

u-blox 2023 Results

6 March 2024

Stephan Zizala, CEO

Roland Jud, CFO



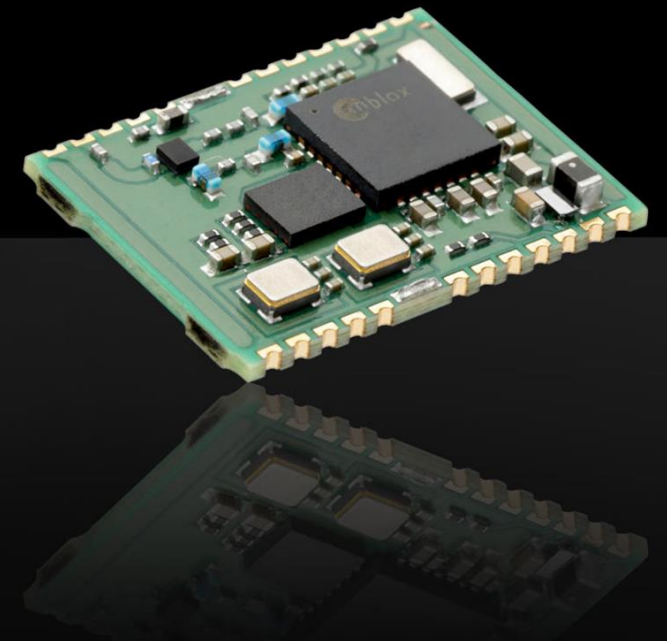
Disclaimer

This presentation contains certain forward-looking statements. Such forward-looking statements reflect the current views of management and are subject to known and unknown risks, uncertainties, assumptions and other factors that may cause actual results, performance or achievements of the Group to differ materially from those expressed or implied herein.

Should such risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in this presentation.

u-blox is providing the information in this presentation as of this date and does not undertake any obligation to update any forward-looking statements contained in it as a result of new information, future events or otherwise.

Highlights 2023



Resilient 2023 results and significant design wins

- **2023 results**

- Revenue decline of -2.7% at constant FX rates vs 2022
 - Semiconductor market -9.4% in 2023*
- EBIT adjusted CHF 69.7 million vs. CHF 131.3 million in 2022
- Positive free cash flow of CHF 23.8 million in H2'23 vs CHF -12.9 million in H1'23

- **Record design wins in Automotive**

- **Integrated terrestrial and satellite IoT solution with new hybrid module**

- **Strategy << Focus – Innovate – Execute >>**

- Implementation ongoing and according to plan

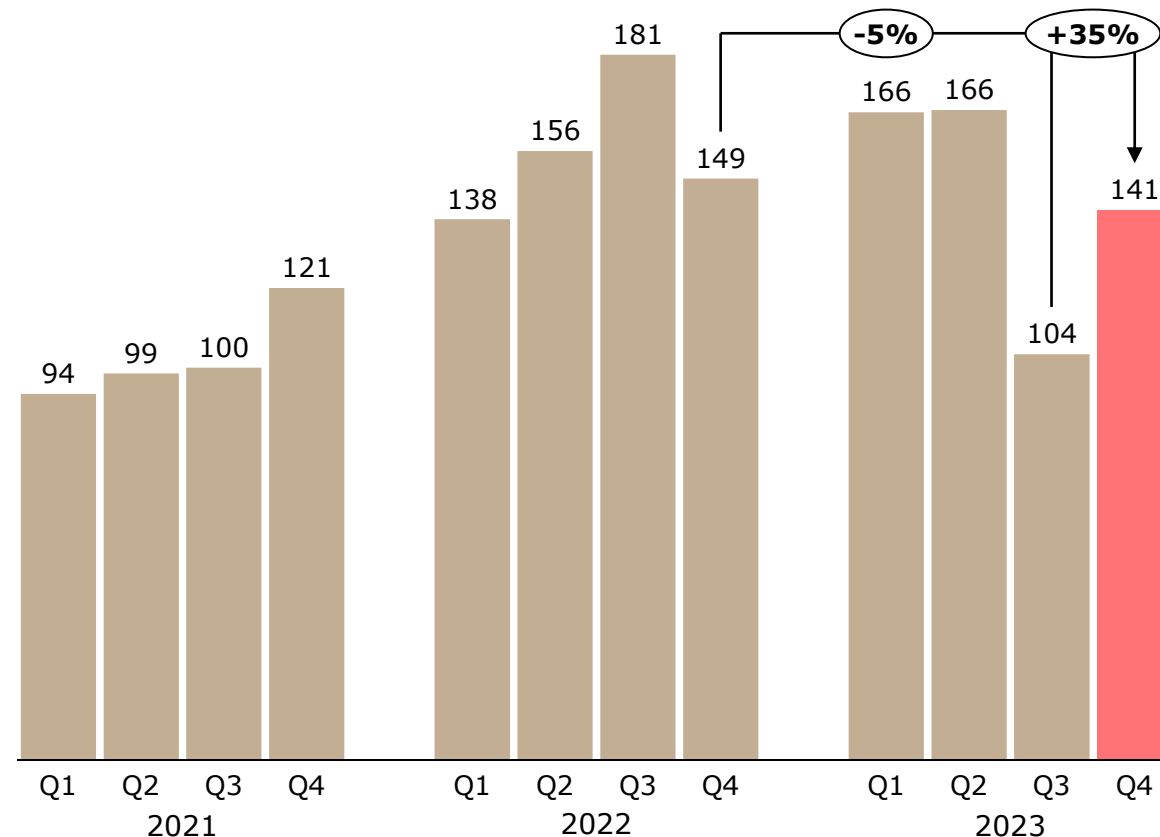


*Source: World Semiconductor Trade Statistics (WSTS) - Forecast Fall 2023

Stronger Q4 2023 driven by contractual deliveries – as expected

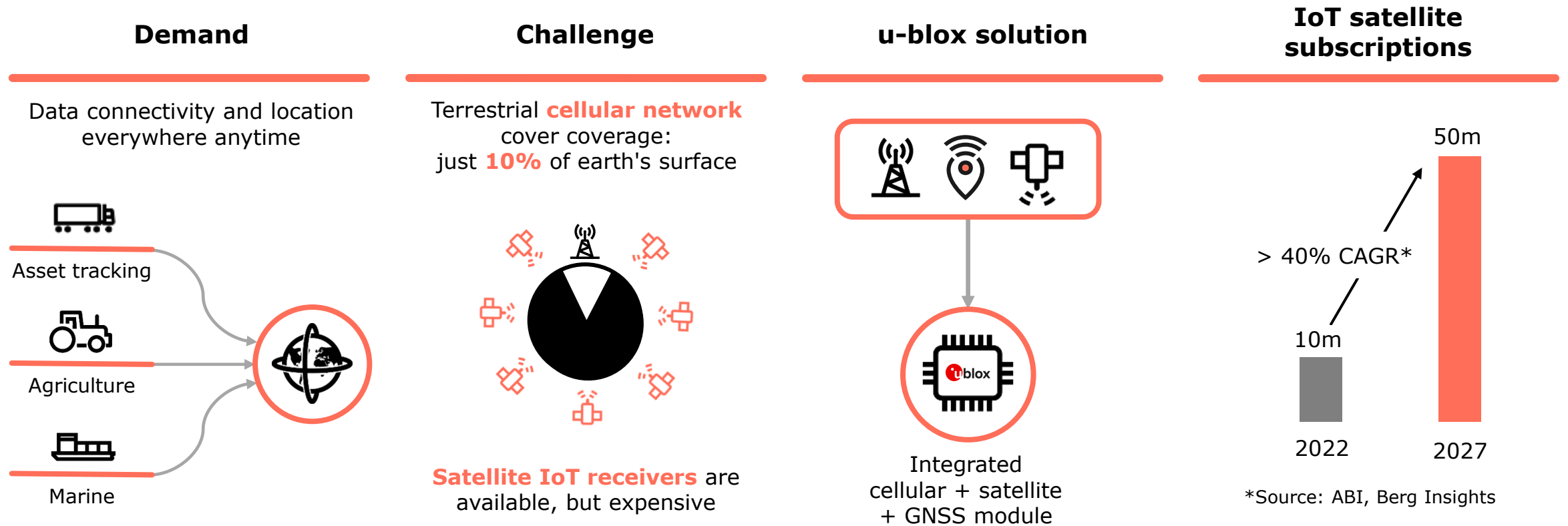
Revenue

(CHF million)



- Revenue +35% in Q4 2023 QoQ (+33% in constant F-X rates) and -5% YoY (+2% in constant exchange rates)
- Revenue in Q4 was supported by contractual deliveries agreed during the supply shortage period
- Deliveries over demand generated overstock at customers

Integrated terrestrial and satellite IoT communications solutions enable new applications



u-blox and its partner Orbcomm **enable a new multi-million-dollar market** by a unique combination of cellular, satellite communication, and GNSS competencies

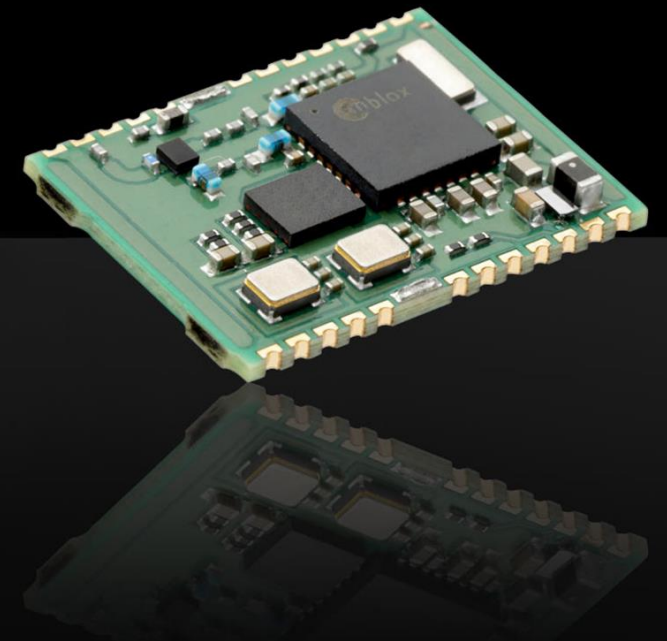
Record design wins in the key growth application automated driving

- Important milestone for u-blox's automotive business as it reached record design wins in 2023
- USD 100 million expected from 2026 over the lifetime of the automotive projects
- Wins are a strong sign of the potential of automated driving for u-blox
- u-blox is the market leader for positioning solutions used in Advanced Driver Assistance Systems (ADAS)
- The use of dedicated GNSS positioning solutions for ADAS is expected to have a penetration of 32% by 2030*, an increase from 10% in 2023

*Based on ABI, TSR, u-blox market research



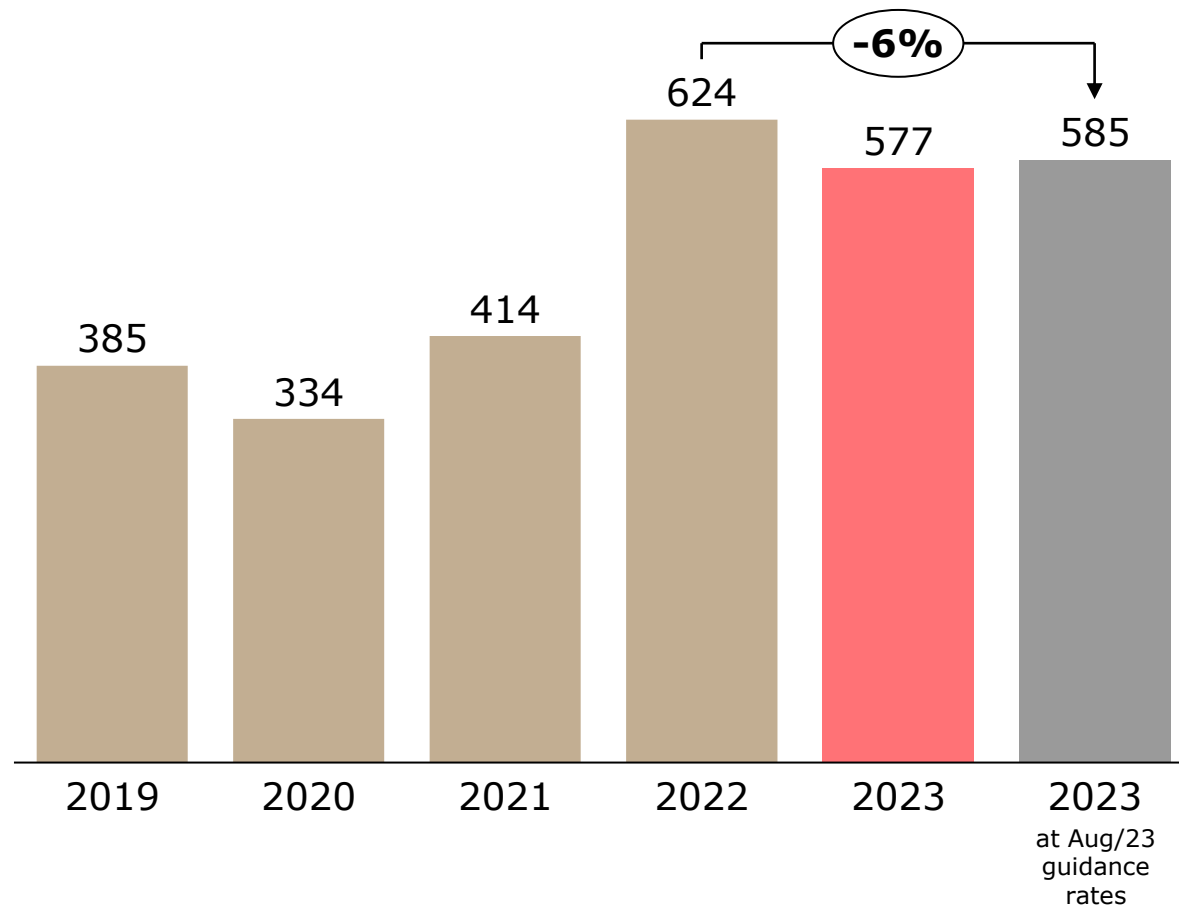
FY 2023 Results



u-blox revenue in 2023 was resilient compared to the overall semiconductor market

Revenue

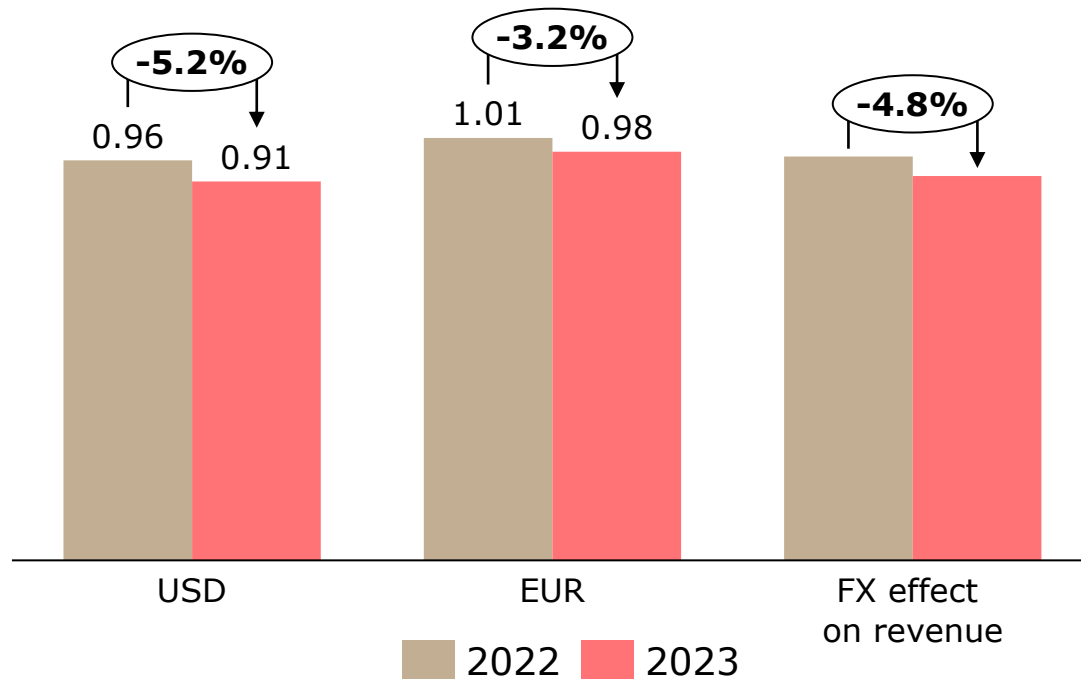
(CHF million)



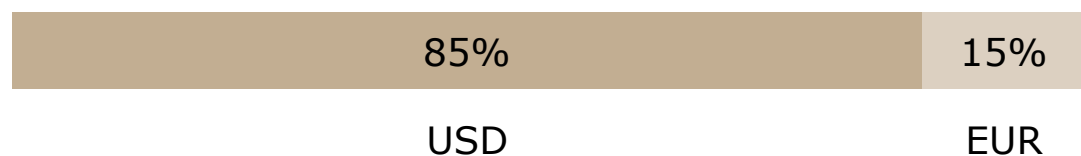
- FY 2023 revenue of CHF 577 million
- Decrease of -7.5% in Swiss Francs
- Decrease of -6.3% at guidance FX rates
- Decrease of -2.7% at constant FX rates
- Q4 2023 was positively impacted by contractual deliveries, mainly in CEL

Negative FX impact due to the strengthening of the CHF

Development of main currencies



Revenue by currency



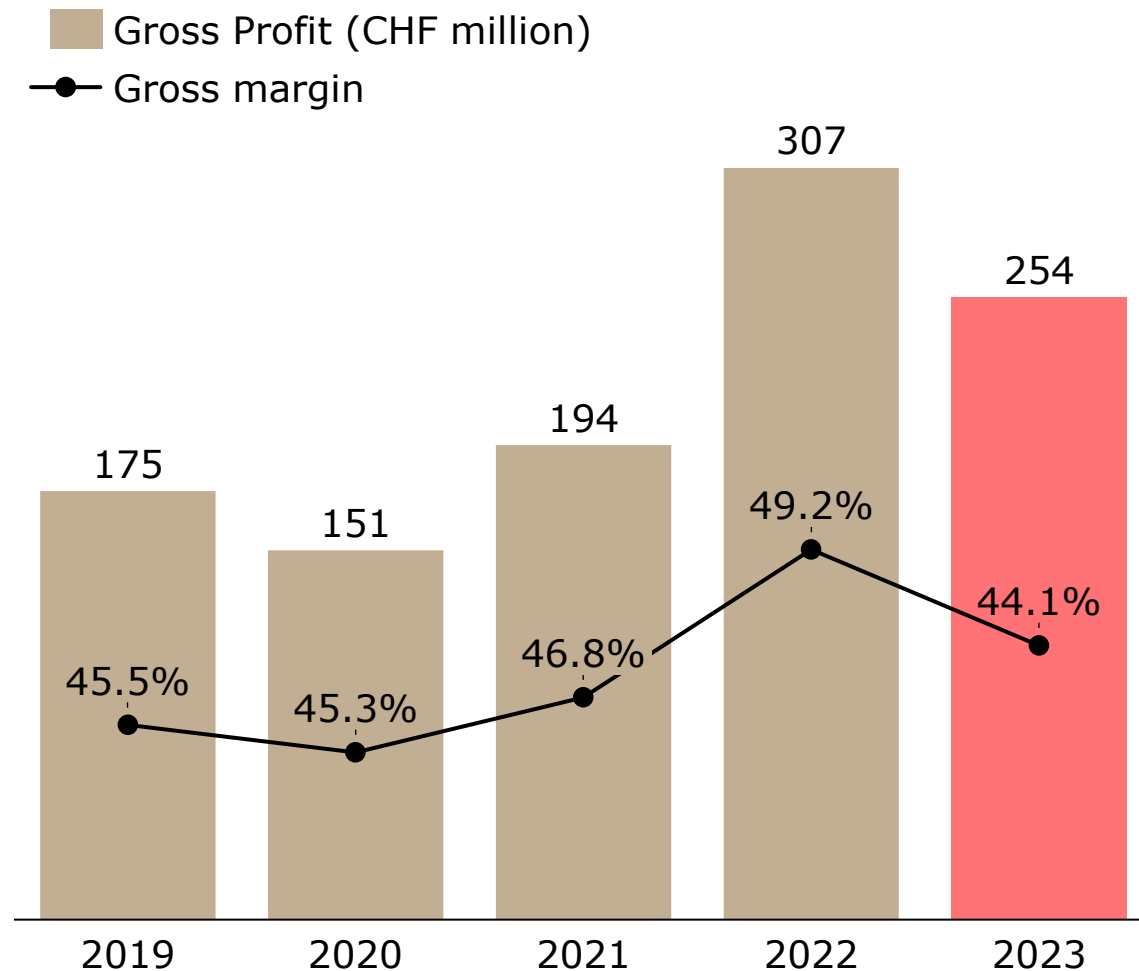
FX sensitivity vs the Swiss Franc

+10% of	USD	EUR	GBP
Revenue	+ 9%	+ 1%	0%
EBITDA	+ 14%	0%	- 2%
EBIT	+ 19%	0%	- 4%

- The strengthening of the Swiss Franc versus the Euro and the US Dollar continues to generate a negative translational FX impact on revenue
- u-blox is exposed mainly to the US Dollar on a revenue and profitability basis
- Small impact from EUR and GBP exposure

Lower gross profit margin is caused by change of product mix towards CEL

Gross profit (adjusted)

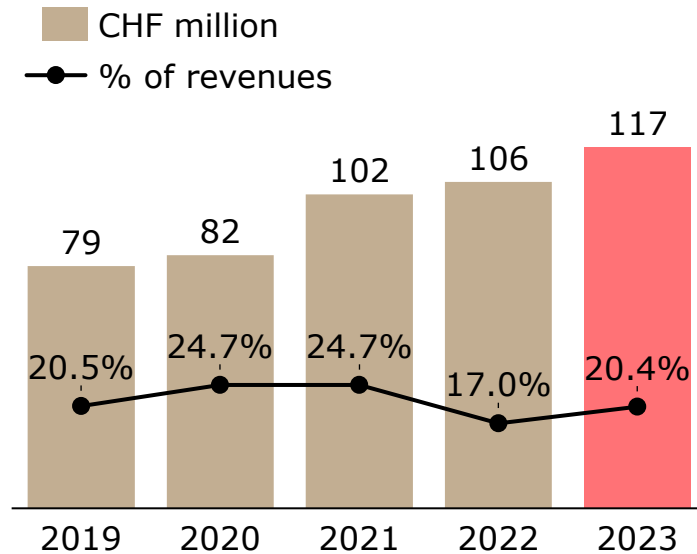


- Gross profit (adjusted) decreased to CHF 254 million from CHF 307 million in FY 2022
- Gross profit margin (adjusted) reached 44.1% from 49.2%
- Decline mainly due to product mix, as CEL performed better than other products
- No significant price deflation

Note: For the definitions of u-blox's alternative performance measures, please refer u-blox's 2023 Annual Report page 92

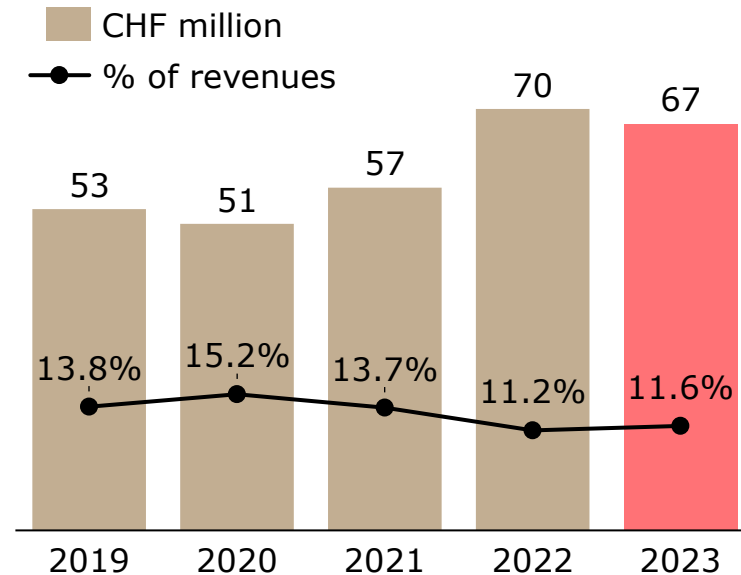
Lower EBIT is mainly caused by operational deleveraging

R&D expenses (adj.)



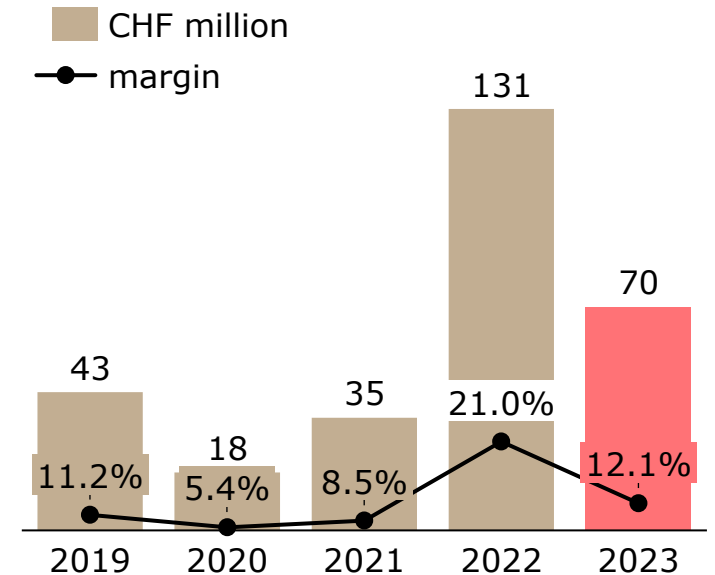
- R&D expenses (adjusted) increase in the period mainly due to an increase in cash expenses and higher amortization of capitalized development costs.

SG&A expenses (adj.)



- SG&A (adjusted) as a percentage of revenue was 40bps higher in 2023 versus 2022. These expenses were well managed thanks to cost discipline and lower sales bonus.

EBIT (adj.)



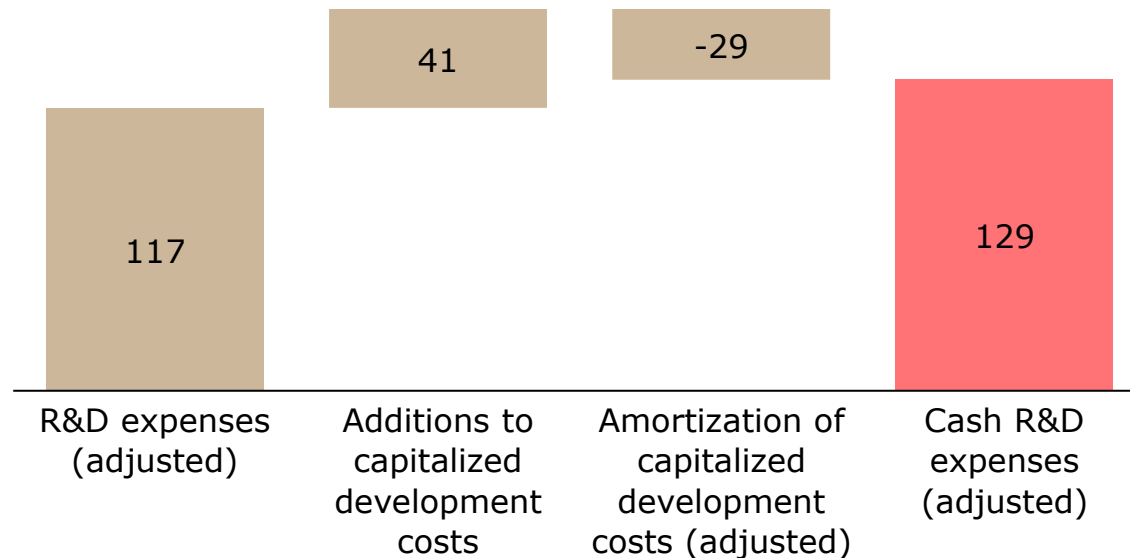
- EBIT (adjusted) reached CHF 69.7 million in 2023, yielding a margin of 12.1%.

Note: For the definitions of u-blox's alternative performance measures, please refer u-blox's 2023 Annual Report page 92

Cash R&D expenses managed well

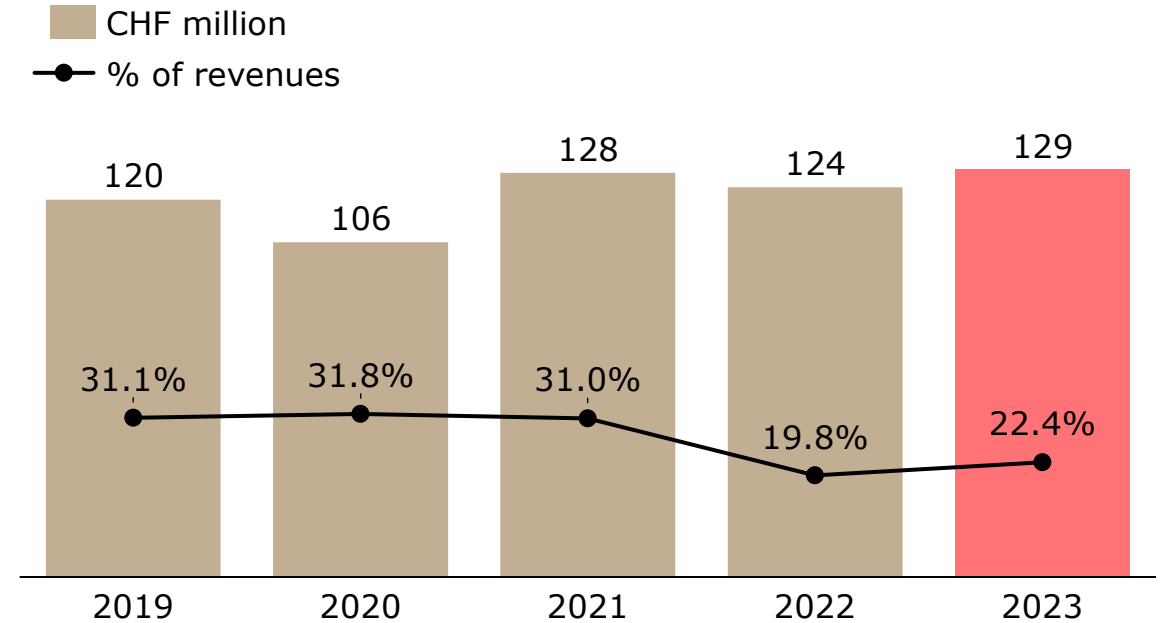
Cash R&D expenses (adjusted) FY 2023

(CHF million)



- R&D expenses in the P&L exclude capitalized development costs and include amortization
- u-blox believes the economic value of our R&D efforts is better measured by cash R&D expenses rather than R&D expenses

Historical



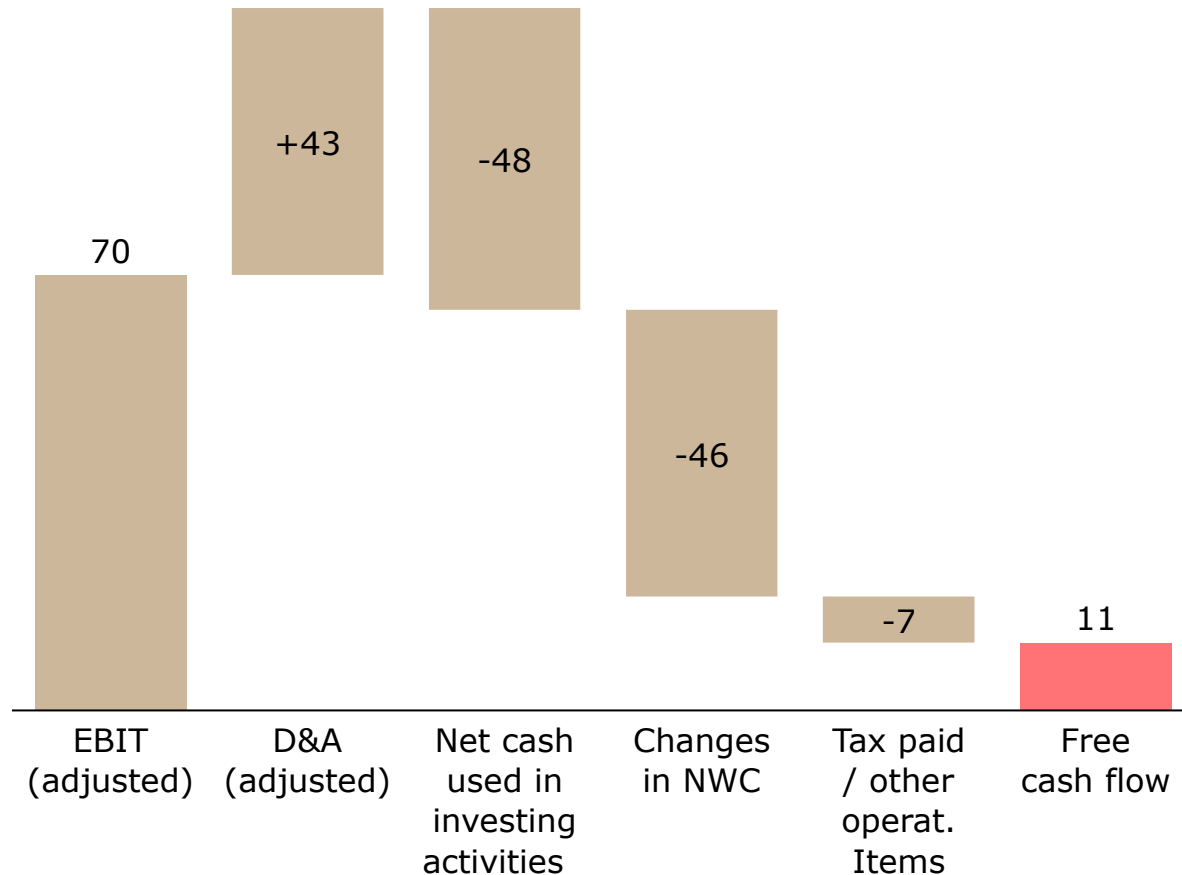
- Cash R&D expenses grew by 4.3% in 2023, mainly due to new hires in H1 2023

Note: For the definitions of u-blox's alternative performance measures, please refer u-blox's 2023 Annual Report page 92

Positive Free Cash Flow in 2023

Free cash flow FY 2023

(CHF million)

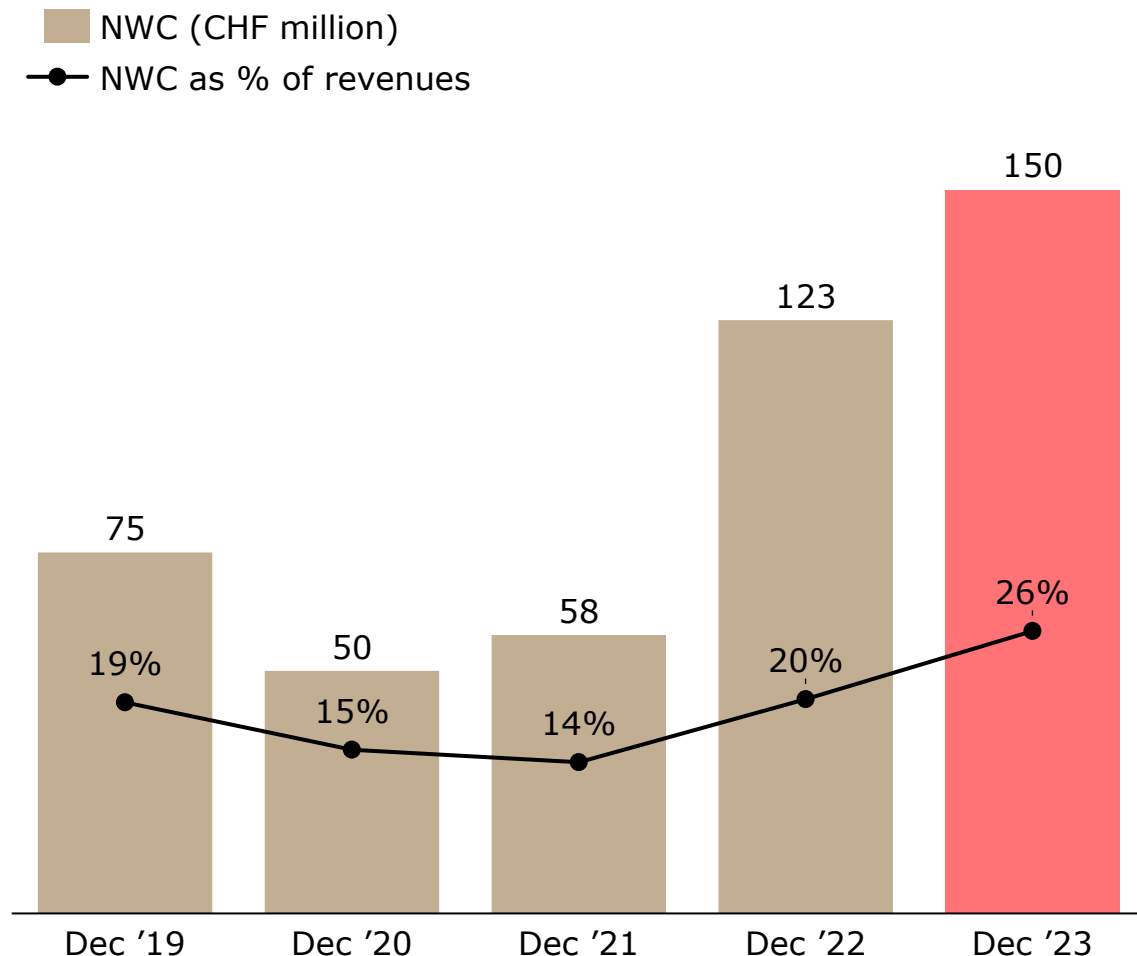


- Changes in net working capital of CHF -46 million
- Capex of CHF 48 million
- Free cash flow CHF 11 million

Note: For the definitions of u-blox's alternative performance measures, please refer u-blox's 2023 Annual Report page 92

Balance sheet: Working capital

Net working capital



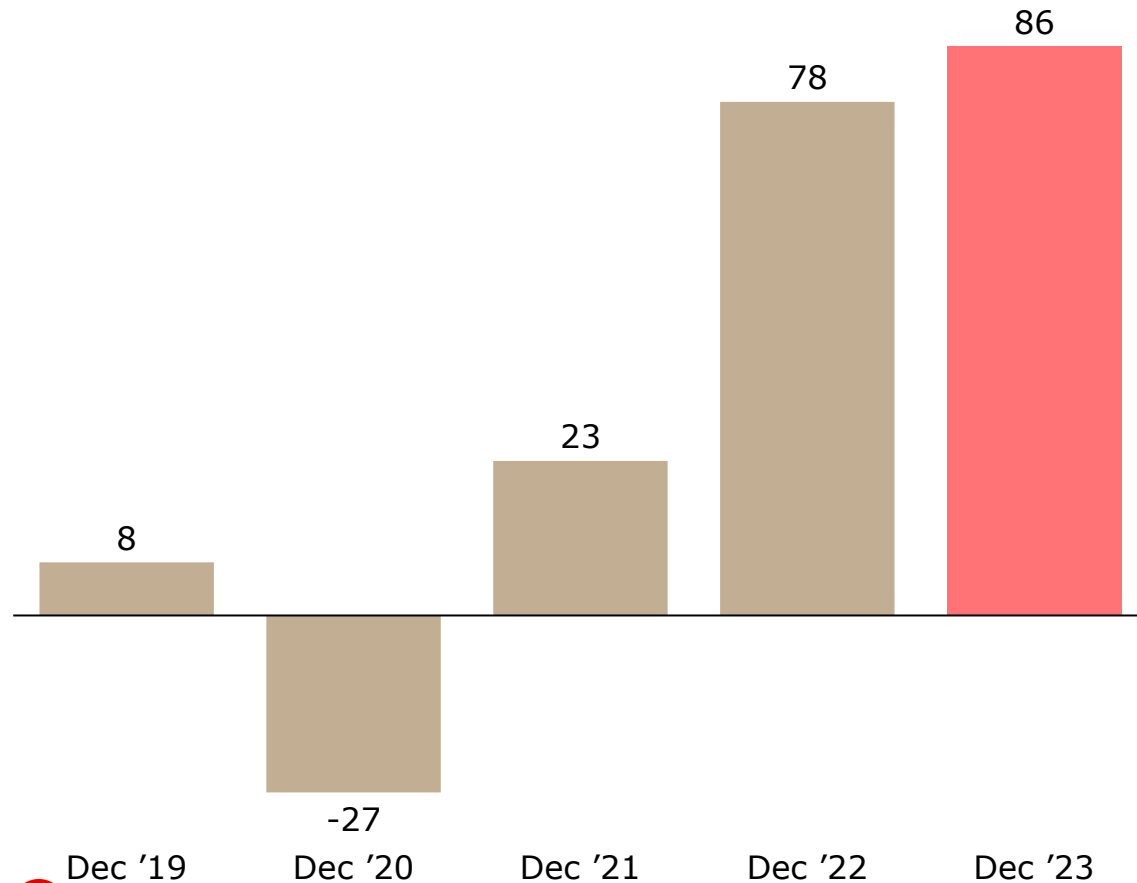
- Net working capital increased by CHF 27 million versus Dec '22
 - Inventories down by CHF 21 million
 - Receivables up by CHF 19 million
 - Payables down by CHF 29 million
- Significant improvement in H2'23. NWC reduced by CHF 22 million vs Jun '23
 - Inventories down by CHF 29 million
 - Receivables down by CHF 7 million
 - Payables down by CHF 14 million

Note: For the definitions of u-blox's alternative performance measures, please refer u-blox's 2023 Annual Report page 92

Net cash and Liquidity

Net cash position

(CHF million)

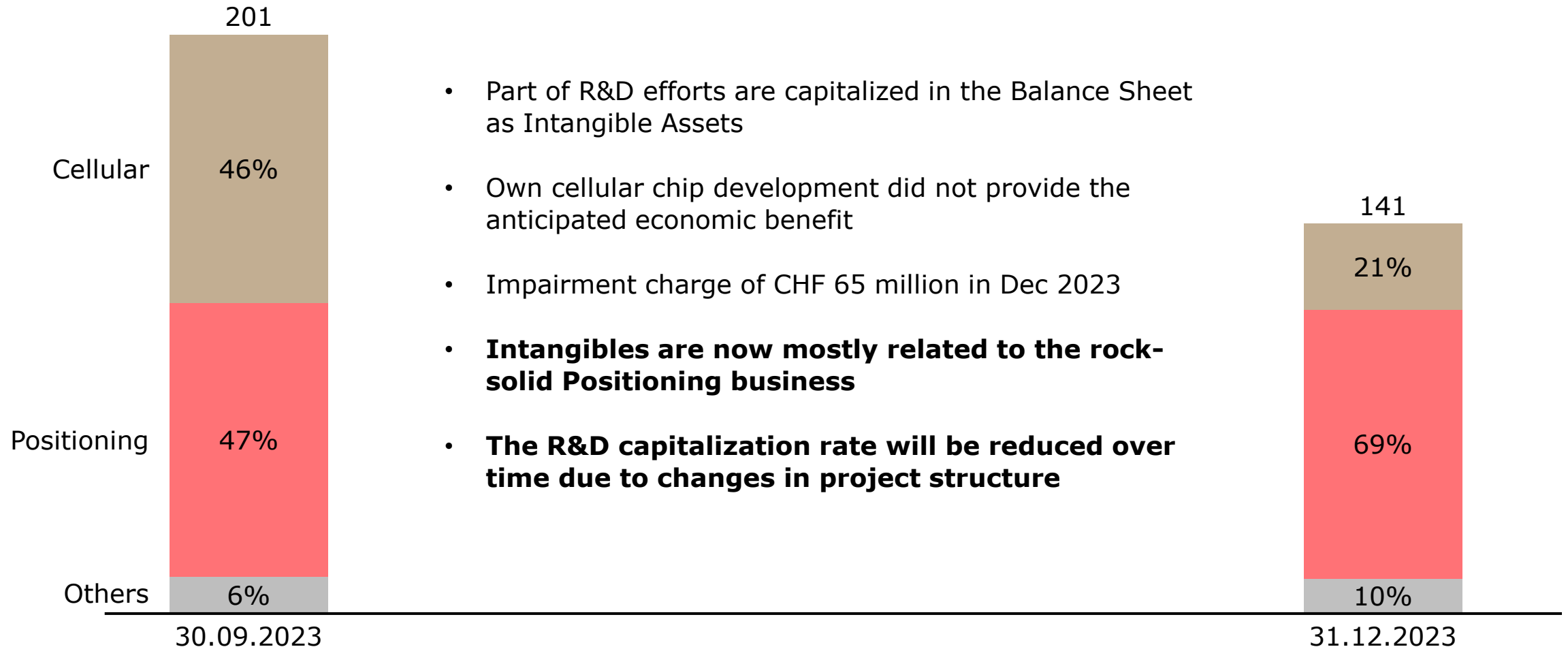


- Net cash position reflecting
 - Positive free cash flow
 - Dividends of CHF 14.2 million
 - Proceeds from the sale of treasury shares of CHF 11.6 million
- New CHF 140 million credit facility from a bank consortium led by Zürcher Kantonalbank
 - Revolving facility
 - Ensures financial flexibility
 - 3 + 2 year's duration
- Dividend payment of CHF 1.00 per share proposed for the 2024 Annual General Meeting

Discontinuation of cellular own chip development leads to CHF 65 million impairment

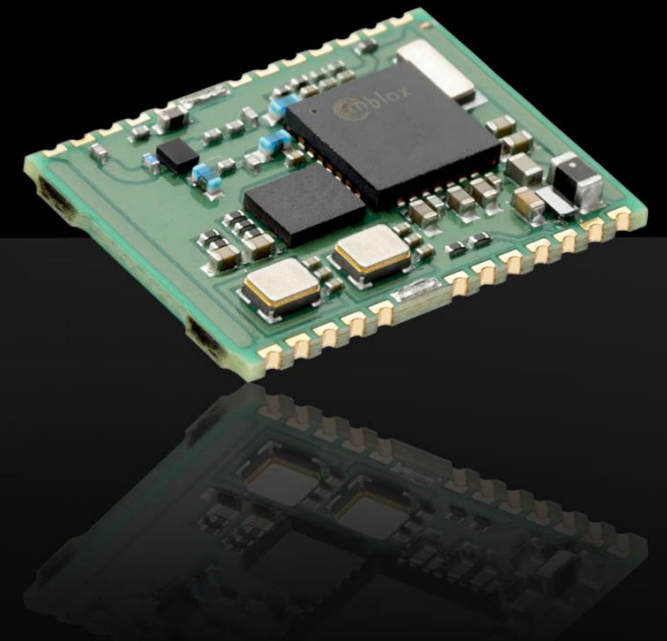
Intangible Assets - Capitalized R&D

CHF million

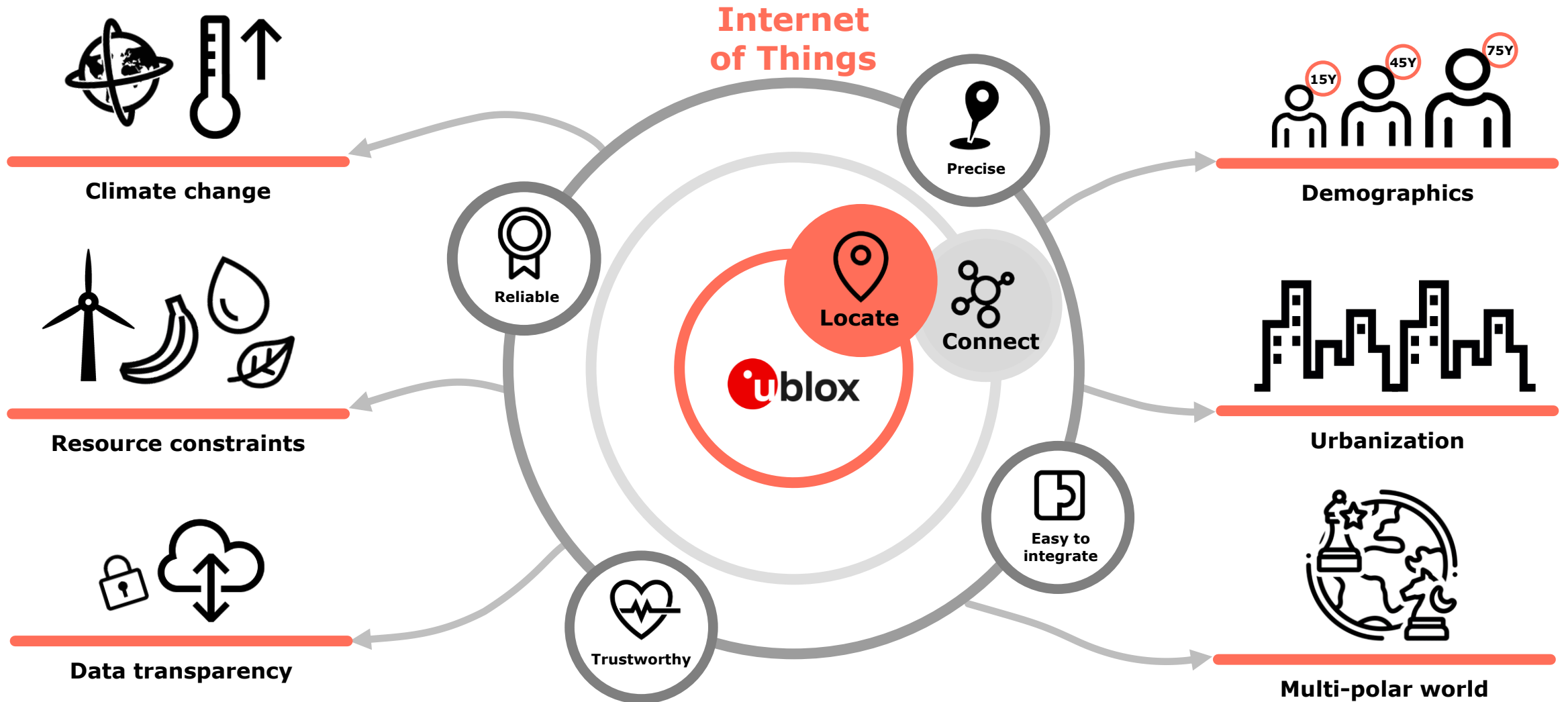


- Part of R&D efforts are capitalized in the Balance Sheet as Intangible Assets
- Own cellular chip development did not provide the anticipated economic benefit
- Impairment charge of CHF 65 million in Dec 2023
- **Intangibles are now mostly related to the rock-solid Positioning business**
- **The R&D capitalization rate will be reduced over time due to changes in project structure**

Strategy

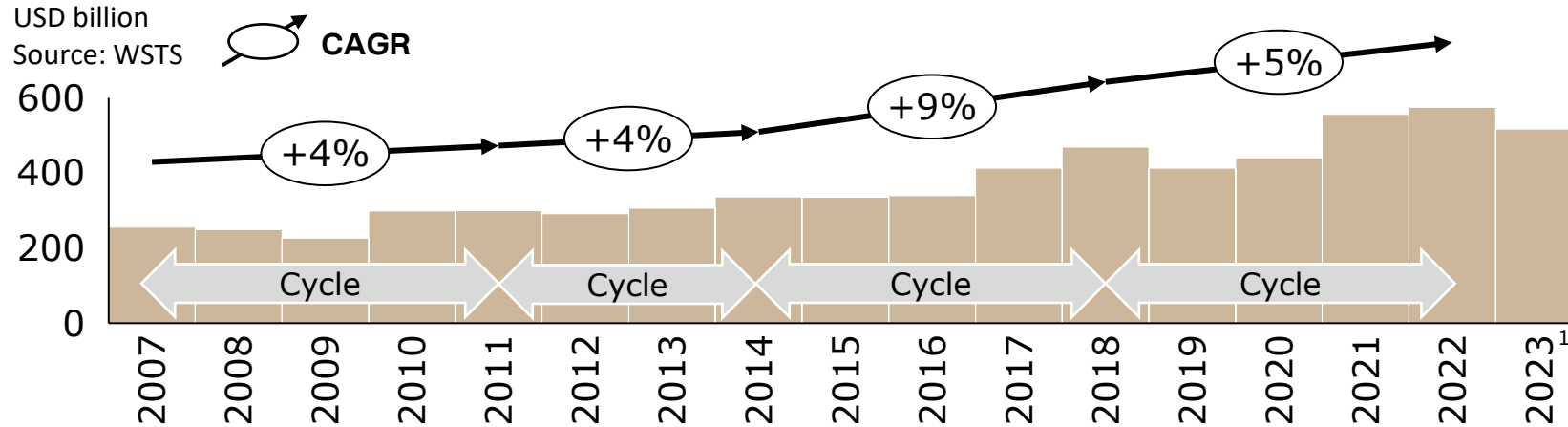


u-blox addresses megatrends by locating and connecting every thing

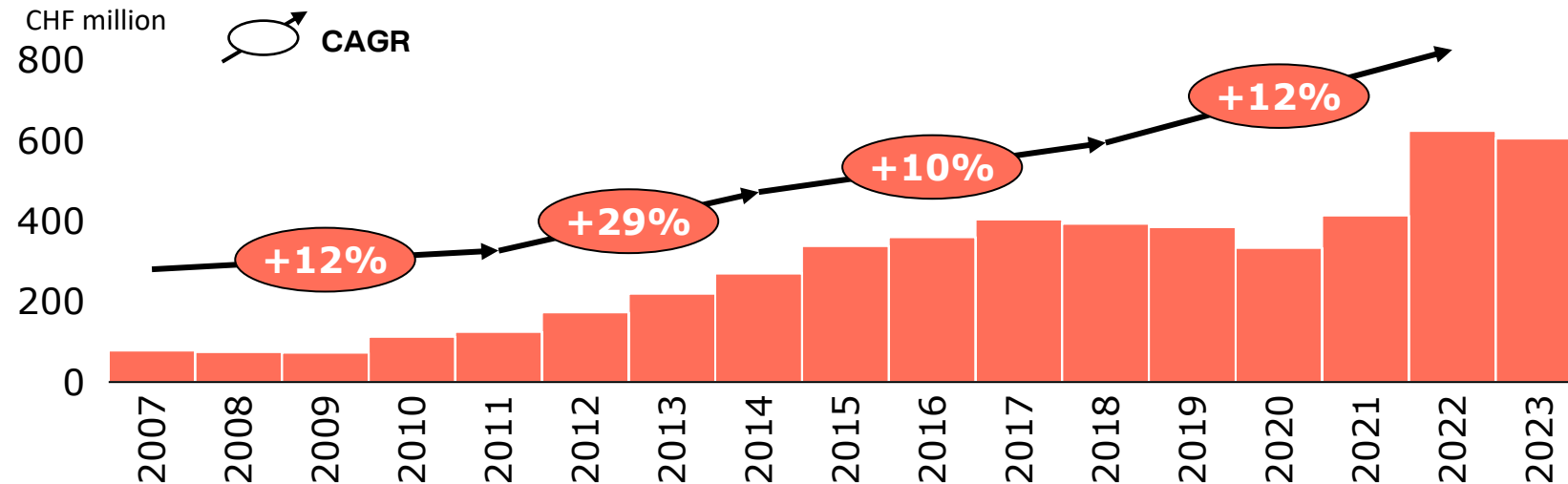


u-blox outperformed the semiconductor market growth rates consistently

Worldwide semiconductor sales



u-blox sales



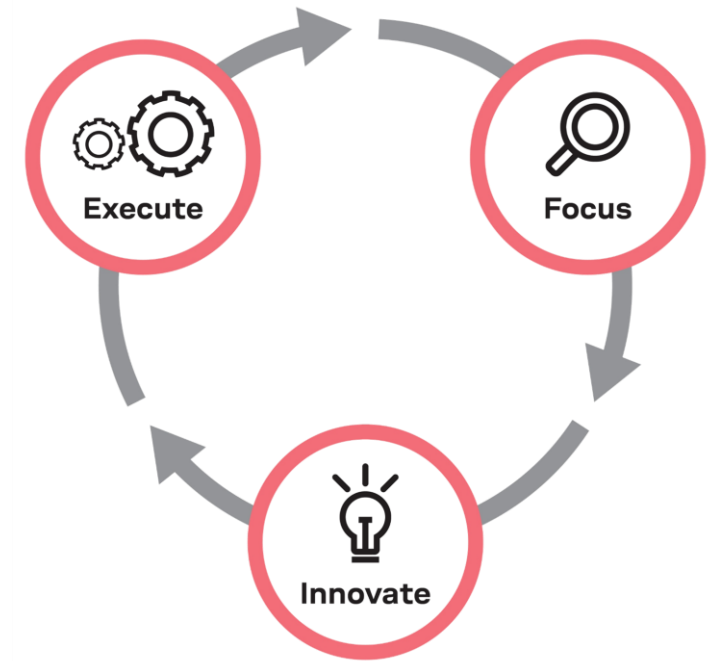
- u-blox's business is correlated with the semiconductor cycle
- u-blox outperformed the semiconductor market over every cycle
- A cycle could last 3-7 years

Notes:
¹ Source: World semiconductor trade association

Strategic changes

- To support the development of u-blox to the next level, we have announced strategic changes at our CMD in November 2023
- These strategic changes have already been initiated and will support u-blox to achieve its new Target Operating Model

- 1 Increase focus on Positioning business
- 2 Turn around the Connectivity business
- 3 Improve execution performance



Target Financial Model (over the cycle)

- >10% revenue growth (CAGR)
- ~14% EBIT margin (adj.)
- ~8% Free cash flow margin

1 Increase focus on the Positioning business

- **Goal**

- Secure continued profitable growth
- Expand into new application and customer segments

- **Key measures**

- Intensify R&D efforts for Positioning to accelerate product innovations
 - Executed: 60% of internal R&D staff dedicated to POS
 - Ongoing: further strengthening of POS
- Develop offerings for new applications
- Use services as additional customer value creator



2 Turn-around the Connectivity business

- **Target**

- Accelerate winning market share
- Gain economies of scale to improve margins

- **Key measures**

- Win market share by leveraging our trustworthiness as a Swiss supplier in a multi-polar world
- Use scale to become the Western cost leader
- Stop future cellular chip development
- Focus on differentiating innovations, e.g. cellular + satellite + positioning hybrid modules



3 Improve execution performance

- u-blox grew from a start-up to a relevant IoT solutions company in the semiconductor sector
- To allow the company to reach the next level, more systematic approaches need to be introduced while staying efficient and agile

Effectiveness

- Improve R&D output with agile methods
- Implement an integrated company-wide ERP system, replacing the current multiple systems in place
- Improve focus on profitability to effectively steer the organization

Efficiency

- Improve procurement performance
- Improve product cost, especially for cellular, by establishing a design-to-cost toolset
- Improve net working capital management
- Leverage global site footprint to optimize cost



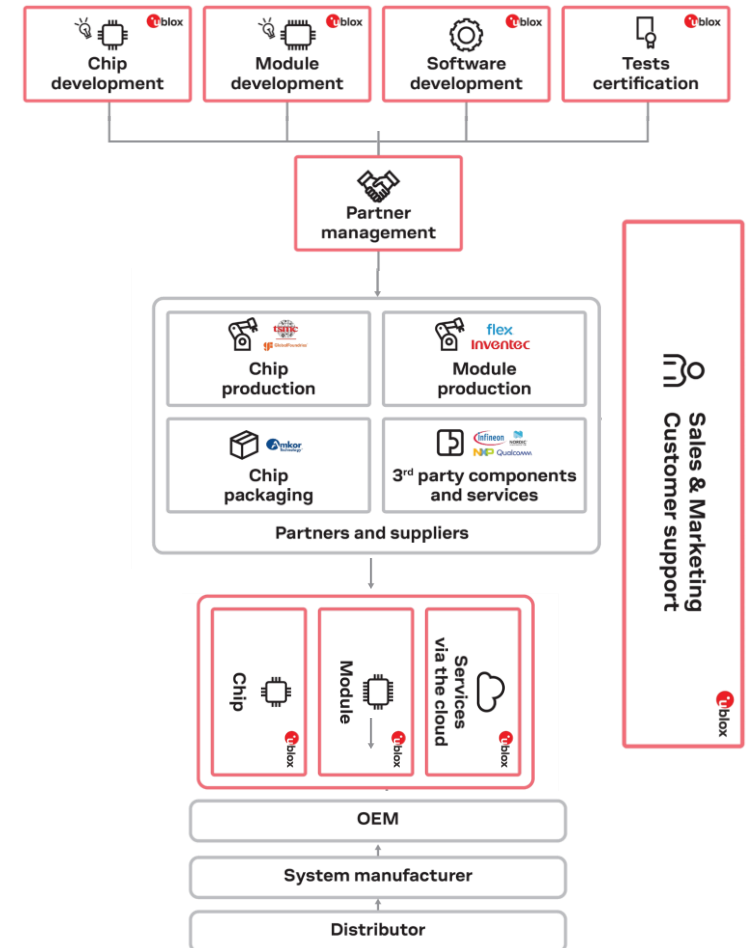
3 Integrated Business Planning

- u-blox identified improvement potential in its management systems that provide information for decision-making
 - Ownership
 - Data consistency across departments
 - Planning processes
- Integrated Business Plan approach kicked-off in 2023
 - Monthly reviews
 - 3-18 months horizon
 - Cross-functional
 - Drive alignment, transparency, and accountability
- Results achieved so far
 - Synchronized planning steps and data transparency across departments
 - Increased cross-functional visibility and collaboration
- Focus to continue on building solid management systems and processes to allow for timely and accurate decision-making



3 Significant changes in our procurement organization and approach, already implemented

- With a sourcing volume of over CHF 300 million in 2023, u-blox identified improvement potential in its procurement activities
- Procurement organization was reorganized: Global responsibility and volume pooling for key commodities
- Process adaptation to involve procurement early in the development process, enabling a systematic design-to-cost approach
- Benchmarking and product cost and process improvement projects initiated
- New procurement information systems in place

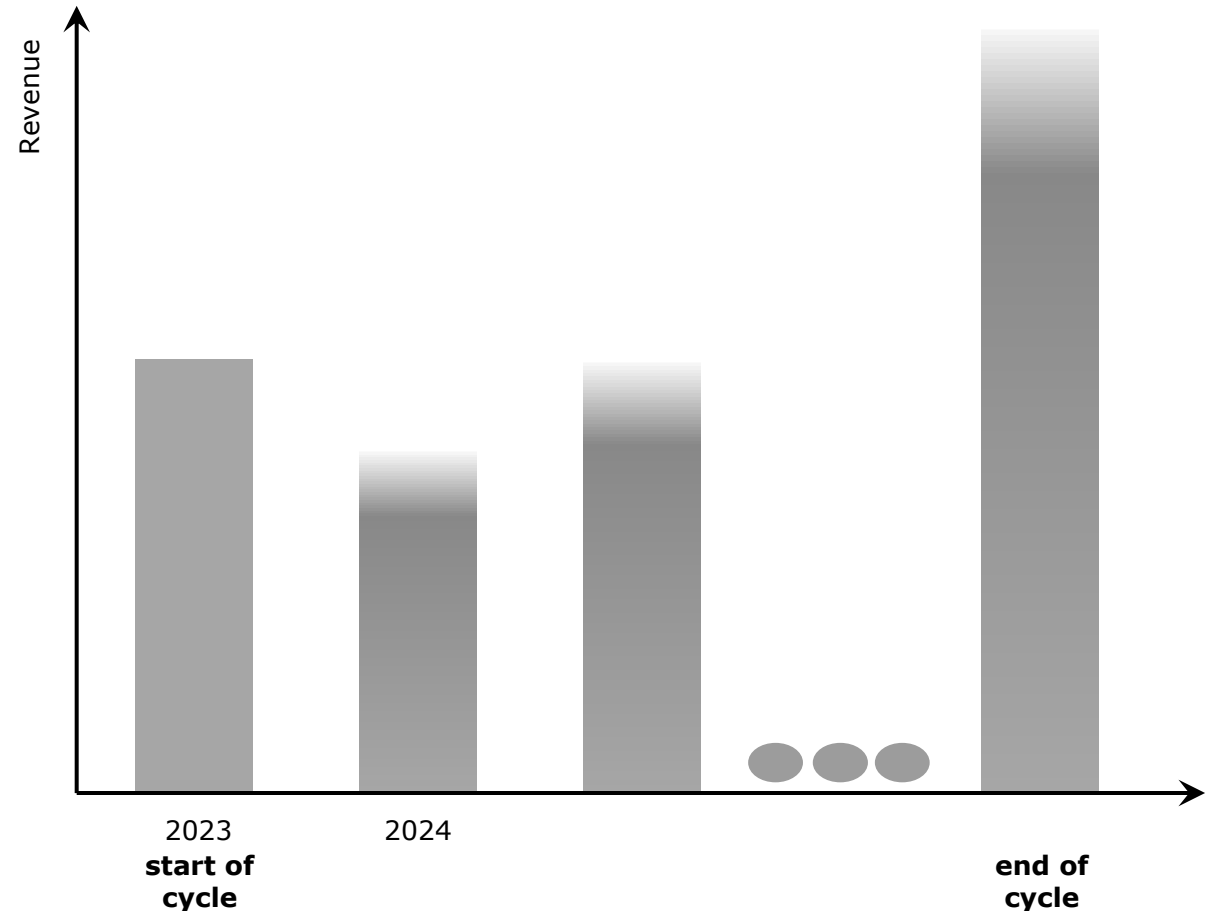


Strategic changes will allow for reaching our new Target Financial Model

Target Financial Model

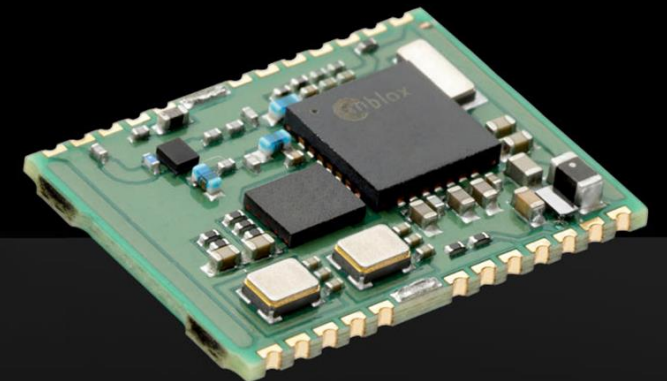
over-the-cycle

Revenue growth (CAGR)	>10%
<ul style="list-style-type: none">• Grow the business sustainably• Benefit from megatrends	
EBIT margin (adj.)	~14%
<ul style="list-style-type: none">• Benefit from revenue growth• Cost discipline	
Free cash flow margin	~8%
<ul style="list-style-type: none">• Take advantage of the light asset model• Working capital management	



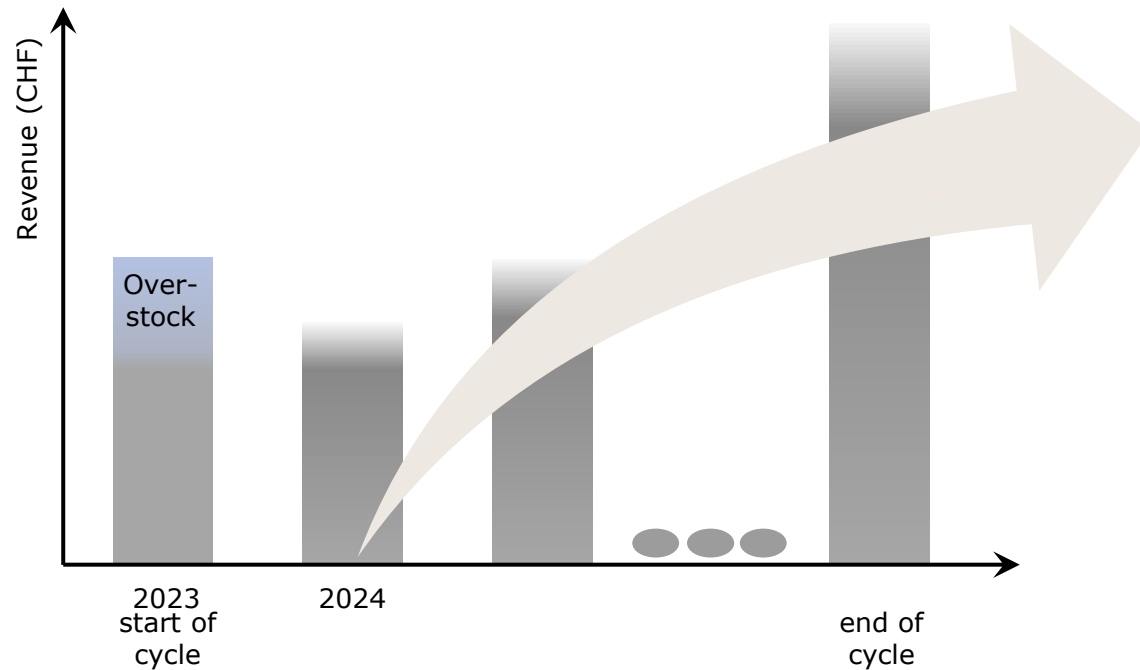
Illustrative, no guidance

Outlook



2024 will be a transition year with a weak H1 and expected recovery in H2

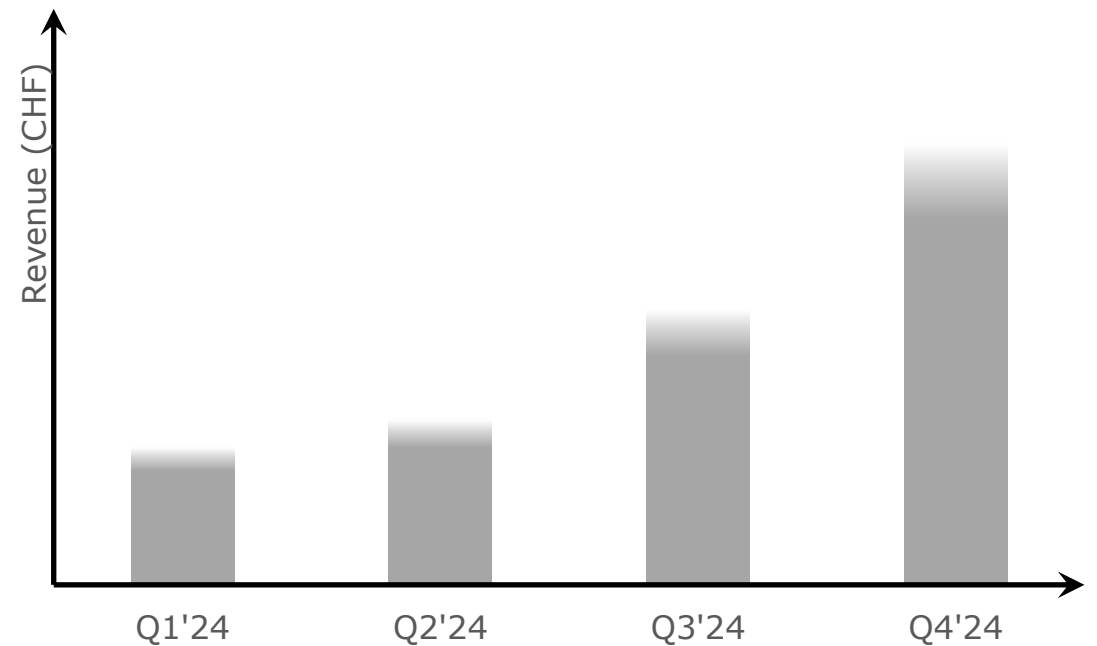
Target Operating Model



Illustrative, no guidance

- Deliveries in 2023 higher than underlining demand created an overstocking situation
- Customers started 2024 with high inventories

Illustrative 2024 quarterly development



Illustrative, no guidance

- Q1'24 is expected to be the lowest level, sequentially improving thereafter
- H2'24 is expected to show a more robust improvement

Outlook

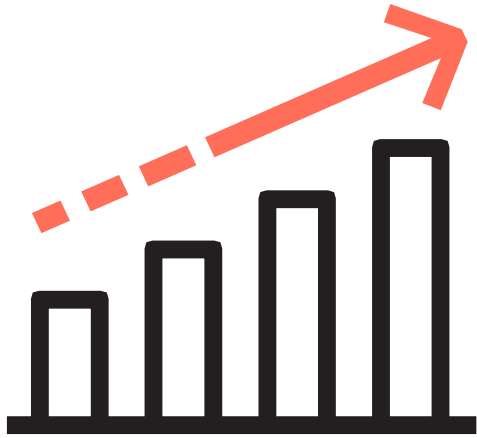
Q1 2024 guidance

Revenue	EBIT margin
CHF 50-60 million	-40% to -30% EBIT margin (adjusted)

- Q1 2024
 - Low revenue due to high inventory levels at customers accentuated by contractual deliveries in Q4 2023
- Improvement expected for Q2 2024 (over Q1 2024) and more robust pick-up in H2 2024
- Cost reduction program in place to generate double-digit CHF million in savings in 2024

Note: FX rates for Q1 2024 guidance: EURCHF 0.94, USDCHF 0.86

u-blox investment thesis



Strong in structural growth markets

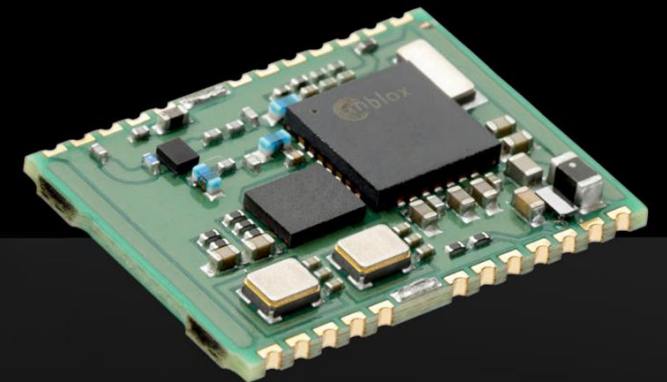


Undisputed market leader in Positioning based on unique IP



Sustainable value creation

Q&A



Upcoming events

AGM 2024	18/Apr
Q1 2024 trading update	24/Apr
H1 2024 results	07/Aug
9M 2024 trading update	23/Oct

Investor relations contacts

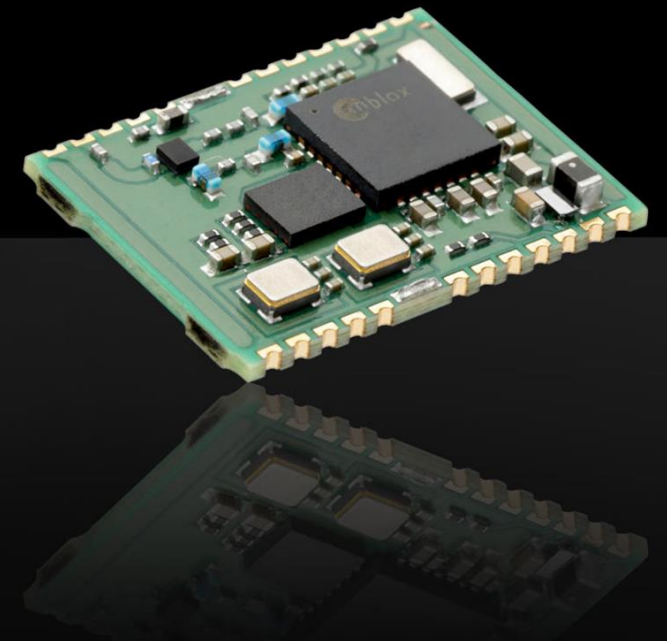
Rafael Duarte

Head of Investor Relations

Phone: +41 43 547 0693

rafael.duarte@u-blox.com

Appendix



Adjusted Income Statement

(CHF million)	2023			2023			2022	YoY %
	IFRS	%	adjustments	adjusted	%	adjusted	%	adjusted
Revenue	576.9	100.0%	-	576.9	100%	623.9	100%	-7.5%
Gross profit	253.9	44.0%	+0.4	254.3	44.1%	307.2	49.2%	-17.2%
R&D expenses	(188.1)	-32.6%	+70.7	(117.4)	-20.4%	(106.3)	-17.0%	10.5%
SG&A expenses	(69.1)	-12.0%	+2.0	(67.2)	-11.6%	(69.6)	-11.2%	-3.5%
EBIT	(3.4)	-0.6%	+73.1	69.7	12.1%	131.3	21.0%	-46.9%
Finance income	2.2	0.4%	-	2.2	0.0%	0.1	0.0%	292.6%
Finance costs	(11.1)	-1.9%	+0.2	(10.9)	-1.9%	(2.1)		427.2%
Share of loss of equity-accounted investees, net of taxes	(0.2)	0.0%	-	(0.2)	0.0%	(0.1)	0.0%	67.1%
EBT	(12.5)	-2.2%	+73.3	60.7	10.5%	129.6	20.8%	-53.1%
Income tax	3.9		-13.5	(9.6)	-1.7%	(16.1)	-12.5%	-53.2%
Net profit	(8.6)	-1.5%	+59.7	51.1	8.9%	109.0	17.5%	-53.1%
Basic EPS (in CHF)	(1.21)			7.17		15.65		-54.2%
Diluted EPS (in CHF)	(1.21)			7.01		15.36		-54.4%
EBIT	(3.4)	-0.6%	+73.1	69.7	12.1%	131.3	21.0%	-46.9%
Depreciation and amortization	45.6	7.9%	-2.8	42.7	7.4%	38.7	6.2%	10.6%
Impairment	65.4	11.3%	-65.4	-	0.0%	-	0.0%	
EBITDA	107.6	18.7%	+4.8	112.4	19.5%	169.9	27.2%	-33.8%

Note: Revenue in constant FX rates -2.7% in 2023 vs 2022

For the definitions of u-blox's alternative performance measures, please refer u-blox's 2023 Annual Report page 92