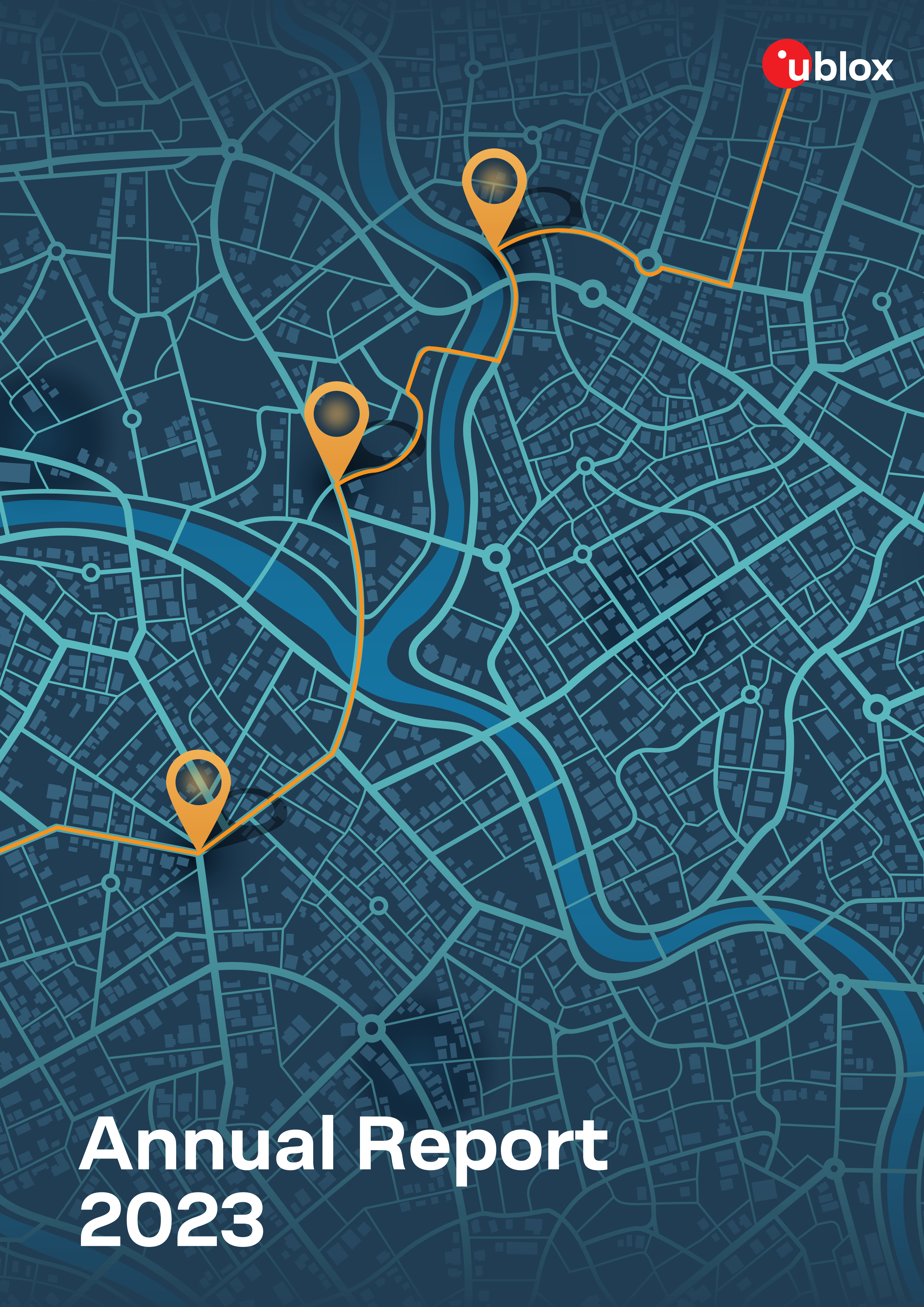


Annual Report 2023

Our vision

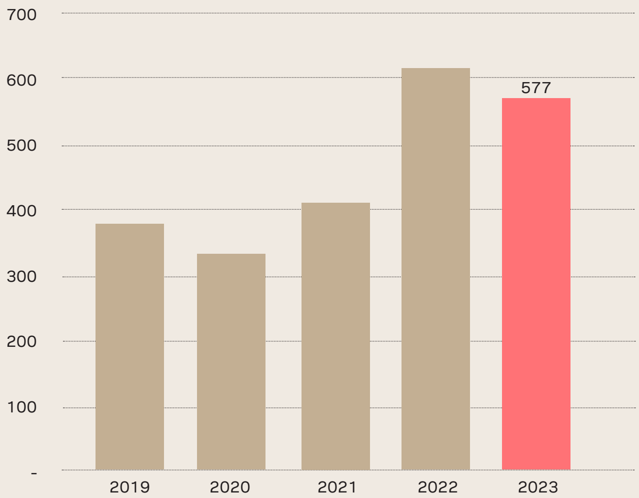
The future with us is precise, smart, and sustainable.

Our mission

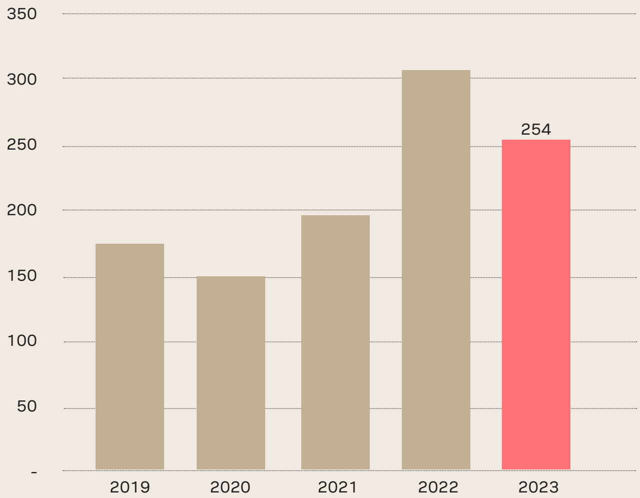
Leading the world to reliably locate and connect every thing.

2023 at a glance

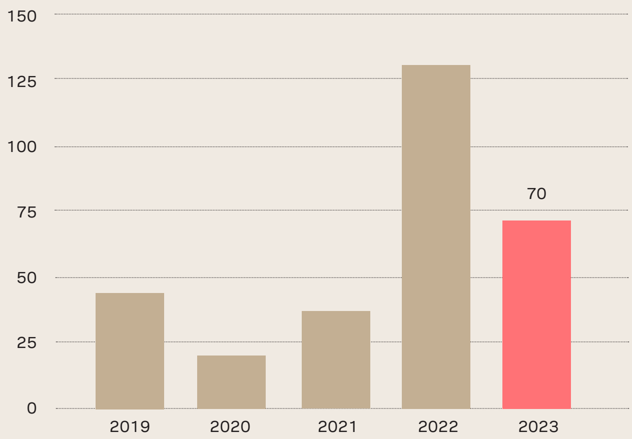
Revenue CHF million



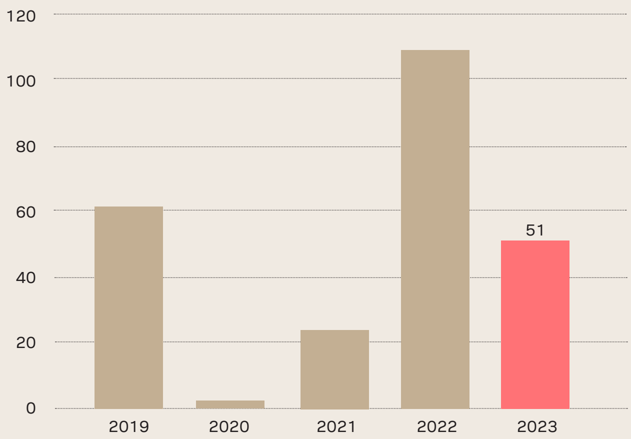
Gross profit (adj.) CHF million



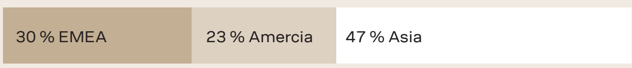
EBIT (adj.) CHF million



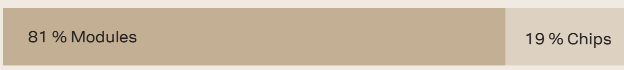
Net earnings (adj.) CHF million



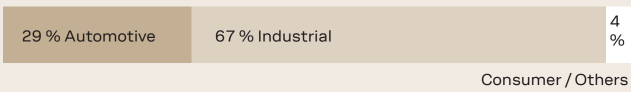
Revenue by region



Revenue by product type



Revenue by market



2023 highlights

Record design wins in Automotive
u-blox achieved record automotive project wins in 2023 thanks to automated driving, to generate over USD 100 million over time from 2026.

25 million LTE-M modules shipped
The shipment of 25 million of LTE-M cellular modules reflects the trust customers place in u-blox technology.

Introducing u-safe
u-blox introduces new functionally safe end-to-end positioning solution for autonomous driving.

Integrated terrestrial and satellite IoT communications solutions
The new cellular and satellite IoT module is ideal for asset tracking, fleet management, maritime transportation, and smart agri-culture applications.

Shareholder letter

Dear Shareholders,

2023 was an eventful year for u-blox. After a record year in 2022, we reported strong results in the first half of the year, while in the second half revenue declined. All in all, in 2023, revenue reached CHF 576.9 million, adjusted EBIT stood at CHF 69.7 million, and free cash flow reached CHF 10.9 million.

During the year, we refined our strategy. At the Capital Markets Day held in November 2023, we announced changes, such as the increased focus on our positioning business and the discontinuation of the development of our own cellular chips. We also announced a new Target Financial Model.

As we enter 2024, we remain focused on what we do best: innovate. Our teams use the post-semiconductor supply crisis momentum with customers to win next generation business with our leading edge innovations in positioning and connectivity, following our mission to lead the world to reliably locate and connect every thing.

End of a cycle
According to World Semiconductor Trade Statistics (WSTS), the semiconductor market contracted by about 8% in 2023 after its all-time high in 2022. Starting with the impact of COVID 19 in 2020, the industry entered an unprecedented supply shortage in 2021 and 2022. Through impeccable supply chain management, u-blox delivered products when competitors could not, leading us to record results in 2022.

We expect inventory levels to normalize towards the second half of 2024.

After strong results in the first half of 2023, we identified a significant change in the market. Orders from customers subdued briskly from a combination of lower production and high inventories on their side. Consequently, this situation impacted results in the second half of the year as it is expected to impact the first half of 2024. We expect inventory levels to normalize towards the middle of 2024.

Revenue slowdown marked by regional differences
Significant differences in performance could be seen in the revenue performance by region. Asia Pacific performed well, with revenue growth of 11.1% to CHF 272.3 million in 2023, mainly due to significant demand from a healthcare customer.

On the other hand, the Americas saw a revenue decline of –35.3% to CHF 131.3 million due to overstocking at industrial customers and a weak consumer business. EMEA stood roughly in line with the Group at –1.5% and reached CHF 173.3 million in 2023.

In terms of market segments, Industrial and Automotive performed similarly. Revenues in Industrial applications reached CHF 385.8 million in 2023, minus 1.7% versus the previous year, and Automotive revenue reached CHF 169.2 million, minus 4.7% versus 2022. Consumer remained weak, following the trend previously seen.

Record design wins in Automotive
2023 was a very successful year for u-blox's automotive segment. We succeeded in winning designs with major automotive OEMs in the Asia Pacific region. These project wins underscore u-blox's technology leadership in positioning solutions for highly automated driving.

The resulting new contracts are projected to generate an excess of USD 100 million in revenue over time starting in 2026. u-blox is the technology leader in high reliability and accuracy positioning solutions, essential for automated driving.

Higher levels of driving automation are expected to grow significantly, and these design wins provide a glimpse of the significant opportunities that lie ahead for u-blox.

These design wins provide a glimpse of this segment's significant opportunities for u-blox.

Integrated terrestrial and satellite IoT communications solutions
In 2023, u-blox announced its new cellular and satellite IoT module. This unique product opens opportunities in a new and fast-growing market as it offers ubiquitous, cost-effective connectivity – via cellular networks or satellites – combined with positioning capabilities.

The module's communication and positioning capability is ideal for asset tracking, fleet management, maritime transportation, and smart agriculture applications.

Focus – Innovate – Execute strategy
At the Capital Markets Day held in November 2023, we unveiled our new strategy Focus – Innovate – Execute, which aims to capitalize on the strength of our business model and better align it with end-market demand. The strategy, focused on long-term sustainable growth, is designed to drive u-blox's value in the coming years and deliver strong returns to our shareholders.

We decided to strengthen our positioning business and discontinue future cellular chip development.

u-blox will further strengthen its market-leading Positioning business by allocating more resources and focusing on its highest-value business segment. By continuing developments in fast-growing segments and expanding into new applications, u-blox will secure long-term profitable growth.

u-blox also decided to discontinue future cellular chip development, leading to a non-cash impairment of CHF 65.4 million in December 2023. Renewed focus on our cellular module business aims to gain market share by leveraging our sales and distribution channels and our trustworthiness as a Swiss supplier in a multipolar world.

As a result of the new strategy, u-blox announced its new over the cycle Target Financial Model. Revenue is expected to grow by a CAGR of over 10%, ahead of the 7% CAGR expected for the semiconductor industry. Adjusted EBIT margin is expected to be around 14% and Free Cash Flow margin around 8%.

Target Financial Model
Revenue CAGR >10%
Adj. EBIT margin ~14%
Free Cash Flow margin ~8%.

Focus on four market applications
u-blox products are used in a broad range of applications, from cars to pet tracking devices. While we continue to cover a wide array of applications, we put a particular focus on four main market applications for our future growth. They are automated driving, asset tracking and management, healthcare, and industrial automation and monitoring. Our estimates show these market segments will contribute 40% to our future growth.

Efficiency improvements
u-blox is targeting to improve its procurement activities (CHF >300 million sourcing volume in 2023) through process optimization. We expect this initiative to enhance efficiency and product cost reduction, especially within the cellular business, by establishing a design-to-cost toolset. These changes, in addition to maximizing our global site footprint, are also intended to improve working capital management and optimize costs.

Additionally, to mitigate the effects of lower revenue on profitability, u-blox initiated measures targeting double-digit million cost savings to be effective in 2024.

Finally, to ensure financial flexibility, in 2024 u-blox secured a new credit facility from a syndicate of banks led by Zürcher Kantonalbank. The CHF 140 million facility with a three to five year duration secures liquidity needs from u-blox in the future.

2024 to be a transition year before …
The first results seen in 2024 confirm it will be a transition year for u-blox. The significant overstocking by our customers, which benefitted our 2023 revenues, generated lower demand for our products, especially in the first half of the year. We remain confident about the temporary nature of this situation and expect a recovery towards the middle of the year.

… structural growth driven by megatrends takes over again
u-blox addresses megatrends like climate change, an aging population, or urbanization with trustworthy, precise, innovative positioning and wireless connectivity solutions. Our products are in the automated, electric car of the future, which reduces traffic jams and accidents; we enable tracking of assets and optimization of freight routes all over the globe; we connect home healthcare equipment reliably with doctors, and our products help to monitor environmental conditions in our neighborhoods. We have a great business opportunity based on our leading technology and can contribute to making the world more sustainable. This is an incredible motivation for the u-blox team to go the extra mile.

Dividends
The Board of Directors will propose a dividend payment of CHF 1.00 per share to the 2024 Annual General Meeting to be held in April, to be paid out of our capital contribution, as in previous years.

Appointment of new Chief Financial Officer
The Board of Directors has appointed Camila Japur as Chief Financial Officer and member of the Executive Committee, effective July 1, 2024. Roland Jud, u-blox's CFO since 2011, will stay in a consulting role to support a smooth transition and will leave the company by December 31, 2024.

We thank Roland for his essential contribution to the impressive u-blox growth story and wish him all the best for his future endeavors. We welcome Camila Japur and look forward to her contribution to u-blox based on her broad finance, business, and international experience and reinforcing our Focus – Innovate – Execute strategy.

Changes in the Board of Directors
Thomas Seiler, member of the Board of Directors since u-blox's IPO in 2007, has decided not to stand for re-election at the upcoming General Meeting. We are deeply grateful for Thomas' long-standing, unwavering dedication and strategic leadership and wish him all the best in his future endeavors.

As previously announced, u-blox intends to propose Fabian Rauch, co-founder and managing partner of Spectrum Entrepreneurial Ownership (SEO), for election to the Board of Directors at the next General Meeting.

Thank you
On behalf of our Management team and Board of Directors, we thank our employees for their engagement and contribution this year. We would also like to thank and recognize our partners, customers, suppliers, and shareholders for their ongoing support.

Stephan Zizala	André Müller	Roland Jud
CEO	Chairman	CFO

Strategy

Our world is moving fast. The first automated cars are already on the street; the car of the future will be automated and electric. You will carry your doctor in your pocket. Your home will power the grid. You and your "things" will be connected like never before. At u-blox, we are setting the pace of delivering tomorrow's technology to locate and connect objects (e. g., cars, machines, assets, healthcare equipment) or wearable products for humans or animals – every thing.

We are setting the pace of delivering tomorrow's technology to locate and connect every thing.

Our strategy is anchored in a commitment to empowering the potential of the Internet of Things (IoT) and positioning u-blox as a key enabler in the industry. Through continuous investment in research and development, we strive to bring forth leading edge solutions that redefine possibilities in our markets. Collaboration remains integral as we actively engage with customers, partners, employees, new talents – i. e., all our stakeholders to deliver beyond expectations.

As we navigate the ever-evolving technological landscape, u-blox embraces change as an opportunity for growth. From harnessing emerging technologies to fortifying our market position, we remain committed to delivering value to our stakeholders.

Player in the ever-growing semiconductor industry

From the invention of the first transistor in the mid-20th century to the advent of integrated circuits and the subsequent boom, the semiconductor industry has been at the forefront of technological progress. Semiconductor solutions are part of our daily life. Society was reminded on the importance of those "hidden" products during the semiconductor supply crisis in 2021 and 2022.

u-blox plays a pivotal role in this narrative, contributing leading edge semiconductor solutions required by a diverse array of applications, ranging from smart cities to autonomous vehicles, industrial automation, and medical equipment.

Historically, the semiconductor sector has experienced remarkable growth, marked by continuous innovation, and it is expected to continue to be a driving force behind the digital transformation sweeping across industries. As the world embraces the era of automated driving, IoT penetration, and artificial intelligence, the demand for advanced semiconductor solutions continues to grow.

u-blox is strategically positioned to capitalize on these trends, with a commitment to developing semiconductor technologies that address the evolving needs of our interconnected world. From ultra-low power chips for positioning to high performance communication modules, our portfolio aligns seamlessly with the industry's trajectory.

From ETH Zurich startup to global technology leader: u-blox's evolution

Founded as a startup emanating from the Swiss Federal Institute of Technology (ETH Zurich) in 1997, u-blox embarked on a journey that would redefine the landscape of positioning and wireless connectivity technologies.

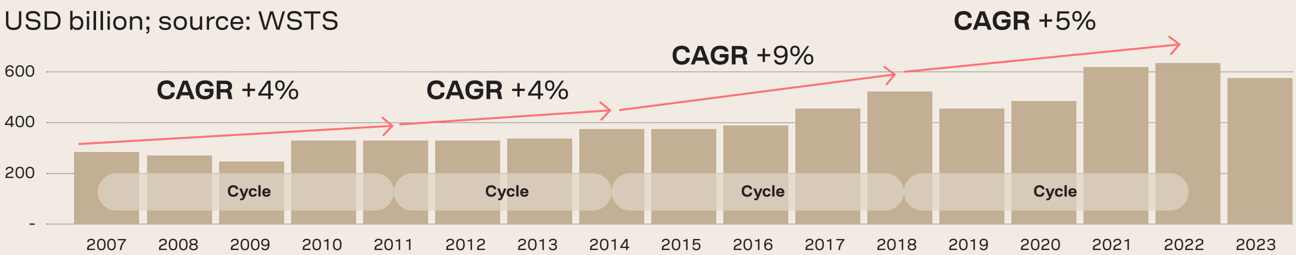
u-blox's journey began with a focus on Global Navigation Satellite System (GNSS) technology, positioning itself as a pioneer in the development of high-quality satellite signal receiver modules for GPS and other constellations.

u-blox's first significant milestone came in 2007 with its Initial Public Offering (IPO) on the SIX Swiss Exchange. With a solid financial foundation, u-blox intensified its efforts to diversify its product portfolio, expanding beyond GNSS into wireless communication modules and positioning itself as a comprehensive provider of connectivity solutions.

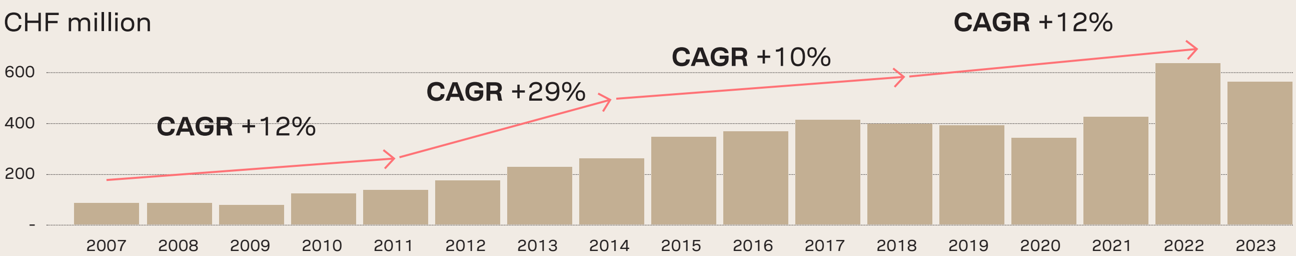
As of today, u-blox stands as a testament to the success that can be achieved through technology leadership and excellence, and a commitment to customer satisfaction. The company's journey from a startup born out of academic ingenuity to a globally recognized technology player reflects its resilience, adaptability, and unwavering commitment to shaping the future of wireless connectivity and positioning technologies.

The semiconductor industry: Navigating through the cycles

Worldwide semiconductor sales
USD billion; source: WSTS



u-blox revenue
CHF million



The semiconductor industry displays a consistent long-term growth trend, while also being inherently cyclical. A deep understanding and anticipation of these cycles and the well-honed ability to navigate them has rewarded u-blox with double digit CAGR, outperforming the semiconductor industry.

The last cycle has been particularly interesting. Starting with the impact of COVID 19 in 2020, the industry entered an unprecedented supply shortage in 2021 and 2022. The result was a cycle with intensities not seen in decades. u-blox benefited in 2022, by managing its supply chain well and delivering products while competitors could not.

Based on structural growth drivers, u-blox targets an average growth of over 10% over-the-cycle also in the future.

Fabless IoT technology leader
u-blox is a global Internet of Things (IoT) technology leader and fabless semiconductor manufacturer offering solutions to reliably locate and connect every thing.

IoT describes physical objects embedded with sensors that communicate – allowing the physical world to be digitally monitored or controlled.

We offer semiconductor chips, modules, and services to our ingenious customers, addressing our world's megatrends with IoT location and connectivity solutions.

With our proprietary positioning chips, we have progressively outperformed the semiconductor market

The breadth and depth of our expertise in positioning and connectivity gives us a leading edge within our key markets and the IoT industry. Our culture of entrepreneurial innovation has given us a sustainable competitive advantage with which we create significant long-lasting returns over the lifetime of our products.

Our unique competencies in the IoT industry
We offer positioning chips and modules, short-range radio modules, and cellular chips and modules. In simple terms, a module is several chips in a subsystem plus some software on top of it – and services, which are digital data streams to our products to make them better in the field.

Our unique combination of technical competencies comprised of algorithms, chips, software, and cloud services often sets the industry standard for technological innovation and quality.

This is why our key partners, many global leaders within their industries, partner with us to help them solve their most demanding positioning and connectivity challenges.

Entrepreneurial innovation from generation to generation
The pace of digital transformation is brisk. The semiconductor industry projected to reach a global market value of USD 1 trillion by 2030, according to McKinsey. u-blox is active in the two fastest high growth markets: Automotive – driven by Automated Driving and e-mobility and Industrial – driven by Industry 4.0 smart machines and smart factories.

Anticipating and delivering on today's megatrends and consistently outperforming the semiconductor market while protecting and increasing our competitive advantage requires us to nurture our thriving entrepreneurial culture of innovation at u-blox.

A culture where doing the best for the customers we serve means prioritizing innovation and supporting the desire to find the best approach to ensure we consider a broad range of ideas that will ultimately add real value for our customers and shareholders.

A recent example is centimeter accuracy positioning, which was previously out of reach for most applications due to high costs and is now available to the mass market. This is the type of challenge that inspires the bright minds of our talented 1,400 people.

Our innovations are inspired by our trend-setting customers, strategic partners, and the ingenuity of our diverse team. This keeps us at the forefront to contribute and benefit from megatrend requirements.

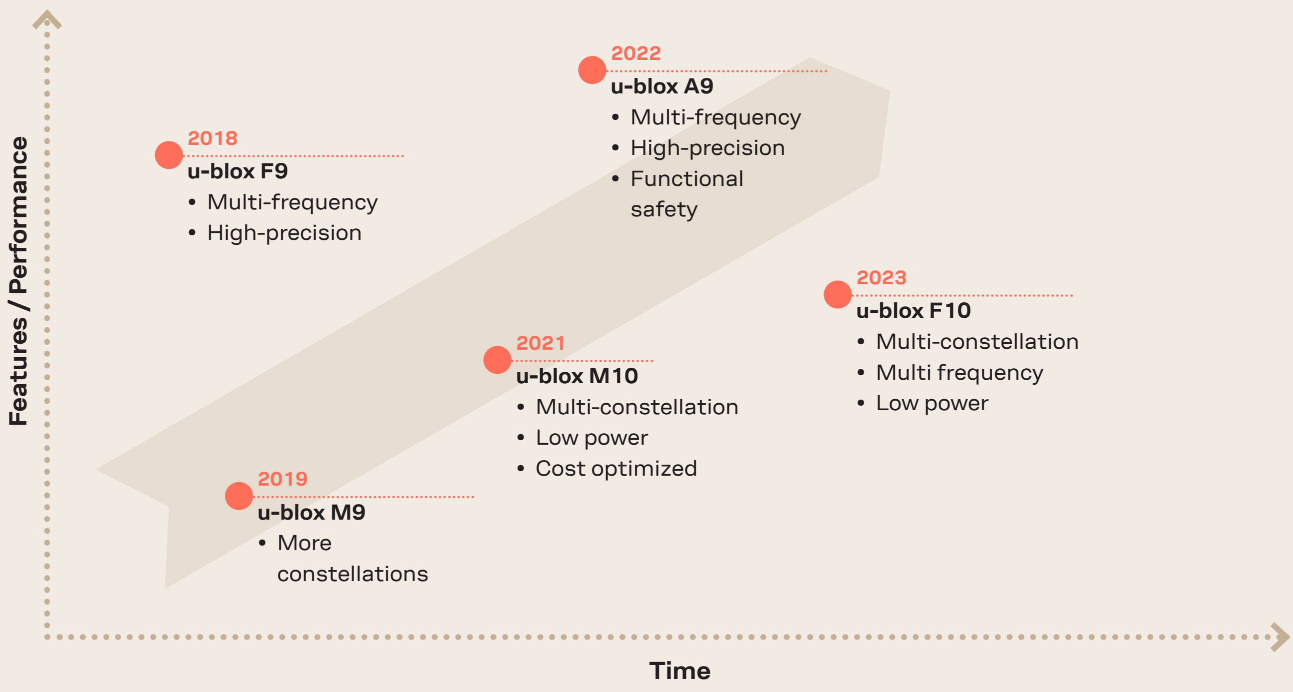
Our value proposition
The combination of our three core technologies offered in the form of chips, modules, and services, combined with a customer centric approach brings a unique value proposition in the market.

In positioning, large competitors focus mainly on the consumer and mobile phone market. Within our industrial and automotive target markets, u-blox has the lead and continues to push the envelope, providing customers with cutting edge innovation. Having our own silicon in positioning also provides us with a significant competitive advantage on modules, given we can optimize chips and software depending on the use case. u-blox has unique knowledge in all relevant domains: algorithms, software, radio-frequency hardware as well as chip hardware/software partitioning.

In connectivity, common feedback from customers on our modules is “it just works”, and this doesn’t happen by chance. u-blox puts emphasis on reliability, practicality, usability and easy to use aspects when designing its products, where software plays a major role.

The recent market consolidation in the module space has reduced our customers’ options regarding sourcing solutions and innovation, creating an even greater market opportunity for u-blox.

Innovation at heart



Our customers know that if it is out there, u-blox is already working on it, and that is why they are not just buying a u-blox chip or module but rather a u-blox long-term experience. They want an innovation partner they can stay with from generation to generation. Our Global Navigation Satellite System (GNSS) innovation stream, delivering a new platform every 18 months on average, clearly demonstrates our quest to provide our customers with the best positioning technology available while growing our competitive advantage and exemplifies u-blox entrepreneurial innovation from generation to generation.

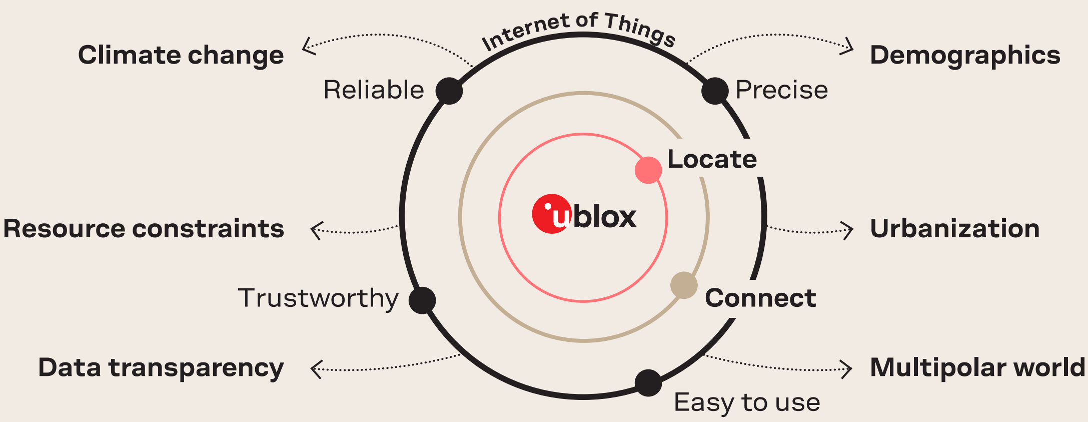
Reliable, robust, secure, market ready solutions that work

As our customers around the world are continuously solving complex challenges requiring both location awareness and wireless connectivity through IoT – reliable, robust, market ready solutions, which rely heavily on our unique portfolio of services, are increasingly in demand.

Our customers trust that our products will do what they are supposed to, stand up to harsh conditions as specified, make cyberattacks more difficult, be available when needed, and be delivered on time. Further, their development teams won't have to spend resouces integrating them into their systems.

Reliability means quality and security at the design and manufacturing levels and across the supply chain. Over many years, u-blox has created a unique quality system that ensures the delivery of functionally extremely robust and

Megatrends shaping the semiconductor industry



Many megatrends, such as climate change, resource constraints, data transparency, demographics, urbanization, in a multipolar world, are shaping our daily lives, the Internet of Things, and the semiconductor industry.

Although there may be some short-term fluctuations in the growth of some of the megatrend application areas, the growth trajectory is outstanding over the medium to long-term.

Whether they are complex societal challenges such as drought, an aging population, or something tactical such as ensuring a container arrives intact, on time, and in the right place, IoT has a significant role.

Let's take the aging population megatrend as an example. Most of us will want to live independently for as long as possible in our own homes, self determining our healthcare and daily routines. This trend is driving growth and major innovations in remote healthcare and AgeTech solutions for connectivity and monitoring.

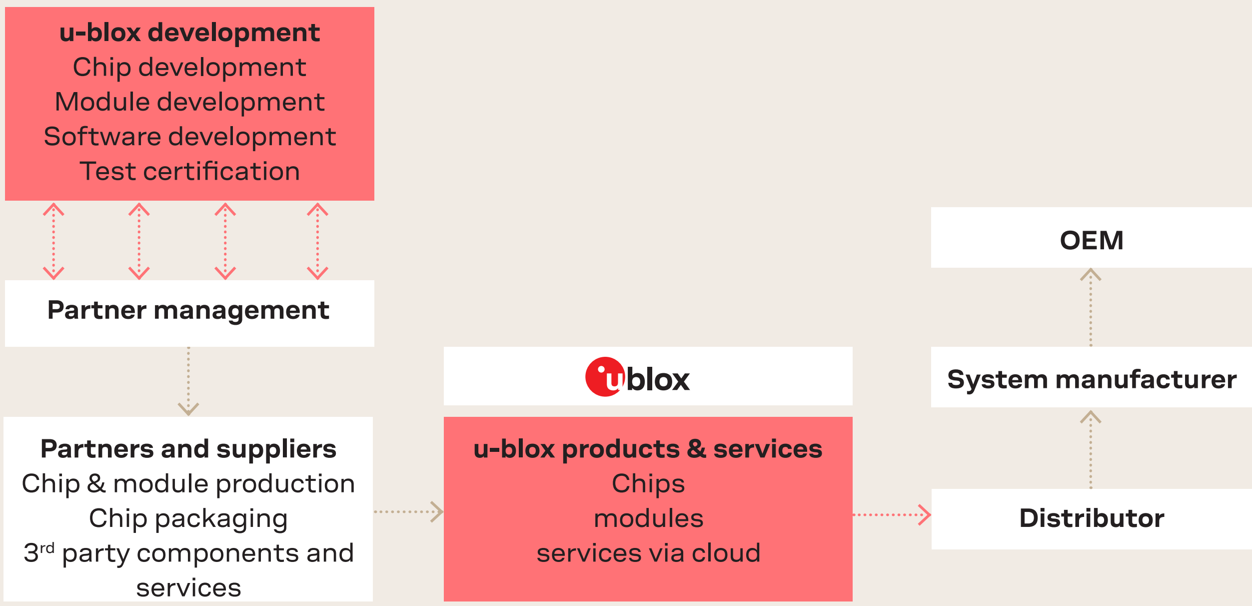
Climate change is another megatrend where IoT is making a significant contribution with solutions for environmental monitoring, water management, weather observation, agriculture, and many other applications.

Megatrends like these are shaping and expanding the IoT industry while softening the cyclic highs and lows of the semiconductor industry as a whole.

highly reliable products, which is recognized across the IoT industry. We are a renowned supplier to the automotive industry and comply with their specific requirements for process and product quality.

IoT security is complex, fast moving, and multifaceted. Addressing it demands a sophisticated, multipronged approach to protect our customers – and the users of their products – against the many and varied threats their devices and data face in the connected world. u-blox has established product standards based on industry requirements and best practices for the secure design and production of products and services.

We are developers who manage a complex supply chain



u-blox does not own factories. We are an asset light company, with our greatest asset being our diverse team of more than 1,400 experts across the globe.

As a fabless semiconductor manufacturer, we rely on solid partnerships with our suppliers based on shared respect and compliance with established international standards for human rights, employee welfare, the environment, business ethics, and management systems.

We not only develop our own products with our Intellectual Property (IP) on our own silicon, but we also manage a complex flow of component products and services from our suppliers to our customers, thus helping them accelerate time to market.

Our strategy Focus – Innovate – Execute
At u-blox, we are privileged to enable structural growth applications like automated driving, asset tracking and management, industrial automation and monitoring (digitalization), and remote healthcare. We expect 40% of our growth in the next five years to come from those four applications and this is why we put a major focus on those.

We structure our go-to-market approach in a way that we serve the top 250 customers directly and work closely with leading distribution partners to support medium and startup companies in the best way possible. We are a trustworthy Swiss partner in a multipolar world, enabling our customers' growth.

Our Focus – Innovate – Execute strategy will help us create and unlock value for years.

Our customers do not just buy a product from us; they buy an experience. They want to go from generation to generation, knowing they are working with a partner who will bring them to the next innovation level. They know that if it is out there, u-blox is already working on it, or we are working jointly on it.

Our strategy in a nutshell

Key long term growth drivers

- Strong structural growth: automated driving, asset tracking and management, industrial automation and monitoring (digitalization), remote healthcare
- Trustworthy partner with a reliable supply chain

Focus on positioning

To deliver on our promise, first, we are increasing our focus on highly differentiated positioning business and are shifting R&D teams to positioning innovations.

Scaling up in connectivity

Second, we focus our wireless connectivity business on modules enabling us to gain economy of scale faster. Consequently, we stopped cellular chip development and focus on our chip development on positioning.

Improve execution

Third, we are improving execution performance e. g., with agile development and an increased focus on the bottom line.

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

Sustainability

We are a sustainability enabler
Research by the World Economic Forum indicates that over 80% of IoT deployments are currently addressing, or have the potential, to address the UN Sustainable Development Goals (SDGs). They have also found that IoT is undoubtedly one of the most significant enablers for responsible digital transformation. Industrial IoT alone is estimated to add $14 trillion of economic value to the global economy by 2030. This means applications that support sustainability solutions are poised to structurally grow fast.

We are inspired by the potential of the Internet of Things to make the world more sustainable.

Our IoT products, services, and solutions are embedded into millions of devices designed by our customers around the world. They monitor, optimize, support, connect, and empower people and processes to support efficiency, human safety, environmental protection, health, and wellbeing.

We also observe IoT positively impacting humanity and the environment through sustainable applications, thus contributing to the UN Sustainable Development Goals.

Sustainability as an integral part of our strategy
At u-blox, we feel that to be an enabler in solutions and harvest its growth opportunities, sustainability must be part of our DNA, part of the thought process of everything we do.

Our new Mission and Vision launched in 2023 reflect this. It is important for us we act consistently, benefiting from these trends and acting accordingly internally and externally.

2023 Sustainability highlights
u-blox has been making significant progress on its sustainability program, and the highlights from 2023 are anchored within our sustainability strategy:

- Updated Code of Conduct
- Company wide business ethics training
- A series of 13 IT audits as a prerequisite for the ISO 27000 certification
- Establishment of a Diversity, Equity, and Inclusion Council to advance DE&I practice across our organization worldwide

We have also made progress on our environmental roadmap, net zero strategy, and Scope 1, 2, and 3 targets. Further, we have intensified our communication with our key contract manufacturing partners and component suppliers about their Code of Conduct practices. We are working with them to address any open challenges. Additionally, we triggered a voluntary supply chain sustainability self assessment to benchmark our improvement.

By working with numerous NGOs, we have made progress in better understanding the barriers for young women in science, technology, engineering, and mathematics (STEM). We are also supporting the >>venture>> foundation, an NGO dedicated to empowering young entrepreneurial Swiss students and startups. In support of the International Red Cross organization's disaster aid in Slovenia and Pakistan, u-blox made corporate giving donations while u-blox employees generously donated their time to charitable organizations in their communities around the world.

The 2023 Sustainability Report is also the first u-blox Sustainability Report published following the requirements of the new Swiss legislation in the Swiss Code of Obligations (CO) Art. 964 and in accordance with the Global Reporting Initiative (GRI) Standards, another key milestone on our sustainability roadmap.

Stepping up for Sustainability
We value and align ourselves with international sustainability and ESG regulatory frameworks and closely monitor our sustainability impact and that of our partners as we do business with integrity, care for our employees, protect the environment, and contribute to the well-being of communities through sustainability projects worldwide.

As a company and through our innovations, u-blox envisions a precise, smart, and sustainable future and is working to help make it happen. With purposeful innovation and business integrity, we will continue to build on our progress and contribute towards a sustainable world.

Our five sustainability pillars

Pillar 1: Business Ethics, Privacy and Data Security
We believe in doing business the right way. Conducting ourselves with honesty and integrity – and maintaining high standards around privacy and security – is essential for winning and maintaining the respect of our stakeholders.

Pillar 2: People and Communities
Our strength comes from our people. We strive to give our employees an environment in which they can collaborate, innovate, learn, and grow. We encourage diversity and promote a culture of inclusion, health and safety. We believe in building sustainable communities around the world and collaborate and support them in many ways.

Pillar 3: Environmental Responsibility
We are committed to protecting our planet for future generations. We will do this by continually seeking ways to make the use and impact of our products, as well as our operations, even more environmentally friendly.

Pillar 4: Responsible Supply Chain
As a fabless company, it is our responsibility to ensure we create our products in ways that do not harm individuals, communities, or the environment and that all minerals and other materials are sourced in compliance with regulatory requirements.

Pillar 5: u-blox Innovations
Our IoT products, services and solutions are embedded into millions of devices designed by our customers and partners around the world. Many of them have a positive impact on sustainability. Through our continuous R&D work, we are always looking for new and better solutions, better ways to develop, manufacture, distribute and maintain our products.

Our 5 pillars
The u-blox sustainability strategy is based on five pillars: Business Ethics, Privacy and Data Security, People and Communities, Environmental Responsibility, Responsible Supply Chain, and u-blox Innovations. We report on the policies, management approaches and activities in each pillar and set out our targets and progress related to the Environment, Social, and Governance (ESG) issues within each pillar every year in our annual sustainability report.

People

After spinning off from the ETH Zurich 26 years ago, our entrepreneurial culture is thriving at u-blox. We are passionate about technology that creates value for our customers and us. We are known for pushing the boundaries of innovation. The challenge of making centimeter-level positioning more affordable and therefore more accessible to everyone is the kind of achievement that inspires the bright minds of our 1,400 people.

With high tech innovation, you do not want everyone to have the same opinion. You want to encourage people who are eager to learn from different expertise and experiences. This is why diversity and inclusion is essential for u-blox.

Our greatest asset
Our greatest asset at u-blox is our outstanding, highly skilled experts from over 70 nationalities across 33 sites worldwide. This diversity in background and nationality shapes our entrepreneurial culture and fosters our innovation. With high tech innovation, you do not want everyone to have the same opinion and do things the same way day after day. You want to encourage people who are eager to learn from different expertise and experiences.

Live and work in our markets
Our people also live and work in our global markets close to our customers, partners, and the end users of our products. Our culture of entrepreneurial innovation nurtures and draws upon the collective expertise of our people and partners. We share ideas around the globe to capitalize on new challenges and opportunities with the potential of IoT. Our global collaboration sets us apart.

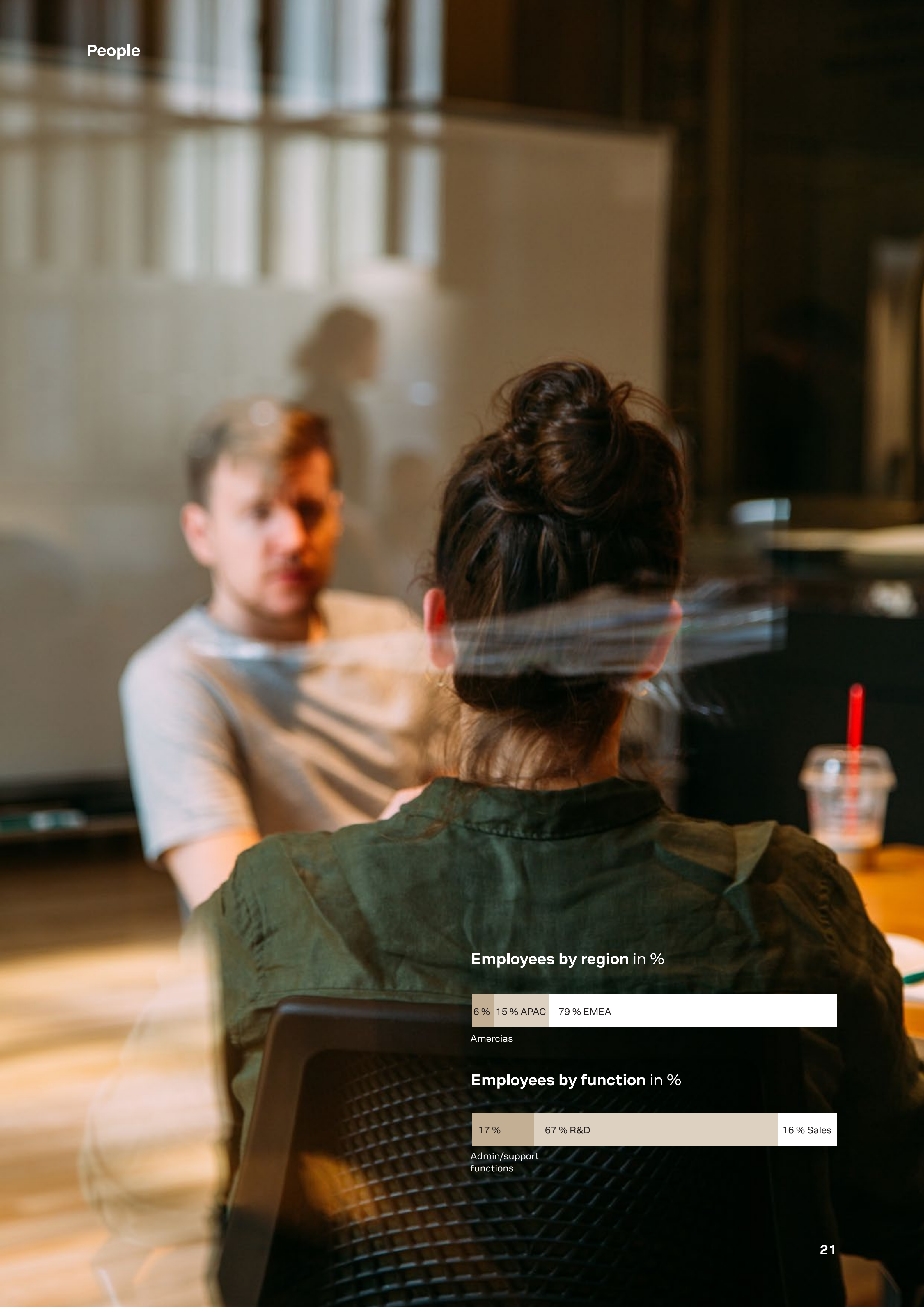
A positive work environment
We want all our people to feel well, supported and inspired at u-blox so that they can realize their full potential. Mutual trust, competitive and fair rewards, our collaborative culture, and an open-door culture make working with us attractive for our highly specialized and diverse workforce. A positive working environment is crucial for productivity, efficiency, low employee turnover and shared success.

u-blox provides a safe, inspiring, and attractive workplace to its employees across the world and strives to be a role model for responsible employment. We offer our people exciting roles, continuous career development, generous training opportunities and various local benefits to help them succeed. Investments in future talent are also made through apprenticeship opportunities in Switzerland as well as an offering of internships at our different sites.

We treat each employee with dignity and respect and are committed to creating a work environment without discrimination and harassment – one in which diversity is encouraged. It is our responsibility to provide an environment for our people to thrive and reach their full potential. Forced, compulsory, and child labor are prohibited. These principles are embedded in our Code of Conduct and also apply to our suppliers.

The challenge of making centimeter level positioning more affordable and thus widely more accessible is the type of achievement which inspires the bright minds of our 1,400 people.

You can discover more about how we nurture our people and entrepreneurial culture of innovation in our 2023 Sustainability Report.



Employees by region in %

6 % Amercias | 15 % APAC | 79 % EMEA

Employees by function in %

17 % Admin/support functions | 67 % R&D | 16 % Sales

Locate

We are the clear market leader in positioning with about a billion devices in the field, 28% of the global positioning market share, and 18 of the world's top 20 automobile manufacturers integrating u-blox GNSS positioning. Autonomous driving, specifically, represents a long-term growth driver. Asset tracking represents another growth opportunity. Overall, we expect the positioning market to grow double digit in the next five years.

Although we are proud to have achieved these milestones and have significant innovation in the pipeline, we intend to grow our leadership and market share significantly in positioning by expanding into new applications and customers.

The concept of positioning technology is simple, but making it better, with even higher accuracy and integrity, will continue for decades.

Meeting the evolving functional safety certifications for automated driving and leveraging new satellite systems in low Earth orbit (LEO) and advanced sensor fusion are just some of the opportunities for increased positioning accuracy, integrity, differentiation, and profitable growth.

We are the clear market leader with 18 of the world's top 20 automobile companies as our customers.

Already, 60% of our R&D staff are dedicated to positioning innovations. Nonetheless, we are further focusing our R&D efforts to accelerate our positioning product innovation to develop new application offerings while leveraging our Services solutions to add additional customer value.

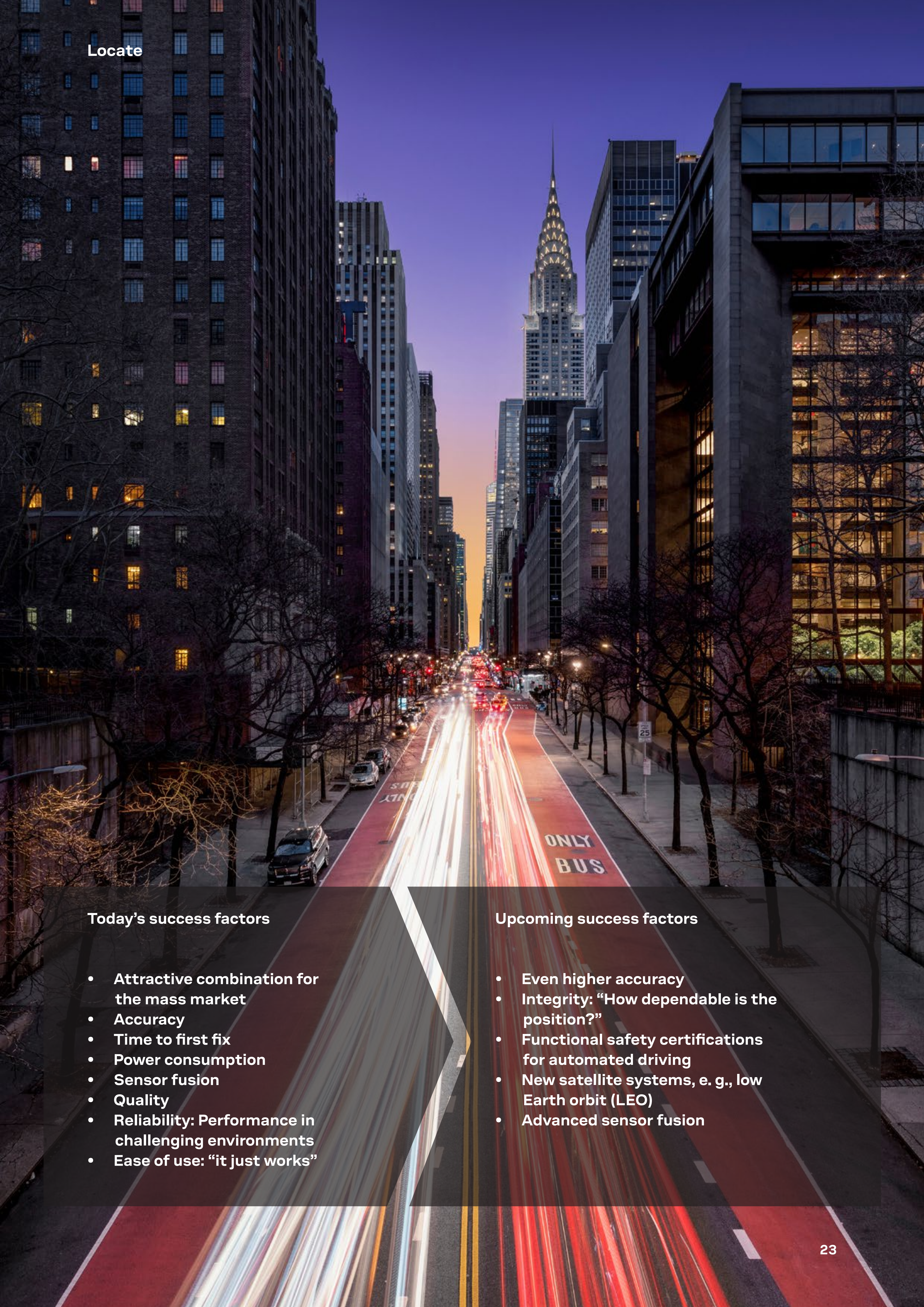
The concept of positioning is simple, making it better will continue for decades.

Positioning in theory

- Mathematical problem with four unknowns: “length, width, height, time”
- Time measurement between receiver and four satellites allows for the solution
- Stationary receiver and satellites, perfect environment

Leading edge positioning solution by u-blox

- Up to 100 satellites channeled for best signal strength, faster time to first position calculation and avoiding reflection
- Sensor fusion for dead reckoning
- Anti-spoofing and anti-jamming algorithms



Today's success factors

- Attractive combination for the mass market
- Accuracy
- Time to first fix
- Power consumption
- Sensor fusion
- Quality
- Reliability: Performance in challenging environments
- Ease of use: "it just works"

Upcoming success factors

- Even higher accuracy
- Integrity: "How dependable is the position?"
- Functional safety certifications for automated driving
- New satellite systems, e. g., low Earth orbit (LEO)
- Advanced sensor fusion

Connect

With over 90 million cellular and 45 million short-range devices in the field, and our "it just works" reputation for quality and ease of integration, we have an excellent foundation to gain market share in our connectivity business while increasing economies of scale and profitability.

We will continue to leverage being first to market with dedicated IoT modules and our reliable management of a complex supply chain as success factors. We will also leverage our position as a trustworthy Swiss supplier in a multipolar world to help us win market share and economies of scale to become a western cost leader.

The significant success of our cellular products within the healthcare industry sets the pace for u-blox to gain share in other industrial segments. The performance of our short-range products in automation and monitoring also lays the foundation for further market penetration.

Stopping future cellular chip development allows us to deepen relationships with other cellular chip suppliers, enabling faster reaction to emerging market trends with an even broader product portfolio.

We focus on differentiating innovations, such as hybrid modules combining cellular and satellite connectivity as well as positioning. These solutions offer faster time to market for new cellular standards and satellite communications pre-integrated with cloud services and hybrid solutions combining cellular, short range, and positioning for asset tracking.

Bluetooth, Wi-Fi and Ultra-Wideband technologies in our short-range portfolio, increasingly enable indoor positioning solutions. While this is already addressing many use cases, we can deliver even greater value to our customers in combination with our GNSS products and services.

u-blox's short-range solutions can shape the indoor positioning market.

Today's success factors

- **Diversified portfolio**
- **Partnership with chip suppliers**
- **Distribution channel management**
- **Quality**
- **Ease of use: "It just works"**

Upcoming success factors

- **Trustworthy Swiss supplier in a multipolar world**
- **Indoor positioning**
- **Hybrid solutions combining cellular, short-range and positioning, e. g., for asset tracking in every location**
- **Edge computing**

u-blox is the trustworthy cellular supplier with market shaping capabilities.

Today's success factors

- 1st in the market with dedicated IoT modules
- Customer centric product definition
- Quality
- Reliable management of a complex supply chain
- Ease of use: "It just works"

Upcoming success factors

- Trustworthy Swiss supplier in a multi polar world
- Faster time to market supporting new cellular standards and
- satellite communications
- Pre-integrated with cloud services

Applications

Our target applications
IoT plays an essential role in a broad range of applications across the dynamic automotive, industrial, and consumer markets where u-blox is active.

From our 21 market segments, we have identified four applications – automated driving, asset tracking and management, healthcare and industrial automation and monitoring – where we anticipate 40% of our growth over the next five years. Giving those a special focus enables us to capitalize on the full power of our technological expertise.

We are active across 21 market segments with four focus applications.

By aligning u-blox with these strategic market applications, we position ourselves to outpace industry growth, tapping into burgeoning opportunities that will propel us forward in the competitive landscape. As we navigate these dynamic markets, u-blox remains steadfast in our pursuit of innovation, differentiation, and sustained growth.

Industrial

- Micromobility
- Vehicle monitoring and control
- Metering and utility
- Payments and vending
- Aftermarket telematics
- Mobile robotics
- Mobile computing
- Network infrastr. and time sync.
- Gateways and routers
- Smart city
- EV charging

Automotive

- **Advanced telematics** First mount
- **Infotainment and navigation**
- **OEM telematics** first mount

Consumer

- Smart buildings / smart home
- **Unmanned aerial vehicles** UAV
- Wearables

Automotive

Over the last 25 years, u-blox has proven its strength in the demanding automotive market. It supplies automotive Original Equipment Manufacturers (OEMs), Tier-1s (direct suppliers for OEMs), and device manufacturers as IoT drives innovation across the industry, leading to more efficient, safer, and more sustainable transportation.

u-blox products are addressing key innovations with substantial growth opportunities in this market segment as the car of the future will be increasingly automated with high precision and safety paramount.

Advanced Driver Assistance System (ADAS)
Automated driving is increasing the demand for high precision accuracy and safe GNSS positioning and services, where u-blox is the market leader and continues to experience expansive growth.

As automated driving continues evolving above ADL2+ (partial driving automation) or ADL3 (conditional driving automation), more advanced positioning solutions are required. The positioning solutions include hardware components with GNSS receivers, software components including dead reckoning, real time kinematic algorithms, cloud-based assistance, and correction services for decimeter-level accuracy, when necessary.

u-safe, our pre-certified ISO-26262/ASIL-B end to end positioning solution designed to accelerate the adoption of autonomous vehicles. It comprises a correction service and on-board positioning engine, providing high-performance and reliable lane positioning. Together with our functional safety chip and custom integration expertise, u-safe offers an end to end solution aimed at future-proofing ADAS.

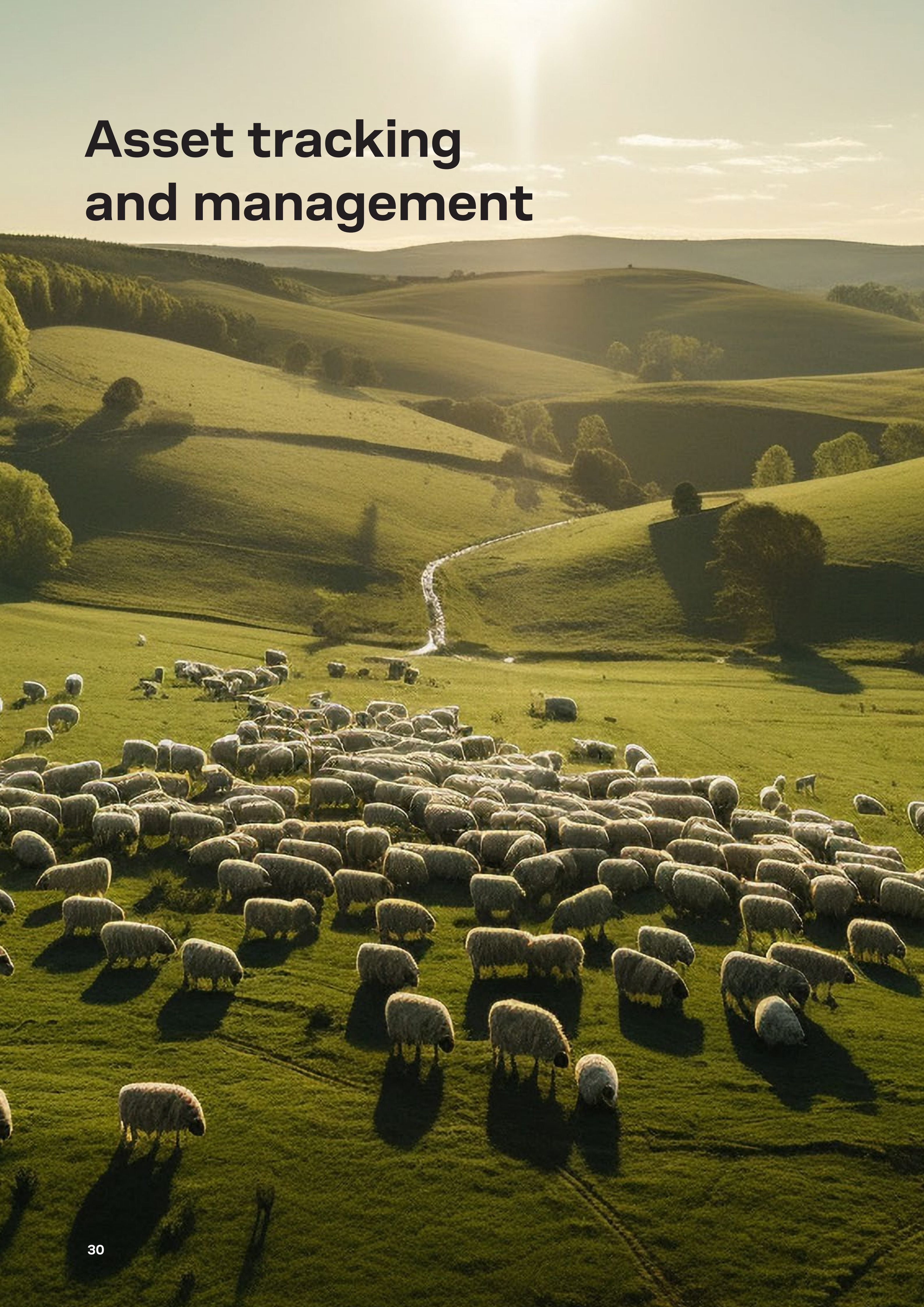
Infotainment and navigation
Our differentiated broad range of Wi-Fi and Bluetooth offering for next generation infotainment platforms also drives growth in this application area.

One of our newest products, JODY-W6, addresses the recent trends in utilizing Wi-Fi 6 and 6E technologies. While Wi-Fi 6 focuses on efficiency, with reduced data congestion, improved network capacity, and lower overall power consumption, Wi-Fi 6E focuses on spectrum, enabling more concurrent users, reduced congestion, and enhanced security.

Not only does u-blox's JODY-W6 delivers the benefits of Wi-Fi 6E, it also features dual-mode Bluetooth with LE Audio. JODY-W6 is globally certified and can withstand operating temperatures from –40 °C to 105 °C.

Telematics
Telematics is transforming the driving experience by capturing real-time data at a lower cost and enabling the production of more telematics-enabled vehicles. Real-time connectivity between vehicles and the surrounding infrastructure can monitor a vehicle's status, track its movements, analyze its surroundings, and exchange data with the cloud, other cars, and vehicle to everything (V2X) infrastructure, leading to enhanced road safety and driving efficiency. Advanced telematics is increasing the attach rate of standalone GNSS solutions and is migrating to multiband GNSS, driving growth for u-blox.

Asset tracking and management



IoT has proven its potential to transform how assets are tracked and managed, whether for an international shipping company transporting containerized goods on airplanes, ships, trucks, and trains across the globe, a sheep farm tracking livestock movement, or a family searching for their lost pet. u-blox's portfolio of ultra-low power GNSS positioning technology, cloud-based location services and wireless communication systems provide highly efficient, cost effective and tailored solutions for these high growth applications.

Container and trailer tracking
With optimized logistics, improved forecasting, detection and mitigation of theft, fraud, and tampering, and increased transparency across the supply chain with reduced operational costs, the benefit cost ratio of investing in IoT container and trailer tracking is unarguably positive.

Market demand for time sensitive logistics is increasing, as is our portfolio of asset tracking and management products and services to reduce the uncertainty in inventory management.

Automated freight monitoring and tracking of cargo containers and unit load devices (ULDs) transiting on roads, on rail, at sea, and in the air improves the efficiency of logistics operations, allowing to detect and swiftly address delays and other unforeseen challenges to meet service level agreements reliably.

Livestock tracking
Wearable IoT tracking devices transfer the real time location of livestock to a cloud-based livestock management platform, allowing farmers to detect changes in the behavior of each animal, guide the animals across the farm, paving the way for fenceless farming.

u-blox livestock asset tracking solutions are transforming livestock management and smart farms with GNSS technology, Bluetooth, Wi-Fi, low power wide area cellular connectivity and easy to set up cloud connectivity.

Pet tracking
Losing a pet can be heartbreaking, but thanks to IoT, this could soon become a thing of the past. The design challenges of pet trackers went beyond the collar itself and extended to the wireless network and the cloud. Our products and services for pet asset tracking solutions are now available globally with predictable, affordable costs to support this growing market application.

Healthcare

The digital transformation of healthcare system leads to improved patient experience, lower cost of care, increased patient access, improved work experience of healthcare professionals, and better health outcomes.

IoT plays a critical role in this transformation with remote patient monitoring and assisted living, two of the highest growth applications.

By enabling health monitoring outside the clinic, home health monitoring devices help support patients suffering from chronic conditions such as diabetes, sleep apnea, and hypertension. At the same time, user friendly assisted living technology increases patient autonomy and promotes faster reintegration into society.

We have proven our strengths and capabilities in this challenging market mainly on outpatient monitoring devices. Our hardware offering unlocks endless possibilities for our customers, as they reliably connect these devices to the cloud.

Form factor and software compatible modules using different chip platforms reduce risks in our customers' supply chain, by enabling second source components without increasing the design complexity, simplifying purchasing, and speeding up time to market.

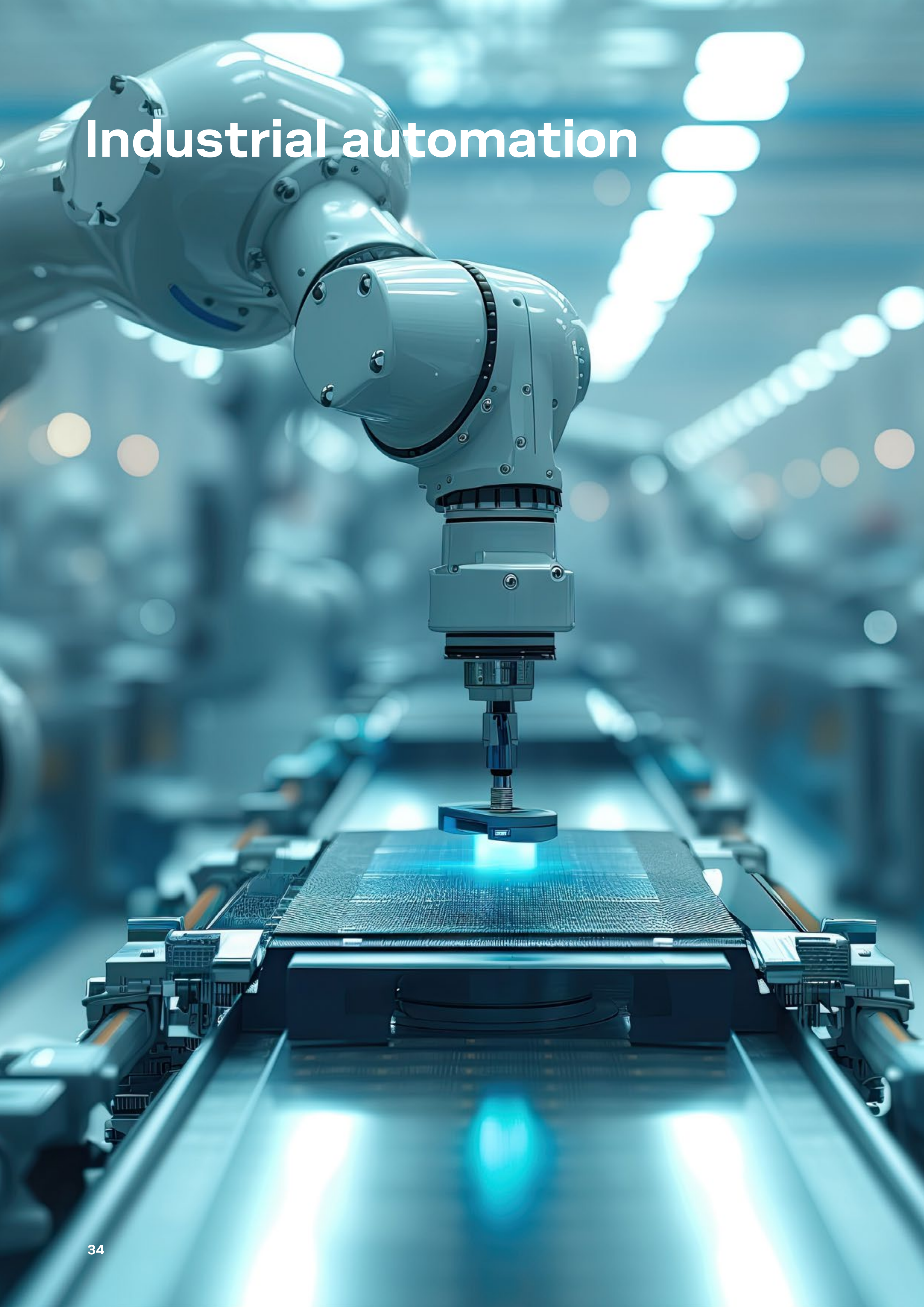
Remote patient monitoring
Remote patient monitoring solutions extend healthcare services right into the patient's home. The rise of chronic diseases is putting additional pressure on an already strained global healthcare system.

By extending clinical care right into the patient's own four walls, remote health monitoring solutions are helping to optimize hospital capacity while letting patients stay at home.

u-blox based remote patient monitoring solutions combine sensing and positioning technologies, wireless communication, and the cloud to improve preventative healthcare and the diagnosis, treatment, and monitoring of health conditions.

Assisted living
u-blox based assisted living solutions use sensing, wireless communication, and cloud-based platforms to help vulnerable elderly and disabled individuals prolong their autonomy or return home from the clinic. By triggering life-saving alarms to relatives or first responders, these devices offer elderly individuals and those with special needs a "lifeline" they can rely on in an emergency.

Industrial automation



A rapidly evolving digital transformation is reshaping manufacturing and supply chains globally. Industrial automation is pivotal, with IoT solutions improving smart factories, manufacturing plants, and construction sites and benefiting individual workers. Comprehensive connectivity can benefit various facets of smart, digital, and automated manufacturing, digitalizing the entire production process, spanning from the acquisition of raw materials to product delivery.

We focus on three high growth application areas: predictive maintenance, connected tools, and safe connected worker. In such demanding industrial automation environments, with very high sensor density and multiple hybrid solutions combining cellular, short-range, and positioning applications at work, our unique combination of technical competencies and robust, high-quality products set us apart.

Predictive maintenance
Predictive maintenance involves using sensor data, historical maintenance records, and other relevant information to predict process behavior and potential equipment failures. Predictive maintenance anticipates potential issues and schedules maintenance tasks more efficiently, leading to fewer failures and reduced downtime, by leveraging big data, machine learning, data analytics, and modeling.

Predictive maintenance is also a gateway to innovative business models. By offering "availability as a service," companies can transform their business model from merely selling motors to ensuring continuous machine rotation. This strategic shift is not limited to mere transactions but can help create enduring partnerships to enhance visibility, optimize maintenance, and guarantee sustained machine availability.

Connected tools
Connected tools facilitate personalized settings and integrated usage analysis, enhancing performance, precision, and efficiency. Alongside industrial assembly solutions, these tools benefit smart factories, manufacturing plants, and construction sites by harvesting and providing access to fundamental data that can improve various processes. Smart power tools, increasingly replacing traditional hand tools, improve reliability, performance, precision, and time efficiency within connected factories and construction settings.

Connected tools enhance the user experience and facilitate the management of these smart tools, mitigating the risk of misuse, malfunction, theft, and loss within a smart site. It also allows for personalized user settings, catering to individual workers' specific needs and preferences.

Last but not least, connected tools play a major role in control and optimization processes. It helps to document that work was executed in compliance with process and tolerances. It can also be used a source or improvements. An engineer can measure the results in production of a different torque applied in a screw, for example.

Safe connected worker
Safeguarding the connected worker in industrial environments is a key concern. u-blox's solutions enable customers to locate and connect workers on site, identifying risks and implementing corrective and preventive actions to enhance work security.

Measures should be taken to ensure that connected wearables or other connected solutions are accurate, reliable, and compliant with specific industry risk level regulations and standards to ensure the safety of a worksite. Additionally, providing workers with ergonomic and comfortable devices can prevent short or long-term injuries. Lastly, it is crucial to equip workers with wearables capable of monitoring changes in their surroundings that could potentially compromise their safety.

Go-to-market strategy

Customer centric approach
u-blox's go-to-market strategy is crafted to ensure direct and impactful customer engagement. Recognizing the importance of understanding the unique needs of our customers, we prioritize direct interactions to establish robust relationships. Our sales teams are equipped with in depth product knowledge and industry expertise, allowing us to provide solutions that precisely align with the requirements of our diverse clientele. This direct approach not only facilitates a deep understanding of customer needs but also enables us to deliver value-added services, ensuring a seamless experience for our partners and end-users.

Focus on key accounts
u-blox adopts a channel optimization strategy to achieve effective market penetration. Through a balanced approach that combines direct engagement with customers and collaboration with distributors, we ensure a dynamic and adaptable presence in the marketplace.

Based on the strategy, we have strengthened our direct sales to our top 200 customers. Today, 75 customers make 50% of our revenue. These are large and medium existing accounts, with about a third of those with high growth potential, leaders in our growth segments. Focus accounts are represented by new customers and new opportunities, with very high growth potential, representing the future protagonists in our focus segments.

We are leveraging the reach of our leading distribution partners to further increase market penetration and the service level for our long tail and mass market customers. Over 10,000 customers are now served by our distribution partners. They are not only better suited to cater to these customers but also have the potential to reach over 100,000 new potential customers.

Investors

u-blox focuses on generating value for our investors and benefits from operating in the ever-growing semiconductor sector. Additionally, our focus markets provide even higher growth potential. As an early innovator in the GNSS business, u-blox is the undisputed market leader in reliable and accurate positioning applications.

u-blox is committed to sustainable value creation for its stakeholders. Be it in the relationship with our employees, investments in the business, or working together with suppliers and customers, our focus is on the long-term development of our company.

Share price development
With a market capitalization of CHF 726 million as of December 31, 2023, u-blox has been listed on the SIX Swiss Exchange since 2007. u-blox's share price started the year at CHF 110.20, and after reaching a high of CHF 128.00 in March, it closed 2023 at CHF 99.90.

u-blox's trading volume in the SIX Swiss Exchange continued healthy in 2023. u-blox's average daily trading volume was approximately CHF 2.4 million in 2023.

In 2023, our new anchor shareholder SEO Management AG took a relevant ownership position and became one of our largest shareholders. u-blox envisages proposing the election of a representative of SEO for a seat on the Board of Directors at the 2024 Annual General Meeting.

We also saw former investors renewing their participation during 2023, such as Janus Henderson Group and Atlantic Value General Partner Limited. Other large investors also became significant shareholders, such as UBS Fund Management (Switzerland AG) and LLB Swiss Investments AG, disclosing above 3% ownership in u-blox.

With a free-float of 100%, u-blox's shareholders are well distributed with institutional investors mainly in Switzerland, the United Kingdom, and the United States.

Committed to fair and comprehensive market communication
We are committed to open and transparent communications with the financial market to present our investment story and opportunities. We pursue a constant, open dialog with investors, analysts, and the media through direct phone calls and email exchanges, regular roadshows, and one-to-one meetings.

Senior management presents and discusses financial performance on a quarterly basis, and we provide the financial community and media with in depth reports and information through press and analyst conferences, conference calls, and webcasts.

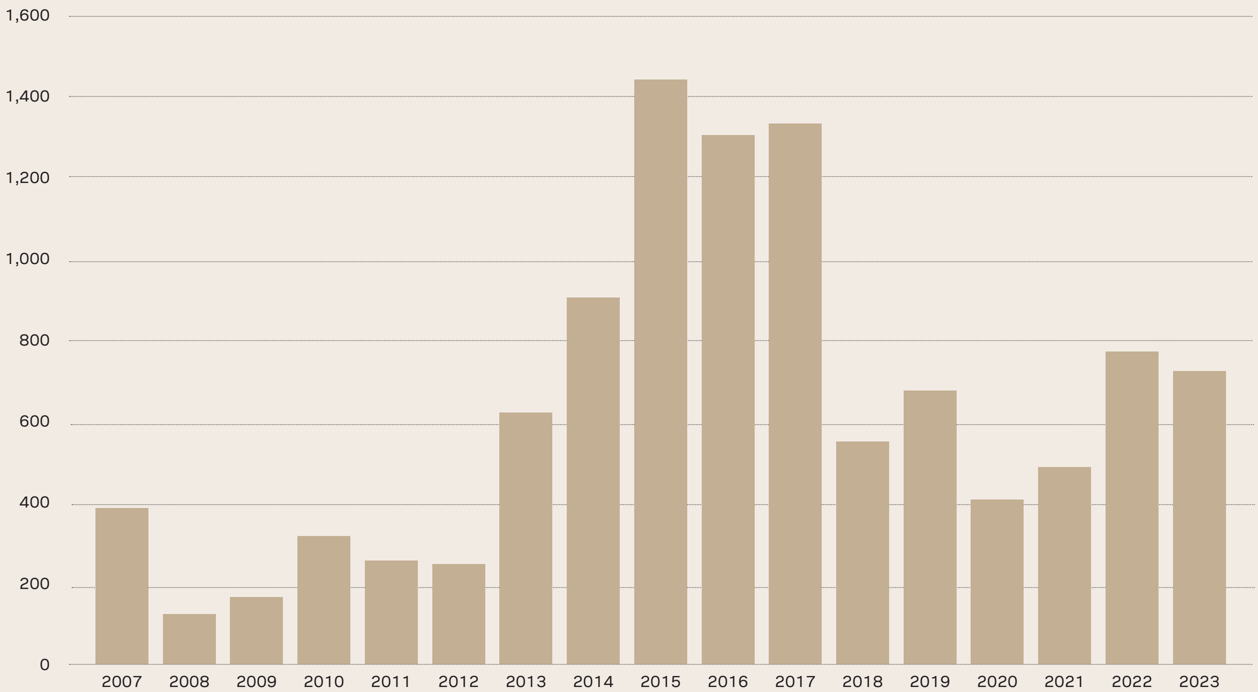
As part of our 2023 Investor Relations activities, senior management and the investor relations team devoted 19 days to meeting investors directly or virtually through roadshows and conferences in Europe and North America, during which we met over 130 investors in one-on-one or group meetings and many more in presentations. Additionally, over 120 market participants joined our 2023 Capital Markets Day, in person and virtually.

For our Investor Relations contact, please see page 88 of this Annual Report.

u-blox share price CHF, SPI (rebased)

Trading volume (#shares)

Market cap CHF million



Corporate Governance and compensation 2023

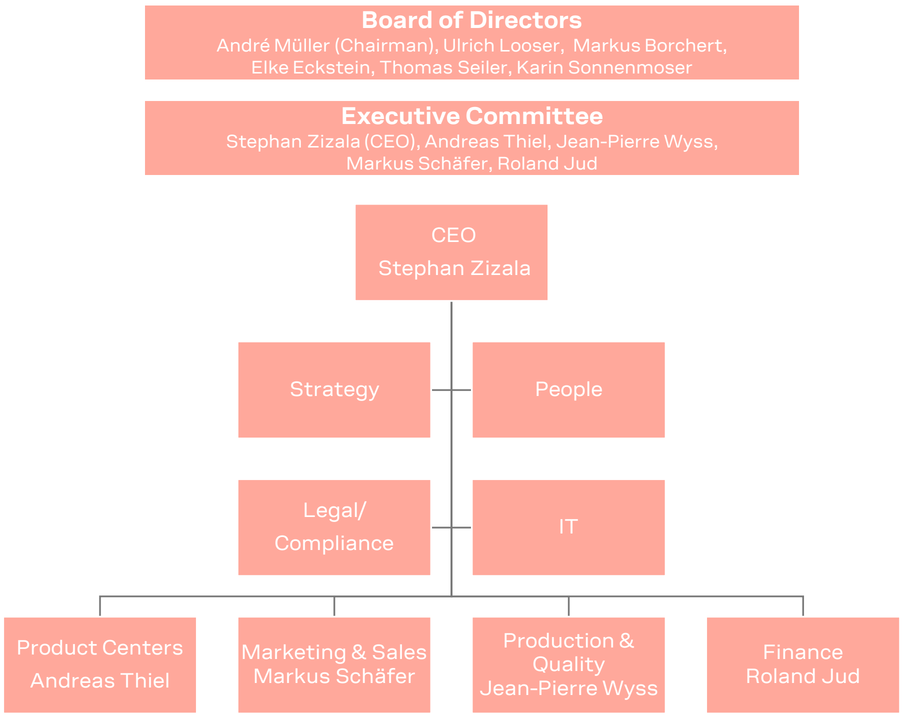
Contents

Corporate Governance

The report describes the management structure, organization and control within the u-blox group on December 31, 2023. The report in conjunction with the Compensation Report fulfills the main requirements of the "Directive on Information relating to Corporate Governance" of the SIX Swiss Exchange.

1 Group structure

u-blox group
The registered domicile of u-blox Holding AG and u-blox AG is: Zuercherstrasse 68, 8800 Thalwil, Switzerland. u-blox AG was founded in 1997. u-blox Holding AG, the only shareholder of u-blox AG, was incorporated in September 2007 and listed on the SIX Swiss Exchange on October 26, 2007 (Valor No. 3336167, ISIN CH0033361673, ticker symbol: UBXN). Hereinafter, u-blox Holding AG is referred to as u-blox. u-blox uses a "fabless" business model, i. e. u-blox outsources the production of modules and chips. u-blox is operationally managed by the Executive Committee ("EC"). Each member of the Executive Committee is responsible for certain functions, as reflected below:



Business operations are conducted through u-blox group companies. u-blox Holding AG directly or indirectly owns all companies belonging to the u-blox group. The shares of these companies are not publicly traded. u-blox subsidiaries are listed in note 2 to the consolidated financial statements.

The governance structure is organized according to different areas of responsibilities between the Board of Directors, the Board Committees and each member of the Executive Committee.

2 Shareholders of u-blox

Significant shareholders
As of December 31, 2023, u-blox had 4,652 registered shareholders and none has a controlling interest. According to the disclosures of shareholders, the largest shareholders (> 3%) were:

Janus Henderson Group Plc	5.05%
LLB Swiss Investment AG	3.01%
UBS Fund Management (Switzerland) AG	3.01%
SEO Management AG	5.03%

Certain shareholders may have reduced or increased their shareholdings since.

For further details see https://www.ser-ag.com/en/resources/notifications-market-participants/significant-shareholders.html#/

Cross shareholdings
u-blox has no cross shareholdings in any company.

3 Capital structure

The market capitalization at December 31, 2023 was CHF 726.2 million based on the outstanding ordinary share capital (7,268,884 shares).

Share capital of u-blox

Ordinary share capital
On December 31, 2023 the outstanding ordinary share capital of u-blox was CHF 83,592,166.00 fully paid in and divided into shares of CHF 11.50 nominal value each. There are no preferential voting shares. All shares have equal voting rights. No participation certificates, nonvoting equity securities (Genussscheine), depositary receipts or profit-sharing certificates have been issued.

Conditional share capital
According to the articles of association, the share capital of the Company can be increased by a maximum amount of CHF 4,150,177.50 by the issuance of no more than 360,885 registered shares that are to be fully paid-in and have a nominal value of CHF 11.50 each; this increase being the result of the exercise of options rights granted to the employees of the Company and its subsidiaries in accordance with one or more equity investment plans. The board of directors will determine the issue price for the new shares as well as the equity investment plan. Subscription and pre-emptive rights of shareholders are excluded for this conditional capital increase.

The conditional share capital CHF 4,150,177.50 corresponds to 5.0% of the outstanding ordinary share capital.

Capital band
According to the articles of association, the Company has a capital band with a lower limit of CHF 83,003,745.50 and an upper limit of CHF 91,304,112. The board of directors is authorized to increase the share capital at any time but no later than by April 19, 2028, once or several times and in any amounts, by up to CHF 8,300,366.50. The capital increase may be effected by issuing up to 721,771 registered shares that are to be fully paid in with a nominal value of CHF 11.50 each, up to the upper limit of the capital band. The Board of Directors shall issue the necessary provisions, insofar as they are not included in the authorizing resolution of the General Meeting of Shareholders. The board of directors will determine the amount of issue, date of dividend entitlement and kind of contributions.

If the share capital increases as a result of a conditional capital increase pursuant to Art. 3a of these Articles of Association, the upper limit of the capital band shall automatically increase in accordance with the par value of the registered shares issued as part of the conditional capital increase.

The board of directors is entitled to exclude the subscription right of shareholders and allocate such right to third parties in cases where such new shares are to be used for the takeover of companies by way of exchange of shares, or for financing the acquisition of companies, or divisions thereof, or equity interests, or new investment projects of the Company. Shares for which subscription rights were granted but are not exercised will be allocated by the board of directors.

Changes in share capital
On December 31, 2023, the share capital consists of 7,268,884 registered shares, which corresponds to CHF 83,592,166. The share capital increased by 95,436 registered shares compared to December 31, 2022 pursuant to the exercise of employee stock options in 2023. The conditional capital was increased by the general assembly in 2023 to a total of 360,885 registered shares. The exercise of options in 2023 resulted in a residual conditional capital of 309,718 registered shares.

The Board of Directors has not increased the share capital on the basis of the capital band in 2023.

Refer to section “consolidated statement of financial position” of this report for more information on changes in share capital over the last three years.

Bonus certificates, options and convertibles
u-blox has not issued bonus certificates, convertible or exchangeable bonds, warrants or other securities granting rights to u-blox shares, except options under the employee stock option plan.

As of 2023, u-blox does not issue options anymore. Instead, employees are granted RSUs and the EC is granted PSUs.

The total number of outstanding options, RSUs and PSUs issued to employees (including Executive Committee) at December 31, 2023 was 787,137 (10.8% of the outstanding ordinary share capital). 129,598 thereof were not exercised and expired on 1.1.2024. The total number of outstanding options, RSUs and PSUs as of 1.1.2024 is 9% of the outstanding ordinary share capital. Under each employee stock option plan issued to u-blox employees annually until 2022, the options have a 3-year vesting period. Thereafter, options may be exercised during a period of three years. The options expire, if they have not been exercised during this period (e. g. the options granted in 2018 were not exercised and expired). One option grants the right to purchase one share.

The exercise price is the lower amount of a) the volume-weighted average share price on the SIX Swiss Exchange during the 30 trading days preceding the grant date and b) the closing share price at the SIX Swiss Exchange on the last trading day before the grant date. The below table shows outstanding options:

Grant	Vesting date	Expiry date	Exercise price in CHF	Options outstanding at Dec. 31, 2023
2018	January 1, 2021	January 1, 2024	191.55	109,264
2018	January 1, 2021	January 1, 2024	191.80*	20,334
2019	January 1, 2022	January 1, 2025	78.95	43,570
2019	January 1, 2022	January 1, 2025	78.95*	5,669
2020	January 1, 2023	January 1, 2026	91.87	89,297
2020	January 1, 2023	January 1, 2026	97.80*	15,866
2021	January 1, 2024	January 1, 2027	58.85	168,440
2021	January 1, 2024	January 1, 2027	58.85*	33,174
2022	January 1, 2025	January 1, 2028	69.25	176,900
2022	January 1, 2025	January 1, 2028	70.45*	38,655
Total				**701,169**

* Options granted to employees of u-blox America Inc., u-blox San Diego Inc., u-blox Espoo Oy, u-blox Cambridge Ltd., Leuven branch and CSOP options

Under the RSUs and PSUs, eligible employees are annually awarded the right to obtain for free a certain number of shares at the vesting date. The vesting date is three years after the award. The below table shows outstanding Restricted Share Units (RSU) and Preferential Share Units (PSU).

Grant	Vesting date	PSU and RSU outstanding at Dec. 31, 2023
2023 (PSU)	March 8, 2026*	11,803
2023 (RSU)	May 9, 2026**	74,165
Total		**85,968**

* Performance Share Units (PSU) granted to members of the Executive Committee (EC)
** Restricted Share Units (RSU) granted to employees

4 Board of Directors

Composition of the Board of Directors at December 31, 2023:

Name	Member since	Age	Position	Position Committee
André Müller	2015	70	Chair	
Ulrich Looser	2018	66	Member/Deputy	Chair NCSC / Member AC
Thomas Seiler	2007	67	Member	Chair SC
Markus Borchert	2019	58	Member	Member NCSC
Karin Sonnenmoser	2022	54	Member	Chair AC
Elke Eckstein	2022	59	Member	Member SC

AC: Audit Committee
NCSC: Nomination, Compensation and Sustainability Committee
SC: Strategy Committee

Mr. Jean-Pierre Wyss was member of the Board of Directors until the ordinary general assembly in April 2023. He did not present himself for re-election at the ordinary general assembly.

All members were independent in 2023, except for Thomas Seiler.

Limitations on the number of mandates outside of u-blox Group
The total cumulative number of mandates outside of the u-blox group is limited for members of the Board of Directors as defined in article 25a of the articles of association available on u-blox's website under https://ubx.io/3uEPx5u

Election and term of office
The members of the Board and the Chair are elected annually at the general assembly for a term ending at the next ordinary general assembly as defined in article 16 of the articles of association available on u-blox's website under https://ubx.io/3uEPx5u

The members of the Nomination, Compensation and Sustainability Committee are elected annually at the general assembly. The committee chairs and the members of the other committees are elected by the Board of Directors.

André Müller

Function at u-blox
André Müller acts as chair of the Board of Directors of u-blox Holding AG and u-blox AG since 2018. He is an independent and Non-Executive Director.

Professional background
Mr. Müller holds a master's degree in mechanical engineering from the Swiss Federal Institute of Technology Zurich (ETH). Since 2010, he is an independent entrepreneur holding Board of Director responsibilities and investing in several Start-up and High-tech companies such as essemtec AG in Aesch (CH). André Müller was active as CEO of Cicorel SA (Switzerland) and member of the CICOR group management from 2006 to 2009. From 1998 to 2007 he was CEO and as of 1999 chairman of the board of HCT Shaping Systems SA (Switzerland). From 1993 to 1996 he was vice-president and from 1996 to 1998 general manager of ESEC SA (Switzerland). Prior to that, he held different positions in research and development divisions in the aerospace industry.

Other positions or consultancy agreements
Unlisted companies: Mr. Müller is member of the board of H2 Energy Holding AG (Switzerland), DW Holding AG (Switzerland), Dispenser Holding AG (Switzerland) and Bangerter Microtechnik AG (Switzerland).

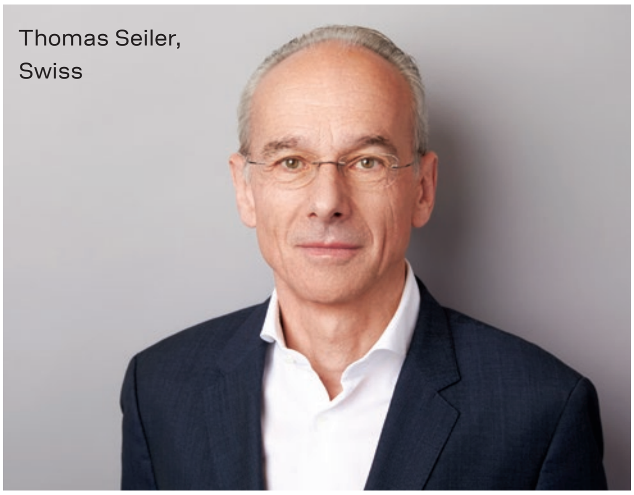
Ulrich Looser,
Swiss

Ulrich Looser

Function at u-blox
Ulrich Looser was elected member of the Board of Directors of u-blox Holding AG and u-blox AG since 2018. He chairs the NCSC committee. He is a member of the Audit Committee. He is an independent and Non-Executive Director.

Professional background
Mr. Looser holds a master's degree (dipl.phys.) in physics from ETH Zurich and a master's degree (lic.oec.) in Finance and Accounting from the University of St. Gallen.
Mr. Looser has vast experience in strategy development, organizational design, private equity investments, finance, accounting, controlling and consultancy. Prior to founding Berg Looser Rauber & Partners in 2009, he was managing director at Accenture from 2001–2009, after a career at McKinsey & Company (1987–2001), with extensive work also in the area of finance and accounting. He was member of the audit committee at Straumann (2010–2020).

Other positions or consultancy agreements
Mr. Looser is chairman at BLR Partners. Listed companies: He is a board member of the following Swiss companies: Kardex (vice chairman, chair nomination and compensation committee), LEM (vice chairman, member audit committee, chair nomination and compensation committee). Unlisted companies: Geistlich Holding AG, Schlieren (member), Bachofen Holding AG, Uster (chair), Fostag Formenbau AG (member), Balgrist Beteiligungs AG (member).



Thomas Seiler

Function at u-blox
Thomas Seiler has served as a member of the Board of Directors since the incorporation of u-blox Holding AG in 2007. He served as CEO of u-blox AG from 2002 to 2022 and Head of Marketing and Sales from 2002 to 2019. In 2006 he was appointed member of the Board of Directors of u-blox AG. In 2023 he was employed as Leader Strategy Development at u-blox AG on a part-time basis. He is an non-independent and Non-Executive Director and chairs the strategy committee.

Professional background
Mr. Seiler holds a master's degree in mechanical engineering from the Swiss Federal Institute of Technology Zurich (ETH) and an MBA degree from INSEAD, France. In 1987 he was appointed member of the Executive Committee of Melcher Holding AG, Switzerland and CEO from 1991 to 1998. Thereafter, he served as CEO of Kistler Holding AG, Switzerland from 1999 to 2001.

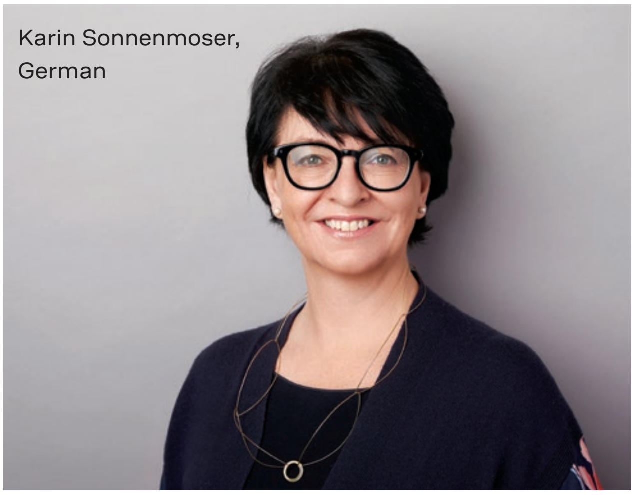
Other positions or consultancy agreements
Mr. Seiler is managing partner at BLR partners. Unlisted companies: Mr. Seiler serves as Chairman of the board of Leitwert AG, RAAAM Memory Technologies Ltd. and ALANTAR S. A.

Markus Borchert

Function at u-blox
Markus Borchert was elected member of the Board of Directors of u-blox Holding AG and u-blox AG in 2019. He is a member of the nomination, compensation and sustainability committee. He is an independent and Non-Executive Director.

Professional background
Mr. Borchert holds a master's degree in electrical engineering from the Technical University of Munich and a MBA from the Massachusetts Institute of Technology. From 2019, Mr. Borchert is serving as President of Nokia Greater China and CEO of Nokia Shanghai Bell. Before, he was leading Nokia's business in Europe from 2015–2018 and served as President of DIGITALEUROPE from 2016–2020. Earlier leadership positions with Nokia and Siemens include roles in global sales, strategy, marketing, portfolio management, business unit management and R&D.

Other positions or consultancy agreements
Unlisted companies: Mr. Borchert serves as chairman of TD Tech Ltd. and is a member of the advisory board of RFS Radio Frequency Systems.



Karin Sonnenmoser,
German

Karin Sonnenmoser

Function at u-blox
Karin Sonnenmoser was elected member of the Board of Directors of u-blox Holding AG and u-blox AG in 2022. She chairs the audit committee. She is an independent and Non-Executive Director.

Professional background
Ms. Sonnenmoser holds a master's in economics from the University of Augsburg, Germany and a Master of Business Administration (MBA) from the University of Dayton, Ohio, USA. From 2023, she is serving as Group CFO of LSG Group in Neu-Isenburg, Gemany. She served as a Board member of Swiss Steel Group AG (Switzerland) (2020–2022) as well as a Board member of Leoni AG and was a member of the Executive Committee of Ceconomy AG (Germany) (2019–2021) where she served as Group CFO and oversaw strategy, capital market action and M&A. From 2014–2018 she was the Group CFO and member of the Executive Committee of Zumtobel Group AG (Austria), responsible for controlling/ finance, purchasing and IT. She held various finance positions at Volkswagen Group (1995–2014), including accounting, controlling, innovation strategy and process optimization.

Other positions or consultancy agreements
Unlisted companies: She is an independent senior advisor for Innio Jenbacher GmbH & Co OG/ AI Alpine (Luxembourg).

Elke Eckstein

Function at u-blox
Elke Eckstein was elected member of the Board of Directors of u-blox Holding AG and u-blox AG in 2022. She is a member of the strategy committee. She is an independent and Non-Executive Director.

Professional background
Ms. Eckstein has more than 35 years of industrial experience in the field of semiconductors, Electronics and Photonics. From 2019 until end of 2022, she served as President and CEO of the Swiss Enics Group, which merged with GPV Group. Previously, she held multiple top-level management positions in leading global companies including Operating and Digitalization Officer as well as head Business Division Cabinet Products at Weidmüller Group (2013–2018) and COO of Osram Lighting (2008–2013), before that at AMD/Global Foundries, Altis Semiconductors and Siemens/Infineon. Ms. Eckstein holds a degree in electrical engineering from Siemens Academy.

Other positions or consultancy agreements
Listed companies: Member of the Board of Directors at Jenoptik (Germany), BE Semiconductor (Netherlands). Unlisted companies: Member of the Board of Directors at KK Wind (Denmark), Saferoad (Norway), Viacon (Sweden).

5 Internal organization of the Board of Directors

Decisions are made by the Board of Directors with the support of the Nomination, Compensation and Sustainability Committee, the Audit Committee and the Strategy Committee.

The primary functions of the Board of Directors include:

- Providing the strategic direction of the group.
- Determining the organizational structure and governance rules of the group.
- Reviewing and approving the annual financial statements and results.
- Preparing matters to be approved by the General Assembly.
- Reviewing the Risk Management System.
- Appointment and removal of members of the Executive Committee.
- Selection and proposition of new members of the Board.
- Definition and proposition for approval of the structure of remuneration / compensation for the EC and Board.
- Approving acquisitions.
- Reviewing and approving annual budgets.
- Reviewing the sustainability strategy, targets and progress and its impact on ESG ratings.
- Defining environmental, social and governance (ESG) goals to be included in the compensation plans.

Further detail of decisions taken by the Board is provided under the Rules of Procedure available under https://ubx.io/3wt70yb

Delegation
The Board delegates the executive management of the company to the members of the Executive Committee, as further defined in the Rules of Procedure available under https://ubx.io/3wt70yb

Attendance

Member	Meetings attended
André Müller	10 of 10
Ulrich Looser	10 of 10
Karin Sonnenmoser	10 of 10
Elke Eckstein	9 of 10
Markus Borchert	10 of 10
Thomas Seiler	10 of 10

The Board generally holds an ordinary meeting every two months. The duration of each meeting is typically between 1 and 4 hours. An external consultant advised the Board of Directors at three meetings on strategic matters. Typically, all members of the Executive Committee and the general counsel (secretary) participated and informed the Board on all relevant matters.

Board evaluation
At a workshop in 2023, the Board self-evaluated its performance, its task allocation and its collaboration with the EC. Furthermore, the split of responsibilities between Board, Board committees and the EC were discussed. Consequently, amendments to the rules of procedure were proposed. The Board is in the process of reviewing and deciding on changes and role definitions. The rules of procedure will be amended accordingly in the first quarter of 2024.

Role and functioning of the Board Committees

The Board has established an Audit Committee and a Nomination, Compensation and Sustainability Committee. As of 2023, a Strategy Committee supports the Board. Committee members are selected based on the relevance of their experience. For details on committee member's expertise, see the curriculum vitae section above. Each Committee had two members in 2023. Each Committee member and its chairperson are elected by the Board with the exception of the members of the Nomination, Compensation and Sustainability Committee, which are elected by the General Meeting. Minutes of the meetings of the Committees are accessible to the Board. The Chairperson of a Committee reports on the activities of the Committee at the following meeting of the Board.

For further detail see the Rules of Procedure available under https://ubx.io/3wt70yb

Audit Committee

The members of the Audit Committee are exclusively independent, non-executive members of the Board. The Audit Committee is chaired by a member nominated by the Board. The Audit Committee's main duties include the assessment of:

- The completeness, integrity and transparency of financial statements, their compliance with applicable accounting principles and proper reporting.
- The functionality and effectiveness of external and internal control systems including risk management.
- The quality of audit services rendered by the external and internal auditors.
- Direct the implementation of cyber security measures.

The Audit Committee has no authority to take decisions but presents proposals for decision to the Board. For more detail on the activities of the Audit Committee, please consult art. 3.5.1 of the Rules of Procedure: https://ubx.io/3wt70yb

Attendance

Member	Meetings attended
Ulrich Looser	8 of 8
Karin Sonnenmoser	8 of 8

The Committee typically meets 6 times per year, every two to three months and has a monthly update call. The duration of each meeting was typically between 1 and 2 hours. No external consultants advised the Audit Committee. Customarily, the CFO, the chair of the Board and the CEO participated in an advisory capacity. The external auditors participated at two meetings.

Nomination, Compensation and Sustainability Committee
The members of the NCSC are exclusively independent, non-executive members of the Board and are elected annually at the AGM, re-appointment is admissible. The NCSC is chaired by a member nominated by the Board. The Committee supports the Board of Directors in the performance of its duties as follows:

- It prepares the personnel-related decisions to be adopted by the Board of Directors, such as the appointment and removal of members of the Board of Directors and the Executive Committee and regularly reviews the performance of the EC. For further detail see section 13.2.2 of the Remuneration Report.
- It structures the remuneration and compensation payable to members of the Board of Directors and of the Executive Committee.
- It proposes the compensation policy, the compensation report, the shareholding requirement policy and LTI program to the Board.
- The NCSC regularly reviews the approach to talent management.
- With respect to sustainability matters, the NCSC reviews the ESG policy and report, and the sustainability goals proposed by the Executive Committee. It defines targets to be achieved annually and reviews the level of achievement. It proposes compensation factors dependent on the level of achievement of ESG goals for the compensation policy.

The ESG report is available under: https://ubx.io/3T0TGde

For further information on the targets, the evaluation process and the impact on total compensation, see the compensation policy section of this report.

Succession planning
The Board, supported by the NCSC, selects members of the Board, members of Committees and of the Executive Committee under consideration of the company needs with regard to know-how, expertise and diversity.

A search for a new Board and Executive Committee member is launched typically with the support of a professional executive search company based on selection criteria defined by the NCSC – under consideration of criteria defined by the CEO, with respect to Executive Committee members – and approved by the Board.

Candidates are interviewed by the Board Chair, members of the NCSC and other Board members and, as the case may be, by the CEO and other members of the Executive Committee. The NCSC recommends a candidate to the Board and the Board decides who should be proposed for election at the general assembly.

Selection Criteria
Diversity of professional backgrounds, expertise (e. g. in the electronics industry, finance, strategic and/or geographic markets), gender, age, nationality and independence are factors taken into account when selecting a candidate. The Board aims at having a gender representation of at least 30% at Board level. Significant shareholders may be considered during the selection process, in order to better take into account shareholder views.

Independence
The independence of Board and Executive Committee members is reviewed during the selection process and ensured by the conflict-of-interest policy applicable to Board and Executive Committee members (see Rules of Procedures for detail).

The Nomination, Compensation and Sustainability Committee has no authority to take decisions. It presents proposals to the Board for approval. For more detail on the responsibilities of the NCSC, please consult art. 3.5.2 of the Rules of Procedure: https://ubx.io/3wt70yb

Attendance

Member	Meetings attended
Ulrich Looser	9 of 9
Markus Borchert	9 of 9

The Committee typically meets every 1–2 months. The duration of each meeting was typically between 90 minutes and two hours. Usually, the chair of the Board and the CEO participated in advisory capacity. Members of the Executive Committee who participate at Committee meetings do not vote on their compensation.

The NCSC may further invite auditors and external consultants as deemed appropriate. During 2023, HCM International Ltd. was mandated as an independent external expert to review the LTI scheme. HCM did not hold any further mandates with the company.

Strategy Committee
As of 2023, the Board has established a Strategy Committee. The members of the Committee are non-executive members of the Board. The Committee is chaired by a member nominated by the Board. The Strategy Committee has no authority to take decisions. It presents proposals to the Board for approval. For information on the responsibilities of the Strategy Committee, please consult art. 3.5.3 of the Rules of Procedure: https://ubx.io/3wt70yb

The Committee typically meets 6 times per year, every two to three months. The duration of each meeting was typically between 1 and 2 hours. No external consultants advised the Strategy Committee. Customarily, the Chairman, the CEO and Head Strategy participated in an advisory capacity.

Attendance

Member	Meetings attended
Thomas Seiler	6 of 6
Elke Eckstein	6 of 6

6 Information and control systems of the Board towards management

Information
The Board ensures that it receives sufficient information from the Executive Committee to perform its supervisory duty. The Board obtains the information required to perform its duties as follows:

- All Board members are also members of the Board of u-blox AG. All Executive Committee members participate in the Board meetings and each member presents a status report at each meeting.

- A monthly status report is prepared by the CEO and submitted to the Board.
- The CFO and CEO participate in each Audit Committee meeting unless otherwise requested by the chair of the audit committee.
- The CEO and the Head People participate in each Nomination, Compensation and Sustainability Committee (NCSC), as guests, unless otherwise requested by the chair of the NCSC.
- The CEO and Head Strategy participate in each Strategy Committee meeting unless otherwise requested by the chair of the strategy committee.
- The minutes of meetings are made available to all Board Members.
- The chair of the Board meets the CEO approximately every month to discuss the strategy or prepare Board meetings.

Risk management
A risk assessment plan for the group is prepared by the Executive Committee and presented to the Board on an ongoing basis. The risk assessment plan identifies the type of risks, the likelihood of the occurrence of the risk, as well as the damage that may be caused if the risk materializes.

At each Board meeting risks and a risk mitigation plan is presented by the Executive Committee. The plan enables the Board to evaluate the appropriateness of the risk management and to monitor the progress achieved in controlling or mitigating the risks.

The Executive Committee is responsible for the execution and implementation of the plan, as well as ensuring that u-blox has the right processes in place to support the early mitigation and avoidance of risks.

Corporate Security and Cybersecurity Management
The Corporate Security Management (CSM) is part of the u-blox quality organization.

CSM tasks are to ensure the protection of the company against unauthorized access to the company's operations, data and information systems. The head of CSM reports to the Executive Committee on a quarterly basis on security issues. The Executive Director Quality and Production is responsible for Corporate Security Management.

The Board is informed on the status of the actions taken by the Corporate Security Management team at least once a year in a separate agenda point. The company's operating, data and IT systems are subject to third-party security audits and security testing. u-blox is in the process of rolling out an ISO27001 certified Information Security Management System (ISMS) and conducts regular information security awareness training for all staff, with further in-depth training for specific roles.

Cybersecurity is reviewed by the audit committee. For details of the activities regarding cybersecurity, please see the ESG report under https://ubx.io/3T0TGde

Ethical conduct/Speak Up process
In order to ensure that ethical conduct is supported by employees, u-blox has implemented a speak up process since 2020 provided by an external service provider to ensure anonymity of persons (employees, suppliers, customers) who identify unethical conduct.

The compliance committee reviews the messages provided through the platform and takes appropriate action. For further detail, see the ESG report under https://ubx.io/3T0TGde

Employees can at all times address potential issues regarding breaches of u-blox's code of conduct, conflict of interest, anti-bribery policies or other breaches of regulations, laws or unethical behavior through the Speak Up channel or directly to the compliance committee. The committee consists of the Head of Legal and Head of People.

A summary of the speak up messages provided to the compliance committee in 2023 is given below:

Topic	**Number of notifications**
Product / Service complaints or information	6
Regulatory Questions	3
Employment Question/Complaint	2
Fraud	1
Sexual Harassment	0
Bribery	0
Total	**12**

The Speak Up report is submitted annually to the Audit Committee for review. The Audit Committee may ask the committee on remedial actions taken with respect to relevant breaches of regulations, the law, u-blox's code of conduct, conflict of interest or anti-bribery policies.

Improvements requests to the Speak Up platform can be provided to the compliance committee. In 2023, no such requests were made.

Furthermore, once per month, at town hall meetings, employees are given the opportunity to ask questions and express topics of concern to the Executive Committee anonymously. The Executive Committee uses this tool to obtain direct information regarding matters of general concern to employees. At the session, employees can communicate questions in writing to the Executive Committee. The questions can be read by all participants. When a question obtains support from a sufficient number of participants, the question is answered by management or postponed to the next staff information meeting, if the answer requires further investigation. Participants can ask questions or make suggestions for improvement of processes. The Executive Committee, where useful and appropriate, takes action to improve issues of concern.

Grievance mechanism
Grievances (other than those raised through the Speak Up process) raised by third parties relating to u-blox's products, operations or services are reviewed by the Legal department. The Legal department analyses the grievance and informs the CEO and the department concerned by the grievance.

Depending on the seriousness of the grievance and impact on human beings and the environment, the relevant department proposes actions to reduce the impact. Where the grievance can impact the company's reputation, the Executive Committee and in particularly serious instances, the Board of Directors, is informed and consulted.

The relevant department is responsible for the implementation of the remedial actions.

7 Management of the group

The members of the Executive Committee are:

Position	Name	Age
CEO	Stephan Zizala	51
CFO	Roland Jud	56
Production and Quality	Jean-Pierre Wyss	53
Sales and Marketing	Markus Schäfer	53
Product Centers & R&D	Andreas Thiel	55

The Executive Committee is headed by the Chief Executive Officer.

The primary functions of the Executive Committee are defined in the Rules of Procedure: https://ubx.io/3wt70yb

Management contracts
u-blox does not have management contracts with third parties. The Executive Committee members are employed by u-blox AG.

Limitations on the number of mandates outside of u-blox Group
The total cumulative number of mandates outside of the u-blox group is limited for members of the Executive Committee as defined in article 25b of the articles of association available on u-blox's website under https://ubx.io/3uEPx5u

Executive Committee

Stephan Zizala,
German

Stephan Zizala

Function at u-blox
Stephan Zizala has been appointed member of the Executive Committee of both u-blox Holding AG and u-blox AG on October 1, 2022 and CEO since January 1, 2023.

Professional background
Mr. Zizala holds a Dip.-Ing. and Dr.-Ing. degree in electrical engineering and information technology from the Technical University of Munich (TUM). Mr. Zizala joined Infineon in 2001 and held several marketing and management positions in various business units, such as microcontrollers, security ICs, and wireless baseband ICs. From 2009 to 2014, Mr. Zizala was Senior Director of the “Industrial and Multimarket Microcontroller” business segment. From 2014 to 2022, he was Senior Vice President and General Manager of the Business Line “Automotive High Power.” From 2016 to June 2023 Mr. Zizala was a member of the Supervisory Board of Schweizer Electronic AG where he served as Deputy Chairman.

Other positions or consultancy agreements
None.

Jean-Pierre Wyss,
Swiss

Jean-Pierre Wyss

Function at u-blox
Since the incorporation of u-blox Holding AG in 2007 Jean-Pierre Wyss has served as a member of the Board of Directors until the general assembly in 2023 and, until 2011, as CFO. Since 1997, he has served as a member of the Board of Directors until the general assembly in 2023, CFO (until 2011) and Executive Director Production and Quality of u-blox AG.

Professional background
Mr. Wyss holds a master's degree in electrical engineering from the Swiss Federal Institute of Technology Zurich (ETH) and a Finance for Executives diploma from INSEAD in Singapore. From 1995 to 1997 he was a research assistant and project manager at ETH. In 1997, he co-founded u-blox AG.

Other positions or consultancy agreements
Unlisted companies: Jean-Pierre Wyss is a member of the board of Ardo Medical AG, Switzerland.

Andreas Thiel

Function at u-blox
Andreas Thiel has served as Executive Vice President (R&D Hardware) of u-blox Holding AG from 2007 to 2012 and as Executive Vice President R&D Hardware of u-blox AG from 1997 to 2012. He acted as Executive Director Cellular Product Development and IC Design Services from 2012 to 2019. He heads the Product Centers and R&D since 2019.

Professional background
Mr. Thiel holds a degree in electrical engineering from Aachen University (RWTH) in Germany. From 1994 to 1997 he was a research assistant and project manager at the Swiss Federal Institute of Technology Zurich (ETH). In 1997, he co-founded u-blox AG.

Other positions or consultancy agreements
None.

Markus Schäfer,
German

Markus Schäfer

Function at u-blox
Markus Schäfer serves as Executive Director Sales and Marketing of u-blox AG since 2019.

Professional background
Mr. Schäfer holds a MSc degree in electrical engineering from Aachen University (RWTH) in Germany and an MBA from Tiffin University, USA. From 1995 to 2008 he held various marketing and sales positions at Infineon Technologies in Germany and USA. He was senior director marketing and sales for RF and power management products at NXP from 2009 to 2014.
From 2014 to 2019 he was head of sales EMEA and India for Macom Technologies in Germany.

Other positions or consultancy agreements
None.

Roland Jud,
Swiss

Roland Jud

Function at u-blox
Roland Jud has been appointed CFO of both u-blox Holding AG and u-blox AG in 2011.

Professional background
Mr. Jud holds a master's degree in economics from the University of St. Gallen (HSG), a diploma as Swiss Certified Auditor (CPA) and a diploma as Certified IFRS/ IAS Accountant. From 1992 until 1999 he was auditor and consultant at KPMG. He served as group controller and deputy CFO at Gurit-Heberlein Holding AG, Switzerland from 1999 to 2008. Thereafter, he was head of accounting, reporting and ICS at Ascom Holding AG, Switzerland until 2010. From 2010 until 2011 he held the position of CFO and member of the Executive Committee at Nexgen AG, Switzerland.

Other positions or consultancy agreements
None.

8 Shareholdings, Compensation and Loans

Ownership of u-blox shares
With regard to the compensation and shareholding programs of the members of the Board of Directors and Executive Committee, please consult the Compensation Policy and Remuneration Report.

No loans or credit facilities or post employment benefits were granted to members of the Board of Directors and Executive Committee members, except that Mr. Seiler was authorized to continue using the company car in 2023.

The articles of association define under art. 14 a) that the approval for the compensation of the Board of Directors and the Executive Committee has to be given by the general assembly: https://ubx.io/3uEPx5u

Ownership of u-blox shares
The total number of u-blox shares owned by members of the Board of Directors and the Executive Committee at December 31, 2023 (including holdings of “persons closely linked”) is shown in the Remuneration Report, page 83.

9 Shareholder rights

Each registered share entitles the holder to one vote at general meetings. Any shareholder may be represented in the shareholders’ meeting by a legal representative, a person authorized in writing by him who need not be a shareholder, or by an independent proxy. At a virtual shareholders meeting, any shareholder may attend virtually or be represented by an independent proxy. See art. 12 of the articles of association for further details https://ubx.io/3uEPx5u. According to the Swiss code of obligations, in case of a virtual shareholder’s meeting, the Board must ensure that i) the identity of a participant is established, ii) the voting results are communicated instantly, iii) each participant can propose a motion and participate in the discussion and iv) the result of a vote cannot be falsified.

As of 1.01.2023 pursuant to the modification of the Swiss code of obligations a shareholder representing at least 5% of the share capital or voting rights may convene a general assembly. As of 1.01.2023 a shareholder representing at least 0.5% of share capital or voting rights may request that an item be included in the agenda of a general meeting (see art. 699 CO).

The request for convening a meeting and/or for placing an item on the agenda must be submitted in writing to the chair of the board of directors at least 45 days ahead of the shareholders’ meeting by stating the items on the agenda and the motions to be introduced by the shareholders.

Registration as shareholder
No restrictions apply to the registration as shareholder. Persons, who acquired registered shares, will, upon application, be entered in the register of shares as shareholders with voting power, provided they expressly declare to have acquired the shares in their own name and for their own account. Only shareholders registered in the u-blox share register may exercise their voting rights.

Shareholders recorded in the share register as voting shareholders, usually 7–12 days before the date of the general meeting, are admitted to the meeting and entitled to vote. The deadline for registration is defined by the Board of Directors and published in the invitation to the general meeting and on the company's website under www.u-blox.com/en/AGM

No restriction on transfer of shares
No restrictions apply to the transfer of shares.

10 Transparency on non-financial matters

The report on non-financial matters is integrated in the sustainability report for 2023 and is prepared in accordance with Art. 964b CO. The sustainability report is available on the u-blox website under https://ubx.io/3T0TGde

11 Auditors

Duration of the mandate and term of office of the lead auditor
KPMG AG, Lucerne was re-appointed as auditor of u-blox at the annual general assembly. KPMG Lucerne has been appointed each year since incorporation of u-blox in 2007. A tender proceeding was held in 2015, after which KPMG was proposed for re-appointment to the annual general assembly. Mr. Silvan Jurt, Partner, has been acting as the lead auditor since 2019. As provided under the Swiss Code of Obligations, the lead auditor will be rotated every seven years.

Auditing fees
Total auditing fees charged by KPMG for mandatory audits of u-blox for the financial year 2023 amount to CHF 416,000 (excl. VAT).

Additional fees
Additional fees charged by KPMG during the financial year 2023 amounted to CHF 66,000 (excl. VAT) for tax advice and consulting.

Supervisory and control instruments
The auditors were present at two Audit Committee meetings in 2023. The auditors present their findings to the Board of Directors twice a year at the review of the half year and full year financial numbers. The auditors present to the Audit Committee an overview of issues found during the audit of the annual financial statement, the half year financial statement, as well as the internal control system. Once a year, the auditors present a report to the Audit Committee and the Board of Directors which identifies the status of the progress achieved on topics which were identified for improvement.

The Board of Directors monitors the work and audit results of the auditors through the Audit Committee. The Audit Committee reviews annually the performance of auditors as well as the level of the external audit fees. In its review, the Audit Committee considers the auditor's quality of service, the expenses compared to other auditing companies (every two or four years) and the fees for non-audit related services. The Audit Committee presents their recommendations regarding the quality of the auditors to the Board of Directors and recommends the re-election at the general assembly accordingly.

12 Information policy

- Agenda: the date of General Assembly, financial reports, press conferences are available at www.u-blox.com/en/Financial-calendar
  www.u-blox.com/en/full-half-year-reports
- Stock-price-sensitive information in accordance with the ad hoc publicity requirements of the Listing Rules of the SIX Swiss Exchange: www.u-blox.com/en/Ad-hoc-press-releases

Official notices are published in the Swiss Official Gazette of Commerce. Additionally, all interested parties have the possibility to directly receive from u-blox, via an e-mail distribution list, free and timely notification of publicly released information by registering here https://www.u-blox.com/en/news-subscription

General corporate information and company publications can be found on the Investor Relations section of u-blox' website: https://www.u-blox.com/en/investor-relations.

For the Investor Relations and Corporate Communications contacts, the Corporate Headquarter address and a summary of anticipated key dates in 2024 please refer to page 88 of this Annual Report.

13 Black out period

u-blox' black out (close) period policy prohibits the trade with u-blox shares and derivatives for the Executive Committee, its direct reports, board members, their spouses/husbands and persons living under the same household. The exercise and hold of options is not considered to be a trade.

The periods of trade prohibition are :

- between December 15th and until 24 hours after the public release of the annual financial results
- between March 15th and until 24 hours after the public release of quarterly revenue
- between June 15th and until 24 hours after the public release of the half year financial results
- between September 15th and until 24 hours after the public release of the quarterly revenue.

An exception can be granted with the prior written approval of the CEO or CFO or – with respect to the Executive Committee members and board members – with prior written approval of the audit committee.

In addition, a trade prohibition can be issued by the CEO or the CFO. The sale or purchase of u-blox shares or derivatives is prohibited immediately upon submission of the trade prohibition and lasts until the suspension of such interdiction by the CEO or CFO.

14 Compensation Report 2023

14.1 Letter to Shareholders

Dear Shareholders
As the Chair of the Nomination, Compensation, and Sustainability Committee, I am pleased to present the 2023 Compensation Report, which provides an overview of u-blox's compensation policy, and the compensation awarded to the Board of Directors and Executive Committee for the year under review. This report complies with Article 734ff CO as well as with the SIX Swiss Exchange's Directive on Information relating to Corporate Governance and takes into consideration the Swiss Code of Best Practice for Corporate Governance of economiesuisse.

2023 Company Performance
2023 was an eventful year for u-blox. After a record year in 2022, we reported strong results in the first half of the year, while in the second half revenue declined. All in all, in 2023, revenue reached CHF 576.9 million, adjusted EBIT stood at CHF 69.7 million, and free cash flow reached CHF 10.9 million.

Nomination, Compensation and Sustainability Committee (NCSC) Activities
The focus of the NCSC was the performance evaluation and target setting for the Executive Committee and the transformation of the Long-Term Incentive (LTI) to a Performance Share Units (PSU) program. Furthermore, talent review was a focus topic for the NCSC, as was the implementation of our ESG strategy.

Looking ahead, we will continue to regularly review our compensation approach to ensure that it promotes and rewards performance in line with the long-term interests of our shareholders and is consistent with the evolving regulatory requirements and industry standards. In this context, the STI payout in 2023 is lower than in 2022.

We value the opinions of our shareholders and other stakeholders and will continue to maintain a close dialog. At the 2024 Annual General Meeting, we will therefore seek your approval of the total maximum compensation amount for the Board of Directors for the period until the 2025 Annual General Meeting and for the Executive Committee for the financial year 2025. In addition, we will ask for your consultative vote on the 2023 Compensation Report.

Our efforts to support ESG matters were further extended, as witnessed in our Sustainability Report for 2023.

We trust that you will find this report informative.

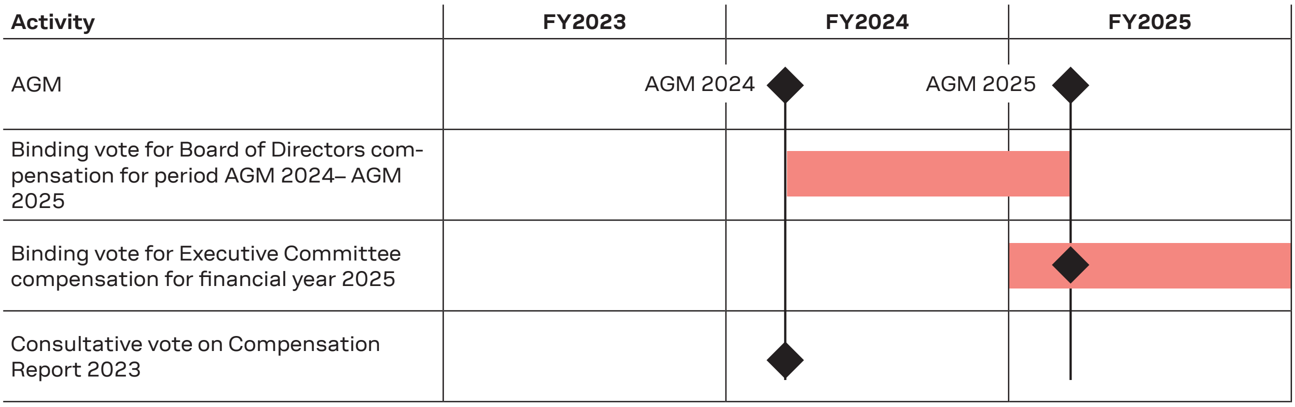
Ulrich Looser

Chair of the NCSC u-blox Holding AG

14.2 Compensation Policy

14.2.1 Governance

The governance bodies of the Company are a) the Board of Directors (“Board”), b) its committees, and c) the Executive Committee (“EC”). The Articles of Association and Rules of Procedure outline and define the roles and responsibilities of these bodies. The key points regarding compensation are summarized in the table below. For further details, see the Corporate Governance Report.



14.2.2 Annual Process and Responsibilities for Compensation of Executive Committee and Board of Directors

	Q1	Q2	Q3	Q4
Annual Performance Assessment for non-CEO EC members for previous financial year	CEO, NCSC, **BoD**			
Annual Performance Assessment for CEO for previous financial year	Chair, **BoD**			
Calculation of Variable Bonus (STI) for EC members for previous financial year	CEO*, NCSC, **BoD**			
PSU grant (LTI) proposal for EC members for previous financial year	CEO*, NCSC, **BoD**			
Maximum aggregated compensation amount of the EC for next financial year (AGM+1)	NCSC, BoD	**AGM**		
Compensation of Board of Directors for next compensation period (AGM to AGM+1)	NCSC, BoD	**AGM**		
Compensation Policy and Report for previous financial year	NCSC, BoD	**AGM****		
Annual BoD Evaluation		Chair, BoD		
Planning and guidance of ESG measures		CEO, NCSC, **BoD**		CEO, NCSC, **BoD**
Release of ESG/Sustainability Report	CEO, NCSC, **BoD**			
Annual EC and BoD Succession Planning Review		NCSC, BoD		
Compensation policy review and compensation principles for next financial year (including compensation benchmarking tri-annually)			NCSC, BoD	
Compensation plans, budget and share award plan design				CEO*, NCSC, **BoD**

* CEO is not present when discussing his compensation, ** Consultative vote
■ body which recommends, ■ body which reviews, ■ body which approves
BoD = Board of Directors, NCSC = Nomination, Compensation and Sustainability Committee, CEO = Chief Executive Officer

14.2.3 Objectives/Benchmarking

Board of Directors Compensation

The compensation policy for the Board of Directors is designed to attract and retain experienced and motivated individuals for the Board of Directors. The compensation should be competitive and in an appropriate relation to the market and ensure the Board of Director's independence in its supervisory capacity of the Executive Committee and the Company.

Executive Committee Compensation

The compensation policy for the u-blox Executive Committee is designed to achieve the following objectives:

- Competitive
  The total compensation package is competitive, enabling u-blox to attract and retain highly skilled and motivated entrepreneurial executive leaders over the long term.
- Alignment of Interests
  The form of compensation provides an incentive to achieve a sustainable increase in shareholder value, thus ensuring an alignment of interests between the Executive Committee and the long-term interests of shareholders.
- Reward Performance and Team Spirit
  The compensation system is designed to promote medium and long-term success and to foster team spirit among Executive Committee members. Compensation that is independent of performance, guaranteed or discretionary, and in particular, "pay for failure" is avoided. The achievements of Key Performance Indicators are rewarded as a team achievement.
- Fair and Transparent
  The compensation decisions are fair and transparent based on function and level of responsibility and ensuring that variable components are based on agreed and clear measurable performance metrics in line with the company's KPIs.

14.2.4 Compensation Benchmarking

The NCSC reviews the actual compensation of members of the Board of Directors and the Executive Committee annually and conducts periodic reviews of the compensation policy, levels, or structure for these bodies, respectively. Any changes resulting from these reviews are submitted to the Board of Directors for review and then for approval and decision at the AGM.

Board of Directors Benchmarking

On a regular basis, the Board of Director's compensation is reviewed for appropriateness with workload and increase in required competencies mainly driven by new regulations and shareholder expectations. The most recent review of the Board of Directors' compensation was undertaken in June 2019. The results were that the compensation of the u-blox Board of Directors was well below the median of small and mid-cap public companies in Switzerland. Specifically, the u-blox Chairman of the Board of Directors was at 50% of the median, and the other Board of Directors members' compensation was at 75% of the median. Therefore, it was proposed to increase the compensation of the Board of Directors within the following years. An increase for the chair and non-chair members of the NCSC and the AC has been made in 2022 following its approval by the 2022 AGM. A further increase for the Chairman of the Board of Directors was approved at the 2023 AGM. The next review of the Board of Director's compensation will take place in 2025.

Executive Committee Benchmarking

To assess the competitiveness of the level and structure of the compensation framework for the Executive Committee, the NCSC conducts a review on a tri-annual basis, also considering market and regulatory developments. The review is supported by external consultants. As a reference point, peer median compensation should not be exceeded.

The most recent review was conducted during the financial year 2022. To this end, Executive Committee members' total compensation was benchmarked against a peer group selected to reflect the size, geographic considerations as well as industries affiliation in a broader sense. The particular focus of this benchmarking was on the local governance landscape and compensation practices. In contrast to the broader international comparison considered in the last benchmarking, the peer group was therefore formed with companies from the Swiss Performance Index (hereinafter the "Compensation Peer Group", see table below).

Company	Business activity
MEDMIX	Health Care
BELL	Consumer Staples
LANDIS+GYR	Information Technology
HUBER+SUHNER	Industrials
TX GROUP	Communication Services
ROMANDE ENERGIE	Utilities
MEDARTIS	Health Care
BURCKHARDT	Industrials
ARBONIA	Industrials
BOBST	Industrials
AEVIS	Health Care
COSMO	Health Care
ARYZTA	Consumer Staples
MEYER BURGER	Information Technology
SWISS STEEL	Materials
KOMAX	Industrials
ZEHNDER	Industrials
RIETER	Industrials
AUTONEUM	Consumer Discretionary
VETROPACK	Materials
V-ZUG	Consumer Discretionary
JUNGFRAUBAHN	Industrials
VALORA	Consumer Discretionary
COLTENE	Health Care
GURIT	Materials
MOBILEZONE	Consumer Discretionary
APG SGA	Communication Services
ORIOR	Consumer Staples
MOLECULAR PARTNERS	Health Care
BASILEA	Health Care
METALL ZUG	Health Care

The conducted benchmark overall showed that the current target compensation level, the use of compensation elements, and the way the short-term variable compensation element is set are comparable to the market. The obtained market insights were further considered in the re-design of the long-term incentive (LTI, PSUs), including the value of the annual grant. Details on these updates are provided in the remainder of this report and the prior year's report.

14.2.5 Compensation System for the Board of Directors

14.2.5.1 Fee

To ensure the independence of the Board of Directors in its supervisory capacity of the Executive Committee and the company, members of the Board of Directors only receive a fixed compensation and do not participate in the LTI schemes, non-mandatory pension schemes, and/or performance-related pay. In addition to the base director fees, a fixed fee is paid for the positions of Chair, Committee Chair, and Committee Member. In addition, the Chair of the Board of Directors is not eligible for additional compensation for participation in committees.

For the period AGM 2023-2024, the AGM approved continuing the adjustments for the Chairman of the Board of Directors to the median of the benchmarking performed in 2019 and adding the remuneration for the newly created Strategy committee in line with other committee fees. The resulting AGM 2023 to AGM 2024 compensation breakdown was as follows:

Board compensation including social insurance	Period AGM 2023 through AGM 2024
Compensation for chair of the Board	CHF 314,000
Base Compensation for member of the Board	CHF 120,000
Additional compensation for committee chair	CHF 30,000
Additional compensation for committee members	CHF 20,000

For the period AGM 2024–through 2025, it is proposed not to change the remuneration:

Board compensation including social insurance	Period AGM 2024 through AGM 2025
Base Compensation for chair of the Board	CHF 314,000
Base Compensation for member of the Board	CHF 120,000
Additional compensation for committee chair	CHF 30,000
Additional compensation for committee members	CHF 20,000

The compensation is paid out in the form of cash only and on a pro-rata basis, twice per annum.

Actual expenses incurred are reimbursed, according to the company policy, for travel arising out of duties performed on behalf of the Board of Directors. No pension, social insurance contributions, or benefits are granted to the Board of Directors members, except where compulsory under Swiss law. Employer contributions to social insurance for Board of Directors members are included in the compensation amount.

14.2.5.2 Share Ownership Requirements

Board of Directors share ownership guidelines were introduced for the Board of Directors in 2018. This guideline stipulates that each member will acquire and hold u-blox shares equivalent to 100% of the annual Board fee. The minimum levels are to be achieved within three years, and such achievement is not altered by later share price variation. Details on the shareholding of members of the Board of Directors are provided in the Corporate Governance Report under Shareholdings, Compensation and Loans.

14.2.6 Compensation System for Executive Committee

The compensation of the Executive Committee members consists of fixed elements (including base salary, pension funds, social insurance, and other benefits) and variable elements based on performance (including short-term incentive “STI” and long-term incentive “LTI”). A greater portion of the overall compensation is dependent upon performance. However, this is capped not to incentivize excessive risk-taking or maximize short-term performance at the risk of long-term sustainable performance. Executive Committee members are not compensated for Board of Directors membership nor other executive positions held within the Group.

Illustrative overview of the compensation framework of the Executive Committee

Pay mix	Reporting year	Reporting year +1	Reporting year +2	Reporting year +3
Fixed Elements	Base salary Pension Funds Social Insurance Other Benefits			
Short-term Incentive (STI)	Performance period	Payout of STI CEO: 0–150% of base salary Other EC members: 0–100% of base salary		
Long-term Incentive (LTI)	Grant of LTI Transformed in number of PSUs		Performance period	Vesting of LTI 0–150% of number of granted PSUs

Summarized compensation elements of the Executive Committee

	Instrument	Timeframe	Performance-related	Purpose
Fixed Elements	Cash	Immediate	Not relevant	Attraction, retention
Short-term Incentive (STI)	Cash	1 year	Yes	Reward achievement of pre-determined KPIs for financial year, including but not limited to ESG goals.
Long-term Incentive (LTI)	Performance Share Units (PSUs)	3 years	Yes	Long-term commitment and reward achievement of pre-determined KPIs for three year-period, alignment of interests, foster team-spirit.

14.2.6.1 Base Salary

The base salary is the main fixed compensation component paid to the Executive Committee members. It is determined by taking into account the regular benchmarking results and considering the tasks, responsibilities, and experience relevant to the respective role. As roles and responsibilities change, the NCSC will review salaries accordingly.

14.2.6.2 Pension Funds and Social Insurance Benefits

The aim is to provide the Executive Committee members and their family members with financial coverage in case of retirement, illness, invalidity, or death in line with Swiss market practices and regulations.

The members of the Executive Committee, as all eligible employees in Switzerland, are insured against the risks of old age, death, and disability (AHV). With respect to pension benefits (amounts that give rise to pension entitlements or increase pension benefits), the employer contributes 60% of the obligatory pension scheme fees and approximately 65% of the non-obligatory private pension scheme fees.

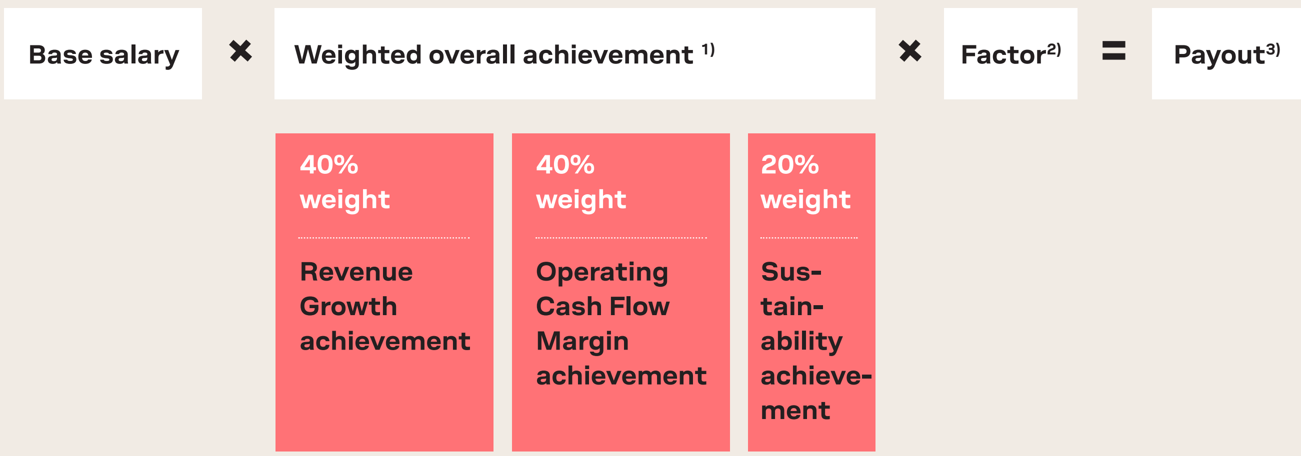
14.2.6.3 Other Benefits
None of the Executive Committee members nor the CEO are entitled to other non-cash benefits.

14.2.6.4 Short-Term Incentive (STI)
The STI is designed to reward the achievement of three Key Performance Indicators (KPIs), which reflect the interest of shareholders and focus on growth, profitability, and sustainability.

Specifically:
1) Revenue Growth,
2) Operating Cash Flow Margin, and
3) ESG (measured via several Sustainable Development Goals (SDG)).

To determine the actual payout received by participants following the financial year, the Board of Directors calculates a weighted overall achievement factor by comparing the actual results achieved to the pre-determined targets per KPI. The weighted overall achievement factor is applied to the respective base salary for each participant. For Executive Committee members other than the CEO, this weighted overall achievement factor is multiplied by a factor of 0.5.

Illustrative overview of STI framework



1) Achievement is between 0 and 1.9
2) The Factor is 1.0 for the CEO and 0.5 for other EC members
3) Payout is capped for the CEO at 150% of the base salary and for other EC members at 100%.

Notwithstanding the above, should the performance of the sum of the Revenue Growth and the Operating Cash Flow Margin be negative, no bonus would be paid, even if the ESG component were positive.

For 2023, the targets (i. e., minimum, target, and maximum performance levels) per KPI were not changed and are defined as follows:

<u>Revenue Growth (40% weight)</u>
The revenue growth target is 15%, representing 75% achievement for this KPI. The system allows for over- and underachievement whereby 0% growth results in 0% achievement, and a linear progression determines the maximum 200% achievement.

<u>Operating Cash Flow (OCF) Margin (40% weight)</u>
The ability of a company to achieve operating cash flow is strongly influenced by the sector in which it operates. Thus, the performance is viewed under consideration of the Performance Benchmarking peer group, which is defined on the basis of industry sector, but also company size and geography. The targets for OCF margin are set considering the peer group and u-blox historical performance, company guidance, and analysts' estimates. The system allows for over- and underachievement whereby 0% OCF margin results in 0% achievement, 18% results in 75% achievement, and a linear progression determines the maximum 200% achievement.

Performance Peer Group for 2023 targets

ams OSRAM
ELMOS Semiconductor
Fibocom Wireless
Impinj
Melexis
Nordic Semiconductor
Sensirion AG
Silicon Laboratories
Quectel Wireless Solutions

<u>ESG (20% weight)</u>
The company has embarked upon a comprehensive ESG assessment and will issue a Sustainability Report for the business year 2023. Each year, key initiatives that are linked to the Sustainable Development Goals are defined with corresponding quantifiable goals. These goals are proposed by the NCSC and approved by the Board of Directors. At the end of the assessment period, the NCSC evaluates the achievement of these goals (maximum 150%) as part of the STI calculation.

The quantifiable ESG goals for FY 2023 were related to the five pillars of our sustainability strategy. They are described in detail in our Sustainability Report for 2023.

Pillar		Goals (base)	Goals (optimum)
	Manage ESG	• Refine an overall ESG strategy	• Define a measurable base line for (e. g. our carbon footprint) to assess future progress
Pillar 1: **Business ethics, privacy, and data security**	Do business the right way	• Provide anti-bribery training to sales/purchasing employees	• Provide conflict of interest training to all employees
Pillar 2: **People**	Respect our people	• Refine our diversity and inclusion strategy	• One pilot diversity and inclusion initiative in place
Pillar 2: **Community**	STEM education	• Support three organizations for inspiring kids and young students to pursue education in STEM	• Support four organizations for inspiring kids and young students to pursue education in STEM
Pillar 3: **Environmental responsibility**	Protect the environment	• Measurement of CO_2 emissions of flights: “Prevent, Minimize, Offset” strategy for 2 sites (Thalwil, Berlin) • Definition of “CO_2 zero by 2050” strategy and measurement parameters	• Measurement of CO_2 emissions of flights: “Prevent, Minimize, Offset” strategy for 4 sites (+Sgonico, Malmö)
Pillar 4: **Responsibible supply chain**	Do business the right way	• Define long-term business ethics and supply chain (non-environmental) responsibility strategy for 2023-2030	• Evaluate relevant tier-1 suppliers for potential risks of ESG related topics (social, environmental, health and safety, and/or ethical risk) and, if risk identified, run 1 audit (online or on-site)

As a summary, the targets and the corresponding payouts for each of the KPIs are illustrated below:

Target description	Weight	Minimum performance	Payout	Target performance	Payout	Maximum performance
Revenue growth	40%	0%	0%	15%	75%	200%
Operating Cashflow margin	40%	0%	0%	18%	75%	200%
ESG	20%	0%	0%	100%	100%	150%

At the end of the assessment period, the NCSC evaluates the achievement of the initiatives individually and aggregates them to the overall weighted achievement factor.

This means that when achieving the target performance level, the CEO's expected payout is 80% of the base salary (40% * 75% for Revenue Growth + 40% * 75% for Operating Cashflow margin + 20% * 100% for ESG). The CEO's maximum payout is always capped at 150% of the base salary, as well as if the theoretical maximum payout as per the table above would be higher.

For the other Executive Committee members, the expected payout at target is 40% of the base salary (corresponding to the factor of 0.5 compared to the CEO), while the maximum payout is capped at 100% of the base salary.

14.2.6.5 Long Term Incentive (LTI)

After the transformation of the Stock Option plan into a Performance Share Units (PSUs)-based program for the Executive Committee members, they received the second allocation done for the fiscal year 2023.

The LTI should encourage the long-term commitment of the Executive Committee, promote alignment of long-term interests between shareholders and the Executive Committee, and foster team spirit at u-blox.

At the beginning of each three-year plan cycle, an individual LTI grant amount (CHF) is converted into a certain number of PSUs. Whereby a PSU represents a contingent entitlement to receive u-blox shares in the future subject to fulfillment of pre-defined service and performance conditions.

The individual LTI grant amounts are proposed by the NCSC, taking into account market data and internal company considerations on the proportionality of compensation, overall affordability, and dilution, and are approved by the Board of Directors for each annual grant. For the allocation made for 2023 the individual LTI amounts are not changed and corresponded to approx. 70% of the base salary for the CEO and other Executive Committee members.

The number of granted PSUs is calculated by dividing an individual LTI grant amount (CHF) by the reference price of a PSU at the time of grant. The reference price is determined using the lower average daily closing price of the u-blox share over the ten trading days prior to the grant date or the closing price on the last trading day before the grant date.

At the end of each three-year plan cycle, granted PSUs are converted into u-blox shares. The number of shares per PSU varies from 0% to 150%, depending on the achievement of predefined performance conditions. The latter is defined as the adjusted EBITDA margin and is measured as a three-year average of the annual adjusted EBITDA margin following the grant. Social contributions fall due at the vesting date.

Grant

$$\frac{\text{Individual LTI Amount}}{\text{Reference price}} = \text{Number of granted PSUs}$$

Performance consideration

Achievement Factor
3-year average EBITDA margin adjusted 0% – 150%

Realization

Number of PSUs vested in shares × Share Price at vesting = Realized Value of LTI

Management calculates EBITDA (earnings before interest, taxes, depreciation and amortization) by adding back depreciation and amortization to Operating Profit (EBIT), in each case determined in accordance with IFRS. Adjusted EBITDA excludes share-based payments, impacts based by IAS-19, amortization of intangible assets acquired, impairments and non-recurring expenses.

The minimum, target, and maximum performance levels for the adjusted EBITDA margin for each annual PSU grant are suggested by the NCSC. It takes into consideration historical company performance, ongoing business expectations, and financial goals and is approved by the Board of Directors. The Board of Directors approves the vesting level based on achievement level and number of shares to vest per PSU.

The NCSC is of the opinion that further details of executive compensation are commercially sensitive, and it would be detrimental to the interests of the Company to disclose them before the end of the relevant performance period. The performance against those measures will be disclosed after the end of the relevant financial year in that year's compensation report, subject to the sensitivity no longer remaining.

14.2.6.6 Malus and claw-back provisions

Under the LTI applicable until 2022, the malus and claw-back provisions apply to forfeit or recover payments made as bonus (STI) and under the LTI-ESOP. Such provisions cover situations where the company is required to restate its accounts due to non-compliance with financial reporting requirements under the securities laws at the time of disclosure. In such cases, the Board of Directors is empowered to recalculate the respective payout according to the restated financial results and seek reimbursement of any bonus amount or LTI-ESOP grant allocated in excess of the newly calculated amount. The claw-back clause is applicable for three years after the payment or grant of the respective compensation.

Under the LTI PSU, the malus and clawback provisions apply when the Company is required to restate its accounts due to non-compliance with financial reporting requirements at the time of disclosure or any act or failure to act that violates the law or a breach of obligations under the employment contract.

Where the Company is required to restate its accounts, the Board of Directors is empowered to recalculate the respective Achievement Factor according to the restated financial results and request the return of any u-blox Shares transferred to Participants under the Plan.

In case of an act or failure to act which violates the law or a breach of obligations under the employment contract, the Board of Directors defines the number of PSUs to be canceled and the amount or the number of u-blox Shares to be returned according to the seriousness of the violation and the damage caused to the company.

The claw-back clause is applicable for three years after the vesting of the respective PSU.

14.2.6.7 Approach to recruitment compensation

The NCSC ensures any arrangements agreed to be in the best interests of u-blox and its shareholders and aims to pay no more than necessary to secure the right candidate. Where considered appropriate, an external candidate may be compensated for compensation arrangements forfeited on leaving a previous employer. In doing so, relevant factors, including any performance conditions attached to these awards, the form in which it was to be paid, and the timeframe of awards, are considered. Buyout awards would be awarded on a 'like for like' basis compared to compensation being forfeited and would be capped to reflect the value being forfeited. The maximum level of variable pay, which could be awarded to a new Executive Committee member, excluding any buyouts, would be in line with the policy set out. If an Executive Committee member is appointed following u-blox's acquisition of, or merger with, another company, legacy terms and conditions may be honored.

Stephan Zizala will be granted 1,008 PSU calculated according to the 2023 PSU plan, multiplied by a factor of 0.3 to compensate for the loss of accrued shares upon leaving his previous employer.

14.2.6.8 Employment contracts

The employment contracts of the Executive Committee members have a six-month notice period. The contracts do not contain a clause relating to change of control. Executive Committee members may be subject to non-compete provisions upon termination of their employment contract, which will not exceed 12 months after the termination date. If an Executive Committee member terminates the employment contract, the company may trigger the non-compete obligation in exchange for a fee limited to 50% of the Executive Committee member's annual cash compensation. Regarding the LTI, Executive Committee members or any participants are not entitled to any contractual joining or severance payments or special change of control provisions, except for the early vesting of the long-term compensation plan as explained in the plan regulations.

14.2.6.9 Loans

No guarantees or loans are granted to members of the Board of Directors or the Executive Committee.

14.2.6.10 Share Ownership Requirements

Executive Committee members are required to acquire and hold u-blox shares equivalent to 250% of the base salary for the CEO and 200% for the other Executive Committee members. To fulfill the individual Shareholding Requirements, each member of the Executive Committee is granted a four-year build-up period. Executive Committee members need to fulfil their Shareholding requirement within four years after the date of entry at u-blox.

An Executive Committee member's shareholdings for the purpose of this regulation shall include shares owned and PSU awards granted under the LTI. Upon completion of the build-up period, an achievement will not be altered by a later share price variation. Details on the shareholding of Executive Committee members are provided in the Corporate Governance Report under the section Shareholdings.

14.2.6.11 Previous Compensation approach Long Term Incentive Stock Option Plan
Until 2022, the LTI was referred to as the Stock Option Plan (LTI-ESOP) and grants were made in the form of Stock Options.

The Long-Term Incentive Stock Option Plan focused on EBITDA margins. To ensure the long-term component, the grant was based on the achieved historic three-year average adjusted EBITDA margin relative to a target. The plan includes a defined maximum allocation and a minimum performance threshold below which no allocations are made.

The exercise price is defined as the lower of
i. the volume-weighted average share price on the SIX Swiss Exchange during the 30 trading days preceding the grant date and
ii. the closing share price at the SIX Swiss Exchange on the last trading day before the grant date.

14.3 Remuneration Report 2023

14.3.1 Compensation awarded to the Board of Directors

The total amount of compensation of the Board for the election period 2023/2024 was increased from 2022/2023 as approved by the AGM (for more details, see Compensation Report 13.2.5.1). The total compensation stayed within the limits as approved by the AGM (CHF 1,200,000) for the period AGM 2023 to AGM 2024.

Compensation for the members of the Board for fiscal year 2023[1]

	Fee CHF	Other Benefits CHF	Pension and Social insurance funds[3] CHF	Total CompensationCHF
André Müller (Chairman BoD)	271,373	0	17,371	288,744
Ulrich Looser (Chair NCSC, member AC)	152,982	0	9,792	162,774
Markus Borchert (Member NCSC)	121,069	0	7,750	128,819
Karin Sonnenmoser (Member AC)	151,838	0	11,349	163,187
Elke Eckstein (Member SC)	137,175	0	10,289	147,464
Thomas Seiler[4)] (Chair SC)	145,000	9,979[2]	31,770	186,749
Total	**979,437**	**9,979**	**88,321**	**1,077,737**

1) The compensation is shown for fiscal year 2023, whereas the approved budget covers the period AGM 2023 to AGM 2024
2) Company car
3) Mandatory social insurance
4) Total compensation also includes the amounts received under the part-time working contract agreement with u-blox AG

Compensation for the members of the Board for fiscal year 2022[1]

	Fee CHF	Social insurance[2] CHF	Total Compensation CHF
André Müller (Chairman BoD and Chair AC)	205,266	12,140	217,406
Ulrich Looser (Chair NCSC)	131,267	8,094	139,361
Markus Borchert (Member NCSC)	121,700	7,839	129,539
Karin Sonnenmoser[3)] (Member AC)	14,252	1,029	15,281
Elke Eckstein[3)]	12,216	887	13,103
Annette Rinck[4)] (Member AC)	35,000	2,254	37,254
Gina Domanig[4)] (Chair NCSC)	38,333	2,891	41,224
Thomas Seiler	0	0	0
Jean-Pierre Wyss	0	0	0
Total	**558,034**	**35,134**	**593,168**

1) The compensation is shown for fiscal year 2022, whereas the approved budget covers the period AGM 2022 to AGM 2023.
2) Mandatory social insurance.
3) Elected at EGM 21 November 2022
4) Resigned at AGM 2022

14.3.2 Compensation awarded to the Executive Committee

14.3.2.1 Compensation Overview

The total amount of compensation of the member of the Executive Committee during financial year 2023 corresponds to CHF 4,246 thousand (prior year: CHF 5,956 thousand). The total compensation stayed within the limits for the fiscal year 2023 as approved by the shareholder meeting (CHF 7,500 thousand).

Compensation for the members of the Executive Committee for fiscal year 2023

	Base Salary	STI[2]	LTI[3] (PSU)	LTI[3] (PSU)	LTI[6] (PSU)	LTI[6] (PSU)	Pension and Social insurance funds[4]	Other benefits[5]	Total Compensation
	CHF	CHF	CHF	units	CHF	units	CHF	CHF	CHF
Stephan Zizala, CEO	491,599	149,342	335,764	3,361	100,699	1,008	155,230		1,232,634
Jean-Pierre Wyss	337,382	51,246	232,467	2,327			143,659	8,400	773,154
Andreas Thiel	337,382	51,246	232,467	2,327			133,798		754,893
Roland Jud[1]	328,948	49,965	226,673	2,269			130,805		736,391
Markus Schäfer	337,382	51,246	232,467	2,327			128,216		749,311
Total	**1,832,693**	**353,045**	**1,259,838**	**12,611**	**100,699**	**1,008**	**691,708**	**8,400**	**4,246,383**

1) Roland Jud has a 97.5% working time contract.
2) STI to be paid out in 2024 for performance of 2023.
3) PSU granted in 2024 for performance of 2023. The value of the PSU at grant date is CHF 99.90 per PSU. Vesting date: after result publication in March 2027
4) Mandatory social insurance paid on the base salary, bonus and on the value of options or PSUs when granted.
5) Child and education allowance
6) Additional PSU granted as startup remuneration in compensation for lost shares from former employer. The value of 1,008 PSU at grant date is CHF 99.90 per PSU. Vesting date: after result publication in March 2027.

Compensation paid to the members of the Executive Committee for fiscal year 2022
The total compensation stayed within the limits as approved by the shareholder meeting (CHF 7,000 thousand).

	Base Salary	STI[2]	LTI[3] (PSU)	LTI[3] (PSU)	LTI[6] (Options)	LTI[6] (Options)	Pension and Social insurance funds[4]	Other benefits[5]	Total Compensation
	CHF	CHF	CHF	units	CHF	units	CHF	CHF	CHF
Thomas Seiler, CEO	486,090	658,844	324,980	2,949	0	0	232,937	10,778	1,713,629
Jean-Pierre Wyss	331,425	224,606	225,028	2,042	0	0	137,887	10,600	929,546
Andreas Thiel	331,425	224,606	225,028	2,042	0	0	141,597	2,500	925,156
Roland Jud[1]	323,139	218,991	219,408	1,991	0	0	136,117	0	897,655
Markus Schäfer	331,425	224,606	225,028	2,042	0	0	111,573	0	892,632
Stephan Zizala[7]	122,900	166,578	81,217	737	182,550	9,500	44,273	0	597,518
Total		**1,718,231**	**1,300,689**	**11,803**	**182,550**	**9,500**	**804,384**	**23,878**	**5,956,136**

1) Roland Jud has a 97.5% working time contract.
2) STI paid out in 2023 for performance of 2022.
3) PSU granted in 2023 for performance of 2022. The fair value of the PSU at grant date is CHF 110.20 per PSU. Vesting date: after result publication in March 2026.
4) Mandatory social insurance paid on the base salary, bonus and on the fair value of options or PSUs when granted.
5) Company car, seniority premium and child and education allowance.
6) Options granted as startup remuneration in compensation for lost shares. The fair values of 3,500 granted options is CHF 21.54 per option at grant date January 1, 2022; Strike price: CHF 69.25; Vesting date: January 1, 2025; Expiry date: January 1, 2028 6,000 granted options is CHF 17.86 per options at grant date January 1, 2021; Strike price: CHF 58.85; Vesting date: January 1, 2024; Expiry date: January 1, 2027.
7) Mr. Zizala joined 1 October 2022 and takes over the CEO role from Mr. Seiler January 1, 2023.

14.3.2.2 Base Salary
The base salaries did not increase during 2023 other than for inflation adjustments.

14.3.2.3 Short-Term Incentive (STI)
The STI approach remained the same for 2023.

CEO:
The target STI, i. e., the expected payout to be received if the pre-defined targets of the KPIs are met, equals 80% of the base salary for the CEO. For 2023, the achievement of the CEO amounted to 30.4% of the base salary.

Compared to 2022, for the CEO, the bonus amount has decreased due to the slowdown of the business, resulting in negative revenue growth and a reduced operating cashflow margin.

Input data	
Revenue growth rate	–7.5%
Operating cashflow margin	10.3%
ESG (as per 2023 sustainability report)	141.7%
Output	
Bonus rate	30.4%

Other EC members:
The target STI, i. e., the expected payout be received if the pre-defined targets of the KPIs are met, equals 40% of the base salary for the other EC members. For 2023, the achievement of the other EC members amounted to 15.2% of the base salary.

Compared to 2022, the bonus amount has decreased due to the slowdown of the business, resulting in negative revenue growth and a reduced operating cash flow margin.

Input data	
Revenue growth rate	–7.5%
Operating cashflow margin	10.3%
ESG (as per 2022 sustainability report)	141.7%
Output	
Bonus rate	15.2%

14.3.2.4 Long Term Incentive (LTI)
The value of the individual LTI grant in CHF amounts to 88.8% of the base salary for the CEO (thereof 20.5% belongs to the one-time startup remuneration in compensation for lost shares from former employer) and 68.9% of the base salary for other EC members. As this is the second year the new LTI has been granted, there is no vesting information so far. Information will be disclosed upon completion of the first vesting.

14.3.2.5 Compensation Ratios
The CEO's variable to fixed ratio (considering base salary, STI at target and LTI at grant level) amounts to 1.7 at target and 1.0 for actual performance during 2023.

For other EC members, the variable to fixed ratio results in 1.1 at target and 0.8 considering actual performance achieved during 2023.

14.3.3 Additional fees, compensation, guarantees and loans
No additional fee or compensation was paid to the members or former members of the Board or EC in 2023.

No guarantees or loans were granted by a group company to the members of the Board or EC or were outstanding on December 31, 2023.

14.3.4 Compensation to persons closely linked
No compensation, fees, or loans were paid, respectively granted, to persons closely linked to members of the Board or Executive Committee in 2023. Persons closely linked are defined as (i) a spouse or partner, (ii) children, (iii) any legal entities that they own or otherwise control, or (iv) any legal or natural person who is acting as their fiduciary.

14.3.5 Shareholdings
14.3.5.1 Ownership of u-blox shares
The total number of u-blox shares owned by members of the Board of Directors and the Executive Committee at December 31, 2023 (including holdings of "persons closely linked"*) is shown in the tables below.

Members of the Board

	Number of shares
André Müller	3,330
Ulrich Looser	2,330
Thomas Seiler	150,341
Markus Borchert	1,520
Karin Sonnenmoser	1,950
Elke Eckstein	220

Executive Committee

	Number of shares
Stephan Zizala	2,700
Andreas Thiel	40,510
Jean-Pierre Wyss	23,574
Roland Jud	9,527
Markus Schäfer	2,712

* "Persons closely linked" are (i) their spouse, (ii) their children below age 18, (iii) any legal entities that they own or otherwise control, or (iv) any legal or natural person who is acting as their fiduciary."

14.3.5.2 Ownership of u-blox options and PSUs

The total number of u-blox options owned by members of the Executive Committee and a former member of the Executive Committee at December 31, 2023 is shown in the table below.

Executive Committee	Number of vested Options[1]	Number of non vested Options[2]	Number of non vested PSU[3]
Stephan Zizala	0	9,500	737
Andreas Thiel	18,316	7,585	2,042
Jean-Pierre Wyss	6,829	7,585	2,042
Roland Jud	12,651	7,396	1,991
Markus Schäfer	1,000	7,585	2,042
Board of Directors			
Thomas Seiler[4]	6,829	7,585	2,949

1) Stock option grants in 2018, 2019, 2020.
2) Stock option grants in 2021, 2022.
3) Performance Share Unit (PSU) grants in 2023.
4) Stock options and PSUs granted when Mr. Seiler was a member of the Executive Committee.

With respect to options, the exercise price is the lower amount of a) the volume-weighted average share price on the SIX Swiss Exchange during the 30 trading days preceding the grant date and b) the closing share price at the SIX Swiss Exchange on the last trading day before the grant date.

The exercise price, vesting period, duration and subscription ratio of each option plan and the grant conditions and vesting periods of PSUs are mentioned in section 3 of the Corporate Governance Report (Capital structure).

14.3.6 External mandates of the members of the Board of Directors and the Executive Committee
In accordance with Article 734e OR, the following table sets out the external mandates that members of the Board of Directors and the Executive Committee hold in comparable functions at other companies with an economic purpose within the meaning of Article 626 paragraph 2 cipher 1 OR:

Member of the Board of Directors	Company name	Function
André Müller	H2 Energy Holding AG	Board member
	DW Holding AG (Switzerland)	Board member
	Dispenser Holding AG (Switzerland)	Board member
	Bangerter Microtechnik AG (Switzerland)	Board member
Ulrich Looser	BLR Partners	Chairman
	Kardex	Vice chairman, Chair NCC
	LEM	Vice chairman, Chair NCC, AC member
	Geistlich Holding AG, Schlieren	Board member
	Fostag Formenbau AG	Board member
	Balgrist Beteiligungs AG	Board memeber
	Bachofen Holding AG, Uster	Chairman
Markus Borchert	TD Tech Ltd.	Chairman
	RFS Radio Frequency Systems	Advisory board member
Karin Sonnenmoser	LSG Group, Neu-Isenburg, Germany	CFO
	Innio Jenbacher GmbH&Co. OG/AI Alpine (Luxemburg)	Independent senior advisor
Elke Eckstein	Jenoptik (Germany)	Board member
	BE Semiconductor (Netherlands)	Board member
	KK Wind (Denmark)	Board member
	Saferoad (Norway)	Board member
	Viacon (Sweden)	Board member
Thomas Seiler	BLR Partners	Managing partner
	Leitwert AG	Chairman
	RAAAM Memory Technologies Ltd.	Chairman
	Alantar S. A.	Chairman

Member of the Executive Committee	Company name	Function
Jean-Pierre Wyss	Ardo Medical AG	Board member

Report of the statutory auditor

To the General Meeting of u-blox Holding AG, Thalwil

Report on the Audit of the Remuneration Report

Opinion

We have audited the Remuneration Report of u-blox Holding AG (the Company) for the year ended December 31, 2023. The audit was limited to the information pursuant to Art. 734a-734f of the Swiss Code of Obligations (CO) in chapters 14.3.1, 14.3.2.1, 14.3.3, 14.3.4, 14.3.5 and 14.3.6 on pages 80 to 85 of the Remuneration Report.

In our opinion, the information pursuant to Art. 734a-734f CO in the accompanying Remuneration Report complies with Swiss law and the Company's articles of incorporation.

Basis for Opinion

We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the "Auditor's Responsibilities for the Audit of the Remuneration Report" section of our report. We are independent of the Company in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Other Information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the tables marked "audited" in the Remuneration Report, the consolidated financial statements, the stand-alone financial statements and our auditor's reports thereon.

Our opinion on the Remuneration Report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Remuneration Report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the audited financial information in the Remuneration Report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Board of Directors' Responsibilities for the Remuneration Report

The Board of Directors is responsible for the preparation of a Remuneration Report in accordance with the provisions of Swiss law and the Company's articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of a Remuneration Report that is free from material misstatement, whether due to fraud or error. The Board of Directors is also responsible for designing the remuneration system and defining individual remuneration packages.

Auditor’s Responsibilities for the Audit of the Remuneration Report

Our objectives are to obtain reasonable assurance about whether the information pursuant to Art. 734a-734f CO is free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and SA-CH will always detect a material misstatement when it exists. 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 this Remuneration Report.

As part of an audit in accordance with Swiss law and SA-CH, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the Remuneration Report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain 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.
- Obtain 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.

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

We also provide the Board of Directors or its relevant committee 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, actions taken to eliminate threats or safeguards applied.

KPMG AG

Silvan Jurt Licensed Audit Expert Auditor in Charge	Raphael Gähwiler Licensed Audit Expert

Lucerne, March 5, 2024

Information for Investors and Media andInvestors

u-blox Holding AG	Ticker details for u-blox shares	
	• Listing	SIX Swiss Exchange
	• Ticker symbol	UBXN
	• ISIN-No.	CH0033361673
	• Swiss Security-No.	3336167
	• Reuters	UBXN.S
	• Bloomberg	UBXN:SW

Corporate address

u-blox Holding AG
Zürcherstrasse 68
8800 Thalwil
Switzerland
Phone +41 44 722 74 44
Fax +41 44 722 74 47

Investor relations contact

Rafael Duarte
Phone: +41 43 547 06 93
E-mail: rafael.duarte@u-blox.com

Media contact

Natacha Seitz
Phone: +41 76 436 07 88
E-mail: natacha.seitz@u-blox.com

Sustainability contact

Gitte Jensen
Phone: +41 44 722 74 86
E-mail: gitte.jensen@u-blox.com

Website

www.u-blox.com

Financial calendar	• Annual General Meeting	April 18, 2024
	• Q1 2024 trading update	April 24, 2024
	• Half-year 2024 results	August 7, 2024
	• 9M 2024 trading update	October 23, 2024

Financial Report 2023

Management Discussion & Analysis

u-blox reported resilient results in 2023:

- Revenue of CHF 576.9 million
- EBIT (adjusted) of CHF 69.7 million
- EBITDA (adjusted) of CHF 112.4 million
- Free cash flow of CHF 10.9 million

Revenue
Revenue on a constant FX rates basis declined by –2.7% in 2023. Measured in Swiss Francs, it reached CHF 576.9 million in 2023, from CHF 623.9 million in 2022, representing a decline of –7.5% year-on-year. Foreign currency exchange rates negatively affected revenue by –4.8%, mainly from the strengthening of the Swiss Franc versus the US Dollar.

Revenue by region

- Asia Pacific: revenue in 2023 grew by 11.1% to CHF 272.3 million from CHF 245.0 million in the same period last year, mainly driven by significant demand from a healthcare customer.

- EMEA: in 2023 revenue amounted to CHF 173.3 million, down from CHF 176.0 million one year earlier (-1.5%) primarily due to a decline in the Industrial segment partially compensated by growth in Automotive.

- Americas: revenue in 2023 reached CHF 131.3 million compared to CHF 202.9 million in 2022 (-35.3%). The negative performance was mostly driven by the Industrial segment, which includes Healthcare, as a combination of overstocking and demand reduction.

Revenue by market

- Automotive: 2023 revenue decreased by –4.7% to CHF 169.2 million from CHF 177.5 million in 2022, mainly driven by a slowdown in demand in North America and Japan.

- Industrial: 2023 revenue decreased to CHF 385.8 million from CHF 392.4 million in 2022 (-1.7%). The significant demand from a healthcare customer was partially compensated by a combination of overstocking and demand reduction in North America.

- Consumer / Others: 2023 revenue amounted to CHF 21.9 million after CHF 53.9 million in 2022 (-59.4%) primarily due to the decline in consumer demand since mid-2022.

Gross Profit
Gross profit (adjusted) reached CHF 254.3 million in 2023 from CHF 307.2 million in 2022. The respective gross profit margin (adjusted) reached 44.1% in 2023 from 49.2% one year earlier. The good performance in Cellular, with revenue growth and gross margin expansion, generated a negative mix effect, which explains most of the decline of the gross margin at Group level.

Research and Development expenses
R&D expenses (adjusted) grew by 10.5% in 2023 to CHF 117.4 million, compared to CHF 106.3 million in 2022. As a percentage of revenue, it increased to 20.4% in 2023 from 17.0% in 2022.

Cash R&D expenses (excluding amortization and adding back capitalization) grew less, +4.3% to CHF 129.1 million in 2023, from CHF 123.8 million in 2022. As a percentage of revenue, it increased to 22.4% in 2023 from 19.8% in 2022, mainly due to newly hired R&D staff in 2023.

Sales, General and Administration (SG&A) expenses
SG&A expenses (adjusted) declined by 3.5% to CHF 67.2 million in 2023 (CHF 69.6 million in 2022), a consequence of lower sales bonus payments and cost discipline in the period. As a percentage of revenues, SG&A (adjusted) reached 11.6% in 2023, from 11.2% in the prior year.

Operating Profit (EBIT)
EBIT (adjusted) reached CHF 69.7 million in 2023, lower than in 2022 (CHF 131.3 million). Accordingly, the adjusted EBIT margin decreased to 12.1% in 2023 as compared to 21.0% in 2022.

Adjusted operating profit before depreciation and amortization (EBITDA adjusted) amounted to CHF 112.4 million (2022: 169.9 million), a decline of 33.8% in 2023. The respective EBITDA margin (adjusted) reached 19.5% in 2023, from 27.2% in 2022.

Financial Results
Net finance results (adjusted) in 2023 amounted to CHF –8.7 million from CHF –1.5 million in 2022. Excluding FX effects, net finance costs (adjusted) in 2023 were practically nil.

FX results of CHF –9.0 million in 2023 (realized: CHF 3.2 million; unrealized: CHF –12.2 million) compared to nil in the same period last year (realized: CHF +4.2 million; unrealized: CHF –4.2 million).

Net Profit
Net profit (adjusted) reached CHF 51.1 million as compared to CHF 109.0 million in the prior year period. Diluted EPS (adjusted) in 2023 amounted to CHF 7.01 per share compared to CHF 15.36 per share in 2022.

Cash Flow
Change in net working capital was CHF –45.9 million in 2023 vs. CHF –58.2 million in 2022. Working capital improved significantly in the second half of the year, with a cash release of about CHF 20 million, driven by lower receivables and inventory levels.

Income tax paid was CHF –6.0 million in 2023, from CHF +4.9 million received in 2022. Capex in absolute terms of CHF 48.3 million in 2023 compares to CHF 51.2 million in 2022. As a percentage of revenue, Capex was slightly higher in 2023 (8.4%) versus 8.2% in 2022.

As a result, Free cash flow reached CHF 10.9 million in 2023 compared to CHF 66.2 million in the prior year.

Balance Sheet and Financing
During 2023, u-blox recognized CHF 65.4 million of impairment losses on intangible assets. The impairment was due to the decision to discontinue the future cellular chipset development. The impairment charge in 2023 was recognized in ‘Research and development expenses’ and relates to intangible assets in ‘Intellectual property rights / acquired technology’ and ‘Capitalized development costs’.

u-blox’s net cash position on December 31, 2023 stood at CHF 86.2 million after a dividend payment of CHF 14.2 million versus CHF 77.8 million on December 31, 2022.

Based on the Company’s solid net cash position, the Board of Directors will propose at the Annual General Meeting the payment of a dividend in the form of a par value reduction in the amount of CHF 1.00 per share in 2024.

Early in 2024, u-blox strengthened its financing and secured liquidity for the near future, by signing a new CHF 140 million credit facility with a three to five-year duration from a syndicate of banks led by Zürcher Kantonalbank.

Alternative Performance Measures

In this annual report and other forms of communication, u-blox uses key performance indicators (KPIs) which are not defined by IFRS, and are defined as alternative performance measures. u-blox believes that those KPIs enhance the understanding of the company's performance. The main alternative performance measures used by u-blox are defined and/or reconciled below.

Adjusted Income Statement

The following table reconciles the Income Statement according to IFRS and Adjusted figures: The adjustments are impacts of share-based payments, pension calculation according to IAS-19, non-recurring expenses, amortization and impairment of intangible assets acquired.

in CHF 1,000	2023 (IFRS)	2023 in %	adjustments	2023 (adjusted)	2023 in %	2022 (adjusted)	2022 in %
Revenue	**576,910**	100.0		**576,910**	100.0	**623,852**	100
Cost of sales	–323,021	–56.0	375	–322,646	–55.9	–316,701	–50.8
Gross Profit	**253,889**	44.0	**375**	**254,264**	44.1	**307,151**	49.2
Distribution and marketing expenses	–41,025	–7.1	1,055	–39,970	–6.9	–43,566	–7.0
Research and development expenses	–188,134	–32.6	70,720	–117,414	–20.4	–106,281	–17.0
General and administrative expenses	–29,957	–5.2	918	–29,039	–5.0	–28,003	–4.5
Other income	1,839	0.3		1,839	0.3	1,975	0.3
Operating (loss) / profit (EBIT)	**–3,388**	–0.6	**73,068**	**69,680**	12.1	**131,276**	21.0
Finance income	2,203	0.4		2,203	0.4	561	0.1
Finance costs	–11,125	–1.9	186	–10,939	–1.9	–2,075	–0.3
Share of loss of equity-accounted investees, net of taxes	–199	–0.0		–199	–0.0	–119	–0.0
(Loss) / profit before income tax (EBT)	**–12,509**	–2.2	**73,254**	**60,745**	10.5	**129,643**	20.8
Income tax benefit / (expense)	3,878	0.7	–13,513	–9,635	–1.7	–20,598	–3.4
Net (loss) / profit	**–8,631**	–1.5	**59,741**	**51,110**	8.9	**109,045**	17.5
Earnings per share in CHF	–1.21			7.17		15.65	
Diluted earnings per share in CHF	–1.21			7.01		15.36	

Sales, General and Administration (SG&A) expenses (adjusted)

The following table reconciles Sales, General and Administration (SG&A) expenses (adjusted) from the Adjusted Income Statement:

in CHF 1,000	2023	2022
Distribution and marketing expenses (adjusted)	–39,970	–43,566
General and administrative expenses (adjusted)	–29,039	–28,003
Other income	1,839	1,975
SG&A expenses (adjusted)	**–67,170**	**–69,594**

Earning before Interest, Taxes, Depreciation and Amortization (EBITDA) adjusted

The following table reconciles Earning before Interest, Taxes, Depreciation and Amortization (EBITDA) adjusted from the Adjusted Income Statement:

in CHF 1,000	2023	2022
Operating Profit (EBIT) (adjusted)	69,680	131,276
Depreciation, amortization and impairment (adjusted)	42,743	38,654
EBITDA (adjusted)	**112,423**	**169,930**

Cash Research and Development expenses (adjusted)

The following table reconcilies Cash Research and Development expenses (adjusted) from the Adjusted Income Statement and Consolidated Statement of Cash Flows.

u-blox capitalizes parts of its investments in R&D. Thus, the R&D expenses recorded in the Income Statements excludes the portion that is capitalized, and includes the amortization of the capitalized assets.

u-blox believes that Cash R&D expenses (adjusted) reflects better the economical investment made by the company in this area.

in CHF 1,000	2023	2022
Research and development expenses (adjusted)	–117,414	–106,281
Amortization (adjusted)	29,381	24,388
Capitalized development costs	–41,088	–41,921
Cash Research and Development expenses (adjusted)	**–129,121**	**–123,814**

Change in Net Working Capital

The following table reconcilies Change in Net Working Capital from the Consolidated Statement of Cash Flows:

in CHF 1,000	2023	2022
Change in trade and other receivables and prepaid expenses	–17,888	–18,173
Change in inventories	13,892	–86,526
Change in trade and other payables and accrued expenses	–41,887	46,509
Change in Net Working Capital	**–45,884**	**–58,189**

Free Cash Flow

The following table reconcilies Free Cash Flow from the Consolidated Statement of Cash Flows:

in CHF 1,000	2023	2022
Net cash generated from operating activities	59,172	117,319
Net cash used in investing activities	–48,313	–51,150
Free cash flow	**10,860**	**66,168**

Net Cash

The following table reconcilies Net Cash from the Consolidated Statement of Financial Position:

in CHF 1,000	December 31, 2023	December 31, 2022
Cash and cash equivalents	126,884	137,746
Financial liabilities	–40,698	–59,969
Net Cash	**86,186**	**77,777**

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Financial statements u-blox Holding AG

Consolidated statement of financial position

in CHF 1,000	Note	December 31, 2023	December 31, 2022
Assets			
Current assets			
Cash and cash equivalents	6	126,884	137,746
Trade accounts receivable	7	84,000	65,370
Other receivables		10,643	10,657
Current tax assets		3,008	2,150
Inventories	8	96,954	117,972
Prepaid expenses		17,294	18,413
Derivative financial assets		0	45
Total current assets		**338,783**	**352,353**
Non-current assets			
Property, plant and equipment	9	12,849	12,627
Right-of-use assets	26	30,595	34,021
Goodwill	10	52,693	55,616
Intangible assets	10	147,118	203,455
Other financial assets		1,696	1,658
Equity-accounted investees	11	474	582
Deferred tax assets	23	8,898	8,312
Total non-current assets		**254,323**	**316,271**
Total assets		**593,106**	**668,624**
Liabilities and equity			
Current liabilities			
Trade accounts payable	12	31,367	60,680
Other payables		14,566	12,593
Provisions	15	3,783	0
Lease liabilities	26	5,041	5,545
Current tax liabilities		5,267	7,190
Accrued expenses	13	26,669	44,131
Financial liabilities	14	40,698	59,969
Total current liabilities		**127,391**	**190,108**
Non-current liabilities			
Other payables		4,109	4,157
Provisions	15	12,364	10,432
Pension liabilities	16	14,800	10,917
Lease liabilities	26	26,838	29,536
Deferred tax liabilities	23	5,744	11,476
Total non-current liabilities		**63,855**	**66,518**
Total liabilities		**191,246**	**256,626**
Shareholders’ equity			
Share capital	17	83,592	96,842
Share premium	17	32,922	23,180
Treasury shares		–3,521	–27,708
Cumulative translation differences		–37,051	–27,838
Retained earnings		325,918	347,522
Total equity		**401,860**	**411,998**
Total liabilities and equity		**593,106**	**668,624**

These consolidated financial statements should be read in conjunction with the accompanying Notes.

Consolidated income statement

in CHF 1,000	Note	2023	2022
Revenue	**5**	**576,910**	**623,852**
Cost of sales		–323,021	–317,088
Gross profit		**253,889**	**306,764**
Distribution and marketing expenses		–41,025	–44,906
Research and development expenses	20	–188,134	–111,566
General and administrative expenses		–29,957	–30,490
Other income		1,839	1,975
Operating (loss) / profit (EBIT)		**–3,388**	**121,777**
Finance income	22	2,203	561
Finance costs	22	–11,125	–2,075
Share of loss of equity-accounted investees, net of taxes	11	–199	–119
(Loss) / profit before income tax (EBT)		**–12,509**	**120,144**
Income tax benefit / (expense)	23	3,878	–18,372
Net (loss) / profit		**–8,631**	**101,772**
Basic earnings per share (in CHF)	18	–1.21	14.60
Diluted earnings per share (in CHF)	18	–1.21	14.34

Consolidated statement of comprehensive income

in CHF 1,000	Note	2023	2022
Net (loss) / profit		**-8,631**	**101,772**
Other comprehensive income			
Remeasurements on pension liabilities	16	–3,380	11,745
Income tax benefit / (expense) on remeasurements on pension liabilities	23	612	–2,182
Items that will not be reclassified to income statement		**–2,768**	**9,564**
Currency translation differences		–9,213	–5,118
Items that are or may be reclassified subsequently to income statement		**–9,213**	**–5,118**
Other comprehensive income, net of taxes		**–11,981**	**4,445**
Total comprehensive income		**–20,612**	**106,218**

These consolidated financial statements should be read in conjunction with the accompanying Notes.

Consolidated statement of changes in equity

in CHF 1,000	Note	Share capital	Share premium	Treasury shares	Cumulative translation differences	Retained earnings	Total equity
Balance at January 1, 2022		**105,300**	**16,600**	**–31,924**	**–22,720**	**234,752**	**302,008**
Net profit for the period		0	0	0	0	101,772	101,772
Other comprehensive income for the period, net of taxes		0	0	0	–5,118	9,564	4,445
Total comprehensive income		**0**	**0**	**0**	**–5,118**	**111,336**	**106,218**
Share-based payments[1]	19, 23	0	0	0	0	6,513	6,513
Decrease in par value	17	–9,249	0	202	0	0	–9,047
Options exercised during the year, net of transaction costs	17, 19	791	6,580	4,013	0	–5,079	6,306
Total transactions with equity holders of the parent		**–8,458**	**6,580**	**4,216**	**0**	**1,434**	**3,772**
Balance at December 31, 2022		**96,842**	**23,180**	**–27,708**	**–27,838**	**347,522**	**411,998**
Net loss for the period		0	0	0	0	–8,631	–8,631
Other comprehensive income for the period, net of taxes		0	0	0	–9,213	–2,768	–11,981
Total comprehensive income		**0**	**0**	**0**	**–9,213**	**–11,399**	**–20,612**
Share-based payments[1]	19, 23	0	0	0	0	3,501	3,501
Decrease in par value	17	–14,435	0	282	0	0	–14,153
Options and RSUs exercised during the year, net of transaction costs	17, 19	1,186	9,742	2,779	0	–4,213	9,494
Sale of treasury shares	17	0	0	21,126	0	–9,493	11,633
Total transactions with equity holders of the parent		**–13,249**	**9,742**	**24,187**	**0**	**–10,204**	**10,475**
Balance at December 31, 2023		**83,592**	**32,922**	**–3,521**	**–37,051**	**325,918**	**401,860**

1) Represents the amount of employee stock option expenses of CHF 4.5 million (2022: CHF 4.3 million) including respective tax effects of CHF –1.0 million (2022: CHF 2.2 million) recognized for 2023 and 2022 respectively.

For further information on share capital and share premium see Note 17.

These consolidated financial statements should be read in conjunction with the accompanying Notes.

Consolidated statement of cash flows

in CHF 1,000	Note	2023	2022
Cash flows from operating activities			
Net (loss) / profit		–8,631	101,772
Adjustments for:			
Depreciation	9, 26	12,051	12,006
Amortization	10	33,528	29,984
Impairment of intangible assets	10	65,422	0
Share-based payment transactions	19	4,483	4,299
Change of pension liability		450	1,448
Other non-cash transactions		–7,399	–1,456
Finance income	22	–2,203	–561
Finance costs	22	11,125	2,075
Share of loss of equity accounted investees	11	199	119
Income tax (benefit) / expense	23	–3,878	18,372
Change in trade and other receivables and prepaid expenses		–17,888	–18,173
Change in inventories		13,892	–86,526
Change in trade and other payables and accrued expenses		–41,887	46,509
Change in provisions		5,871	2,525
Income tax (paid) / received		–5,963	4,926
Net cash generated from operating activities		**59,172**	**117,319**
Cash flows from investing activities			
Acquisition of property, plant and equipment	9	–7,129	–7,844
Acquisition of intangible assets	10	–42,713	–43,163
Proceeds from disposal of property, plant and equipment	9	17	73
Acquisition of businesses (net of cash acquired)	24	–600	–289
Proceeds from sale of marketable securities		45	500
Acquisition of financial assets		–17	–782
Proceeds from disposal of financial assets		6	201
Participation in a capital increase in an associate	11	–113	0
Interest received		2,191	154
Net cash used in investing activities		**–48,313**	**–51,150**
Cash flows from financing activities			
Proceeds from exercise of options	19	9,494	6,306
Par value reduction	17	–14,153	–9,047
Proceeds from sale of treasury shares	17	11,633	0
Payments of lease liabilities	26	–5,643	–5,497
Proceeds from financial liabilities	14	40,000	0
Repayment of financial liabilities	14	–60,000	–1,009
Interest paid		–1,509	–1,427
Net cash used in financing activities		**–20,178**	**–10,674**
Net (decrease) / increase in cash and cash equivalents		**–9,319**	**55,495**
Cash and cash equivalents at beginning of year		137,746	83,245
Exchange (losses) on cash and cash equivalents		–1,543	–994
Cash and cash equivalents at end of year	**6**	**126,884**	**137,746**

These consolidated financial statements should be read in conjunction with the accompanying Notes.

Notes to the consolidated financial statements

1 Corporate information and basis of preparation

u-blox Group ('u-blox' or the 'Group') consists of u-blox Holding AG ('the company' or 'the parent'), incorporated on September 21, 2007 in Thalwil, Switzerland, and its consolidated subsidiaries (together "the Group entities").
The shares of u-blox Holding AG are listed on the International Reporting Standard of the SIX Swiss Exchange.

u-blox' core activities comprise the development, manufacturing and marketing of products and services supporting GPS / GNSS satellite positioning systems. u-blox offers a range of GPS / GNSS positioning products, including satellite receiver chips and chips, receiver modules, receiver boards, antennas and smart antennas which are in use worldwide for navigation, automatic vehicle location, security, traffic control, location-based services, timing and agriculture. Since 2009, u-blox offers also wireless products and services. In 2014 and 2015, u-blox expanded its wireless activities by acquisition into short range radio area. Hardware production is fully outsourced to external contractors.

Statement of compliance and basis of preparation of the consolidated financial statements
The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and comply with Swiss law. They have been prepared using the historical cost convention except for items requiring fair value accounting and for net defined benefit obligations, which are measured at fair value of plan assets less the present value of the defined benefit obligations. The consolidated financial statements are presented in Swiss Francs (CHF), rounded to the nearest thousand unless otherwise stated. Due to rounding, the figures presented in the tables may not add up precisely to the total provided. Group entities prepare their individual financial statements using their functional currency, which was identified to be the respective local currency.

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses as well as disclosure of contingent assets and liabilities. Although these judgments, estimates and assumptions are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates. The estimated and underlying assumptions are reviewed on an ongoing basis, and revised if necessary, see Note 3.

2 Accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Changes in accounting policy and disclosure
Except as described below, the accounting policies applied in these consolidated financial statements are the same as those described in the Group's consolidated financial statements for the year ended December 31, 2022.

Deferred tax related to assets and liabilities arising from a single transation
The Group has adopted *Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12* from January 1, 2023. The amendments narrow the scope of the

initial recognition exemption to exclude transactions that give rise to equal and offsetting temporary differences – e. g. leases and decommissioning liabilities. For leases and decommissioning liabilities, an entity is required to recognize the associated deferred tax assets and liabilities from the beginning of the earliest comparative period presented, with any cumulative effect recognized as an adjustment to retained earnings or other components of equity at that date. For all other transactions, an entity applies the amendments to transactions that occur after the beginning of the earliest period presented.

The Group previously accounted for deferred tax on leases and decommissioning liabilities applying the “integrally linked” approach, resulting in a similar outcome to the amendments, except that the deferred tax asset or liability was recognized on a net basis. Following the amendments, the Group has recognized a separate deferred tax asset in relation to its lease liabilities and a deferred tax liability in relation to its right of use assets. However, there was no impact on the statement of financial position because the balances qualify for offset under paragraph 74 of IAS 12. There was also no impact on the opening retained earnings as at January 1, 2022 as a result of the change. The key impact for the Group relates to disclosures of the deferred tax assets and liabilities recognized, see Note 23.

Principles of consolidation

The consolidated financial statements include the financial statements of u-blox Holding AG, which provides holding functions, and its subsidiaries and associates, the following entities at December 31, 2023 and 2022:

Company	Share capital (million)	Ownership interest Dec. 31, 2023	Ownership interest Dec. 31, 2022	Function
u-blox AG, CH-Thalwil	CHF 4.23	100%	100%	E, L, S, M, H
u-blox Asia Pacific Ltd., HK-Hong-Kong	USD 0.10	100%	100%	M
u-blox America Inc., US-Reston	USD 0.10	100%	100%	S
u-blox Singapore Pte. Ltd., SG-Singapore	SGD 0.06	100%	100%	M
u-blox Japan K. K., JP-Tokyo	JPY 10.00	100%	100%	M
u-blox Italia S. p.A., IT-Sgonico	EUR 0.40	100%	100%	D, M
u-blox UK Ltd., UK-Reigate	GBP 0.00	100%	100%	D
u-blox San Diego Inc., US-San Diego	USD 0.00	100%	100%	D
u-blox Cambridge Ltd., UK-Cambridge	GBP 0.51	100%	100%	D
u-blox Espoo Oy, FI-Espoo	EUR 0.05	100%	100%	D, M
u-blox Luton Ltd., UK-Luton	GBP 0.00	100%	100%	D
u-blox Lahore (Private) Ltd., PK-Lahore	PKR 14.11	100%	100%	D
u-blox Cork Ltd., IE-Cork	EUR 0.00	100%	100%	D
u-blox Malmö AB, SE-Malmö	SEK 0.83	100%	100%	D, M
u-blox Athens S. A., GR-Athens	EUR 0.18	100%	100%	D
u-blox Berlin GmbH, DE-Berlin	EUR 0.03	100%	100%	D
Sapcorda Services GmbH, DE-Berlin	EUR 0.06	100%	100%	D
u-blox Wireless Technology (Shanghai) Ltd.	RMB 1.45	100%	100%	D
Thingstream Invest AG, CH-Zug	CHF 0.50	100%	100%	H
Thingstream Ltd., UK-Poole	GBP 0.00	100%	100%	D, M
u-blox Chemnitz GmbH, DE-Chemnitz [1)]	EUR 0.04	100%	100%	D
u-blox US Holding Inc., US-Delaware [2)]	USD 0.00	100%	100%	H
Robok Ltd., UK-Cambridge [3)]	GBP 0.02	12.2%	11.3%	n/a
Zero Point Motion Ltd., UK- London [4)]	GBP 0.02	10.9%	10.9%	n/a

E = Engineering and R&D. | L = Logistics. | S = Sales and support. | M = Marketing and sales support. | D = R&D services. | H = Subholding.
1) u-blox Chemnitz GmbH (former Naventik GmbH) was acquired in 2022.
2) u-blox US Holding Inc. was established in 2022.
3) significant influence lost in 2023 after stepping down from the Board of Directors.
4) although ownership is less than 20%, significant influence exists.

Subsidiaries are all entities that u-blox Holding AG has the ability to control. u-blox Holding AG controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is obtained by the Group. When the Group loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any related non-controlling interest and other components of equity. Any resulting gain or loss is recognized in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

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. 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 recognizes 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 recognized amounts of acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

Any contingent consideration to be transferred by the Group is recognized at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not remeasured, and its subsequent settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognized in the financial result in the income statement.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred, the recognized amount of any non-controlling interests in the acquiree and in a business combination achieved in stages, the acquisition-date fair value of the acquirer's previously held equity interest in the acquiree over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized in profit or loss.

The Group's interests in equity-accounted investees comprise interests in associates. Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. Interests in associates are accounted for using the equity method. They are initially recognized at cost, which includes directly attributable transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss of equity-accounted investees, until the date on which significant influence ceases.

Intercompany transactions, balances, income and expenses on transactions between Group companies are eliminated. Profits and losses resulting from intercompany transactions that are recognized in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Foreign currency translation
Transactions in foreign currencies are translated to the respective functional currencies of Group entities at transaction date exchange rates. Any difference in exchange rates between the original transaction date and the subsequent settlement date is recorded in the income statement as a gain or loss. Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at year-end rates and related unrealized gains and losses are presented in the income statement within finance income or costs. Non-monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate prevailing at the date of the transaction.

The Group uses CHF as its presentation currency, which is the functional currency of the parent. Group entities prepare their individual financial statements using their functional currency, which is the currency of the primary economic environment in which the entity operates.

The results and financial position of all the Group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

a) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
b) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
c) all resulting exchange differences are recognized in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognized in other comprehensive income. When a foreign operation is disposed of, in part or in full, the related accumulated translation difference included in equity is transferred to profit or loss. Translation differences on long-term loans to foreign operations that in substance form part of the net investment in the foreign operation are also classified as equity until disposal of the net investment. Upon disposal of the net investment, all related cumulative translation differences are recognized in the income statement.

The following rates were used to translate the financial statements of the Group's entities into CHF for consolidation purposes:

	December 31, 2023		December 31, 2022	
	Average rate	**Closing rate**	**Average rate**	**Closing rate**
EUR	0.97236	0.92826	1.00522	0.99170
USD	0.89858	0.84099	0.95458	0.92453
GBP	1.11712	1.07071	1.17959	1.11850
HKD	0.11477	0.10769	0.12190	0.11833
SGD	0.66923	0.63735	0.69239	0.68965
CNY	0.12717	0.11880	0.14204	0.13403
JPY	0.00641	0.00596	0.00730	0.00705
PKR	0.00323	0.00301	0.00471	0.00408
SEK	0.08473	0.08336	0.09460	0.08866

Cash and cash equivalents
Cash and cash equivalents are stated at nominal value. They include cash on hand, bank accounts and fixed-term deposits or call deposits with original terms of less than 3 months.

Trade accounts receivable and other receivables
Trade accounts receivable and other receivables are recognized initially at fair value and subsequently measured at amortized cost, less loss allowances. The loss allowance on trade accounts receivable and other receivables is calculated using the 'expected credit loss' (ECL) model.
See section impairment of financial assets.

Inventories

Inventories consist principally of purchased raw materials, work in progress and finished products which are stated at the lower of cost and net realizable value. Net realizable value is the estimated selling price less the estimated cost of completion and selling expenses. Raw materials consist of components which are assembled by external contractors into finished products. The cost of all inventories is based on the weighted average cost principle and includes costs incurred in acquiring the inventory and bringing it to its present location and condition. It excludes overheads and borrowing costs. Allowances are made for slow-moving items. Obsolete items are written off.

Property, plant and equipment

Property, plant and equipment is stated at acquisition cost less accumulated depreciation and impairment losses. Depreciation is calculated on a straight-line basis over the following useful lives:

	Estimated useful life (years)
Furniture, equipment and vehicles	2–6
IT infrastructure	2–5
Tools and test infrastructure	2–5

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. At the time of disposal, items of property, plant and equipment are derecognized from the statement of financial position. Any gains or losses on disposal are recognized in the income statement as a component of other income and expenses.

Goodwill

The Group measures goodwill at the acquisition date of business combinations as:

- the fair value of the consideration transferred, plus
- the recognized amount of any non-controlling interests in the acquiree, plus
- for a business combination achieved in stages, the acquisition-date fair value of the acquirer's previously held equity interest in the acquiree, less
- the net recognized amount of the identifiable assets acquired and liabilities assumed.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the Cash Generating Units (CGUs), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated to represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Intangible assets
Intangible assets are stated at acquisition cost less accumulated amortization and impairment losses. Amortization is calculated on a straight-line basis over the following useful lives:

	Estimated useful life (years)
Intellectual property rights / acquired technology	2–5
Software	2–5
Capitalized development costs	3–7
Customer relationships / other intangible assets	2–5

Capitalized development costs
Development activities involve a plan or design for the production of new or substantially improved products and services. Development expenditures are capitalized if they can be measured reliably, the product or service is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset. The expenditures capitalized include the cost of materials as well as direct labor and overhead costs that are directly attributable to preparing the asset for its intended use.

The Group expenses research and development costs incurred in the preliminary project stage. To the extent that research and development costs include the development of embedded software, the Group believes that software development is an integral part of the semiconductor design. Therefore, such costs are expensed as incurred until technological feasibility has been established. Thereafter, any additional development costs are capitalized.

Expenditures for research activities undertaken with the prospect of gaining new scientific or technical knowledge and understanding are expensed in profit or loss when incurred. Development costs previously recognized as an expense are not recognized as an asset in a subsequent period.

Capitalized development costs are measured at cost less accumulated amortization and accumulated impairment losses. Amortization commences if the asset (or a part of it) is in use or when the product is released to customers.

Impairment of property, plant and equipment, right-of use assets, goodwill and intangible assets
The carrying amounts of the Group's property, plant and equipment, right-of-use assets and intangible assets are reviewed at each balance sheet date or earlier if a significant event has occurred to determine whether there is any indication of impairment. If any such indication exists, an impairment test is performed. Goodwill is tested for impairment at least every year.

An impairment loss is recognized in the income statement whenever the carrying amount of an asset or CGU exceeds its recoverable amount. Recoverable amount is the higher of fair value less cost of disposal and the asset's or CGU's value in use. In assessing value in use, the estimated future cash flows are discounted to their present value based on the risks specific to the asset(s) or CGU.

An impairment loss is reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount. An impairment loss recognized with respect to goodwill is not reversed.

Other financial assets
Other financial assets primarily consist of rent deposits for offices and loans. These deposits and loans bear interest at current market rates and are stated at amortized cost, which approximates their fair value. Exchange rate gains and losses on other financial assets are recorded in the income statement. Impairments in value of other financial assets are expensed in the income statement, see section "impairment of financial assets".

Impairment of financial asset
The IFRS 9 impairment model applies to financial assets measured at amortized cost, except for investments in equity instruments. Loss allowances are measured on either of the following bases:
- 12-month ECLs: these are ECLs that result from possible default events within the 12 months after the reporting date and
- lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

Lifetime ECL measurement applies if the credit risk of a financial asset at the reporting date has increased significantly since initial recognition and 12-month ECL measurement applies if it has not. An entity may determine that a financial asset's credit risk has not increased significantly if the asset has low credit risk at the reporting date. However, lifetime ECL measurement always applies for trade accounts receivable without a significant financing component.

The Group calculated ECLs based on actual credit loss experience over the past three years or based on external counterparty credit ratings and include forward-looking information.

Trade and other payables
Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Other payables include other obligations including contingent payments to former shareholders of acquired subsidiaries. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables and other payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

Financial liabilities
Interest-bearing loans and borrowings are recognized initially at fair value less directly attributable transaction costs. Subsequent to initial recognition, interest-bearing loans and borrowings are measured at amortized cost with any difference between cost and redemption value recognized in the income statement over the period of the borrowings using the effective interest method. Interest-bearing loans and borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months subsequent to the balance sheet date.

Provisions
A provision is recognized when the Group has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

Leases
For any new contracts, the Group considers whether a contract is, or contains, a lease. A contract is, or contains a lease, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

At the lease commencement date, the Group recognizes a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is initially measured at cost, which is comprised of the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. For leaseholds the depreciation period is between one and fourteen years.

The Group measures the lease liability at the present value of the lease payments unpaid at the commencement date, discounted with the Group's incremental borrowing rate. The Group determines the incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease, type and location of the asset leased.

Lease payments included in the measurement of the lease liability comprise the fixed payments, variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is re-measured in this manner, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group has elected not to recognize right-of use assets and lease liabilities for short-term leases with a term of 12 months or less. The Group recognizes lease payments associated to these leases as an expense on a straight-line basis over the lease term. As a practical expedient, the Group elected for the leasehold category not to separate non-lease components from lease components, and instead account for each lease component and any associated non-lease components as a single lease component.

Employee benefits
Pension obligations
The net liability (asset) recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair

value of any plan assets. The defined benefit obligation is calculated annually and separately for each defined benefit plan by independent qualified actuaries 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 that have terms to maturity approximating to the terms of the related pension obligation.

The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit liability at the beginning of the annual period to the net defined benefit liability (asset).

Remeasurements arising from defined benefit plans comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest). The Group recognizes them immediately in other comprehensive income and all other expenses related to defined benefit plans in employee benefit expenses and finance cost, respectively.

When the benefits of a plan are changed, or when a plan is curtailed, the portion of the changed benefit related to past service by employees, or the gain or loss on curtailment, is recognized immediately in profit or loss when the plan amendment or curtailment occurs.

The Group recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs. The gain or loss on a settlement is the difference between the present value of the defined benefit obligation being settled as determined on the date of settlement and the settlement price, including any plan assets transferred and any payments made directly by the Group in connection with the settlement.

Surpluses are only capitalized if they are available to the Group in the form of expected refunds from the fund or reductions in contributions to the fund.

Profit-sharing and bonus plans
The Group recognizes a liability and an expense for bonuses and profit-sharing, either based on a formula that takes into consideration sales and earnings before interest and taxes (EBIT) and earnings before interest and taxes, depreciation and amortization (EBITDA) attributable to the company's shareholders or a formula based on gross margin improvement in comparison to local costs. The Group recognizes an accrual where contractually obliged or where there is a past practice that has created a constructive obligation.

Other long-term employee benefits
The Group's net obligation in respect of long-term employee benefits is the amont of future benefit that employees have earned in return for their service in the current and prior periods. Remeasurements are recognised in profit or loss in the period in which they arise.

Income taxes
The tax expense for the period comprises current and deferred tax. Tax is recognized in the income statement, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate based on amounts expected to be paid to the tax authorities.

Deferred income tax is recognized, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred tax assets on tax loss carry forwards and deductible temporary differences are recognized only to the extent that it is probable that future profits will be available to utilize the deferred tax asset. Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except for deferred income tax liabilities where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Share-based payments
The Group operates equity-settled, share-based compensation plans, under which the entity receives services from employees as consideration for equity instruments (options and shares) of the Group. The fair value of the employee services received in exchange for the grant of the equity instruments is based on a binomial model for options and on the quoted price for shares, respectively, and is recognized as an expense with the counter-entry recognized in equity. The total amount to be expensed is determined by reference to the fair value of the equity instruments granted, excluding the impact of any service and non-market performance vesting conditions.

Non-market performance and service conditions are included in assumptions about the number of equity instruments that are expected to vest. The total expense is recognized over the vesting period, which is the period over which all the specified vesting conditions are to be satisfied.

At the end of each reporting period, the Group revises its estimates of the number of equity instruments that are expected to vest based on the service and non-market vesting conditions.

It recognizes the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity. When the options are exercised, the company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium.

Revenue recognition
Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognizes revenue when it transfers control over goods to a customer.

The Group sells standardized positioning and wireless products generally via purchase orders to customers, i. e. end customers and distributors. In general, customers obtain control of the goods when they are dispatched from the Group's warehouse. Invoices are generated and revenue is recognized at that point in time. For service revenues, the Group generally recognizes revenues proportionally to the fulfillment of the performance obligations, consistent with the nature, timing and extent of the services provided. Invoices are usually payable within 30 days. Contracts with customers may contain variable consideration such as volume rebates. Variable consideration is generally not constrained as the Group has experience with this type of contracts and it is not probable that a significant reversal in the amount of revenue recognized will occur once the uncertainty associated with the variable consideration is resolved. Contracts include a standard warranty clause to guarantee that the products comply with agreed specifications.

Financial instruments
Financial instruments comprise cash and cash equivalents, trade accounts receivable and parts of other receivables, loans and borrowings, marketable securities, derivative financial instruments, accrued expenses and trade and parts of other payables. These financial instruments are recognized initially at fair value. Subsequent measurement is at amortized cost except for marketable securities, derivative financial instruments and liabilities for contingent consideration, which are subsequently measured at fair value through profit or loss.

Share capital
Incremental costs directly attributable to issue ordinary shares are recognized as a deduction from share premium.

Treasury shares
When shares from the company are repurchased, the amount of the consideration paid, which includes directly attributable costs, is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented in the treasury share reserve. When treasury shares are sold subsequently, the amount received is recognised as an increase in equity and the resulting surplus or deficit on the transaction is presented within retained earnings.

Revised IFRSs issued but not yet effective in 2023
The following revised standards, which are or may be applicable to u-blox, have been issued, but are not yet effective and are not applied early in these consolidated financial statements:

Revised Standards	Effective date	Planned application by u-blox
Non-current Liabilities with Covenants (Amendments to IAS 1)	January 1, 2024	Reporting year 2024
Classification of Liabilities as Current or Non-current (Amendments to IAS 1)	January 1, 2024	Reporting year 2024
Lease liability in a Sale and Leaseback (Amendments to IFRS 16)	January 1, 2024	Reporting year 2024
Supplier Finance Agreements (Amendments to IAS 7 and IFRS 7)	January 1, 2024	Reporting year 2024
Lack of Exchangeability (Amendments to IAS 21)	January 1, 2025	Reporting year 2025

At present, u-blox anticipates no material impact on the consolidated financial statements.

3 Critical accounting judgments and estimates

The preparation of the consolidated financial statements is dependent upon estimates and assumptions in applying the accounting policies for which management exercise a certain degree of judgment. In applying the relevant accounting policies to the consolidated financial statements, certain assumptions and estimates are made about the future, which may have a material influence on the amount and presentation of assets and liabilities, revenues and expenses as well as disclosures. The estimates used in preparing the consolidated financial statements and valuations are based on empirical values and other factors which are deemed appropriate in the given circumstances.

The following estimates used and assumptions made in applying the accounting policies have a critical influence on the consolidated financial statements.

Description	**Judgmental decisions and estimation insecurity**	**Further information**
Impairment of intangible assets	Assessment of whether an impairment exists, estimates of expected future cash flows, including estimated growth rates, discount rates and estimated useful life.	Note 10
Impairment of goodwill	Key assumptions such as projected cash flows, weighted average cost of capital (WACC) and long-term growth rate for determination of recoverable amount.	Note 10
Provisions	A number of third parties in the wireless sector protect and enforce their intellectual property rights. Reliance on third party technology integrated into some of the Group's products carries the risk of paying royalties for such technology. Defendant in royalty- and warranty-related proceedings incidental to the ordinary course of business. Estimates of outcome and financial effect, probability of occurrence and of expected cash outflow.	Note 15
Pension liability	Assumptions such as discount rates, life expectancy and pension growth increases are required to calculate the present value of the respective defined benefit obligations. These estimates and assumptions used are based on future projections.	Note 16

4 Changes in scope of consolidation

In 2023, u-blox lost its significant influence over Robok Ltd after stepping down from the Board of Directors.

In 2022, u-blox acquired 100% of u-blox Chemnitz GmbH (former Naventik GmbH) and established u-blox US Holding Inc. See Note 29 for further information.

5 Segment reporting

The Group develops and distributes chips and modules to locate and connect devices which are mainly used in automotive, industrial and consumer applications. Products and services are marketed and sold by the u-blox worldwide sales organization, which is organized in three geographic regions: EMEA, America and Asia Pacific.

Reportable segments

Reportable segments are determined based on the internal reports that the entity's Chief Operating Decision Maker (CODM) regularly reviews to assess the performance and allocate resources. Consequently, the segments reflect the internal organization and management structure within the Group as well as the internal financial reporting to the CODM, which has been identified as the Board of Directors of u-blox Holding AG.

As of December 31, 2022, the Group disclosed two reportable segments ('Positioning and Wireless products' and 'Wireless services'). In 2023, internal financial reporting, which was reviewed by the CODM as a basis for operational decision-making and performance assessment, included financial information of the Group as a whole without further breakdown. As the business is managed as one reportable segment, u-blox has restated the previously reported segment information as of December 31, 2022.

No distinction is made between the accounting policies of the reporting to the CODM and those of the consolidated financial statements.

in CHF 1'000	2023	2022
Total Revenue	**576,910**	**623,852**
EBITDA[1)]	107,614	163,767
Depreciation	–12,051	–12,006
Amortization	–33,528	–29,984
Impairment	–65,422	0
Operating (loss) / profit (EBIT)	**–3,388**	**121,777**

1) EBITDA is calculated by adding back depreciation, amortization and impairment to Operating profit (EBIT).

Geographic information

u-blox in Switzerland is the main decision-making body and bears the associated business risks. For reasons of maintaining a market presence in proximity to the customers, marketing and sales are managed by three regional managers, respectively. However, resource allocation to these regions is not meaningful as the regional staff is mainly acting as representative of u-blox and regional managers are not part of the management of u-blox. Furthermore, most of the businesses are developed on a global base with partners of u-blox customers involved in various geographic regions.

The following table summarizes revenue by geographic region based on reporting area:

in CHF 1'000	2023	in %	2022	in %
EMEA	173,323	30.0	175,968	28.2
America	131,304	22.8	202,880	32.5
Asia Pacific	272,283	47.2	245,004	39.3
Total	**576,910**	**100.0**	**623,852**	**100.0**

The following table summarizes revenue by geographic region based on customers' location:

in CHF 1,000	2023	in %	2022	in %
EMEA	139,586	24.2	139,200	22.3
thereof Switzerland	1,729	0.3	3,038	0.5
Germany	28,805	5.0	24,680	4.0
America	110,814	19.2	139,281	22.3
thereof United States of America	76,737	13.3	90,795	14.6
Asia Pacific	326,510	56.6	345,371	55.4
thereof China	92,774	16.1	123,661	19.8
Total	**576,910**	**100.0**	**623,852**	**100.0**

The following table summarizes Property, plant and equipment, Right-of-use assets, Intangible assets and Goodwill by geographic region as allocated:

in CHF 1,000	2023	in %	2022	in %
EMEA	235,807	96.9	298,918	97.8
thereof Switzerland	176,062	72.4	235,920	77.2
Italy	14,031	5.8	13,046	4.3
UK	12,509	5.1	14,010	4.6
Finland	10,358	4.3	11,314	3.7
Sweden	10,840	4.5	10,783	3.5
Germany	6,476	2.7	8,266	2.7
America	5,812	2.4	4,337	1.4
Asia Pacific	1,636	0.7	2,464	0.8
Total	**243,255**	**100.0**	**305,719**	**100.0**

Revenue by market

in CHF 1,000	2023	in %	2022	in %
Automotive	169,232	29.3	177,537	28.5
Consumer	21,859	3.8	53,511	8.6
Industrial	385,819	66.9	392,410	62.9
Others	0	0.0	394	0.1
Total	**576,910**	**100.0**	**623,852**	**100.0**

Revenue by product type

in CHF 1,000	2023	in %	2022	in %
Module	468,174	81.2	495,966	79.5
Chips	107,440	18.6	126,896	20.3
Services	1,296	0.2	990	0.2
Total	**576,910**	**100.0**	**623,852**	**100.0**

The Group applies the practical expedient in paragraph 121 of IFRS 15 and does not disclose information about remaining performance obligations that have original expected durations of one year or less.

6 Cash and cash equivalents

in CHF 1,000	**December 31, 2023**	**December 31, 2022**
Petty cash	7	9
Cash at banks	39,902	66,189
Call and fixed-term deposits	86,975	71,548
Total	**126,884**	**137,746**
Composition by currency in CHF 1,000		
CHF	10,251	26,602
USD	84,631	67,969
EUR	25,144	36,470
Other	6,858	6,706

7 Trade accounts receivable

in CHF 1,000	**December 31, 2023**	**December 31, 2022**
Gross amount	84,345	65,668
Loss allowance	-344	-298
Total	**84,000**	**65,370**
Composition by currency in CHF 1,000		
USD	71,254	54,117
EUR	12,983	11,501
Other	107	50
Composition by regions[1] in CHF 1,000		
EMEA	21,093	29,545
America	20,400	15,671
Asia Pacific	42,851	20,452

1) Trade accounts receivable by region are based on customer billing location.

8 Inventories

in CHF 1,000	**December 31, 2023**	**December 31, 2022**
Raw material (components)	66,587	58,605
Work in progress	6,130	25,009
Finished products	24,237	34,358
Total	**96,954**	**117,972**

In 2023, inventories of CHF 300.5 million (2022: 294.0 million) were recognized as an expense during the year and included in 'cost of sales'. This includes the write-down to net realizable value of CHF 7.9 million (2022: CHF 1.3 million) recognized as an expense in cost of sales during the period.

9 Property, plant and equipment

Cost in CHF 1,000	**Furniture, equipment and vehicles**	**IT infra-structure**	**Tools and test infra-structure**	**Total**
Balance at January 1, 2022	**19,894**	**5,764**	**60,338**	**85,996**
Additions	589	1,036	6,219	7,844
Disposals	–2,132	–530	–6,555	–9,217
Change in scope of consolidation	0	23	0	23
Translation differences	–472	–237	–1,563	–2,273
Balance at December 31, 2022	**17,879**	**6,056**	**58,439**	**82,374**
Additions	1,102	1,249	4,777	7,129
Disposals	–8	–517	–16	–541
Translation differences	–745	–328	–1,755	–2,828
Balance at December 31, 2023	**18,228**	**6,459**	**61,445**	**86,134**

Accumulated depreciation in CHF 1,000	**Furniture, equipment and vehicles**	**IT infra-structure**	**Tools and test infra-structure**	**Total**
Balance at January 1, 2022	**17,963**	**4,280**	**52,426**	**74,669**
Depreciation	364	767	4,879	6,010
Disposals	–2,132	–491	–6,505	–9,128
Reclassifications	1,228	0	–1,228	0
Translation differences	–451	–165	–1,188	–1,803
Balance at December 31, 2022	**16,972**	**4,391**	**48,384**	**69,748**
Depreciation	428	904	4,753	6,085
Disposals	–8	–359	–8	–375
Translation differences	–700	–221	–1,253	–2,174
Balance at December 31, 2023	**16,692**	**4,716**	**51,876**	**73,284**
Net carrying amount at January 1, 2022	**1,931**	**1,484**	**7,912**	**11,327**
Net carrying amount at December 31, 2022	**907**	**1,664**	**10,055**	**12,626**
Net carrying amount at December 31, 2023	**1,536**	**1,744**	**9,569**	**12,849**

Depreciation for the year is recorded in the following income statement positions:

in CHF 1,000	**2023**	**2022**
Cost of sales	2,323	2,383
Distribution and marketing expenses	148	90
Research and development expenses	3,047	3,442
General and administrative expenses	566	95
Total depreciation	**6,085**	**6,010**

10 Goodwill and intangible assets

Cost in CHF 1,000	**Goodwill**	Intellectual property rights / acquired technology	Software	Capitalized development costs[1)]	Customer relation-ships / other intangible assets	**Total intangible assets**
Balance at January 1, 2022	**58,216**	**55,086**	**13,587**	**277,048**	**8,359**	**354,080**
Additions	0	20	1,221	41,921	0	43,163
Disposals	0	–9,670	–4,989	–356	–1,410	–16,425
Change in scope of consolidation	942	0	1	0	0	1
Translation differences	–3,542	–832	–147	–8	–366	–1,353
Balance at December 31, 2022	**55,616**	**44,605**	**9,672**	**318,605**	**6,582**	**379,465**
Additions	0	0	1,624	41,088	0	42,713
Disposals	0	0	0	–32,278	0	–32,278
Translation differences	–2,923	–741	–193	0	–213	–1,147
Balance at December 31, 2023	**52,693**	**43,864**	**11,103**	**327,415**	**6,369**	**388,752**

Accumulated amortization and impairment losses in CHF 1,000	**Goodwill**	Intellectual property rights / acquired technology	Software	Capitalized development costs	Customer relation-ships / other intangible assets	**Total intangible assets**
Balance at January 1, 2022	**0**	**42,608**	**11,897**	**101,684**	**7,451**	**163,640**
Amortization	0	3,624	1,368	24,388	604	29,984
Disposals	0	–9,670	–4,989	–356	–1,410	–16,425
Reclassifications	0	480	0	–480	0	0
Translation differences	0	–699	–100	–22	–367	–1,189
Balance at December 31, 2022	**0**	**36,344**	**8,175**	**125,213**	**6,278**	**176,010**
Amortization	0	3,311	700	29,381	135	33,528
Impairment	0	1,534	0	63,889	0	65,422
Disposals	0	0	0	–32,278	0	–32,278
Translation differences	0	–659	–176	0	–213	–1,048
Balance at December 31, 2023	**0**	**40,529**	**8,700**	**186,205**	**6,200**	**241,634**
Net carrying amount at January 1, 2022	**58,216**	**12,478**	**1,690**	**175,364**	**908**	**190,440**
Net carrying amount at December 31, 2022	**55,616**	**8,260**	**1,497**	**193,392**	**305**	**203,455**
Net carrying amount at December 31, 2023	**52,693**	**3,334**	**2,404**	**141,211**	**169**	**147,118**

1) The capitalized development costs consist primarily of internally developed costs.

Amortization and impairment for the year is recorded in the following income statement positions:

in CHF 1,000	**2023**	**2022**
Cost of sales	199	849
Distribution and marketing expenses	135	604
Research and development expenses	98,263	28,216
General and administrative expenses	353	315
Total amortization and impairment	**98,950**	**29,984**

Impairment of intangible assets

During 2023, the Group recognized CHF 65.4 million of impairment losses on intangible assets. The impairment was due to the decision to discontinue the future cellular chip development. Each of those development projects was deemed an individual cash generating unit ('CGU'). The impairment charge in 2023 was recognized in 'Research and development expenses' and relates to intangible assets in 'Intellectual property rights / acquired technology' and 'Capitalized development costs'.

Goodwill

Goodwill has been allocated to a group of CGUs, which represents the lowest level on which it is monitored for internal management purposes. The group of CGUs is identical to the Group's reportable segment.

Impairment of CGUs containing goodwill

The carrying amount of the assets of the group of CGUs, including allocated goodwill, is tested for impairment at least annually. The value in use is thereby determined based on future discounted cash flows. As a basis for the calculation, the five-year mid-term plan is used. Subsequent years are included using a perpetual annuity. The projections are based on knowledge and experience and on judgments made by management as to the probable economic development. Consequently, it is assumed that for all CGUs, there are no planned significant changes in their organization. The underlying projections for the next five years are therefore calculated based on historical amounts and the latest market estimates. Pre-tax discount rates were applied in determining the recoverable amount of the units. The discount rates were estimated based on an industry weighted average cost of capital.

Following parameters have been used for the calculations:

			2023			**2022**
	Pre tax discount rate	**Post tax discount rate**	**Growth rate (residual value)**	**Pre tax discount rate**	**Post tax discount rate**	**Growth rate (residual value)**
Goodwill	9.78%	8.65%	3%	9.16%	8.36%	3%

The growth rate does not exceed the long-term average growth rate for the industry.

The estimated recoverable amount of the group of CGUs exceeded its carrying amount by approximately CHF 971 million (2022: CHF 2,685 million). Management has identified that a reasonably possible change in two key assumptions could cause the carrying amount to exceed the recoverable amount. The following table shows the amount by which these two assumptions would need to change individually for the estimated recoverable amount to be equal to the carrying amount.

Sensitivity analysis for goodwill related to:

	Rate required for carrying amount to equal recoverable amount 2023	Rate required for carrying amount to equal recoverable amount 2022
Discount rate	19.40%	34.02%
Growth rate (residual value)	–18.85%	Not meaningful %

11 Equity accounted investees

u-blox invests in start-up companies, which develop products and services supporting GPS / GNSS satellite positioning systems. As of December 31, 2023, the Group has significant influence over one associate (2022: two associates).

The following table shows the reconciliation of movements of equity-accounted investees:

in CHF 1,000	**2023**	**2022**
Balance at January 1	**582**	**777**
Capital increase	113	0
Share of net results	–199	–119
Translation differences	–22	–76
Balance at December 31	**474**	**582**

12 Trade accounts payable

in CHF 1,000	**December 31, 2023**	**December 31, 2022**
Trade accounts payable	31,367	60,680
Total	**31,367**	**60,680**
Composition by currency in CHF 1,000		
CHF	376	884
USD	28,373	57,141
EUR	2,117	2,314
Other	501	341

13 Accrued expenses

in CHF 1,000	**December 31, 2023**	**December 31, 2022**
Personnel related	16,906	33,041
Other accruals	9,763	11,090
Total	**26,669**	**44,131**
thereof classified as financial liabilities (Note 24)	9,763	11,090

Accrued expenses include accruals for personnel (such as bonus, social security etc.) as well as licenses, insurance premiums, warranties, attorney fees and administration services.

14 Financial liabilities

On April 18, 2023, the bond in the amount of CHF 60 million was paid back in full.

On May 8, 2023, the Group made use of CHF 40 million of the short-term overdraft bank facility at 2.7% interest.

The following table shows the reconciliation of financial liabilities to net cash from financing activities in the statement of cash flows.

in CHF 1,000	**2023**	**2022**
Balance at January 1	**59,969**	**59,844**
Changes from financing cash flows		
Proceeds from financial liabilities	40,000	0
Repayments of financial liabilities	–60,000	–1,009
Total changes from financing cash flows	**–20,000**	**–1,009**
Other changes		
Interest expense	981	950
Interest paid	–825	–825
Change in scope of consolidation	0	987
Other	573	22
Total other changes	**729**	**1,134**
Balance at December 31	**40,698**	**59,969**

15 Provisions

in CHF 1,000	Royalties	Other	Total provisions
Balance at January 1, 2023	**9,757**	**674**	**10,431**
Used	0	–91	–91
Additions	2,763	3,500	6,263
Release	0	–301	–301
Translation differences	0	–156	–156
Balance at December 31, 2023	**12,520**	**3,625**	**16,145**
thereof current	1,467	2,316	3,783
thereof non-current	11,053	1,310	12,364

Royalties

u-blox' products are designed to conform to certain wireless industry standards which are based on certain patented technologies. A provision for royalty payments is recorded which is estimated to be due to these patent holders once the license agreements are concluded with them. The provision is based on absolute amounts, and on a percentage of individual product revenues and is recorded at the time revenue is recognized. Should the actual royalties to be paid under license agreements signed in the future differ from the estimates, the royalty provision would be revised. Provisions for royalties considered to have a duration of less than one year, more than one year respectively, are classified as current, as non-current respectively. Provisions are recorded based on the best estimate of future probable economic outflow. Management believes that these provisions are sufficient.

Other

The provision for “Other” mainly relates to an open license lawsuit and long-service leave expenses. The Group estimates to settle the lawsuit in 2024. The estimated cost amounts to CHF 1.6 million and includes legal costs.

16 Pension liability

The Group maintains defined benefit plans in Switzerland, Greece and partly in Italy and defined contribution plans in the United Kingdom (UK), Ireland, partly in Italy, Germany, Sweden, Finland, the United States of America (USA), Pakistan and Japan. These plans comply with prevailing legal requirements to cover the majority of employees in the event of retirement, death and disability. The most significant plans are in Switzerland, accounting for 99% of u-blox' entire defined benefit obligation and 100% of the plan assets.

The Swiss pension plans are governed by the Swiss Federal Law on Occupational Retirement, Survivors' and Disability Pension Plans (BVG), which stipulates that pension plans are to be managed by independent, legally autonomous units. The assets of the pension plan are held within a separate fund and cannot revert to the employer. The ultimate governing body of a post-employment benefit plan (Board of Trustees) is composed of equal numbers of employee and employer representatives. Post-employment benefit plans are overseen by a regulator as well as by a state supervisory board.

The Board of Trustees is responsible for the investment strategy and policy, the fund's objectives, benefit obligations (asset and liability management) and risk capacity. The Board of Trustees has delegated the implementation of the investment policy to an Investment Committee which is composed of equal numbers of employees and employer representatives. All governing and administration bodies have an obligation to act in the interests of the plan participants.

In Switzerland, the Group contributes to three pension plans funded via two different pension funds. There is a base plan for all employees and a supplementary plan for employees with salaries exceeding a certain limit. Both plans provide benefits depending on the pension savings at retirement. The base plan includes certain legal minimum interest credits of 1.0% to the pension savings (i. e., investment return; 2022: 1.0%) and guaranteed rates of conversion of pension savings into an annuity at retirement. Plan participants are insured against the financial consequences of old age, disability and death. The various benefits are defined in regulations, with the BVG specifying the minimum benefits that are to be provided. The two pension funds are collective funds. The pension funds are legally separated from the group.

In case of an underfunding of the pension plan, various measures can be taken such as adjusting the pension commitment by altering the conversion rates of increasing current contributions of both employer and employee.

The third plan covers the salary that is not insured by the collective fund. Benefits are provided in the event of retirement, death, or disability. Those are based on insured salary and on an individual old age account. The plan is funded by assets held within a separate independent legal entity and is financed by contributions paid by the employees and by the employer. Plan participants have the choice of investment strategy for the individual accounts and three savings models. There is no guarantee of interest rate to be allocated to these accounts.

Movement in net defined benefit liability

The following table shows the net defined benefit liability and its components. The movements in the table below represent mainly the Swiss plan. The unfunded Italian and Greek plans are also included but have no significant impact on the movements.

	Defined benefit obligation		Fair value of plan assets		Net defined benefit liability	
in CHF 1,000	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
Balance at January 1	**82,068**	**97,335**	**–71,151**	**–76,073**	**10,917**	**21,262**
Included in income statement						
Current service cost	4,171	4,538	0	0	4,171	4,538
Interest cost / (income)	1,827	303	–1,641	–244	186	59
Administration cost	0	0	70	57	70	57
	5,998	**4,841**	**–1,571**	**–187**	**4,427**	**4,654**
Included in other comprehensive income						
Remeasurements loss / (gain): – Actuarial loss / (gain) arising from:						
– financial assumptions	5,053	–14,853	0	0	5,053	–14,853
– experience adjustments	–115	–7,182	0	0	–115	–7,182
– demographic assumptions	–57	11	0	0	–57	11
– return on plan assets excluding interest income	0	0	–1,501	10,279	–1,501	10,279
	4,881	**–22,024**	**–1,501**	**10,279**	**3,380**	**–11,745**
Other						
Other	0	–61	0	0	0	–61
Contributions by employer	0	0	–3,900	–3,174	–3,900	–3,174
Plan participants' contributions	2,366	1,985	–2,366	–1,985	0	0
Benefits received, net	–5,693	11	5,693	–11	0	0
Exchange rate differences	–24	–19	0	0	–24	–19
	–3,351	**1,916**	**–573**	**–5,170**	**–3,924**	**–3,254**
Balance at December 31	**89,596**	**82,068**	**–74,796**	**–71,151**	**14,800**	**10,917**
thereof funded					14,452	10,572
thereof unfunded (refers to the Italian and Greek pension plans)					348	345

The expected contribution of the Group for defined benefit plans for the financial year 2024 amounts to CHF 3,959 thousand (2023: CHF 3,326 thousand).

Principal actuarial assumptions (Swiss plan only)

Calculation of defined benefit obligations	December 31, 2023	December 31, 2022
Discount rate	1.50%	2.30%
Salary growth	1.75%	2.00%
Future pension indexations	0.00%	0.00%
Mortality table	BVG 2020G	BVG 2020G

At December 31, 2023, the weighted-average duration of the defined benefit obligation for the Swiss plan was 17.5 years (2022: 16.2 years).

Sensitivity analysis
The calculation of the defined benefit obligation is sensitive to significant actuarial assumptions. The impact of a change in the respective assumptions on the defined benefit obligation at the end of the reporting period would be as follows:

	2023	2022	2023	2022
Change	0.25%	0.25%	–0.25%	–0.25%
in CHF 1,000				
Change of the discount rate	–2,455	–1,864	2,650	2,008
Salary growth	117	104	–134	–117
Pension growth	1,252	959	–1,201	–919
	–1 Year	–1 Year	+1 Year	+1 Year
Life expectancy	–959	–692	956	687

The sensitivity analysis is based on realistically possible changes as of the end of the reporting period. Each change in a significant actuarial assumption was analyzed separately as part of the test. Interdependencies were not considered.

Asset classes (Swiss plan only)

in CHF 1,000	2023	2022
Cash and cash equivalents	1,554	3,772
Equity instruments	28,139	26,768
Debt instruments	22,604	20,882
Real estate	5,283	4,704
Investment funds	14,333	12,002
Other	2,883	3,023
Total fair value of plan assets	**74,796**	**71,151**

All equity securities and bonds have quoted prices in active markets.

The investment strategy pursues the goal of achieving the highest possible return on assets within the framework of its risk tolerance and thus of generating income on a long-term basis in order to meet all financial obligations. This is achieved through a broad diversification of risks over various investment categories, markets, currencies and industry segments in both developed and emerging markets. The assets also do not contain any shares of u-blox Holding AG. Investments in real estate are undertaken solely via real estate funds. There are no direct holdings of real estate.

Defined contribution plans
In 2023, Group contributions recognized as an expense for defined contribution plans were CHF 5,331 thousand (2022: CHF 4,908 thousand).

17 Share capital and share premium

	Number of shares	Ordinary share capital CHF 1,000	Share premium CHF 1,000
Balance at January 1, 2022	**7,114,839**	**105,300**	**16,600**
Decrease in par value	0	–9,249	0
Options exercised during the year	58,609	791	6,581
Balance at December 31, 2022	**7,173,448**	**96,842**	**23,181**
Decrease in par value	0	–14,435	0
Options, RSUs and PSUs exercised during the year	95,436	1,186	9,742
Balance at December 31, 2023	**7,268,884**	**83,592**	**32,922**

Ordinary share capital

The share capital consists of 7,268,884 (2022: 7,173,448) fully paid-in registered shares with a nominal value of CHF 11.50 (2022: CHF 13.50) each. Holders of these shares are entitled to receive dividends as declared and are entitled to one vote per share at general meetings of the Company. All rights attached to the Company's shares held by the Group are suspended until those shares are reissued. During 2023, the par value was decreased by CHF 2.00 (2022: CHF 1.30) per share, resulting in a payment to shareholders (excluding treasury shares) of CHF 14.2 million (2022: CHF 9.0 million).

Capital band

At the general meeting held on April 19, 2023, the Board of Directors was authorized to increase the share capital through the issuance of 721,771 fully paid-in registered shares with a nominal value of CHF 11.50, by April 2028, at the latest.

Authorized share capital

The Board of Directors was authorized until April 19, 2023, to increase the share capital through the issuance of up to 700,000 fully paid-in registered shares with a nominal value of CHF 13.50.

Conditional share capital

At the general meeting held on April 19, 2023, the shareholders resolved that the Board of Directors shall be authorized to increase the share capital by 309,718 (2022: 297,036) fully paid-in registered shares with a nominal value of CHF 11.50 (2022: CHF 13.50) up to CHF 3,561,757 (2022: CHF 4,009,986). The conditional share capital is used for the exercise of share-based compensation plans as approved by the Board of Directors. In 2023, 95,436 (2022: 58,609) shares out of the conditional capital served exercises from the share-based compensation programs. Share capital increased by the nominal value. Share premium increased by the difference of market value less nominal value and less cost of conditional capital increase. The difference between strike price and market value was presented within retained earnings. The cost of conditional capital increase amounted to CHF 109 thousand in 2023 (2022: CHF 73 thousand).

Share premium

The share premium comprise the statutory share premium of u-blox Holding AG.

Treasury shares

At December 31, 2023, the Group held 20,002 (2022: 155,624) of the Group's shares. In 2023, 120,000 treasury shares were sold to a third party at an average selling price of CHF 96.94. The sale resulted in a deficit of CHF 9.5 million, which was presented within retained earnings. Moreover, 15,622 (2022: 22,376) treasury shares served exercises from the share-based payment plans. For exercised options, the difference between strike price and book value of the Group's shares was presented within retained earnings, while for RSU and PSU, it is the book value of the Group's shares.

The reserve for the Group's treasury shares comprises the cost of u-blox shares held by the Group at December 31, 2023.

18 Earnings per share

Basic earnings per share are calculated by dividing the net profit attributable to the equity holders of u-blox Holding AG by the weighted average number of shares outstanding during the year. In the case of diluted earnings per share, the weighted average number of shares outstanding is adjusted assuming all outstanding dilutive share-based payment programs will be exercised.

	2023	2022
Net (loss) / profit (in CHF 1,000)	**–8,631**	**101,772**
Weighted average number of outstanding shares (basic)	**7,127,209**	**6,968,838**
Effect of share-based compensation programs	n/a	130,460
Weighted average number of outstanding shares (diluted)	**7,127,209**	**7,099,298**
Basic earnings per share (in CHF)	**–1.21**	**14.60**
Diluted earnings per share (in CHF)	**–1.21**	**14.34**

At December 31, 2023, the Group had 701,169 (2022: 973,589) outstanding options, 74,165 (2022: 0) RSUs and 11,803 (2022: 0) PSUs granted to employees. See Note 19.

19 Employee compensation and benefits

Personnel expenses

Personnel expenses included in operating expenses consist of the following:

in CHF 1,000	**2023**	**2022**
Salaries	79,718	85,980
Share-based payments	4,483	4,299
Social taxes	14,640	14,715
Pension cost	9,572	9,456
Other personnel related expenses	6,410	6,266
Total personnel expenses	**114,823**	**120,716**

Share based compensation

Starting 2023, the company introduced the Restricted Share Unit (RSU) program for employees and the Performance Share Unit (PSU) program for the Executive Committee. These two programs follow the employee stock option plan (ESOP) which phases out when all granted stock options are either exercised, expired or forfeited. In 2023, no new options were granted from the ESOP. The RSU and PSU programs as well as the ESOP are equity-settled share-based payment plans.

RSU

Under this plan, RSUs are granted on May 1 to eligible employees of the Group. With the grant of one RSU, the participants of the program are entitled to receive one u-blox Holding AG share after three years of service from the grant date, provided that they are in an unterminated employment relationship.

The following table shows the movements in the RSU program:

	2023	**2022**
	Number of RSUs	**Number of RSUs**
Outstanding at January 1	**0**	**n/a**
Granted	74,861	n/a
Exercised	–208	n/a
Forfeited	–488	n/a
Outstanding at December 31	**74,165**	**n/a**

The fair value of the RSUs granted is based on a valuation model taking into account different parameters such as the u-blox Holding AG share price at the grant date and the net present value of the dividends expected to be paid during the holding period.

The fair value of RSUs granted during 2023 was CHF 107.60.

The weighted-average share price at the date of exercise in 2023 was CHF 85.70.

PSU

Under this plan, PSUs are granted on January 1 to members of the Executive Committee. With the grant of one PSU, the participants of the program are entitled to receive 0.0 to 1.5 u-blox Holding AG shares after three years of service from the grant date, provided that they are in an unterminated employment relationship.

The number of shares allocated per PSU at the end of the vesting period varies depending on the achievement of performance thresholds in terms of the adjusted EBITDA margin, which are defined for each grant. The achievement factor is measured based on a three-year average of the annual adjusted EBITDA margin following the grant. Management calculates EBITDA (earnings before interest, taxes, depreciation and amortization) by adding back depreciation and amortization to Operating Profit (EBIT), each determined in accordance with IFRS. Adjusted EBITDA excludes impacts from share-based payments, impacts from IAS 19 , amortization of intangible assets acquired, impairments and non-recurring expenses.

The following table shows the movements in the PSU program:

	2023 Number of PSUs	2022 Number of PSUs
Outstanding at January 1	**0**	**n/a**
Granted	11,803	n/a
Outstanding at December 31	**11,803**	**n/a**

The fair value of the PSUs granted is based on a valuation model taking into accounting different parameters such as the u-blox Holding AG share price at the grant date and the net present value of the dividends expected to be paid during the holding period.

The fair value of PSUs granted during 2023 was CHF 110.20.

Employee stock option plan

Employees of the Group were entitled to receive options under a stock option plan with a vesting period of three years and an option period of 6 years. The exercise price was determined by the Board of Directors. For US, UK (for part of the grant), Belgium and Finland residents, the exercise price equals the closing price of the share on the SIX Swiss Exchange on the grant date. For all other employees, the exercise price is the volume weighted average share price of the company on the SIX Swiss Exchange during the thirty trading days preceding and including the grant date or the closing price of the share on the SIX Swiss Exchange on the grant date. One option grants the right to purchase one u-blox Holding AG share.

The following table shows the movements in outstanding employee stock options:

	2023		2022	
	Weighted average exercise price in CHF	**Number of options**	**Weighted average exercise price in CHF**	**Number of options**
Opening balance	**105.90**	**973,589**	**126.91**	**1,007,685**
Granted	0.00	0	69.46	248,959
Exercised	86.67	–110,850	78.76	–80,985
Forfeited	98.35	–23,963	176.16	–202,070
Expired	187.66	–137,607	0	0
Ending balance	**93.15**	**701,169**	**105.90**	**973,589**
thereof vested and exercisable	135.47	284,000	163.07	359,194

The weighted-average share price at the date of exercise for stock options exercised in 2023 was CHF 115.33 (2022: CHF 117.71).

The following table summarizes the employee stock options outstanding at December 31, 2023, and December 31, 2022 respectively:

Expiry date	**Exercise Price CHF**	**Options outstanding at December 31, 2023**	**Options outstanding at December 31, 2022**
2023	187.09	n/a	118,356
2023	191.20	n/a	19,251
2024	191.55	109,264	114,536
2024	191.80	20,334	20,913
2025	78.95	43,570	76,574
2025	78.95	5,669	9,564
2026	91.87	89,297	150,586
2026	97.80	15,866	25,328
2027	58.85	168,440	177,134
2027	58.85	33,174	34,393
2028	69.25	176,900	187,503
2028	70.45	38,655	39,451
Total	**93.15**	**701,169**	**973,589**
Weighted average remaining expected life at December 31		2.2 years	2.5 years
Weighted average remaining contractual life at December 31		2.5 years	2.9 years

The weighted average fair value of the outstanding options was CHF 25.13 (2022: CHF 27.70). The fair value of stock options granted is estimated at the date of grant using a binomial model, considering the terms and conditions upon which the options were granted. The following table lists the inputs to the valuation model applied at grant date and used for the consolidated financial statements ended December 31:

	2023	**2022**
Dividend yield	n/a	1.08%
Expected volatility	n/a	42.50%
Risk-free interest rate	n/a	–0.18%
Expected life of option	n/a	4.50 years
Expected exit rate after vesting	n/a	12.40%
Weighted average share price	n/a	69.46

The expected volatility was based on the historical volatility of the u-blox share.

20 Research and development

in CHF 1,000	2023	2022
Research and development expenditures	83,461	76,561
Depreciation	6,410	6,789
Amortization	32,841	28,216
Impairment	65,422	0
Total research and development expenses	**188,134**	**111,566**

21 Operating expenses by nature

in CHF 1,000	Note	2023	2022
Material costs	8	300,475	293,965
Personnel expenses	19	114,823	120,716
Depreciation	9, 26	12,051	12,006
Amortization	10	33,528	29,984
Impairment	10	65,422	0
Travel- and representation expenses		5,169	4,059
Administration expenses		13,765	13,124
Marketing expenses		4,138	3,715
Other expenses		32,765	26,481
Total		**582,137**	**504,050**

The position other expenses mainly consists of product development and software maintenance expenses.

22 Finance income / finance costs

in CHF 1,000	2023	2022
Interest income	2,203	174
Foreign exchange gain, net	0	26
Financial liabilities at FVTPL – net change in fair value	0	361
Finance income	**2,203**	**561**
Financial liabilities at FVTPL – net change in fair value	–229	0
Financial liabilities measured at amortized costs-interest expenses	–1,730	–2,044
Other finance expenses	–196	–32
Foreign exchange loss, net	–8,970	0
Finance costs	**–11,125**	**–2,075**
Total, net	**–8,922**	**–1,515**

All finance income and costs from financial assets and financial liabilities have been recognized in the income statement.

23 Income tax expense

Income taxes can be analyzed as follows:

in CHF 1,000	2023	2022
Current income taxes	3,134	7,583
Deferred income taxes	–7,012	10,788
Total income tax (benefit) / expense	**–3,878**	**18,372**

The Group has operations in various locations, where differing tax laws and income tax rates apply. Consequently, the effective tax rate on consolidated income may vary from year to year, based on the source of earnings. The reconciliation between the effective income tax and the expected income tax based on the consolidated profit / loss before income tax computed with the expected tax rate of the main operating company in Thalwil, is as follows:

in CHF 1,000	2023	2022
(Loss) / profit before income tax	**–12,509**	**120,144**
Applicable Group tax rate	18.1%	18.1%
Expected income tax (benefit) / expense	–2,263	21,734
Effect of different tax rates	10	–569
Non-tax-deductible expenses	259	503
Tax-exempt income	–611	0
Prior year items	782	–1,041
R&D tax credits	–1,241	–1,733
Tax loss carry forwards not recognized or derecognized in current year	427	728
Effect from share-based payments	–1,018	–1,218
Utilization of previously unrecognized tax losses	–139	0
Other	–85	–32
Effective income tax (benefit) / expense	**–3,878**	**18,372**

Deferred tax assets and liabilities

Effects of temporary differences and tax loss carry forwards that give rise to significant components of deferred tax assets and deferred tax liabilities are as follows:

	December 31, 2023		December 31, 2022		
in CHF 1,000	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities	Change 2023
Trade accounts receivable	0	0	0	2,377	2,377
Inventories	0	4,523	0	7,108	2,585
Property, plant and equipment	393	180	369	154	–2
Right-of-use assets	0	6,169	0	6,572	403
Intangible assets	0	191	0	345	154
Other assets	0	0	0	225	225
Accrued expenses	917	0	2,018	0	–1,101
Provisions	486	0	215	0	271
Pension liabilities	2,659	0	1,957	0	702
Lease liabilities	6,453	0	6,777	0	–324
Other liabilities	0	630	62	650	–42
Share based compensation	3,728	2,469	3,653	2,892	498
Tax loss carry forwards	2,680	0	2,108	0	572
Deferred tax assets / liabilities (gross)	**17,316**	**14,162**	**17,159**	**20,323**	**6,318**
Netting	–8,418	–8,418	–8,847	–8,847	0
Deferred tax assets / liabilities (net)	**8,898**	**5,744**	**8,312**	**11,476**	**6,318**

Management assessed the recoverability of the deferred tax assets recognized. The five-year mid-term plan utilized to assess goodwill recoverability was also used to assess recoverability of the tax loss carryforwards.

The group has unrecognized tax loss carry forwards in the amount of CHF 11.6 million (2022: CHF 12.3 million), whereof the majority does not expire.

In 2023, the intrinsic value of the employee stock options exceeded the cumulative amount recognised as a share-based payment expense. The excess deferred income taxes in the amount of CHF –1.0 million (2022: CHF 2.2 million) were recognised directly in equity.

In 2023, deferred income taxes in the amount CHF 0.6 million (2022: CHF –2.2 million) were recognized in other comprehensive income relating to the remeasurement of the pension liability.

24 Financial risk management

Financial instruments

The following table shows the carrying amount of financial assets and financial liabilities.

in CHF 1,000	December 31, 2023	December 31, 2022
Cash and cash equivalents	126,884	137,746
Trade accounts receivable	84,000	65,370
Other receivables	2,226	3,199
Other financial assets	1,696	1,658
Financial assets at amortized cost	**214,806**	**207,973**
Derivative financial assets	0	45
Financial assets at fair value through profit or loss	**0**	**45**
Trade accounts payable	31,367	60,680
Other payables	10,799	7,509
Accrued expenses	9,763	11,090
Lease liabilities	31,879	35,081
Financial liabilities	40,698	59,969
Liabilities at amortized cost	**124,506**	**174,329**
Contingent consideration	4,109	4,757
Liabilities at fair value through profit or loss	**4,109**	**4,757**

With the exception of lease liabilities, the carrying amounts above are a reasonable approximation of the fair values.

The valuation technique applied for contingent consideration is discounted cash flow. The valuation model considers the present value of the expected future payments, discounted using a risk-adjusted discount rate.

The contingent consideration classified as current liabilities at December 31, 2022, contained a holdback of CHF 600 thousand from the Thingstream acquisition, which was paid in 2023. The contingent consideration at December 31, 2023, contains a non-current liability of CHF 4,109 thousand (2022: CHF 4,157 thousand) to the former shareholders of Sapcorda Services GmbH.

Fair value hierarchy

The different levels of financial instruments carried at fair value or for which the fair value is disclosed have been defined as follows in the table below:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or the liability, either directly (i. e. as prices) or indirectly (i. e. derived from prices).
Level 3: inputs for assets or liabilities that are not based on observable market data (unobservable inputs).

December 31, 2023 in CHF 1,000	Carrying amounts Total	Level 1	Fair value Level 2	Level 3
Contingent consideration	4,109	0	0	4,109
Total liabilities	**4,109**	**0**	**0**	**4,109**

December 31, 2022 in CHF 1,000	Carrying amounts Total	Level 1	Fair value Level 2	Level 3
Derivative financial assets	45	0	45	0
Total assets	**45**	**0**	**45**	**0**
Contingent consideration	4,757	0	0	4,757
Financial liabilities	59,969	59,969	0	0
Total liabilities	**64,726**	**59,969**	**0**	**4,757**

There were no reclassifications between the various levels in 2023 and 2022. The Group has not disclosed the fair value for financial instruments such as trade accounts receivable and payables, because their carrying amounts are a reasonable approximation of fair value.

The following table shows a reconciliation from the beginning balances to the ending balances for fair value measurements in level 3 of the fair value hierarchy:

in CHF 1,000	2023	2022
Balance at January 1	**4,757**	**5,513**
Payment of contingent consideration	–600	–200
For the period recognized in finance expenses / (income)	229	–361
Translation differences	–276	–195
Balance at December 31	**4,109**	**4,757**

Risk exposure
The Group has exposure to the following risks from its use of financial instruments:

a) Credit risk
b) Liquidity risk
c) Market risk
c1) Interest rate risk
c2) Currency risk

This Note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk. Further quantitative disclosures are included throughout these consolidated financial statements.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

a) Credit risk
Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's cash and cash equivalents, trade accounts receivable from customers and investment securities.

Trade accounts receivable
The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the Group's customer base, including the default risk of the industry and country in which customers operate, has less of an influence on credit risk. In general, the Group minimizes part of the credit risk as far as possible through credit insurance or a requirement of customers to either guarantee their payment by Letter of Credit or to make a payment in advance. Collections and payments are continuously monitored.

u-blox has a contract with the credit insurer AXA Versicherungen AG. This agreement includes a coverage of 90% of the agreed credit line for each customer. For every new customer a credit test by AXA takes place and customers are granted a defined credit line. So long as the u-blox customer outstanding invoices are within the agreed credit limits, AXA covers 90% of the receivables in the case of a loss. Hence a loss cannot be higher than 10% for all outstanding which are in the defined credit limits.

The Group applies the simplified approach which allows using an allowance matrix to measure the ECLs of trade accounts receivable. Under this approach, u-blox calculates historical loss rates based on days past due buckets. Loss rates are based on actual credit loss experience over the past three years. These rates are multiplied by scalar factors to reflect differences between economic conditions during the period over which the historical data have been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

The movement in the loss allowance in respect of trade accounts receivable during the year was as follows:

in CHF 1,000	2023	2022
Balance at January 1	**298**	**393**
Amounts written off	–241	–172
Net remeasurement of loss allowance	302	87
Translation differences	–15	–10
Balance at December 31	**344**	**298**

The following table provides information about the exposure to credit risk and ECLs for trade accounts receivable.

December 31, 2023 in CHF 1,000	**Weight-ed-average loss rate**	**Gross carrying amount**	**Loss allowance**	**Credit-impaired**
Current (not past due)	0.0%	73,894	–21	No
1–30 days past due	0.2%	5,679	–10	No
31–90 days past due	0.7%	4,075	–28	No
91–180 days past due	21.0%	147	–31	No
More than 180 days past due	46.4%	550	–255	Yes
Total		**84,345**	**–344**	

December 31, 2022 in CHF 1,000	**Weight-ed-average loss rate**	**Gross carrying amount**	**Loss allowance**	**Credit-impaired**
Current (not past due)	0.0%	52,144	–23	No
1–30 days past due	0.1%	11,686	–17	No
31–90 days past due	0.9%	894	–8	No
91–180 days past due	2.2%	624	–14	No
More than 180 days past due	73.6%	320	–235	Yes
Total		**65,668**	**–298**	

Trade accounts receivable which are not yet due are mainly receivables arising from long-term standing customer relationships. Based on past experience, u-blox does not expect any significant defaults.

Cash and cash equivalents and marketable securities

The Group held cash and cash equivalents of CHF 126,884 thousand at December 31, 2023 (2022: CHF 137,746 thousand). The major part of the cash and cash equivalents is held in Switzerland with banks and financial institutions counterparties rated AAA to A according to Standard & Poor's. A minor part of Cash at banks is held with banks and financial institutions abroad with ratings from AA to BB. Furthermore, the Group limits its exposure to credit risk by investing only in fixed time deposits and marketable securities such as Swiss Francs bonds or similar instruments with counterparties that have a credit rating of at least A+ from Standard & Poor's and A1 from Moody's. The maximum duration is limited to 4 years except for cash. Given these high credit ratings, management does not expect any counterparty to fail to meet its obligations.

Guarantees

The Group's policy is to provide financial guarantees only to wholly-owned subsidiaries. At December 31, 2023, no guarantees were outstanding (2022: none).

The maximum credit risk on financial instruments corresponds to the carrying amounts of the individual financial assets. u-blox has not entered into any guarantees or similar obligations that would increase the risk over and above the carrying amounts.

The maximum credit risk as per the balance sheet date was as follows:

in CHF 1,000	**December 31, 2023**	**December 31, 2022**
Cash and cash equivalents	126,884	137,746
Derivative financial assets	0	45
Trade accounts receivable	84,000	65,370
Other receivables	2,226	3,199
Other financial assets	1,696	1,658
Total	**214,806**	**208,018**

b) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group uses short-term forecasts, which assists in monitoring cash flow requirements and optimizing its cash return on investments. The Group ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 60 days, including the servicing of financial obligations. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. In addition, the Group maintains the following lines of credit:

The Group has access to a CHF 65.0 million overdraft facility, thereof CHF 40.0 million are drawn. Interest is determined at market interest rates at draw date and is fixed for the duration of the overdraft facility. Management considers that the Group is not exposed to any significant risks arising from not being able to meet the financial obligations at the end of the reporting period.

The following are the contractual maturities of financial liabilities:

December 31, 2023 in CHF 1,000	**Carrying amounts**	**Contractual cash flows**	up to 1 year	1 – 5 years	more than 5 years
Trade accounts payable	31,367	31,367	31,367	0	0
Other payables	10,799	10,799	10,799	0	0
Contingent consideration	4,109	4,608	0	4,608	0
Accrued expenses	9,763	9,763	9,763	0	0
Lease liabilities	31,879	34,632	5,697	16,480	12,455
Financial liabilities	40,698	41,076	41,076	0	0
Total	**128,615**	**132,245**	**98,702**	**21,088**	**12,455**

December 31, 2022 in CHF 1,000	**Carrying amounts**	**Contractual cash flows**	up to 1 year	1 – 5 years	more than 5 years
Trade accounts payable	60,680	60,680	60,680	0	0
Other payables	7,509	7,509	7,509	0	0
Contingent consideration	4,757	5,522	600	4,922	0
Accrued expenses	11,090	11,090	11,090	0	0
Lease liabilities	35,081	37,954	6,124	16,485	15,345
Financial liabilities	59,969	60,244	60,244	0	0
Total	**179,085**	**182,999**	**146,247**	**21,407**	**15,345**

c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange and interest rates will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

c1) Interest rate risk

Interest rate risk arises from movements in interest rates which could have adverse effects on the Group's net income or financial position.

- The cash position is used for general corporate purposes and to fund the planned growth.
- In 2017, the Group entered into an interest rate swap with a maturity of 6 years, which exchanges fixed-rate payments for floating-rate payments based on SARON. The interest rate swap increased the Group's exposure to fluctuations in market interest rates. The underlying transaction was the u-blox bond of 2017. The interest rate swap expired in 2023.
- Revenue and operating cash flows are substantially independent of changes in market interest rates.

Management considers that the Group is not exposed to any significant risks arising from changes in market interest rates and therefore no hedging instruments are utilized.

An increase of the interest rate of 0.25% would have resulted in a positive impact of CHF 317 thousand (2022: CHF 344 thousand) on net profit and equity.

For the interest rate swap, an increase of the Swiss Franc interest rate of 0.25% would have resulted in a negative impact of CHF 22 thousand on net profit and equity in 2022.

c2) Currency risk

Most of the revenue and cost of sales are denominated in USD or EUR. A majority of overhead and other fixed costs are denominated in CHF. This exposure to different currencies potentially results in gains or losses with respect to movements in foreign exchange rates. The impact of such fluctuations can be material. Accordingly, u-blox enters from time to time into economic hedging transactions pursuant to which u-blox purchases CHF under forward purchase contracts in order to minimize its CHF exposure. These transactions require judgments and assumptions about the future expense levels, and as a result, do not entirely eliminate the exposure to currency fluctuations. Furthermore, while the hedging transactions provide fixed currency rates for periods covered by the contracts, the transactions will not protect the Group from long-term movements in currency rates. Revenues and cost of sales are to a certain extent denominated in the same currency, which provides a natural hedge.

The table below shows the significant currency risks arising from financial instruments in a foreign currency from the perspective of the Group entity which holds these financial instruments:

	December 31, 2023		December 31, 2022	
in CHF 1,000	USD	EUR	USD	EUR
Cash and cash equivalents	84,631	25,144	67,969	36,470
Trade accounts receivable	71,254	12,769	54,117	11,253
Receivables from subsidiaries	66,108	35,047	54,123	27,584
Other receivables	138	1,003	320	1,190
Trade accounts payable	–28,373	–2,117	–57,141	–2,314
Other payables – other	–2,525	–7,403	–1,790	–3,464
Payables to subsidiaries	–66,108	–35,047	–54,123	–27,584
Accrued expenses	–1,048	–1,000	–1,395	–1,214
Lease liabilities	–3,453	–5,643	–1,506	–5,644
Total currency exposure	**120,624**	**22,752**	**60,573**	**36,277**

A 10% change in exchange rates at December 31 would have increased or decreased net profit and equity by the amounts listed below. The assumption underlying this analysis is that all other variables, in particular interest rates, remain unchanged.

Sensitivity analysis		**2023**		**2022**
	USD/CHF	EUR/CHF	USD/CHF	EUR/CHF
Change	10.00%	10.00%	10.00%	10.00%
in CHF 1,000				
Impact on income statement and equity for positive change	9,880	1,864	4,962	2,971
Impact on income statement and equity for negative change	–9,880	–1,864	–4,962	–2,971

In respect of other monetary assets and liabilities denominated in foreign currencies, the Group ensures that its net exposure is maintained at an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

25 Capital management

The Board's policy is to maintain a strong capital base to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors both the number of shareholders, as well as the return on capital, which the Group defines as net profit divided by total shareholders' equity (based on IFRS values). Return on capital was –2.1% in 2023 (2022: 24.6%). Neither the company nor any of its subsidiaries are subject to externally imposed capital requirements. The Board plans to invest future profits, if any, into the long-term growth of the business but also, based on the sound cash situation, intends to enable the shareholders participate in the business result by dividend payments or by repaying part of the share premium.

26 Leases

Overview of Group's lease contracts
The Group differentiates its lease contracts into leasehold and other leases. Leasehold includes office premises and related parking spaces, which consist of approximately 90% of the Group's right-of-use assets. All other assets classified as leases under IFRS 16 are reported as leases other. Leases other consists mainly of leased vehicles, IT and office equipment.

Lease terms
The Group leases buildings for office space in several different locations. Each leasehold contract is assessed on an individual basis. Management judgment has been used to assess the term of leases with indefinite duration. If a contract includes an extension option or termination option, assessment is made whether or not an option would be exercised with reasonable certainty.

In case of a significant event or significant change of circumstances within the Group's control a reassessment is performed. The lease term for leaseholds is generally not assessed longer than three years due to the business' normal planning uncertainty, with the exception of contracts already in force or with fixed contractual lease terms.

The lease term of assets other than leasehold is determined according to the contracts' duration.

Payments
Some leasehold rentals are linked to annual changes in local price indices and some include a property tax. These amounts are generally determined annually and are taken into account at the effective date of the change.

Lease components recognized in the income statement when measuring lease:

in CHF 1,000	**2023**	**2022**
Short-term lease expenses	55	65
Depreciation of right-of-use assets	5,967	5,996
Interest expense on lease liabilities	683	669

Right-of-use assets (ROU)

Information about leases for which the Group is a lessee is presented below.

in CHF 1,000	Leasehold 2023	Leasehold 2022	Other 2023	Other 2022	Total ROU 2023	Total ROU 2022
Balance at January 1	**30,271**	**28,927**	**3,750**	**3,035**	**34,021**	**31,962**
Depreciation charge of the year	–5,415	–5,512	–551	–483	–5,966	–5,996
Modifications and reassessments	2,558	2,821	–257	–176	2,301	2,645
New contracts	373	4,589	717	1,388	1,089	5,977
Change in consolidation	0	43	0	0	0	43
Translation differences	–833	–597	–19	–13	–851	–611
Balance at December 31	**26,955**	**30,271**	**3,640**	**3,750**	**30,595**	**34,021**

Lease liabilities

in CHF 1,000	2023	2022
Balance at January 1	**35,081**	**32,789**
Changes from financing cash flows		
Payment of lease liabilities	–5,643	–5,497
Interest paid for leases	–683	–669
Total changes from financing cash flows	**–6,326**	**–6,165**
Modifications and reassessments	2,301	2,645
New contracts	1,089	5,739
Change in consolidation	0	43
Interest expense	683	669
Translation differences	–950	–638
Balance at December 31	**31,879**	**35,081**

Amounts recognized in the Consolidated statement of cash flows:

in CHF 1,000	2023	2022
Payment of lease liabilities	5,643	5,497
Short-term lease payments	55	65
Interest paid for leases	683	669
Total cash outflows for leases	**6,381**	**6,230**

27 Guarantees, pledges in favor of third parties and contingent liabilities

At December 31, 2023, and 2022, there were no guarantees in favor of third parties. The Group is not exposed to any significant contingent liabilities. There is no known, threatened or pending litigation against any Group companies.

28 Related parties

Related parties are members of the Board of Directors and Executive Committee, close family members of the aforementioned parties, and shareholders with a significant influence or control over the Group, as well as entities under these parties' control. The total compensation to the Board of Directors and Executive Committee was:

in CHF 1,000	**2023**	**2022**
Salaries	3,165	4,203
Share-based payments	675	555
Social taxes	272	284
Employee benefit costs	450	413
Other cash benefits	8	13
Other non-cash benefits	10	11
Total compensation	**4,580**	**5,477**

There were no other significant transactions with related parties during the years ended December 31, 2023 and 2022. The detailed disclosure of compensation and shareholdings of the Board of Directors and Executive Committee as per Swiss law can be found in the compensation report.

29 Acquisitions

2022

Naventik GmbH

On September 26, 2022 the Group acquired 100% of Naventik GmbH, which is a business combination according to IFRS 3. Naventik has more than 20 years experience in research and development on localization of vehicles using GNSS in sensor data fusion systems. As a development hub for u-blox, Naventik provides high performance vehicle localization technology for mass market applications.

The total cash purchase price was CHF 92 thousand.

For the period September 26, 2022 to December 31, 2022 Naventik GmbH contributed CHF 0 revenue and a net loss of CHF 602 thousand to the Group. If the acquisition had occurred on January 1, 2022, management estimates that consolidated revenue would have been CHF 623.9 million and consolidated profit for the year would have been CHF 101.3 million.

The following table summarizes the recognized amounts of identifiable assets acquired and liabilities assumed at the date of acquisition.

in CHF 1,000	**2022**
Cash and cash equivalents	3
Other receivables	127
Property, plant and equipment	23
Intangible assets	1
Right-of-use assets	43
Other payables / accrued expenses	–17
Lease liabilities	–43
Financial liabilities	–987
Total identifiable net assets / (liabilities) acquired	**–849**
Goodwill	942
Total consideration transferred	**92**

Goodwill, which is not deductible for tax purposes, comprises intangible assets that are not separable such as expected synergy effects and employee know-how. The goodwill will be part of the positioning and wireless products segment.

30 Subsequent events after the balance sheet date

On February 23, 2024, u-blox concluded a new syndicated bank loan agreement on a total line of CHF 140 million valid for three years, with two extension options of one additional year each, therefore running for a maximum term of five years.

The Board of Directors authorized these consolidated financial statements on March 5, 2024 for the issuance.

There have been no events between December 31, 2023, and the date of authorization of these consolidated financial statements that would lead to an adjustment of the carrying amounts of assets and liabilities presented at December 31, 2023.

Statutory Auditor's Report

To the General Meeting of u-blox Holding AG, Thalwil

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of u-blox Holding AG and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at December 31, 2023 and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements (pages 96 to 144) give a true and fair view of the consolidated financial position of the Group as at December 31, 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and comply with Swiss law.

Basis for Opinion

We conducted our audit in accordance with Swiss law, International Standards on Auditing (ISA) and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the “Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements” section of our report. We are independent of the Group in accordance with the provisions of Swiss law, together with the requirements of the Swiss audit profession, as well as those of the International Ethics Standards Board for Accountants’ International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Key Audit Matters

Capitalization of development costs

Valuation of capitalized development costs

Valuation of inventory

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Capitalization of development costs

Key Audit Matter

For the Group, as a fabless supplier of positioning and wireless semiconductors and modules, research & development (R&D) belongs to the core activities.

If certain criteria are met, the Group recognizes development costs as intangible assets. These criteria include, among others, the feasibility of the product, reliably measurable attributable expenditure and probable future economic benefits. In 2023, the Group capitalized development costs of TCHF 41,088 (2022: TCHF 41,921), while R&D expenditure in the amount of TCHF 83,461 (2022: TCHF 76,561) was recognized in the consolidated income statement. The assessment of the amount of costs to be capitalized for each product requires significant judgment.

There is a risk of over- or understatement of the capitalized development costs, either when the relevant criteria are not met but development costs are still capitalized, or when the criteria for capitalization are met but the costs are expensed.

Our response

Our audit procedures included, amongst others, the following:

— We tested the operating effectiveness of key internal controls over the Group's approval and assessment relating to the recognition of development costs and the approval of R&D expenses.

— We obtained a list of the products for which development costs incurred in the period were capitalized. We assessed if the capitalization criteria for each product were met. We challenged in our discussion with the management the business case and the underlying assumptions, as well as the stage of the development of the product, based on the internal operational reports that are prepared by the product managers. We furthermore assessed the consistency and completeness of the list of capitalized products with the operational reports. On a sample basis, we tested the accuracy of the calculation model and the underlying data, including cost rates and registered hours of the respective employees.

— Based on our reading of the internal operational product reports and the discussion with management we assessed whether R&D expenses should have been capitalized.

For further information on the capitalization of development costs refer to the following:

— Note 2 to the consolidated financial statements: Accounting policies

— Note 10 to the consolidated financial statements: Goodwill and intangible assets

— Note 20 to the consolidated financial statements: Research and Development

Valuation of capitalized development costs

Key Audit Matter

The Group capitalized a significant amount of development costs, as described above. As of December 31, 2023, the carrying amount of capitalized development costs was TCHF 141,211 (2022: TCHF 193,392).

In order to assess the valuation of the capitalized costs, the Group performs an annual impairment test for those costs relating to products that are not yet available for use. In addition, the Group assesses indicators for impairment for the capitalized development costs of finalized products that are already available for use.

The recoverability of these intangible assets depends on the successful launch of the new products in the market and the continuing sale of established products. Consequently, management's assessment of the valuation involves significant judgment, among others concerning the future cash flows, associated discount rate, growth rates as well as the estimated useful life.

There is a risk of over- or understatement of capitalized development costs if they are not fully recoverable or if the estimated useful lives are not accurate.

Our response

Our work focused on challenging the assumptions used by management in conducting their valuation assessment (determination of useful life, impairment calculation and review of potential impairment indicators) and the reconciliation of the impairment losses recognized.

This included:

— We evaluated the reasonableness of current forecasts including a trend analysis of margins, sales and development costs against those achieved historically.

— For products not yet in use – we considered the internal operational reports that address the development status of each product.

— For products in use – we challenged management's assessment of indicators for impairment.

— We assessed management's documentation over the appropriateness of the useful lives including an analysis of expected future and actual historical sales of products.

We also evaluated the sensitivity analysis prepared by management, re-performed the calculation and assessed the disclosures relating to the impairment review.

For further information on the valuation of capitalized development costs refer to the following:

— Note 2 to the consolidated financial statements: Accounting policies

— Note 3 to the consolidated financial statements: Critical accounting judgements and estimates

— Note 10 to the consolidated financial statements: Goodwill and intangible assets

Valuation of inventory

Key Audit Matter

Inventories amount to TCHF 96,954 (2022: TCHF 117,972) and form significant part of the Group's assets as of December 31, 2023. The Group's inventories are composed of raw materials, work in progress and finished products.

Inventories are measured at the lower of cost and net realizable value. The cost of inventory is based on weighted average cost and does include costs incurred in acquiring the inventory and bringing it to its present location and condition. The group recognizes an allowance for slow moving items.

We focused on this area as there is a risk that inventory value is overstated given the significant build up in volume and value in the year under review. The recognition of inventory allowances and value adjustments involves management judgement.

Our response

Our audit procedures included, amongst others, the following:

— We gained an understanding of the Group's inventory cost process, the scrapping process, the inventory forecasting and purchase process and the stocktaking process.

— On a sample basis, we challenged and recalculated the cost components of inventory.

— We gained an understanding of the Group's process to estimate the net realizable value of inventories and challenged the Group's assumptions to calculate the estimated net realizable value.

— On a sample basis, we validated the net realizable value test prepared by the Group by comparing book values of finished goods as of December 31, 2023 against sales or customer orders recognized in the new financial year.

For further information on the valuation of inventory refer to the following:

— Note 2 to the consolidated financial statements: Accounting policies

— Note 8 to the consolidated financial statements: Inventories

Other Information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements, the stand-alone financial statements, the compensation report of the company and our auditor's reports thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Board of Directors' Responsibilities for the Consolidated Financial Statements

The Board of Directors is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS and the provisions of Swiss law, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law, ISAs and SA-CH will always detect a material misstatement when it exists. 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 consolidated financial statements.

As part of an audit in accordance with Swiss law, ISAs and SA-CH, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

— Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain 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.

— Obtain 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 Group's internal control.

— Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.

— Conclude on the appropriateness of the Board of Directors' 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 Group'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 consolidated 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 the Group to cease to continue as a going concern.

— Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

— Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Board of Directors or its relevant committee, we determine those matters that were of most significance in the audit of the consolidated 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, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In accordance with article 728a para. 1 item 3 CO and PS-CH 890, we confirm that an internal control system exists, which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

KPMG AG

Silvan Jurt
Licensed Audit Expert
Auditor in Charge

Raphael Gähwiler
Licensed Audit Expert

Lucerne, March 5, 2024

Financial statements u-blox Holding AG

Statement of financial position

in CHF 1,000	Note	December 31, 2023	December 31, 2022
Assets			
Current assets			
Cash at bank		2,511	9,940
Other receivables – third parties		252	221
Prepaid expenses		72	68
Derivative financial assets		0	45
Total current assets		**2,835**	**10,274**
Non-current assets			
Loans granted to companies in which the entity holds an investment		181,394	256,655
Investment	2.1	14,698	14,698
Total non-current assets		**196,092**	**271,353**
Total assets		**198,927**	**281,627**
Liabilities and shareholders' equity			
Current liabilities			
Other payables – companies in which the entity holds an investment		0	38,852
Accrued expenses		955	1,251
Short-term interest-bearing liabilities	2.2	0	60,000
Total current liabilities		**955**	**100,103**
Total liabilities		**955**	**100,103**
Shareholders' equity			
Share capital	2.3	83,592	96,842
Legal capital reserve			
Reserves from capital contributions	2.4	32,923	23,180
Legal retained earnings			
General legal retained earnings		5,469	4,089
Reserves for treasury shares	2.6	1,058	2,439
Available earnings			
Profit brought forward		77,678	75,953
(Loss) / profit for the year		–1,426	1,725
Treasury shares	2.5	–1,324	–22,704
Total shareholders' equity		**197,972**	**181,524**
Total liabilities and shareholders' equity		**198,927**	**281,627**

Income statement

in CHF 1,000	Note	2023	2022
Income			
Dividend income	2.7	6,000	6,000
Other financial income	2.8	3,911	3,969
Total income		**9,911**	**9,969**
Expenses			
Financial expenses	2.9	–9,998	–6,573
Other operating expenses		–1,339	–1,674
Direct taxes		0	3
Total expenses		**–11,337**	**–8,244**
(Loss) / profit for the year		**–1,426**	**1,725**

Notes to the financial statements

1 Principles

u-blox Holding AG, Thalwil, Switzerland is the parent company of u-blox Group.

1.1 General aspects

These financial statements were prepared according to the principles of the Swiss Law on Accounting and Financial Reporting (32nd title of the Swiss Code of Obligations). Where not prescribed by law, the significant accounting and valuation principles applied are described below.

1.2 Derivative financial assets

Securities with a short-term holding period and derivative instruments are valued at their quoted market price as at the balance sheet date. No valuation adjustment reserve has been made.

1.3 Loans to group companies

Financial assets include a long-term loan to u-blox AG. It is valued at its acquisition cost.

1.4 Treasury shares

Treasury shares are recognized at acquisition cost and deducted from shareholders' equity at the time of acquisition. In case of a resale, the gain or loss is recognized through the income statement as financial income or financial expense.

1.5 Share-based payments

Shares awarded to employees within share-based payment programs are granted by capital increase. The amount paid by the employees for the nominal value of the shares awarded is recorded in share capital, while the paid amount exceeding the nominal value is considered to be a share premium and is recorded in legal capital reserves. The difference between the amount paid and the market value of the shares is also recorded in legal capital reserves. u-blox Holding AG is compensated for the difference by subsidiaries. Alternatively, treasury shares can be used for share-based programs.

1.6 Interest-bearing liabilities

Interest-bearing liabilities are recognized in the balance sheet at nominal value. Discounts and issue costs for bonds are recognized as prepaid expenses and amortized on a straight-line basis over the bond's maturity period.

2 Information on balance sheet and income statement items

2.1 Investments

	Share capital in (million)		Share in capital and voting rights in %		
	Dec. 31, 2023	**Dec. 31, 2022**	**Dec. 31, 2023**	**Dec. 31, 2022**	
u-blox AG, CH-Thalwil	CHF 4.23	CHF 4.23	100%	100%	directly held
u-blox Asia Pacific Ltd., HK-Hong-Kong	USD 0.10	USD 0.10	100%	100%	indirectly held
u-blox America Inc., US-Reston	USD 0.10	USD 0.10	100%	100%	indirectly held
u-blox Singapore Pte. Ltd., SG-Singapore	SGD 0.06	SGD 0.06	100%	100%	indirectly held
u-blox Japan K. K., JP-Tokyo	JPY 10.00	JPY 10.00	100%	100%	indirectly held
u-blox Italia S. p.A., IT-Sgonico	EUR 0.40	EUR 0.40	100%	100%	indirectly held
u-blox UK Ltd., UK-Reigate	GBP 0.00	GBP 0.00	100%	100%	indirectly held
u-blox San Diego Inc., US-San Diego	USD 0.00	USD 0.00	100%	100%	indirectly held
u-blox Cambridge Ltd., UK-Cambridge	GBP 0.51	GBP 0.51	100%	100%	indirectly held
u-blox Espoo Oy, FI-Espoo	EUR 0.05	EUR 0.05	100%	100%	indirectly held
u-blox Luton Ltd., UK-Luton	GBP 0.00	GBP 0.00	100%	100%	indirectly held
u-blox Lahore (Private) Ltd., PK-Lahore	PKR 14.11	PKR 14.11	100%	100%	indirectly held
u-blox Cork Ltd., IE-Cork	EUR 0.00	EUR 0.00	100%	100%	indirectly held
u-blox Malmö AB, SE-Malmö	SEK 0.83	SEK 0.83	100%	100%	indirectly held
u-blox Athens S. A., GR-Athens	EUR 0.18	EUR 0.18	100%	100%	indirectly held
u-blox Berlin GmbH, DE-Berlin	EUR 0.03	EUR 0.03	100%	100%	indirectly held
Sapcorda Services GmbH, DE-Berlin	EUR 0.06	EUR 0.06	100%	100%	indirectly held
u-blox Wireless Technology (Shanghai) Ltd.	RMB 1.45	RMB 1.45	100%	100%	indirectly held
Thingstream Invest AG, CH-Zug	CHF 0.50	CHF 0.50	100%	100%	indirectly held
Thingstream Ltd., UK-Poole	GBP 0.00	GBP 0.00	100%	100%	indirectly held
u-blox Chemnitz GmbH, DE-Chemnitz [1)]	EUR 0.04	EUR 0.04	100%	100%	indirectly held
u-blox US Holding Inc., US-Delaware [2)]	USD 0.00	USD 0.00	100%	100%	indirectly held
Robok Ltd., UK-Cambridge	GBP 0.02	GBP 0.02	12.2%	11.3%	indirectly held
Zero Point Motion Ltd., UK- London	GBP 0.02	GBP 0.02	10.9%	10.9%	indirectly held

1) u-blox Chemnitz GmbH (former Naventik GmbH) was acquired in 2022.
2) u-blox US Holding Inc. was established in 2022.

2.2 Short-term interest-bearing liabilities

On April 18, 2023, the bond in the amount of CHF 60 million was paid back in full.

2.3 Share capital

The share capital consists of 7,268,884 (2022: 7,173,448) registered shares with a nominal value of CHF 11.50 (2022: CHF 13.50) each. During 2023, the par value was decreased by CHF 2.00 (2022: CHF 1.30) per share, resulting in a payment to shareholders of CHF 14.2 million (2022: CHF 9.0 million).

In 2023, 95,436 (2022: 58,609) options were exercised out of the conditional capital, resulting in a share capital increase of CHF 1,186,052 (2022: CHF 791,221). On December 31, 2023, 701,169 options were outstanding (2022: 973,589) as well as 74,165 Restricted Share Units (RSUs) (2022: 0) and 11,803 Performance Share Units (PSUs) (2022: 0).

Capital band

	December 31, 2023	December 31, 2022
Number of registered shares	721,771	0
With a nominal value of CHF 11.50 (2022: CHF 13.50) each	CHF 8,300,367	CHF 0

At the Annual General Meeting of April 19, 2023, the Board of Directors was authorized to increase the share capital by a maximum of 10% of the share capital, by April 19, 2028, at the latest.

Authorized share capital
The Board of Directors was authorized until April 19, 2023, to increase the share capital through the issuance of up to 700,000 fully paid-in registered shares at a par value of CHF 13.50.

Conditional share capital

	December 31, 2023	December 31, 2022
Number of registered shares	309,718	297,036
With a nominal value of CHF 11.50 (2022: CHF 13.50) each	CHF 3,561,757	CHF 4,009,986

2.4 Reserves from capital contributions

The options exercised in 2023 led to an increase in reserves from capital contributions of CHF 9,743,732 (2022: CHF 6,580,159) net of transaction costs.

2.5 Treasury shares

In 2023, 120,000 treasury shares were sold to a third party at an average selling price of CHF 96.94, which resulted in a loss of CHF 9,492,599 presented in financial expenses.
In 2022, 50,481 treasury shares were transferred from u-blox Holding AG to u-blox AG at an average selling price of CHF 88.09, which resulted in a loss of CHF 4,606,962 presented in the financial expenses.
See Note 2.3 for information on decrease in par value.

	Quantity	Value in CHF 1,000
Balance at January 1, 2022	**178,000**	**31,924**
Sales	–50,481	–9,054
Par value decrease	0	–166
Balance at December 31, 2022	**127,519**	**22,704**
Sales	–120,000	–21,126
Par value decrease	0	–255
Balance at December 31, 2023	**7,519**	**1,324**

2.6 Reserves for treasury shares

In 2022, u-blox AG acquired 50,481 treasury shares from u-blox Holding AG at an average price of CHF 88.09 each.
In 2023, 15,622 shares were allocated to employees as part of the share-based payment program (2022: 22,376) at an average price of CHF 115.91 (2022: CHF 91.26).
As of December 31, 2023, 12,483 (2022: 28,105) treasury shares remain at u-blox AG for which a reserve for treasury shares is accounted for at u-blox Holding AG. See Note 2.3 for information on decrease in par value.

2.7 Dividend income

In the reporting year, dividend income from u-blox AG amounted to CHF 6 million (2022: CHF 6 million).

2.8 Other financial income

The other financial income mostly consists of interest income from u-blox AG of CHF 3.9 million (2022: CHF 4.0 million).

2.9 Financial expenses

in CHF 1,000	**2023**	**2022**
Interest on bond	284	1,224
Intercompany interest expense	210	685
Loss from sale of treasury shares	9,493	4,607
Other	11	57
Total	**9,998**	**6,573**

3 Other information

3.1 Full-time equivalents
u-blox Holding AG does not have any employees.

3.2 Collateral for third-party liabilities
Collateral provided for liabilities of third parties amounts to CHF 66 million (2022: 0). These are guarantees issued in favor of subsidiaries.

3.3 Significant shareholders
The following shareholdings correspond to the ones reported according to the regulations of the Swiss Stock Exchange (SIX Swiss Exchange).

	December 31, 2023	December 31, 2022
Janus Henderson Group Plc	5.05%	3.02%
SEO Management AG	5.03%	n/a
LLB Swiss Investment AG	3.01%	n/a
UBS Fund Management (Switzerland) AG	3.01%	n/a

n/a = below 3% voting rights.

3.4 Shareholding of members of the Board of Directors, Executive Committee or persons related to them
The total number of u-blox shares, options and PSUs owned by members of the Executive Committee, the Board of Directors and the persons related to them are shown in the tables below. The shares are not restricted.

Shareholdings, options and PSUs of Non-Executive members of the Board of Directors

December 31, 2023	Number of shares	Number of options	Number of PSUs
André Müller	3,330	0	0
Ulrich Looser	2,330	0	0
Thomas Seiler	150,341	14,414	2,949
Markus Borchert	1,520	0	0
Karin Sonnenmoser	1,950	0	0
Elke Eckstein	220	0	0
Total	**159,691**	**14,414**	**2,949**

December 31, 2022	Number of shares	Number of options	Number of PSUs
André Müller	2,000	0	0
Ulrich Looser	2,330	0	0
Markus Borchert	1,320	0	0
Karin Sonnenmoser[1)]	0	0	0
Elke Eckstein[1)]	0	0	0
Total	**5,650**	**0**	**0**

1) Elected at the Extraordinary Shareholders' Meeting on November 21, 2022.

Shareholdings, options and PSUs of Executive Committee (including Executive members of the Board of Directors)

December 31, 2023	Number of shares	Number of options	Number of PSUs
Stephan Zizala	2,700	9,500	737
Andreas Thiel	40,510	25,901	2,042
Jean-Pierre Wyss	23,574	14,414	2,042
Roland Jud	9,527	20,047	1,991
Markus Schäfer	2,712	8,585	2,042
Total	**79,023**	**78,447**	**8,854**

December 31, 2022	Number of shares	Number of options	Number of PSUs
Thomas Seiler	145,220	26,207	0
Stephan Zizala	0	9,500	0
Andreas Thiel	40,510	32,573	0
Jean-Pierre Wyss	13,453	26,207	0
Roland Jud	4,363	31,717	0
Markus Schäfer	0	11,297	0
Total	**203,546**	**137,501**	**0**

3.5 Options on shares or PSUs for members of the Board of Directors and Executive Committee

Starting 2023, PSUs are granted instead of options on shares as part of the compensation of the Executive Committee.

		2023		2022
	Number of PSUs	Value in CHF 1,000	Number of options	Value in CHF 1,000
Allocated to members of the Board of Directors	2,949	325	0	0
Allocated to members of the Executive Committee	8,854	976	28,689	596
Total	**11,803**	**1,301**	**28,689**	**596**

3.6 Significant events after the balance sheet date

On February 23, 2024 u-blox concluded a new syndicated bank loan agreement on a total revolving credit line of CHF 140 million valid for three years, with two extension options of one additional year each, therefore running for a maximum term of five years.

There are no significant events after the balance sheet date, which could impact the book value of the assets or liabilities which should be disclosed here.

Proposal of the Board of Directors for appropriation of available earnings

The Board of Directors proposes to the Annual General Meeting the following appropriation of available earnings at December 31, 2023:

in CHF 1,000	**2023**	**2022**
Brought forward from previous year	77,678	75,953
(Loss) / profit for the year	–1,426	1,725
Available earnings before appropriation	**76,252**	**77,678**

The Board of Directors is proposing to the General Meeting, to be held on April 18, 2024, to carryforward the available earnings 2023 of CHF 76,252,233.

Thalwil, March 5, 2024

For the Board of Directors
The Chairman André Müller

Statutory Auditor's Report

To the General Meeting of u-blox Holding AG, Thalwil

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of u-blox Holding AG (the Company), which comprise the statement of financial position as at December 31, 2023, and the income statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements (pages 151 to 159) comply with Swiss law and the Company's articles of incorporation.

Basis for Opinion

We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the provisions of Swiss law, together with the requirements of the Swiss audit profession and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

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 of the current period. We have determined that there are no key audit matters to communicate in our report.

Other Information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements, the stand-alone financial statements of the Company, the compensation report and our auditor's reports thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Board of Directors' Responsibilities for the Financial Statements

The Board of Directors is responsible for the preparation of the financial statements in accordance with the provisions of Swiss law and the Company's articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and SA-CH will always detect a material misstatement when it exists. 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.

As part of an audit in accordance with Swiss law and SA-CH, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain 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.
- Obtain 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- Conclude on the appropriateness of the Board of Directors' 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 the Company to cease to continue as a going concern.

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

We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Board of Directors or its relevant committee, 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, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In accordance with article 728a para. 1 item 3 CO and PS-CH 890, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the Company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

KPMG AG

Silvan Jurt
Licensed Audit Expert
Auditor in Charge

Raphael Gähwiler
Licensed Audit Expert

Lucerne, March 5, 2024

KPMG AG, Pilatusstrasse 41, CH-6003 Lucerne

This Annual Report contains certain forward-looking statements, which can be identified by terms like “believe”, “assume”, “expect” or similar expressions, or implied discussions regarding potential new projects or potential future revenues, or discussions of strategy, plans or intentions. Such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results to be materially different from any future results, performance or achievements expressed or implied by such statements. All forward-looking statements are based only on data available to u-blox at the time of preparation of this Annual Report. u-blox does not undertake any obligation to update any forward-looking statements contained in this Annual Report as a result of new information, future events or otherwise.

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u-blox Holding AG
Zuercherstrasse 68
8800 Thalwil
Switzerland