31*	36,410	32,573
Deferred revenue	*4*	97,256	103,147
Accruals and other liabilities	*23*	142,698	143,788
TOTAL CURRENT LIABILITIES		363,666	396,184
TOTAL EQUITY AND LIABILITIES		**1,628,828**	**1,653,587**

The notes on pages 72 to 107 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 December

(€ in thousands)	Notes	2016	2015
Operating result		8,894	600
Financial gains/(losses)		1,235	-2,364
Depreciation, amortisation and impairment	8	132,003	123,096
Equity-settled stock compensation expense	7	3,275	3,788
Change in provisions		9,649	-15,386
Change in working capital:			
Change in inventories		-5,817	2,468
Change in receivables and prepayments		14,183	-18,038
Change in current liabilities (excluding provisions)[1]		-5,301	29,115
CASH GENERATED FROM OPERATIONS		**158,121**	**123,279**
Interest received	30	185	504
Interest paid	30	-1,227	-958
Corporate income taxes (paid)	10	-12,762	-4,050
CASH FLOWS FROM OPERATING ACTIVITIES		**144,317**	**118,775**
Investments in intangible assets	12	-96,444	-86,154
Investments in property, plant and equipment	13	-21,141	-21,577
Acquisition of subsidiaries and other businesses	15	-2,331	-46,651
Dividend received	16	190	167
CASH FLOWS FROM INVESTING ACTIVITIES		**-119,726**	**-154,215**
Repayment of borrowings	27	-4,287	0
Change in utilisation of credit facility	27	-35,000	-5,000
Change in non-controlling interest		-98	-126
Dividends paid		-138	0
Proceeds on issue of ordinary shares	7	10,039	34,397
CASH FLOWS FROM FINANCING ACTIVITIES		**-29,484**	**29,271**
NET (DECREASE) IN CASH AND CASH EQUIVALENTS		**-4,893**	**-6,169**
Cash and cash equivalents at the beginning of period		147,565	152,949
Effect of exchange rate changes on cash balances held in foreign currencies		-145	785
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD		**142,527**	**147,565**

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

The notes on pages 72 to 107 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 2014		**44,714**	**986,683**	**202,289**	**-335,163**	**898,523**	**2,073**	**900,596**
COMPREHENSIVE INCOME								
Result for the year		0	0	0	18,122	18,122	171	18,293
OTHER COMPREHENSIVE INCOME								
Currency translation differences		0	0	12,087	0	12,087	-516	11,571
Actuarial losses on defined benefit obligations		0	0	0	-96	-96	0	-96
TOTAL OTHER COMPREHENSIVE INCOME		0	0	12,087	-96	11,991	-516	11,475
TOTAL COMPREHENSIVE INCOME		0	0	12,087	18,026	30,113	-345	29,768
TRANSACTIONS WITH OWNERS								
Change in non-controlling interest		0	0	0	126	126	-5	121
Stock compensation related movements	*7*	1,385	48,768	-12,063	1,958	40,048	0	40,048
OTHER MOVEMENTS								
Transfer to legal reserves		0	0	25,903	-25,903	0	0	0
BALANCE AS AT 31 DECEMBER 2015		**46,099**	**1,035,451**	**228,216**	**-340,956**	**968,810**	**1,723**	**970,533**
COMPREHENSIVE INCOME								
Result for the year		0	0	0	11,987	11,987	-29	11,958
OTHER COMPREHENSIVE INCOME								
Currency translation differences		0	0	-90	0	-90	351	261
Actuarial losses on defined benefit obligations		0	0	0	-147	-147	0	-147
TOTAL OTHER COMPREHENSIVE INCOME		0	0	-90	-147	-237	351	114
TOTAL COMPREHENSIVE INCOME		0	0	-90	11,840	11,750	322	12,072
TRANSACTIONS WITH OWNERS								
Stock compensation related movements	*7*	478	16,439	-3,129	581	14,369	0	14,369
Change in non-controlling interest		0	0	0	-98	-98	-1	-99
Dividend paid		0	0	0	0	0	-138	-138
OTHER MOVEMENTS								
Transfer to legal reserves		0	0	9,505	-9,505	0	0	0
BALANCE AS AT 31 DECEMBER 2016		**46,577**	**1,051,890**	**234,502**	**-338,138**	**994,831**	**1,906**	**996,737**

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

The notes on pages 72 to 107 are an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The notes are grouped into six sections. The notes contain the relevant financial information as well as a description of the specific accounting policy applied for the topic of the individual notes.

SECTION 1: GENERAL INFORMATION AND BASIS OF REPORTING

SECTION 2: RESULTS OF THE YEAR

SECTION 3: NON-CURRENT ASSETS AND INVESTMENTS

SECTION 4: WORKING CAPITAL

SECTION 5: FINANCING, FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

SECTION 6: OTHER DISCLOSURES

SECTION 1: GENERAL INFORMATION AND BASIS OF REPORTING

This section introduces the basis of preparation and the general accounting policy applied to the consolidated financial statements as a whole, as well as a summary of the areas that involve significant judgements and estimates.

1. GENERAL

TomTom NV (the company) has its statutory seat and headquarters in Amsterdam, the Netherlands (registered under trade registration number of 34224566 in the Chamber of Commerce in Amsterdam). The activities of the company include the development and sale of navigation and location-based solutions, which include among others: PNDs, sports watches, action cameras, maps, traffic, navigation software and fleet management services.

The consolidated financial statements comprise the company and its subsidiaries (together referred to as the group).

The financial statements have been prepared by the Management Board and authorised for issue on 8 February 2017. The financial statements will be submitted for approval to the General Meeting on 24 April 2017.

2. 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.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICY

The general accounting policies applied to the consolidated financial statements as a whole are described below, while other significant accounting policies related to specific items are described under the relevant note. The description of accounting policy in the notes forms an integral part of the description of the accounting policies in this section. Unless otherwise stated, these policies have been consistently applied to all the years presented.

Certain assets and liabilities in the comparative figures have been reclassified/netted to conform with current year's presentation.

NEW ACCOUNTING STANDARDS AND DEVELOPMENTS

To the extent relevant, all IFRS standards and interpretations including amendments that were in issue and effective from 1 January 2016, have been adopted by the group from 1 January 2016. These standards and interpretations had no material impact for the group.

All IFRS standards and interpretations that were in issue but not yet effective for reporting periods beginning on 1 January 2016 (including IFRS 9), have not yet been adopted and are expected to have no material impact to the group except for the following standards:
1. IFRS 15 'Revenue from contracts with customers': IFRS 15 is expected to primarily impact the timing of revenue recognition of certain types of customer contracts. In particular, the specific guidance for licensing arrangement and the requirement to estimate the variable considerations at contract inception are expected to affect the accounting of the revenue from various license and service arrangements that we have within our Automotive and Licensing business. In addition, the new standard will also impact the timing of revenue from hardware sales within our Telematics business that are sold in combination with a service offering.
2. IFRS 16 'Leases': IFRS 16 is expected to result in recognition of additional leased tangible fixed assets and their corresponding lease liability (representing the groups obligation to make lease payments) on our balance sheet. Based on our existing lease agreements we estimate that both our reported assets and liabilities will increase by approximately €100 million to €125 million assuming a certain number of years as probable extension period for current contracts.
The group plans to adopt both IFRS 15 and IFRS 16 in its consolidated financial statements for the year ending 31 December 2018 and intends to apply the full retrospective transition approach. TomTom is well underway in transitioning to both new standards and expects to disclose additional quantitative information before it adopts IFRS 15 and IFRS 16.

CHANGE IN ESTIMATE

The group has changed the expected useful life of its database from 20 years to 20, 12, 8 or 4 years depending on the type of content. The change is effective from 1 January 2017 onwards to

better reflect the pace of technological change in the sector. TomTom historically focused on creating the foundation for maps which was mainly related to content with a long useful life such as road networks, geometry and address points. Customer needs and requirements are changing (e.g. because of Autonomous Driving) and more accurate and detailed map content is required. The map content we expect to create in the future relates to elements that have a shorter economic life. TomTom is at the forefront of these changes with its new mapmaking platform and the changes made to the maps organisation.
The change of this useful life will have limited impact to the group amortisation charge in 2017 as the database that existed on 31 December 2016 will remain at a useful life of 20 years. All content created from 1 January 2017 onwards is expected to be amortised over 12, 8 or 4 years.

BASIS OF CONSOLIDATION

The consolidated financial statements incorporate the financial statements of the company and entities controlled either directly or indirectly by the company.

Control is achieved when the parent is exposed to, or has rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policy in line with the group.

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

FOREIGN CURRENCIES

The company's primary activities are denominated in EUR. Accordingly, EUR 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 under 'Other financial result' in the income statement, except for gains and losses that arise from intercompany borrowings that form part of net investment in subsidiaries which are recognised in 'Other comprehensive income'.

Group companies and foreign operations

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 instruments.

3. ACCOUNTING 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 revenue and expenses during the reporting period. Actual results may differ from those estimates. The estimates and underlying assumptions are reviewed on an ongoing 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 table below presents the areas that involve a higher degree of judgement or areas where assumptions and estimates are significant to the financial statements:

	Note
Revenue recognition	*4*
Internally generated intangible assets	*12*
Impairment of non-financial assets	*14*
Income tax	*10 - 11*
Provisions and contingent assets/liabilities	*31 - 32*

Detailed explanations of the degree of judgement and assumptions used are included under each of the respective sections in the notes to the financial statements as referenced above.

SECTION 2: RESULTS OF THE YEAR

This section presents the notes related to items in the income statement (except for financial income and expenses) and disclosure on operating segments. If applicable, relevant notes on balance sheet items related to the respective items in the income statement are presented in this section. A detailed description of the results for the year is provided in the business and financial review by business unit and group financial review sections in the Management Board report.

4. SEGMENT REPORTING AND REVENUE

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 - Automotive, Licensing, Telematics and Consumer - operate. Automotive and Licensing are engaged in developing and selling similar location-based application components such as maps, online services (e.g. traffic) and navigation software to customers in different market segments. Automotive serves automotive customers (mainly OEMs and Tier1 head unit vendors) while Licensing serves a wide range of non-Automotive customers. Telematics provides a wide range of telematics services and related products to fleet owners including sale and/or rental of hardware products associated with the services. Consumer generates revenue mainly from the sale of smart consumer electronics devices in the Drive and Sports categories, such as PNDs and sports watches.

Management assesses the performance of segments based on the measures of revenue and operating result (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 goodwill 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. The non-current assets within the group 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 the group's assets.

(€ in thousands)	2016	2015
Automotive & Licensing	268,956	248,001
Automotive	132,616	105,884
Licensing	136,340	142,117
Telematics	155,131	134,958
Consumer	563,242	623,648
TOTAL REVENUE	**987,329**	**1,006,607**
The EBIT of each segment is as follows:		
Automotive & Licensing	- 25,470	- 33,876
Automotive[1]	-27,409	- 33,924
Licensing	1,939	48
Telematics	44,516	39,686
Consumer[2]	-3,853	2,636
TOTAL SEGMENT OPERATING RESULT (SEGMENT EBIT)	**15,193**	**8,446**
The EBITDA of each segment is as follows:		
Automotive & Licensing	82,115	68,419
Automotive	40,943	26,133
Licensing	41,172	42,286
Telematics	59,132	49,030
Consumer	5,949	14,055
TOTAL SEGMENT EBITDA	**147,196**	**131,504**

1. Automotive EBIT in 2015 includes an impairment charge of €11.5 million.
2. Consumer EBIT in 2016 includes a one-off gain of €9.5 million from a resolved customs case. Consumer EBIT in 2015 includes a one-off gain of €9.0 million from a settlement of a legal case.

The difference between EBIT and EBITDA for each segment is fully explained by the depreciation and amortisation charge of the respective segment. A reconciliation of the segment performance measure (EBIT) to the group's result before tax is provided below.

(€ in thousands)	2016	2015
Total Segment EBIT	**15,193**	**8,446**
Unallocated expenses	-6,299	-7,846
Total Operating result (EBIT)	**8,894**	**600**
Interest result	-1,371	-925
Other finance result	-1,010	-7,343
Result of associates	736	167
RESULT BEFORE TAX	**7,249**	**- 7,501**

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

(€ in thousands)	2016	2015
External revenue by products and services		
Sale of goods[1]	527,256	586,089
Rendering of content and services	213,842	202,562
Royalty revenue	246,231	217,956
TOTAL	**987,329**	**1,006,607**

1. Includes navigation software and map components sold initially in bundle with the hardware.

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

(€ in thousands)	2016	2015
External revenue by geographical areas		
Europe[1]	773,235	771,491
North America[2]	167,361	186,115
Rest of world	46,733	49,001
TOTAL	**987,329**	**1,006,607**

1. Germany, France and the United Kingdom accounted for respectively 24%, 14% and 11% of 2016 group revenue (22%, 13%, 13% of 2015 group revenue).
2. The North American revenue in 2016 and in 2015 is generated mainly in the United States of America.

Total revenue generated in the Netherlands during 2016 amounted to €63 million (2015: €65 million). The group has no significant concentration of sales from a particular individual external customer.

ACCOUNTING POLICY

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 recognised net after deductions of estimated probable customer returns, rebates and other similar allowances whenever applicable. The revenue recognition policy for each type of revenue or their combination is presented below:

SALE OF GOODS

Revenue from 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 sale of traffic and map update services, content sales, connected navigation and fleet management services to commercial fleets. The revenue relating to the service element is recognised over the agreed or estimated service period on a straight-line basis. In arrangements where devices are rented out to the customer in Telematics, the rental revenue is included in the revenue from subscriptions.

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. map update 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 estimated relative fair values of each identifiable element. 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. The amount of revenue 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).

SIGNIFICANT ESTIMATES

Significant revenue estimates include the estimates of various pricing allowances deducted from the revenue as well as the estimates of relative fair value of various elements in multiple-element arrangements.

The estimated sales return deduction is based upon historical data on the return rates and information on the inventory levels in the distribution channel. For sales incentives including channel- and end user rebates, the reduction in revenue is based on the group's 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.
In the absence of a stand-alone selling price, the fair value of each element under a multiple-element arrangement is estimated using other methods

allowed under IFRS, such as the cost plus reasonable margin or the residual method or a combination thereof. In making such estimates, management make use of judgement and assumptions to arrive at an outcome that best reflects a transaction's substance. Total deferred revenue balance relating to the elements deferred under such multiple-element arrangements as at 31 December 2016 amounted to €115 million (31 December 2015: €106 million).

DEFERRED REVENUE BALANCE BY SEGMENT

Deferred revenue amounted to €204 million at the end of the year (2015: €187 million). Automotive and Consumer deferred revenue is mostly driven by upfront payments of our customers for longer term (multiple years) content and service deliveries (e.g. traffic and map updates). The Licensing deferred revenue is mostly related to some customers who prepay TomTom each year for their annual license to our content.

(€ in thousands)	2016	2015
Automotive & Licensing	69,981	53,794
Automotive	58,575	22,614
Licensing	11,406	31,180
Telematics	1,737	2,694
Consumer	132,689	130,385
TOTAL	**204,407**	**186,873**

5. COST OF SALES

The group's cost of sales consists of material costs for goods sold to customers, royalty and license expenses and fulfillment costs incurred on inventory sold during the year as well as amortisation and impairment of certain technologies specifically developed/used for particular customers.

6. PERSONNEL EXPENSES

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

(€ in thousands)	2016	2015
Salaries	188,133	178,776
Social security costs	32,818	34,257
Pensions	9,367	9,415
Share-based compensation[1]	5,189	20,511
Other[2]	26,362	28,661
PERSONNEL EXPENSES	**261,869**	**271,620**

1. Share-based compensation decreased mainly due to a decrease of the share price over 2016 (31 Dec 2016: €8.5, 31 Dec 2015: €11.6).
2. Other personnel expenses include costs of secondary benefits such as health insurance, vehicle lease costs, sales commissions and bonuses offset by capitalised personnel expenses in an amount of €62.6 million (2015: €60.0 million).

The average number of employees (in FTE equivalents) in 2016 was 4,676 (2015: 4,301) spread across the following functional areas:

	2016	2015
Research and development	3,085	2,913
Marketing	136	114
Sales, general and administrative	1,455	1,274
TOTAL	**4,676**	**4,301**

At 31 December 2016, the group had 4,776 (2015: 4,666) employees (headcount). During 2016, 3,509 employees (FTE equivalent) worked outside the Netherlands (2015: 3,169). The increase in our average employees is mainly driven by increased headcount in our R&D departments as well as in Telematics sales force.

PENSIONS

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 and a defined benefit plan for a German subsidiary. This defined benefit plan is unfunded 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 total pension costs of €9.4 million (2015: €9.4 million) consist of the costs of the defined contribution plans of €9.1 million (2015: €9.2 million) and of the German-defined benefit plan of €0.3 million (2015: €0.2 million).

The movement of the German-defined benefit obligation is presented below:

(€ in thousands)	2016	2015
PRESENT VALUE OF OBLIGATION AS AT 1 JANUARY	**8,735**	**8,383**
Current service cost	74	60
Interest cost	183	192
	8,992	8,635
Remeasurements:		
- Experience (gains)/losses due to change in demographical assumptions	8	-130
- Losses from change in financial assumptions	320	265
	328	135
Benefits paid	-132	-35
PRESENT VALUE OF OBLIGATION AS AT 31 DECEMBER	**9,188**	**8,735**

The defined benefit obligation is included as part of 'Other provisions' as disclosed in note 31.

The significant actuarial assumptions were as follows:

	2016	2015
Discount rate	1.9%	2.1%
Average life expectancy[1]	20	20

1. The above average life expectancy is the average actual value for males and females retiring at age 67 (2015:65) set in accordance with the common German mortality tables 'Heubeck 2005 G'.

A 0.1% increase or decrease in discount rate would result in a decrease or increase in the defined benefit obligation of approximately €0.1 million 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.

In Italy, employees are paid a leaving indemnity on termination of their 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. This liability is included as part of 'Other provisions'.

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.

ACCOUNTING POLICY

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 at least 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 which have terms to maturity approximating to the terms of the related pension obligation. The service cost and the interest cost are recognised as pension costs, while the actuarial (gains)/losses are credited/charged to 'Other comprehensive income'.

7. SHARE-BASED COMPENSATION

The group operates two equity-settled plans as well as a cash-settled phantom share plan. 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 AND RESTRICTED STOCK PLAN

The group's equity-settled share-based payment plans comprise of stock option plans and a restricted stock plan.

The group has adopted stock option plans for members of the Management Board and eligible employees. The General Meeting has extended the authority of the Management Board to grant, subject to the prior approval of the Supervisory Board, rights to subscribe for shares under the respective stock option plans. The Management Board in turn has granted options to eligible employees. The options granted from 2011 onwards will vest after three years (cliff vesting). The options 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 three year vesting period. Options expire after the exercise period. The options will be covered at the time of exercise by issuing new shares.

As from 2011, the group also introduced a restricted stock plan to retain a selected group of 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 at the grant date. Total 2016 stock compensation expenses charged to the stock compensation reserve for this plan amounted to €36 thousand (2015: €133 thousand). As this plan is not material and has been fully settled in 2016, no further disclosures are provided.

The following table summarises movements in the equity stock compensation reserve relating to the stock options and the restricted stock units during 2016:

(€ in thousands)	2016	2015
Balance as at 1 January	**17,342**	**29,405**
Stock compensation expense	3,275	3,788
Transfer to accumulated deficit	-54	-210
Stock options exercised and settlement of restricted stock units	-6,350	-15,641
Balance as at 31 December	**14,213**	**17,342**

The following table summarises information about the stock options outstanding at 31 December 2016:

Year of grant	Number outstanding at 31-12-2016	Exercise price per share (€)	Weighted average remaining life	Number exercisable at 31-12-2016	Weighted average exercise price (€)
2010	1,283,933	5.32-5.48	0.35	1,283,933	5.33
2011	386,500	6.08-6.20	1.36	386,500	6.12
2012	1,066,500	3.34-3.51	2.36	1,066,500	3.48
2013	1,769,200	3.36-5.90	3.35	1,769,200	3.53
2014	1,565,880	4.93-5.28	4.36	102,000	5.28
2015	1,287,660	7.60-7.83	5.36	-	n/a
2016	765,370	7.50-7.58	6.36	-	n/a

A summary of the group's stock option plans and the movements during the years 2016 and 2015 are presented below:

Option plans	2016		2015	
	No.	Weighted average exercise price (€)	No.	Weighted average exercise price (€)
OUTSTANDING AS AT 1 JANUARY	**10,532,136**	**5.07**	**16,461,793**	**4.80**
Granted	796,240	7.57	1,594,420	7.80
Exercised	-2,340,255	4.81	-6,864,159	5.03
Expired	-304,348	5.81	-14,568	5.94
Forfeited	-558,730	5.73	-645,350	4.80
OUTSTANDING AS AT 31 DECEMBER	**8,125,043**	**5.32**	**10,532,136**	**5.07**

The fair value of the stock options granted was determined using 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.

	2016	2015
Share price at grant date (€)	7.50	7.60
Exercise price (€)	7.50-7.58	7.60-7.83
Expected volatility	46%	42%
Expected average option life in years	5.3	5.3
Weighted average risk-free rate	0.27%	0.60%
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's 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.

PHANTOM SHARE PLAN

TomTom has granted phantom shares to certain employees. 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 phantom shares are conditional on the employee completing three years of service (the vesting period). As at 31 December 2016, the outstanding liability with regard to the phantom share plan was €13.4 million (2015: €18.4 million).

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

	2016	2015
OUTSTANDING AS AT 1 JANUARY	**2,811,500**	**2,994,330**
Vested and paid out	-861,700	-769,100
Granted	628,170	850,350
Forfeited	-265,450	-264,080
OUTSTANDING AS AT 31 DECEMBER	**2,312,520**	**2,811,500**

ACCOUNTING POLICY

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 group revises its estimates of the number of instruments expected to vest. 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.

8. DEPRECIATION AND AMORTISATION

Total depreciation, amortisation and impairment for the year was €132.0 million (2015: €123.1 million) of which €8.8 million (2015: € 21.6 million) is included in cost of sales. In 2016, the amortisation charge was slightly higher mainly driven by several technology platforms that went operational in 2016.

(€ in thousands)	2016	2015
Amortisation[1]	113,467	108,609
Depreciation	18,536	14,487
TOTAL	**132,003**	**123,096**

1. Amortisation charge in 2015 includes an €11.5 million impairment.

Amortisation charges totalling €113.5 million (2015: €108.6 million) are included in the following line items in the Income Statement:

- Cost of sales: €6.7 million (2015: €21.0 million, which includes an impairment charge of €11.5 million);
- Amortisation of technology and databases: €91.5 million (2015: €76.7 million);
- R&D expenses: €0.5 million (2015: €0.9 million);
- Selling, general and administration expenses: €14.4 million (2015: €10.0 million); and
- Marketing: €0.3 million (2015: nil).

Reference is made to note 14 for an explanation of the impairment charge.

9. GOVERNMENT GRANTS

In 2016, the group received government grants amounting to €5.8 million, in relation to the research and development activities performed by the group (2015: €5.6 million) which have been accounted as a deduction of wage tax expense in line with the nature of the grants.

ACCOUNTING POLICY

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.

10. INCOME TAX

Income tax comprises of the current tax gain/expense as well as deferred tax gain as specified in the following table.

(€ in thousands)	2016	2015
Current tax	13,672	-880
Deferred tax	-18,381	-24,914
INCOME TAX (GAIN)/EXPENSE	**-4,709**	**-25,794**

The current tax expense represents the tax charge on profit for current year as well as adjustments relating to prior periods. The amount of cash tax paid in 2016 was €12.8 million which is broadly in line with the recorded current tax charge of €13.7 million. The income tax gain positively impacted our 2016 earnings per share by €0.02.

The activities of the group are subject to corporate income tax in several countries, depending on presence and activity. The applicable statutory tax rates of the tax jurisdictions in which the group operates vary between 12.5% and 41% and can cause the group Effective Tax Rate (ETR) to deviate from the Dutch corporate tax rate. The following table presents a numerical reconciliation between the tax charge on the basis of the Dutch tax rate and the ETR.

	2016	2015
Dutch tax rate	**25.0%**	**25.0%**
Higher/(lower) weighted average statutory rate of group activities	21.8%	-13.2%
Income exempted from tax	-11.1%	38.8%
Non-deductible expenses and non-expense deductibles	21.5%	14.3%
Capitalisation/utilisation of losses not previously capitalised	-25.3%	14.0%
Effect of prior years' settlements and/or adjustments[1]	-68.5%	148.3%
Remeasurement of deferred tax[2]	-30.8%	103.5%
Other	2.3%	13.3%
EFFECTIVE TAX RATE	**-65.0%**	**343.9%**

1. The effect of prior year's settlements and/or adjustments for 2016 was €5.0 million (2015: €11.1 million).
2. Remeasurement of deferred tax resulted in a gain of €2.3 million in 2016 (2015: €7.8 million).

Our 2016 ETR of -65% (2015: 343.9%) is primarily impacted by the effect of prior years' adjustment as well as the impact of a remeasurement of our deferred tax assets and liabilities. The prior years' adjustments mainly reflected a change in estimated prior years' taxable income following the finalisation of the tax returns. The remeasurement of deferred tax assets and liabilities to a lower tax rate mainly related to the application of the innovation box facility in the Netherlands as well as change in the tax rates in other countries.

The income tax debited directly to equity in 2016 amounted to €0.4 million (2015: credit of €9.3 million), of which €0.6 million related to the deferred tax assets and liabilities as disclosed in note 11. The income tax debited in equity mainly related to a net tax gain from the foreign currency revaluation of certain intercompany borrowings that form part of the net investment in subsidiaries.

ACCOUNTING POLICY

Current and deferred taxes are recognised as an expense or income in the profit and loss account, except when they relate to items that arise from initial accounting for a business combination or items credited or debited directly to equity. For the latter, the tax is also recognised either in Other comprehensive income or directly in equity. The group's income tax expense is calculated using tax rates that have been enacted or substantively enacted at the balance sheet date.

11. DEFERRED INCOME TAX

As at 31 December 2016, the group had a deferred tax liability of €97.3 million (2015: €123.8 million) and a deferred tax asset of €12.0 million (2015: €7.5 million).

(€ in thousands)	2016	2015
Deferred tax assets	12,046	7,512
Deferred tax liabilities	-97,282	-123,825
TOTAL	**-85,236**	**-116,313**

The deferred tax asset and liability mainly results from the timing difference between the tax and accounting treatment of intangible assets, cash-settled share-based payments and certain provisions as well as from the capitalisation of the tax loss carry forwards. The following table presents the movement in each of the category on a gross basis.

(€ in thousands)	Stock compensation expense	Other	Intangible assets	Provisions	Assessed losses	Total
BALANCE AS AT 31 DECEMBER 2014	**1,994**	**-358**	**-190,279**	**6,711**	**33,819**	**-148,113**
Acquisitions through business combination	0	129	-2,012	0	0	-1,883
(Charged)/credited to income statement	2,607	631	16,757	-1,413	-991	17,591
(Charged)/credited to equity	0	0	0	-31	9,305[1]	9,274
Impact of remeasurement (charged)/credited to income statement	-553	0	7,916	0	-30	7,333
Currency translation differences	0	102	-3,166	679	1,870	-515
BALANCE AS AT 31 DECEMBER 2015	**4,048**	**504**	**-170,784**	**5,946**	**43,973**	**-116,313**
Reclassification to provisions	0	0	0	0	13,201	13,201
(Charged)/credited to income statement	-1,100	-776	43,306	138	-25,418	16,150
(Charged)/credited to equity	0	0	0	233	-879[1]	-646
Impact of remeasurement (charged)/credited to income statement	-94	0	2,325	0	0	2,231
Currency translation differences	0	-106	301	258	-312	141
BALANCE AS AT 31 DECEMBER 2016	**2,854**	**-378**	**-124,852**	**6,575**	**30,565**	**-85,236**

1. The amounts (debited)/credited to equity mainly relate to tax (gain)/losses for the respective years resulting from the foreign currency revaluation of certain intercompany borrowings that have been charged through equity as they form part of net investment in subsidiaries.

The decrease in our deferred tax liability on intangibles and deferred tax assets on losses is mainly driven by settlement of an intercompany relationship within the group.

The group has in some jurisdictions remaining tax losses that have not been recognised as a deferred tax asset as the possible future recovery of these losses against future taxable income is uncertain. As at 31 December 2016, these losses amounted to €28.9 million (2015: €86.0 million). These losses have no future expiry date.

The following table presents the expected timing of reversal of our deferred tax assets and liabilities.

(€ in thousands)	2016	2015
DEFERRED TAX		
To be reversed within 12 months	-3,438	-3,270
To be reversed after more than 12 months	-81,798	-113,043
TOTAL	**-85,236**	**-116,313**

ACCOUNTING POLICY

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 (accounting base) and the amounts used for income tax purposes (tax base).

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.

SIGNIFICANT ESTIMATES

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.

SECTION 3: NON-CURRENT ASSETS AND INVESTMENTS

The notes in this section specify the group's non-current assets including investments made during the year either through separate asset acquisitions or business combinations.

12. INTANGIBLE ASSETS

(€ in thousands)	2016	2015
Goodwill	400,318	403,437
Other intangible assets	795,771	810,908
TOTAL INTANGIBLE ASSETS	**1,196,089**	**1,214,345**

The movements in the intangible assets are as follows:

(€ in thousands)	Goodwill	Database and tools[3]	Internally generated	Other[1]	Total
BALANCE AS AT 31 DECEMBER 2014					
Investment cost	1,902,489	1,036,892	139,741	250,795	3,329,917
Accumulated amortisation and impairment	-1,520,920	-366,960	-76,488	-183,397	-2,147,765
	381,569	669,932	63,253	67,398	1,182,152
Movements					
Investments	0	44,649	36,140	13,183	93,972
Acquisitions through business combination	21,868	10,942	0	15,459	48,269
Disposal (net)[2]	0	0	0	-36	-36
Amortisation charges	0	-66,051	-18,377	-12,697	-97,125
Impairment[4]	0	0	-11,484	0	-11,484
Currency translation differences	0	-1,846	283	160	-1,403
	21,868	**-12,306**	**6,562**	**16,069**	**32,193**
BALANCE AS AT 31 DECEMBER 2015					
Investment cost	1,924,357	1,068,496	171,443	239,146	3,403,442
Accumulated amortisation and impairment	-1,520,920	-410,870	-101,628	-155,679	-2,189,097
	403,437	657,626	69,815	83,467	1,214,345
Movements					
Investments	0	56,873	35,949	4,432	97,254
Adjustment to initial purchase price allocation	-2,441	0	0	0	-2,441
Disposal (net)[2]	0	0	0	-149	-149
Amortisation charges	0	-71,215	-23,401	-18,851	-113,467
Currency translation differences	-678	1,575	225	-575	547
	-3,119	**-12,767**	**12,773**	**-15,143**	**-18,256**
BALANCE AS AT 31 DECEMBER 2016					
Investment cost	1,921,238	1,127,712	207,392	233,865	3,490,207
Accumulated amortisation and impairment	-1,520,920	-482,853	-124,804	-165,541	-2,294,118
	400,318	**644,859**	**82,588**	**68,324**	**1,196,089**

1. Other intangible assets include technology, customer relationships, brand name and software.
2. During the year we disposed certain intangibles. The total gross amount of the assets disposed across all asset classes was €14.8 million (2015: €66.9 million).
3. The database as acquired at acquisition date (June 2008) represents geographical content data used for the group's digital maps and has a remaining useful life of 11 years and 5 months.
4. For further disclosures on impairment please see note 14.
5. For goodwill adjustment to the initial purchase price allocation see further details in note 15.

ACCOUNTING POLICY

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 at the date of acquisition and is carried at cost less accumulated impairment losses.

INTANGIBLE ASSETS OTHER THAN GOODWILL
Intangible assets other than goodwill comprise of assets that have been acquired separately either through separate asset acquisitions or business combinations and assets that have been generated internally such as the group's core technology and geographical content database.

INTERNALLY GENERATED INTANGIBLE ASSETS
Internal development costs for 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 ongoing activities focus on maintenance. At this point, capitalisation is discontinued.

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.

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.

ACQUIRED INTANGIBLE ASSET
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: 3-7 years;
· Databases and tools: 5-20 years;
· Customer relationships: 5-27 years;
· Computer software: 2-5 years;
· Acquired technology: 4-5 years.

Intangible assets generated for certain customer specific projects are amortised based on actual units of products sold to the customers.

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

SIGNIFICANT ESTIMATES

Management made use of assumptions and judgement in assessing the expected future economic benefits that can be attributed to the internally generated technology, databases and tools, as well as their expected useful lives. For internally generated databases, assumption is also made on the level of completion, at which point the capitalisation is discontinued and future activities are considered as maintenance.

Such estimates are made on a regular basis, as they can be significantly affected by changes in technology and other factors.

13. PROPERTY, PLANT AND EQUIPMENT

(€ in thousands)	Furniture and fixture	Computer and hardware	Other[1]	Total
BALANCE AS AT 31 DECEMBER 2014				
Investment cost	10,499	53,769	36,811	101,079
Accumulated depreciation and impairment	-7,161	-37,918	-25,706	-70,785
	3,338	15,851	11,105	30,294
Movements				
Investments	2,217	11,437	8,950	22,604
Acquisitions through business combination	134	859	133	1,126
Disposals (net)[2]	-12	-1,013	-118	-1,143
Depreciation charges	-1,117	-7,849	-5,521	-14,487
Currency translation differences	65	284	126	475
	1,287	3,718	3,570	8,575
BALANCE AS AT 31 DECEMBER 2015				
Investment cost	12,441	63,974	45,779	122,194
Accumulated depreciation and impairment	-7,816	-44,405	-31,104	-83,325
	4,625	19,569	14,675	38,869
Movements				
Investments	1,472	10,945	8,939	21,356
Adjustment to initial purchase price allocation	0	0	187	187
Disposals (net)[2]	-52	-623	-485	-1,160
Depreciation charges	-1,375	-9,873	-7,288	-18,536
Currency translation differences	5	4	-327	-318
	50	453	1,026	1,529
BALANCE AS AT 31 DECEMBER 2016				
Investment cost	12,133	65,883	48,451	126,467
Accumulated depreciation and impairment	-7,458	-45,861	-32,750	-86,069
	4,675	**20,022**	**15,701**	**40,398**

1. Other assets balance as at 31 December 2016 mainly comprises of leasehold improvements with a carrying value of €5.5 million (31 December 2015: €4.8 million).
2. The total gross amount of the assets disposed across all asset classes was €15.7 million (2015: €4.3 million).

The costs for operating leases in 2016 amounted to €16.0 million (2015: €14.1 million). For disclosures of our operating lease commitments reference is made to note 32 Commitments, contingent assets and liabilities.

ACCOUNTING POLICY

The group leases certain property, plant and equipment. Leases are classified as finance leases whenever the terms of the lease substantially transfer 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. 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: 2-7 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.

14. IMPAIRMENT TESTING OF NON-FINANCIAL ASSETS

Non-financial assets comprises of goodwill, other intangible assets and property, plant and equipment.

For 2016 no impairment charge has been recorded (2015: €11.5 million). The 2015 impairment related to certain technologies which have been specifically developed and attributed to certain customer contracts in Automotive. This impairment was triggered by lower projections of future cash flows on those contracts which resulted in lower recoverable amounts (determined based on discounted cash flow model) in comparison with their respective carrying value.

Goodwill is allocated to the operating segments identified according to the core business activities as monitored by management 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.

A segment-level summary of the goodwill allocation for the group's segments in 2016 and 2015 is presented below:

(€ in thousands)	2016	2015
Automotive & Licensing	168,606	168,606
Automotive	83,389	83,389
Licensing	85,217	85,217
Telematics	63,025	66,144
Consumer	168,687	168,687
TOTAL	**400,318**	**403,437**

ACCOUNTING POLICY

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 for impairment at least annually, or whenever management identifies conditions that may trigger a risk of 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. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount and is recognised immediately in the income statement. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. In estimating the recoverable amount, management is required 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. Such estimates might be subject to a certain degree of judgement and uncertainty.

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.

SIGNIFICANT ESTIMATES

IMPAIRMENT TEST OF GOODWILL

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.

Automotive and Telematics revenue are projected to grow significantly throughout the forecasted period. Licensing revenue in the forecasted period shows a single digit growth rate, while the revenue projections of Consumer are slightly declining in the forecasted period. Given the limited visibility on the longer-term growth, the growth rates in the later years are more subject to uncertainty compared with 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 in the table below. The input to the group's key assumptions include those that are based on non-observable market data (level 3 input in accordance with IFRS 13).

	Consumer	Automotive	Licensing	Telematics
2016				
Revenue - perpetual growth[1]	0.0%	2.0%	0.0%	2.0%
Discount rate[2]	9.0%	9.0%	9.0%	9.0%
2015				
Revenue - perpetual growth[1]	0.0%	2.0%	0.0%	2.0%
Discount rate[2]	9.0%	9.0%	9.0%	9.0%

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.

Expectations and input to the impairment calculation, as well as the overall outcome, have been compared with the available external information from various analysts and to the extent available with market information on recent comparable transactions.

The impairment test performed resulted in no goodwill impairment for 2016 and 2015 for any of the segments. Management performed a sensitivity analysis on the relevant key assumptions in the group's 2016 year-end annual impairment testing.

The sensitivity test for the Licensing segment showed that the level of headroom available at year-end 2016 (headroom: €74 million, 2015: €27 million) would fall to nil should the compound annual revenue growth rate in the forecasted period decrease from 3% to -1% while other factors remain constant.

For Consumer, Automotive and Telematics, 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 any of these units to fall below the level of their respective carrying value.

15. BUSINESS COMBINATIONS

2016

No business combination has taken place in 2016. During the year, the group made an adjustment to the initial purchase price allocation of Finder acquisition resulting mainly in a decrease of goodwill balance (€2.4 million) and the related contingent consideration (€2.0 million).

2015

In 2015, the group made two acquisitions for an aggregate consideration of €42.4 million. This consideration includes cash considerations as well as an estimated contingent consideration of €2.0 million, which has been determined based on certain financial and non-financial key performance indicators. The acquisitions comprise of Location Navigation Pty. Ltd, a mapping company in Australia on 30 April 2015 and Finder S.A., a leading Polish fleet management service provider on 23 December 2015. With these acquisitions, we expanded our global map footprint and our fleet management business.

Both acquisitions were effectuated through the acquisition of 100% of the shares. The main assets and liabilities that arose from both acquisitions combined were intangible assets of €48.3 million, which includes €21.9 million goodwill and deferred tax liabilities of €1.8 million. The fair value of the assets and liabilities acquired have been determined using discounted cash flow technique, which includes inputs that are not based on observable market data (level 3 input). The acquired businesses contributed a revenue of €2.9 million and a net profit of €1.7 million in 2015. Excluding the impact of the acquisition-related amortisation from the purchase price allocations, the contributed result in 2015 was a net profit of €2.2 million. If the group had acquired all companies from 1 January 2015, the group revenue and net result for 2015 would have been €1,023.6 million and €18.8 million respectively. The acquisition of Finder added over 60,000 subscribers to our Telematics subscriber installed base.

As none of the transactions are material individually, they are not disclosed separately in accordance with IFRS 3.

ACCOUNTING POLICY

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.

16. INVESTMENTS IN ASSOCIATES

As of 31 December 2016, the group held non-controlling interests in a number of associates: Cyient Ltd. ('Cyient'), WayTag (Pty) Ltd. ('WayTag') and Beijing Golden Tom Information Technology Co. Ltd. ('Beijing Golden Tom'). Cyient provides content development and support services. WayTag is a South Africa-based company that allows people and businesses to create a unique location identifier that either refers to a fixed location or to an individual's current location. Although we will continue our activities in China, Beijing Golden Tom is in process to be liquidated.

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

(€ in thousands)	2016	2015
BALANCE AS AT 1 JANUARY	**3,546**	**3,289**
Result of associates[1]	736	167
Dividend received	-190	-167
Other direct equity movements	-151	257
BALANCE AS AT 31 DECEMBER	**3,941**	**3,546**

1. The group's share in 'Other comprehensive income' of the associates are presented under 'Other direct equity movements' in the table above.

As the associates are not material to the group, no further information is provided other than those detailed below. The group has no commitment in providing additional financing to any of its associates. The (estimated) full year revenue and net profits of the associates and their assets and liabilities are as follows:

Name of associate	Country of incorporation	Assets	Liabilities	Revenue	Net result	Interest held
			(€ in thousands)			(%)
2016						
Cyient Ltd.[1]	India	376,827	113,883	437,556	44,631	1.33%
Beijing Golden Tom	China	9	1,109	0	-279	49.00%
WayTag	South Africa	48	2	17	16	26.00%
2015						
Cyient Ltd.[1]	India	358,605	102,149	406,997	50,304	1.35%
Beijing Golden Tom	China	106	1,217	132	294	49.00%
WayTag	South Africa	48	11	0	6	26.00%

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 year ending 31 March 2016 and 31 March 2015.

Cyient is regarded as an associate as TomTom is represented in its Board of Directors. The fair value of the investment in Cyient is €10.4 million (2015: €10.0million).

ACCOUNTING POLICY

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 policy of associates has been changed where necessary to ensure consistency with the policy adopted by the group.

SECTION 4: WORKING CAPITAL

The notes in this section specify items that form part of group's working capital. Disclosure on cash and cash equivalents is included in this section.

17. INVENTORIES

(€ in thousands)	2016	2015
Finished goods	30,792	23,807
Components and sub-assemblies	23,286	24,850
INVENTORIES	**54,078**	**48,657**

The amount of inventories recognised as an expense when the inventories are sold and included in cost of sales amounted to €319 million (2015: €373 million). As a result of the write-down of inventories to their net realisable value, the group recognised a cost of €5.6 million (2015: €4.4 million). These costs are included in cost of sales.

ACCOUNTING POLICY

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.

18. TRADE RECEIVABLES

(€ in thousands)	2016	2015
Gross accounts receivables	136,899	142,829
Allowance for doubtful receivables	-4,475	-4,236
TRADE RECEIVABLES (NET)	**132,424**	**138,593**

The group expects to recover all receivables within a year. An allowance has been made for estimated unrecoverable amounts of the trade receivables. 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. 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)	2016	2015
BALANCE AS AT 1 JANUARY	**-4,236**	**-3,546**
Additional receivables impairment	-2,487	-2,299
Acquisition	0	-641
Receivables written off during the year as uncollectible	816	2,172
Unused amounts reversed	1,497	0
Translation effects	-65	78
BALANCE AS AT 31 DECEMBER	**-4,475**	**-4,236**

The following table sets out the balance of trade accounts receivable that are not overdue (as the payment terms specified in the terms and conditions established with the group's customers have not been exceeded) and an analysis of the ageing of the overdue amounts and related provisions for doubtful trade accounts receivable:

(€ in thousands)	2016	2015
Of which:		
Not overdue	125,613	134,891
Overdue < 3 months	4,020	4,128
3 to 6 months	2,441	199
Over 6 months	4,825	3,611
less provision	-4,475	-4,236
TRADE RECEIVABLES (NET)	**132,424**	**138,593**

The provisions recorded in 2016 and 2015 are mainly related to the overdue amounts.

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

(€ in thousands)	2016	2015
EUR	83,797	78,923
GBP	14,109	20,764
USD	17,340	18,898
Other	17,178	20,008
TRADE RECEIVABLES (NET)	**132,424**	**138,593**

ACCOUNTING POLICY

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.

19. OTHER RECEIVABLES AND PREPAYMENTS

(€ in thousands)	2016	2015
Prepayments	21,151	21,905
CIT, VAT and other taxes	6,009	9,770
Unbilled revenue	12,550	14,150
Deferred cost of sales[1]	2,530	4,603
Other receivables	3,875	3,105
TOTAL OTHER RECEIVABLES	**46,115**	**53,533**

1. Deferred cost of sales related to cost of providing services which have been paid in advance.

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

20. OTHER FINANCIAL ASSETS/LIABILITIES

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

(€ in thousands)	2016		2015	
	Assets	Liabilities	Assets	Liabilities
Derivatives at fair value through profit or loss	1,210	-338	967	-573

The notional principle amounts of the outstanding forward foreign exchange and option contracts as at 31 December 2016 were €49 million (2015: €58 million). All the group's outstanding options and forwards have a contractual maturity of less than one year. The group does not apply hedge accounting.

ACCOUNTING POLICY

Derivatives are initially and subsequently measured at fair value. Gains or losses arising from changes in fair value of derivatives are recognised in the income statement. Transaction costs are expensed in the income statement.

21. CASH AND CASH EQUIVALENTS

(€ in thousands)	2016	2015
Cash and equivalents	142,527	147,565
TOTAL CASH AND CASH EQUIVALENTS	**142,527**	**147,565**

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

ACCOUNTING POLICY

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.

22. TRADE PAYABLES

All trade payable balances have a contractual maturity of less than six months and the carrying amount approximates their fair value.

23. ACCRUALS AND OTHER LIABILITIES

Accruals and other liabilities comprise of the following:

(€ in thousands)	2016	2015
Margin-related accruals[1]	67,555	65,140
Operating expenses accruals[2]	75,143	78,648
TOTAL	**142,698**	**143,788**

1. Margin-related accruals include items such as sales return allowance, rebates and stock protection accrual.
2. Operating expenses accruals include an amount of €0.3 million (2015: €0.6 million) related to other financial liabilities.

SECTION 5: FINANCING, FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

This section includes notes related to financing items such as equity and borrowings as well as financial risk management and financial instruments. Related items such as earnings per share calculation as well as financial income and expenses, are included in this section.

24. SHAREHOLDER'S EQUITY

	2016		2015	
	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
TOTAL	**900,000,000**	**180,000**	**900,000,000**	**180,000**
ISSUED AND FULLY PAID:				
Ordinary shares	232,886,736	46,577	230,495,981	46,099

In 2016, 2,390,755 shares were issued to cover the exercises of employee stock options (2,340,255) and settlement of the restricted stock units (50,500).

Reserves are freely distributable except for €220.3 million of legal reserves (2015: €210.9 million). Note F. Other reserves in the company financial statements provides an overview of the non-distributable reserves.

All shares have a par value of €0.20 per share (2015: €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.

The Corporate Governance section of this Annual Report provides a detailed description regarding the use of Foundation Continuity TomTom as a protective 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 preferred shares that are issued temporarily are intended to be cancelled within 1 year period. The option is therefore not accounted for, nor further disclosed in the annual accounts.

ACCOUNTING POLICY

SHARE CAPITAL

Ordinary shares are classified as share capital.

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.

25. EARNINGS PER SHARE

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

(€ in thousands)	2016	2015
Earnings		
Net result attributed to equity holders	11,987	18,122
Number of shares		
Weighted average number of ordinary shares for basic earnings per share	231,743,011	227,771,117
Effect of dilutive potential ordinary shares		
Share options and restricted stock	3,227,387	4,606,654
WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES FOR DILUTED EARNINGS PER SHARE	**234,970,398**	**232,377,771**
EARNINGS PER SHARE (€)		
Basic	0.05	0.08
Diluted	0.05	0.08

TomTom also reports an adjusted earnings per share which excludes acquisition-related expenses and gains on a post tax basis in order to give more insight in our operational performance. The reconciliation of the adjusted net result to the reported net result is presented below:

(€ in thousands)	2016	2015
Net result attributed to equity holders	11,987	18,122
Amortisation of acquired intangibles	55,309	52,056
Tax effect of adjustments	-10,920	-13,014
Remeasurement of deferred tax liability[1]	-2,263	-7,535
ADJUSTED NET RESULT	**54,113**	**49,629**
ADJUSTED EARNINGS PER SHARE (€)[2]		
Basic	0.23	0.21
Diluted	0.23	0.21

1. The adjusted net result in 2016 and 2015 included adjustment for the remeasurement of deferred tax liability on acquistion related intangibles.
2. Adjusted earnings per share is not an IFRS performance measure and hence is not comparable across companies.

ACCOUNTING POLICY

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.

26. 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 2016	31 Dec 2015
TomTom Africa (Pty) Ltd.	South Africa	24%	24%
TomTom Navigation Taiwan Co., Ltd.	Rep. of China	30%	30%
TomTom Telematics Solutions Mexico S.A. de C.V.[1]	Mexico	20%	30%

1. The group acquired an additional 10% interest in TomTom Telematics Solutions Mexico S.A.de C.V. in 2016.

The movements in non-controlling interest is presented below:

(€ in thousands)	2016	2015
BALANCE AS AT 1 JANUARY	**1,723**	**2,073**
Non-controlling interests in the net result of subsidiaries	-29	171
Dividends paid	-138	0
Change in share of non-controlling interests	-1	-5
Currency translation differences	351	-516
BALANCE AS AT 31 DECEMBER	**1,906**	**1,723**

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 abovementioned subsidiaries.

27. BORROWINGS

(€ in thousands)	2016	2015
Non-current	9,586	44,254
Current	0	4,287
TOTAL	**9,586**	**48,541**

The non-current borrowings are relating to the credit facility agreement (the 'facility') signed on 22 December 2014. The initial agreement which was effective up to 31 March 2018, has been extended up to 31 March 2020. The facility comprises of a revolving credit facility for an amount of €250 million, of which €10 million was drawn at the end of December 2016 (31 December 2015: €45 million). Netted with the transaction costs of €0.4 million, the carrying amount of the group's outstanding borrowings at 31 December 2016 was €9.6 million (31 December 2015: €44.3 million). 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 paid on borrowings in 2016 was 0.7% (2015: 0.7%).

The outstanding borrowings from the credit facility are presented as a non-current liability as management expects to maintain approximately similar level of utilisation in the coming twelve months. As the contractual interest rate on the credit facility is based on market interest rates plus a certain margin, the fair value of the borrowings at the end of 2016 and 2015 is estimated to approximate their carrying value.

The current portion of our borrowings at the end of December 2015 came from an acquisition which has been fully repaid in January 2016.

ACCOUNTING POLICY

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.

28. 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 loan covenants, interest rates and capital 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 the group's business.

CREDIT

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

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

The group's exposure from its customers is managed through establishing proper credit limits and continuous credit risk assessments for each individual customer.

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

As at 31 December 2016, total bad debt provision represented approximately 0.5% of group revenue (2015: 0.4%).

FOREIGN CURRENCIES

The group operates internationally and conducts business in multiple currencies. Revenue is earned in EUR, GBP, USD and other currencies, and do not necessarily match the cost of sales and other costs which are largely in EUR and USD and to a certain extent in other currencies. Foreign currency exposures on commercial transactions relate mainly to estimated purchases and sales transactions that are denominated in currencies other than reporting currency - EUR (€).

The group manages 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 Corporate Treasury Policy, which is reviewed annually by the Audit Committee.

A 2.5% strengthening/weakening of EUR as at 31 December 2016 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 as in 2015.

(€)	2016		2015	
	Strengthen	Weaken	Strengthen	Weaken
GBP	1,140,747	-1,085,104	258,353	-245,823
USD	-214,524	204,038	-1,372,337	1,305,573

A 2.5% strengthening/weakening of EUR as at 31 December 2016 against GBP and USD would have increased/decreased the equity by €0.3 million (2015: increase/decrease of equity by €6.8 million).

LIQUIDITY AND LOAN COVENANTS

The approach to managing liquidity is to ensure that sufficient funds are available to meet financial obligations when they fall due under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the group's reputation. To ensure there is sufficient cash to meet expected operational expenses, including the servicing of financial obligations, actual and future cash flow requirements are regularly monitored, 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 €240 million (31 December 2015: €205 million).

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.

As at 31 December 2016, the group complied with the loan covenants and, based on the group's plan for 2017, management expects to be able to comply with the loan covenants during 2017.

The outstanding borrowings of €10 million from the credit facility has a one-month maturity period from the date of draw down but can continuously be rolled-over up to the end date of the facility agreement at management's discretion. Assuming the amount utilised remains the same until the end of the agreement and the level of market interest as well as the required performance indicators remain constant based on the situation as at 31 December 2016, the total expected annual interest payments up to 31 March 2020 would be €0.2 million.

INTEREST RATES

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

Our intention is to prioritise capital preservation and when possible we invest our surplus cash using approved investment instruments, such as bank deposits and money market fund investments. All transactions and counterparty risk limits are governed by Corporate Treasury Policy.

CAPITAL RISK

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 external borrowings as disclosed above.

As at 31 December 2016, the group had a net cash position of €132.5 million (31 December 2015: €98.3 million). The net cash is the cash and cash equivalents minus the nominal amount of our outstanding borrowings.

For further quantitative disclosures, reference is made to note 21, note 24 and note 27.

29. FINANCIAL INSTRUMENTS

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 2016				
ASSETS				
Other financial assets	0	1,210	0	1,210
Trade receivables	132,424	0	0	132,424
Cash and cash equivalents	142,527	0	0	142,527
TOTAL	**274,951**	**1,210**	**0**	**276,161**
LIABILITIES				
Trade payables	0	0	76,630	76,630
Other financial liabilities	0	338	0	338
Borrowings	0	0	9,586	9,586
TOTAL	**0**	**338**	**86,216**	**86,554**
AS AT 31 DECEMBER 2015				
ASSETS				
Other financial assets	0	967	0	967
Trade receivables	138,593	0	0	138,593
Cash and cash equivalents	147,565	0	0	147,565
TOTAL	**286,158**	**967**	**0**	**287,125**
LIABILITIES				
Trade payables	0	0	94,951	94,951
Other financial liabilities	0	573	0	573
Borrowings	0	0	48,541	48,541
TOTAL	**0**	**573**	**143,492**	**144,065**

ACCOUNTING POLICY

FINANCIAL ASSET

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.

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. 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. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the group has substantially transferred all risks and rewards of ownership.

LOANS AND RECEIVABLEST

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 18. Trade receivables and note 21. Cash and cash equivalents).

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. Financial liabilities are initially recognised and measured at fair value and subsequently at amortised cost.

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.

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 divides the inputs into 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 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 13, these types of inputs classify as level 2 inputs.

30. FINANCIAL INCOME AND EXPENSES

Financial income and expenses include the following items:

(€ in thousands)	2016	2015
Interest income	185	462
Interest expense	-1,556	-1,387
INTEREST RESULT	**-1,371**	**-925**
Other financial result	670	44
Foreign exchange result	-1,680	-7,387
OTHER FINANCIAL RESULT	**-1,010**	**-7,343**

The interest expense relates mainly to interest paid on borrowings and amortised transaction costs (see note 27. Borrowings).

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.

ACCOUNTING POLICY

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

SECTION 6: OTHER DISCLOSURES

This section includes the notes on provisions, commitments and contingent liabilities, remunerations of Members of the Management Board and the Supervisory Board, related party transactions and Auditor's remuneration.

31. PROVISIONS

(€ in thousands)	2016	2015
Non-current	54,406	35,065
Current	36,410	32,573
TOTAL	**90,816**	**67,638**

The movements in each category of provisions are as follows:

(€ in thousands)	Warranty	Claims & litigations	Other	Total
BALANCE AS AT 31 DECEMBER 2014	**32,701**	**31,971**	**17,898**	**82,570**
Increases in provisions	10,667	1,989	3,420	16,076
Utilised	-13,678	-335	-4,637	-18,650
Released	-2,305	-8,598[1]	-1,455	-12,358
BALANCE AS AT 31 DECEMBER 2015	**27,385**	**25,027**	**15,226**	**67,638**
Increases in provisions	9,912	5,109	8,818	23,839
Utilised	-10,383	-20	-2,596	-12,999
Released	-641	-3,238	-2,040	-5,919
Reclassification	0	18,257[2]	0	18,257
BALANCE AS AT 31 DECEMBER 2016	**26,273**	**45,135**	**19,408**	**90,816**

1. The releases were made to reflect the latest facts and circumstances and changes in estimates.
2. Claims & litigations provisions in 2016 include tax provisions reclassified to this category from current tax as well as from deferred tax liability (refer to note 11).

ACCOUNTING POLICY

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.

SIGNIFICANT ESTIMATES

WARRANTY PROVISON

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 €26.3 million (2015 €27.4 million), it is estimated that an amount of €11.2 million (2015 €16.4 million) will be utilised within 12 months while the remaining will be utilised between 1-3 years.

CLAIMS AND LITIGATIONS

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 it has infringed intellectual property assets. In such cases, the companies making the claims seek payments that may take the form of licenses 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 the best estimate, the portion of the claims and litigation provision expected to be settled in the coming twelve months amounts to approximately €17.5 million (2015 €12.3 million).

OTHER PROVISIONS

Other provisions include an amount of €9.2 million (2015: €8.7 million) related to the defined benefit pension plan in Germany as disclosed in note 6. Personnel expenses, and the remainder relates mainly to provisions for expected earn-out payments. The amount of 'Other provisions' estimated to be settled/utilised within the coming twelve months amounted to €7.7 million (2015: €3.8 million).

32. COMMITMENTS, CONTINGENT ASSETS AND 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 2016.

OPERATING LEASES

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

(€ in thousands)	2016	2015
Commitments less than 1 year	18,812	17,306
Commitments between 1 - 5 years	48,497	30,659
Commitments longer than 5 years	10,077	1,034
TOTAL	**77,386**	**48,999**

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

PURCHASE COMMITMENTS

As at 31 December 2016, the group had open purchase commitments with contract manufacturers for certain products and components. Contract manufacturers order the requisite component parts from their suppliers on the basis of forecasts of the number of units required. Manufacturers have commitments on these components. In certain circumstances, the group has a contractual obligation to purchase these components from the 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)	2016	2015
Commitments less than 1 year	18,130	25,699
Commitments between 1 - 5 years	1,534	14,679
TOTAL[1]	**19,664**	**40,378**

1. Other commitments in 2016 include a commitment to purchase services with a total value of €12 million (2015: €26 million) from our associate, Cyient Ltd.

The group has issued bank guarantees for a total amount of €12.4 million (2015: €14.0 million).

The group has also 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 31. for disclosures on tax and legal contingencies.

In 2014, we won an arbitration award in which the Tribunal ruled that one of our suppliers must repay royalties paid by TomTom in prior periods. In 2015, our supplier initiated legal action to annul the arbitration award which is still before the Courts. While we believe it is more likely than not that the arbitration award will be upheld by the Courts, we cannot be certain of such an outcome, and a final judgement in this matter, including the quantum and timing of any final judicial award, remains uncertain. Consequently, we have not recognised the asset, and given that further disclosure could seriously prejudice our position, we apply the exception under IAS 37.92 and do not disclose further information.

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 2016.

33. REMUNERATIONS 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.

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 and EBIT). The total remuneration paid/payable to or on behalf of the members of the Management Board for the year ended 31 December 2016, amounted to approximately €1.3 million (2015: €1.6 million) and did not include any bonus (2015: 13%). In 2016, the bonus achievement was 0% of the on-target bonus percentage (2015: 31%).

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.

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 that comprise 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:

(€)	Short-term benefits				
	Salary	Bonus	Other emoluments[4]	Post-employment benefits	Total Direct remuneration
2016					
Harold Goddijn	462,150	0	0	0	462,150
Taco Titulaer	330,000	0	59,326	6,674	396,000
Alain De Taeye	385,125	0	21,000	77,025	483,150
TOTAL	**1,177,275**	**0**	**80,326**	**83,699**	**1,341,300**
2015					
Harold Goddijn	462,150	114,613	0	0	576,763
Taco Titulaer[1]	137,500	27,280	0	11,458	176,238
Alain De Taeye	385,125	76,409	21,000	77,025	559,559
Marina Wyatt	239,633	0	33,536	32,687	305,856
TOTAL	**1,224,408**	**218,302**	**54,536**	**121,170**	**1,618,416**

Other remuneration:

(€)	Share-based expenses[3]	Other short-term expenses	Total including Other and Direct remuneration
2016			
Harold Goddijn	538,915	8,985	1,010,050
Taco Titulaer	105,506	8,985	510,491
Alain De Taeye	288,142	8,985	780,277
TOTAL	**932,563**	**26,955**	**2,300,818**
2015			
Harold Goddijn	472,363	8,280	1,057,406
Taco Titulaer	37,696	3,450	217,384
Alain De Taeye	293,264	8,280	861,103
Marina Wyatt[2]	-370,954	360,303	295,205
TOTAL	**432,369**	**380,313**	**2,431,098**

1. Taco Titulaer was appointed CFO effective 1 August 2015, although he was only appointed as member of the Management Board as of 8 October 2015. His remuneration is shown as of the date he was appointed CFO.
2. Marina Wyatt stepped down at the end of July 2015.
3. The gain in the share-based expenses in 2015 for Marina Wyatt results from the forfeiture of the 2013, 2014 and 2015 share options. Following this forfeiture the costs incurred in previous periods have been reversed.
4. The other emoluments for Taco Titulaer relate to a gross allowance that can be spent on private pension savings as the pension contribution is capped up to a pensionable salary of €100,000.

The share-based awards scheme is set out in the Management Board Stock Option Plan and is most recently amended in the 2014 General Meeting. In May 2016, each of the Management Board members were granted new stock options under this plan. The following tables summarise information about outstanding stock options of each member of the Management Board, as well as the movements during the year.

Board member	Year of grant	Outstanding 1 Jan 2016	Granted in 2016	Exercised in 2016	Outstanding 31 Dec 2016[1]	Exercise price (€)	Expiry date
Harold Goddijn	2009	181,500		-181,500	-	5.71	16/6/2016
	2010	150,000			150,000	5.32	12/5/2017
	2012	113,750			113,750	3.51	9/5/2019
	2013	155,000			155,000	3.53	8/5/2020
	2014	300,000			300,000	5.28	13/5/2021
	2015	210,000			210,000	7.83	7/5/2022
	2016		112,500		112,500	7.58	10/5/2023
Taco Titulaer	2013	50,000			50,000	3.53	8/5/2020
	2014	34,600			34,600	5.28	13/5/2021
	2015	39,200			39,200	7.83	7/5/2022
	2016		48,500		48,500	7.58	10/5/2023
Alain De Taeye	2009	181,500		-181,500	-	5.71	16/6/2016
	2010	150,000			150,000	5.32	12/5/2017
	2012	113,750			113,750	3.51	9/5/2019
	2013	155,000			155,000	3.36	8/5/2020
	2014	150,000			150,000	4.93	13/5/2021
	2015	110,000			110,000	7.83	7/5/2022
	2016		56,500		56,500	7.58	10/5/2023
TOTAL		**2,094,300**	**217,500**	**-363,000**	**1,948,800**		

1. The 2014, 2015 and 2016 options will vest three years after the grant date conditional to the Management Board members still being in service. All options outstanding related to years prior to 2014 have vested.

For a description of the stock option plans, reference is made to note 7. Share-based compensation.

OVERVIEW OF REMUNERATION OF THE MEMBERS OF THE SUPERVISORY BOARD

(€)	2016	2015
Peter Wakkie	61,000	61,000
Doug Dunn	47,000	47,000
Ben van der Veer	50,000	50,000
Jacqueline Tammenoms Bakker	49,931	48,000
Anita Elberse	47,000	47,000
Guy Demuynck[1]	15,692	51,000
Toine van Laack[2]	0	31,333
TOTAL	**270,623**	**335,333**

1. Guy Demuynck served as a member of the Supervisory Board until 22 April 2016.
2. Toine van Laack served as a member of the Supervisory Board until 1 September 2015.

34. 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	Share-based expenses	Total remuneration
2016					
Management Board and senior management	1,527,293	198,201	83,699	1,137,284	2,946,477
Supervisory Board	270,623	0	0	0	270,623
TOTAL	**1,797,916**	**198,201**	**83,699**	**1,137,284**	**3,217,100**
2015					
Management Board and senior management	1,890,961	538,191	121,170	684,574	3,234,896
Supervisory Board	335,333	0	0	0	335,333
TOTAL	**2,226,294**	**538,191**	**121,170**	**684,574**	**3,570,230**

1. In 2016, the total bonus expense amounted to nil versus €0.3 million in 2015.
2. The other short-term benefits in 2015 include the social security charge in relation to the exercise of share options.

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 Cyient Ltd. Such transactions take place at normal market conditions and the total payments made for these services in 2016 amounted to €16.4 million (2015: €16.7 million). As at 31 December 2016, the outstanding payable due to Cyient Ltd. amounted to €1.6 million (31 December 2015: nil). Transactions and balances with other associates are not material and hence are not disclosed.

35. AUDITOR'S REMUNERATION

The total remuneration to Ernst & Young Accountants LLP for the statutory audit of 2016 for the group amounted to €378,000 (2015: €360,000). The total service fees paid/payable to the Ernst & Young network amounted to €663,000 (2015: €591,000).

Included in the total remuneration is an amount of €454,000 (2015: €405,000) invoiced by Ernst & Young Accountants LLP, which includes an amount of €77,000 (2015: €45,000) for other statutory audits. The service fees paid to the EY Network included an amount of €83,000 (2015: €76,000) relating to tax services and €119,000 (2015: €110,000) relating to statutory audits. Details of the audit, audit-related and non-audit fees paid to EY can also be found in the Audit Committee report.

36. SUBSEQUENT EVENTS

Reference is made to note L in the company financial statements.

COMPANY FINANCIAL STATEMENTS OF TOMTOM NV

COMPANY STATEMENT OF INCOME OF TOMTOM NV

for the year ended 31 December

(€ in thousands)	*Notes*	2016	2015
General and administrative expenses	*B*	4,843	6,355
Other intercompany (income)	*C*	0	-5,786
OPERATING RESULT		**-4,843**	**-569**
Interest (expenses)		-11,366	-9,374
Other financial result		1,154	468
RESULT BEFORE TAX		**-15,055**	**-9,475**
Income tax gain		3,764	2,368
Result of subsidiaries after taxation	*D*	23,278	25,229
NET RESULT		**11,987**	**18,122**

The notes on pages 111 to 113 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	2016	2015
Investments in subsidiaries	*D*	2,978,665	2,972,475
TOTAL NON-CURRENT ASSETS		2,978,665	2,972,475
Receivables		31,294	74,807
Cash and cash equivalents		1,913	1,610
TOTAL CURRENT ASSETS		33,207	76,417
TOTAL ASSETS		**3,011,872**	**3,048,892**
Share capital		46,577	46,099
Share premium		1,051,890	1,035,451
Other reserves	*F*	234,502	228,216
Accumulated deficit		-350,125	-359,078
Result for the year		11,987	18,122
TOTAL SHAREHOLDERS' EQUITY	*E*	994,831	968,810
Borrowings	*G*	9,586	44,254
Intercompany payable	*H*	2,006,771	2,034,084
Deferred tax liability	*I*	104	186
TOTAL NON-CURRENT LIABILITIES		2,016,461	2,078,524
Other liabilities		580	1,558
TOTAL CURRENT LIABILITIES		580	1,558
TOTAL EQUITY AND LIABILITIES		**3,011,872**	**3,048,892**

The notes on pages 111 to 113 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 Dutch Civil Code and, specifically, in accordance with section 362.8 of the Dutch 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 policy applied, and on the notes, please refer to the notes to the consolidated financial statements.

B. GENERAL AND ADMINISTRATIVE EXPENSES

The employees of the company comprise only the members of the Management Board. The General and Administrative expenses comprised mainly of the remuneration of the Management Board and the Supervisory Board and other general expenses such as the auditor's fees. For the remuneration of the Management Board and Supervisory Board, reference is made to note 33 in the consolidated financial statements. The auditor's fee is further disclosed in note 35 of the consolidated financial statements.

C. OTHER INTERCOMPANY INCOME

Other intercompany income represents cost that have been recharged to the subsidiaries. Such recharges are no longer applicable in 2016.

D. INVESTMENTS IN SUBSIDIARIES

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

(€ in thousands)	2016	2015
BALANCE AS AT 1 JANUARY	**2,972,475**	**2,936,534**
Result of subsidiaries	23,278	25,229
Transfer to stock compensation reserve	2,344	2,335
Legal entity restructuring[1]	-19,260	-5,476
Currency translation differences	-90	12,087
Other direct equity movements	-82	1,766
BALANCE AS AT 31 DECEMBER	**2,978,665**	**2,972,475**

1. The legal entity restructuring in 2016 is a merger between the company and one of its subsidiaries resulting in a decrease in investment balance offset by a decrease of an intercompany payable towards the subsidiary.

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

E. SHAREHOLDERS' EQUITY

For the statement of changes in consolidated equity for the year ended 31 December 2016, please refer to Consolidated statement of changes in equity in the consolidated financial statements. Additional information on the shareholders' equity is disclosed in note 24 of 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 2014	**162,213**	**10,671**	**172,884**	**29,405**	**202,289**
Currency translation differences	0	12,087	12,087	0	12,087
Transfer from retained earnings	25,903	0	25,903	0	25,903
Stock compensation expenses	0	0	0	3,788	3,788
Transfer to retained earnings and share premium	0	0	0	-15,851	-15,851
BALANCE AS AT 31 DECEMBER 2015	**188,116**	**22,758**	**210,874**	**17,342**	**228,216**
Currency translation differences	0	-90	-90	0	-90
Transfer from retained earnings	9,505	0	9,505	0	9,505
Stock compensation expenses	0	0	0	3,275	3,275
Transfer to retained earnings and share premium	0	0	0	-6,404	-6,404
BALANCE AS AT 31 DECEMBER 2016	**197,621**	**22,668**	**220,289**	**14,213**	**234,502**

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 27 in the consolidated financial statements.

H. INTERCOMPANY PAYABLES

'Intercompany payable' comprises of loans provided by subsidiaries. The interest rate on the loan during 2016 is based upon the applicable inter-bank offered rate plus a margin of 0.4% (2015: 0.7%). Although no repayment period has been agreed the loan has a long-term nature.

I. DEFERRED TAXATION

As at 31 December 2016, the company had a deferred tax liability of €0.1 million (2015: €0.2 million). The deferred tax liability results from a temporary difference between the tax treatment and the accounting treatment of the borrowing cost. The movement of the deferred tax liability has been credited to the income statement.

J. OFF-BALANCE SHEET COMMITMENTS

The company has issued bank guarantees for a total amount of €12.4 million (31 December 2015: €14.0 million).

The company has also 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 Dutch 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.

K. 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.

L. SUBSEQUENT EVENTS

On 17 January 2017, the group acquired 100% of the shares of Autonomos GmbH for €26.2 million of which €24.8 million is paid in cash and the remainder in TomTom shares. The company is a Berlin-based Autonomous Driving start-up. We have acquired a vast amount of technical expertise that will be of value in the further development of our location technologies. Specifically, the acquisition will give us a fuller understanding of the Autonomous Driving stack and real-time computer vision technology and allow us to improve quality of our products such as TomTom HD map, RoadDNA localisation technology, navigation, traffic and other cloud services. Given the limited time frame between acquisition date and the finalisation of our financial statements further disclosures are not yet available.

There has been no other subsequent event from 31 December 2016 to the date of issue of these financial statements.

M. PROPOSED APPROPRIATION OF RESULT

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

Amsterdam, 8 February 2017
The Management Board
Harold Goddijn
Taco Titulaer
Alain De Taeye

TomTom NV
Amsterdam

Amsterdam, 8 February 2017
The Supervisory Board
Peter Wakkie
Doug Dunn
Ben van der Veer
Jacqueline Tammenoms Bakker
Anita Elberse
Jack de Kreij

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.

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, Supervisory Board and Management Board of TomTom N.V.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS 2016 INCLUDED IN THE ANNUAL REPORT

OUR OPINION

We have audited the financial statements 2016 of TomTom N.V., based in Amsterdam. The financial statements include the consolidated financial statements and the company financial statements.

In our opinion:
- The accompanying consolidated financial statements give a true and fair view of the financial position of TomTom N.V. as at 31 December 2016 and of its result and its cash flows for the year 2016 in accordance with International Financial Reporting Standards as adopted by the European Union (EUIFRS) and with Part 9 of Book 2 of the Dutch Civil Code.
- The accompanying company financial statements give a true and fair view of the financial position of TomTom N.V. as at 31 December 2016 and of its result for the year 2016 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The consolidated financial statements comprise:
- The consolidated balance sheet as at 31 December 2016;
- The following statements for the year 2016: the consolidated statement of income, the consolidated statements of comprehensive income, changes in equity and cash flows; and
- The notes 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 2016;
- The company statement of income for the year 2016; and
- The notes comprising a summary of the accounting policies and other explanatory information.

BASIS FOR OUR OPINION

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the Our responsibilities for the audit of the financial statements section of our report.

We are independent of TomTom N.V. in accordance with the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

MATERIALITY

MATERIALITY		
MATERIALITY	**BENCHMARK USED**	**ADDITIONAL EXPLANATION**
€ 8.5 million	1.5% of gross margin (2015: 1.4% of gross margin)	Based on our professional judgment we have considered earnings-based measures, such as profit before tax and gross margin, as the appropriate benchmark to determine materiality. We believe the gross margin is a suitable basis, as the gross margin is an important and stable measure of the company's performance, whereas profit before tax is near break-even.

We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons.

We agreed with the Supervisory Board that misstatements in excess of € 425,000, which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

SCOPE OF THE GROUP AUDIT

TomTom N.V. is at the head of a group of entities. The financial information of this group is included in the consolidated financial statements of TomTom N.V.

As processes are highly centralised, we have applied a centralised audit approach. We have performed all audit procedures ourselves at group level for the accounts which were of most significance for our audit and are included in the section Key Audit Matters (Revenue, deferred revenue, margin-related accruals, Goodwill and other intangible assets and Other significant accounting estimates).

Our audit coverage for total assets, revenues and gross margin can be summarized as follows:
- For total assets our audit procedures achieved a coverage of 97%.
- For revenues and gross margin our audit procedures achieved a coverage of 100%.

By performing the procedures mentioned above we have been able to obtain sufficient and appropriate audit evidence about the group's financial information to provide an opinion about the consolidated financial statements.

OUR KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements. We have communicated the key audit matters to the Supervisory Board. The key audit matters are not a comprehensive reflection of all matters discussed.

These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

RISK	OUR AUDIT RESPONSE
REVENUE RECOGNITION	
Revenue recognition and the accounting for deferred revenues and margin-related accruals is based on estimates and assumptions that require significant management judgment. Consequently we have considered revenue recognition as significant to our audit. Revenue related disclosures are included in note 4 and note 23 to the consolidated financial statements.	Our audit procedures included an assessment of the appropriateness of the Company's revenue recognition policies, understanding of the internal control environment, data analytics procedures on revenues and receivables and substantive procedures relating to contractual terms and conditions and the appropriate accounting thereof. For transactions containing multiple-element arrangements, we have performed specific procedures to test the allocation of revenue to the separate identifiable elements, based on the estimated relative fair values of each identifiable element. Furthermore, we have specifically assessed the completeness and proper cut-off of usage based royalty revenues, which are based on royalty statements. For deferred revenues and margin-related accruals, we have primarily performed substantive procedures. We agree with the assumptions used by management.

RISK	OUR AUDIT RESPONSE
IMPAIRMENT OF GOODWILL AND OTHER INTANGIBLE ASSETS	
At December 31, 2016, the total carrying value of goodwill and other intangible assets amounts to €1,2 billion. Goodwill is tested for impairment at least on an annual basis. Other intangible assets are tested for impairment when a triggering event has been identified that indicates the carrying amount may not be recoverable. The valuation of goodwill and other intangible assets is significant to our audit due to the fact that the impairment test calculations are based on several key assumptions which are estimated by management, and are by nature judgmental. Key assumptions include the expected future cash flows for the five year forecasting period, the discount rate and perpetual growth rate per cash generating unit. Disclosures relating to impairment of goodwill and other intangible assets are enclosed in note 14 to the consolidated financial statements.	Given the complexity we involved a valuation expert in evaluating the impairment testing model and assumptions used by management. We paid specific attention to forecasted revenue growth within the Consumer, Automotive and Licensing segments. In addition we performed procedures relating to the adequacy of the disclosures, specifically relating to key assumptions and the sensitivity analysis. We agree with the assumptions used by management.
OTHER SIGNIFICANT ACCOUNTING ESTIMATES	
Besides the above mentioned areas of Revenue recognition and Goodwill and other intangible assets, we have identified certain areas relating to Income taxes and Provisions and Contingent assets/ liabilities as areas that involve a higher degree of judgment or where assumptions and estimates are significant to the financial statements. Given the uncertainty involved, we have considered these areas as significant to our audit. Relevant disclosures regarding these risks are included in notes 10, 11, 31 and 32 to the consolidated financial statements.	Our audit procedures specifically focused on the measurement of the provision for tax risks, the measurement of deferred tax liabilities, the warranty provision and the provision for claims and litigations. Our audit procedures included, amongst others, inquiries with financial, tax and legal management in respect of ongoing developments, proceedings and investigations, inspection of relevant correspondence and documentation and reperformance of calculations. We challenged management's assessment of the probability of occurrence of certain risks based on historical data, recent trends and other information available. Furthermore, we requested external legal confirmation letters and obtained legal representation letters from management. We also performed procedures relating to the adequacy of the disclosures regarding these risks. We agree with the assumptions used by management.

REPORT ON OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

In addition to the financial statements and our auditor's report thereon, the annual report contains other information that consists of:

- Message from the CEO
- Overview
- Management Board report
- Corporate governance report
- Supervisory Board report
- Other information pursuant to Part 9 of Book 2 of the Dutch Civil Code
- Supplementary information

Based on the following procedures performed, we conclude that the other information:
- Is consistent with the financial statements and does not contain material misstatements
- Contains the information as required by Part 9 of Book 2 of the Dutch Civil Code

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements. By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is less than the scope of those performed in our audit of the financial statements.

Management is responsible for the preparation of the other information, including the Management Board's report in accordance with Part 9 of Book 2 of the Dutch Civil Code and other information pursuant to Part 9 of Book 2 of the Dutch Civil Code.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

ENGAGEMENT

We were engaged by the Supervisory Board as auditor of TomTom N.V. on 24 April 2015 as of the audit for year 2015 and have operated as statutory auditor since that date.

DESCRIPTION OF RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

RESPONSIBILITIES OF MANAGEMENT AND THE SUPERVISORY BOARD FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code. Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, management should prepare the financial statements using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. Management should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.
The Supervisory Board is responsible for overseeing the company's financial reporting process.

OUR RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objective is to plan and perform the audit assignment in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not have detected all material errors and fraud. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgment and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included, e.g.:
- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtaining an understanding of internal control relevant to the audit 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 company's internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Concluding on the appropriateness of management’s use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause a company to cease to continue as a going concern.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures.
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit.

We provide the Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Supervisory Board, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

Eindhoven, 8 February 2017

Ernst & Young Accountants LLP

Signed by: P.J.A. Gabriëls

SUPPLEMENTARY INFORMATION

SHAREHOLDER INFORMATION

INVESTOR RELATIONS

TomTom is committed to providing a high degree of transparency and consistency in its reporting. We engage and maintain open dialogue with investors and analysts and have an extensive communication programme, which includes the General Meeting, roadshows, investor conferences, presentations, webcasts and in-house meetings. Related events are reported and regularly updated on the Investor Relations website.

TomTom strictly adheres to applicable rules and legislation on fair disclosure. Our goal is 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 our Investor Relations team with any information requests they have:

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

WEBSITE

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

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

FINANCIAL CALENDAR 2017

Date	Event
19 April 2017	Publication Q1 2017 results
24 April 2017	General Meeting
19 July 2017	Publication Q2 2017 results
20 October 2017	Publication Q3 2017 results

CLOSED PERIOD

During a closed period prior to the publication of the quarterly results, we do not engage in discussions with analysts, investors and financial journalists or make presentations at investor conferences.

SHAREHOLDER STRUCTURE

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. The following table shows the company's ordinary shareholder structure as at 31 December 2016.

Name	# shares	% of total
Founder - Harold Goddijn	26,319,332	11.3%
Founder - Corinne Vigreux	26,137,831	11.2%
Founder - Pieter Geelen	26,137,831	11.2%
Founder - Peter-Frans Pauwels	26,137,832	11.2%
TOTAL FOUNDERS	**104,732,826**	**45.0%**
Free float	128,153,910	55.0%
TOTAL SHARES OUTSTANDING	**232,886,736**	**100.0%**

PREFERRED SHARES

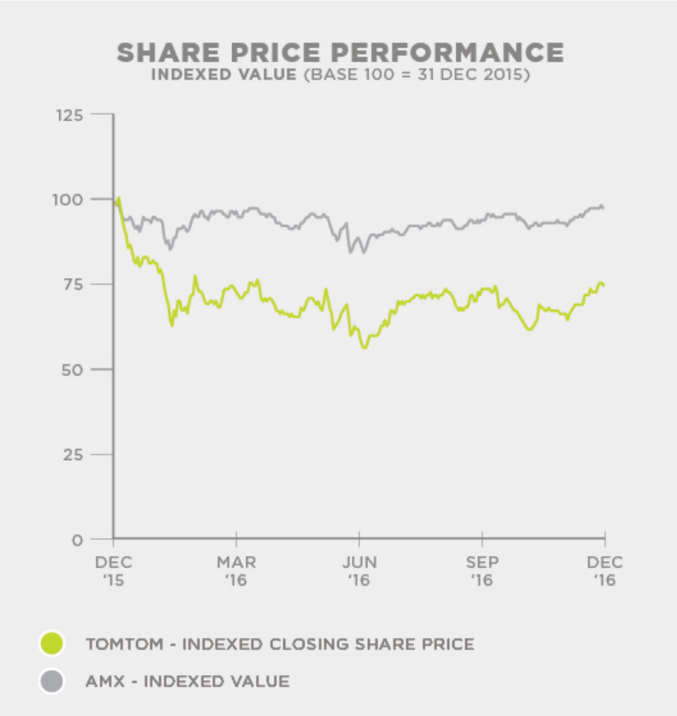
The Foundation Continuity TomTom was established in 2005. The purpose of the Foundation is to safeguard the interests of the company and all of its stakeholders. It does so by ensuring that the company is in a position to resist influences that could affect its independence, continuity and/or corporate identity in any manner that would be in contravention of the interests of the company or its stakeholders.

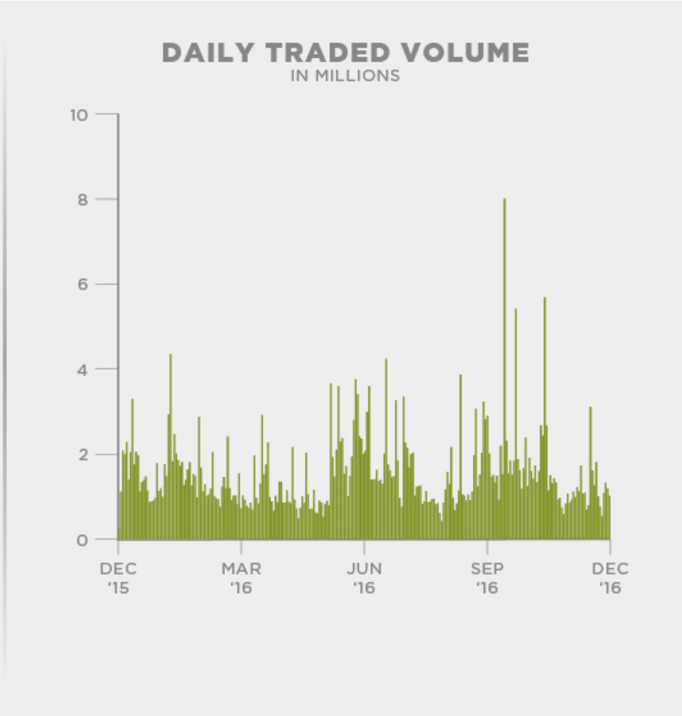
The company has granted the Foundation a call option entitling it to subscribe for preferred shares up to 100% of the aggregate outstanding share capital (excluding issued and outstanding preferred shares) of the company at the time of issue. An issue of preferred shares in the manner described would cause substantial dilution of the voting power of any shareholder whose objective was to gain control of the company.

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

SHARE PRICE PERFORMANCE IN 2016

The graph below shows the indexed closing share price development of the company versus the AMX during 2016.





KEY SHARE DATA

(€, unless stated otherwise)	2016	2015
Share price at the start of the year	11.61	5.53
Share price at the end of the year	8.55	11.61
Highest closing share price	11.88	12.29
Lowest closing share price	6.21	5.30
Market capitalisation at year end (€ in millions)	1,990	2,674
Average daily volume traded (# in thousands)	1,612	2,141
EPS - fully diluted	0.05	0.08
Adjusted EPS - fully diluted[1]	0.23	0.21
FCF per share - fully diluted[2]	0.10	-0.15
Weighted average number of shares outstanding (# in millions)	231.7	227.8
Weighted average number of shares fully diluted (# in millions)	235.0	232.4

1. Earnings per fully diluted share count adjusted for acquisition-related amortisation & gain on a post-tax basis.
2. FCF is defined as cash flow from operating activities minus cash flow from investing activities

SHARES OUTSTANDING

TomTom NV had 232,886,736 shares outstanding as at 31 December 2016. The number of options outstanding was 8,125,043. The weighted average number of shares on a fully diluted basis was 234,970,398.

LISTING

TomTom NV shares are traded on 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.

DIVIDEND POLICY

TomTom has no current plans to distribute dividends. The company gives priority to increasing technology investments to strengthen its capabilities and competitive position, whilst at the same time improving its balance sheet. The company believes that allocating its cash resources to these priorities, serves shareholders' interests better in the longer term.

KEY FIGURES OVERVIEW 2009-2016

(€ in millions, unless stated otherwise)	2016	2015	2014	2013	2012	2011	2010	2009
INCOME AND EXPENSES								
Revenue	987	1,007	950	963	1,057	1,273	1,521	1,480
Gross result	566	519	523	521	555	640	744	731
Operating result[1]	9	1	21	26	70	102	190	231
Net result[2]	12	18	23	20	129	74	110	94
DATA PER SHARE								
Earnings per share (€) - diluted	0.05	0.08	0.10	0.09	0.58	(1.97)	0.49	0.47
Adjusted earnings per share (€) - diluted[3]	0.23	0.21	0.27	0.26	0.40	0.55	0.70	0.78
SHARES OUTSTANDING (#)								
Average # basic shares outstanding (in millions)	232	228	223	222	222	222	222	184
Average # diluted shares outstanding (in millions)	235	232	225	223	222	222	222	185
REGIONAL REVENUE SPLIT								
Europe	773	771	719	710	773	937	1,070	1,007
North America	167	186	163	178	208	257	380	411
Rest of world	47	49	68	76	76	79	70	62
CASH FLOW								
Cash generated from operations	158	123	135	188	187	195	265	430
Cash flows from operating activities	144	119	119	260	167	174	210	340
Cash flows from investing activities	-120	-154	-106	-91	-51	-73	-65	-90
Cash flows from financing activities	-29	29	-118	-74	-146	-214	-209	-206
Net (decrease)/increase in cash and cash equivalents	-5	-6	-106	95	-30	-112	-64	45
BALANCE SHEET								
Goodwill	400	403	382	382	382	382	855	855
Intangible assets	796	811	801	804	821	872	946	986
Inventories	54	49	47	42	44	66	94	67
Trade receivables	132	139	133	115	150	185	306	294
Cash and cash equivalents	143	148	153	258	164	194	306	368
Provisions	91	68	83	80	81	101	109	114
Borrowings	10	49	49	173	247	384	588	790
Trade payables	77	95	88	82	84	117	218	201
Total equity and liabilities	1,629	1,654	1,591	1,678	1,724	1,799	2,623	2,686
Net cash/(Net debt)	133	98	103	83	-86	-194	-294	-442
KEY RATIOS[4]								
Days sales of Inventory (DSI)	43	31	33	31	30	31	31	21
Days sales outstanding (DSO)	45	44	46	39	47	48	55	51
Creditor days	61	60	63	60	57	56	72	64
NUMBER OF EMPLOYEES (#)								
At end of period (FTE)	4,716	4,605	4,116	3,630	3,441	3,677	3,487	3,138

1. Operating result excludes the acquisition-related impairment charges (2011: €512 million) and restructuring charges (2011: €14.8 million; 2010: €3.3 million; 2009: €10.3 million).
2. Net result excludes the abovementioned impairment and restructuring charges and the related tax effects.
3. Earnings per share adjusted for acquisition-related amortisation and gain, goodwill impairment and restructuring charges on a post-tax basis, and an €80 million one-off tax gain in 2012.
4. Calculated based on the sales/cost of sales and the number of days in the last three months of the year.

QUARTERLY STATEMENT OF INCOME 2016

(€ in thousands, unless stated otherwise; quarterly data unaudited)	Q1 2016	Q2 2016	Q3 2016	Q4 2016	FY 2016
REVENUE	**217,155**	**265,225**	**239,331**	**265,618**	**987,329**
Cost of sales	93,850	119,967	94,690	112,594	421,101
GROSS RESULT	**123,305**	**145,258**	**144,641**	**153,024**	**566,228**
Research and development expenses	44,533	45,675	50,680	49,585	190,473
Amortisation of technology and databases	20,626	21,107	22,571	27,222	91,526
Marketing expenses	15,058	21,545	19,159	24,847	80,609
Selling, general and administrative expenses	47,401	44,179	51,278	51,868	194,726
TOTAL OPERATING EXPENSES	127,618	132,506	143,688	153,522	557,334
OPERATING RESULT	**-4,313**	**12,752**	**953**	**-498**	**8,894**
Interest result	-305	-377	-404	-285	-1,371
Other financial result	1,711	-1,233	513	-2,001	-1,010
Result of associates	327	134	97	178	736
RESULT BEFORE TAX	-2,580	11,276	1,159	-2,606	7,249
Income tax gain/(charge)	7,346	911	-594	-2,954	4,709
NET RESULT	**4,766**	**12,187**	**565**	**-5,560**	**11,958**
Attributable to:					
- Equity holders of the parent	4,792	12,066	595	-5,466	11,987
- Non-controlling interests	-26	121	-30	-94	-29
NET RESULT	4,766	12,187	565	-5,560	11,958
MARGINS					
Gross margin (%)	57%	55%	60%	58%	57%
EBIT margin (%)	-2%	5%	0%	0%	1%
CALCULATION OF ADJUSTED EARNINGS PER SHARE (€ in million)					
Net result attributed to equity holders	4.8	12.1	0.6	-5.5	12.0
Acquisition-related amortisation	13.7	13.7	13.7	14.2	55.3
Tax effect of adjustments	-3.0	-2.6	-2.6	-2.7	-10.9
Remeasurement of deferred tax liability[1]	-7.6	0.0	0.0	5.3	-2.3
ADJUSTED NET RESULT	**7.9**	**23.2**	**11.7**	**11.3**	**54.1**
Basic number of shares (in thousands)	230,612	231,193	232,424	232,725	231,743
Diluted number of shares (in thousands)	234,964	234,522	235,265	235,430	234,970
EARNINGS PER SHARE					
Basic EPS (€)	0.02	0.05	0.00	-0.02	0.05
Fully diluted Adjusted EPS (€)	0.03	0.10	0.05	0.05	0.23

1. The adjusted net result in Q1 '16 and Q4 '16 included adjustment for the remeasurement of deferred tax liability on acquisition-related intangibles.

QUARTERLY STATEMENT OF CASH FLOWS 2016

(€ in thousands, quarterly data unaudited)	Q1 2016	Q2 2016	Q3 2016	Q4 2016	FY 2016
Operating result	-4,313	12,752	953	-498	8,894
Financial gains/(losses)	954	-553	-1,960	2,794	1,235
Depreciation, amortisation and impairment	29,870	30,941	32,140	39,052	132,003
Change in provisions	-3,217	4,805	-2,422	10,483	9,649
Equity-settled stock compensation expense	947	987	816	525	3,275
Change in working capital:					
Change in inventories	-8,132	6,020	-10,535	6,830	-5,817
Change in receivables and prepayments	11,672	-58,744	19,192	42,063	14,183
Change in current liabilities (excluding provisions)[1]	-44,046	38,499	22,571	-22,325	-5,301
CASH GENERATED FROM OPERATIONS	**-16,265**	**34,707**	**60,755**	**78,924**	**158,121**
Interest received	42	44	42	57	185
Interest paid	-264	-338	-364	-261	-1,227
Corporate income taxes (paid)/received	-1,870	-1,151	-6,695	-3,046	-12,762
CASH FLOWS FROM OPERATING ACTIVITIES	**-18,357**	**33,262**	**53,738**	**75,674**	**144,317**
Investments in intangible assets	-21,304	-25,678	-27,489	-21,973	-96,444
Investments in property, plant and equipment	-7,735	-4,558	-4,409	-4,439	-21,141
Acquisition of subsidiaries and other businesses	-2,331	0	0	0	-2,331
Dividend received	0	80	50	60	190
CASH FLOWS FROM INVESTING ACTIVITIES	**-31,370**	**-30,156**	**-31,848**	**-26,352**	**-119,726**
Repayment of borrowings	-4,287	0	0	0	-4,287
Change in utilisation of credit facility	20,000	13,000	-30,000	-38,000	-35,000
Change in non-controlling interest	0	0	-98	0	-98
Dividends paid	144	-271	-11	0	-138
Proceeds on issue of ordinary shares	1,235	6,433	1,255	1,116	10,039
CASH FLOWS FROM FINANCING ACTIVITIES	**17,092**	**19,162**	**-28,854**	**-36,884**	**-29,484**
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	**-32,635**	**22,268**	**-6,964**	**12,438**	**-4,893**
Cash and cash equivalents at the beginning of period	147,565	114,630	136,391	129,262	147,565
Effect of exchange rate changes on cash balances held in foreign currencies	-300	-507	-165	827	-145
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	**114,630**	**136,391**	**129,262**	**142,527**	**142,527**

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

DEFINITIONS AND ABBREVIATIONS

Term	Definition
ADAS	Advanced Driver Assistance Systems
AFM	the Netherlands Authority for Financial Markets
AMX	the Amsterdam Mid-Cap Index
Apps	Applications
ARPU	Average Revenue Per User
ASP	Average Selling Price
B2B	Business to Business
B2C	Business to Consumer
Code	the Dutch Corporate Governance Code
Company	TomTom NV
CSR	Corporate Social Responsibility
EICC	the Electronic Industry Citizenship Coalition
ERP	Enterprise Resource Planning
ETR	Effective Tax Rate
Foundation	Foundation Continuity TomTom
GIS	Geographical Information System
GPS	Global Positioning System
Group	TomTom NV together with its subsidiaries
HD	High Definition
IFRS	International Financial Reporting Standards
ISO	International Standardisation Organisation
KPI	Key Performance Indicators
LTM	Last Twelve Months
NavKit	TomTom navigation technology engine
NDS	Navigation Data Standard
North America	The United States and Canada
NPE	Non Practicing Entities
OEM	Original Equipment Manufacturer
OS	Operating System
PDA	Personal Digital Assistant
PND	Portable Navigation Device
R&D	Research & Development
SG&A	Selling, general and administrative
SDK	Software Development Kit
WEBFLEET	TomTom Telematics' fleet management platform

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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 because 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.

Term	Definition
Gross margin	Gross result divided by revenue
EBIT	Earnings Before Interest and Taxes (Operating result)
EBIT margin	EBIT divided by revenue
EBITDA	EBIT plus Depreciation and Amortisation charges
EBITDA margin	EBITDA divided by revenue
Adjusted net result	Net result attributed to equity holders adjusted for acquisition-related expenses and gains on a post-tax basis (refer to note 25)
Adjusted EPS	Adjusted net result divided by the weighted average number of diluted shares over the period
Net cash	Cash and cash equivalents minus the nominal value of our outstanding borrowings

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