

Ad hoc announcement pursuant to article 53 LR

u-blox reports full-year 2022 financial results

2022 marked a record year in terms of revenue and profitability. The year ended with revenue of CHF 624 million, adjusted EBITDA margin of 27.2%, EPS (adjusted) of CHF 15.65 and cash and cash equivalents of CHF 137.7 million.

2023 guidance: revenue growth expected to be between 6% and 16% and adjusted EBITDA margin between 21% and 24%.

Dividend proposal: a dividend payment of CHF 2.00 per share, 54% higher than 2021, will be proposed to the annual meeting of shareholders on 19 April 2023.

Thalwil, Switzerland – 10 March 2023 – u-blox (SIX: UBXN), a leading provider of positioning and wireless connectivity semiconductor solutions, today announced its financial results for the full year 2022. As announced on 11 January 2023, the company achieved record revenue of CHF 624 million. EBITDA and EBIT margins slightly exceeded guided numbers, reflecting strong demand across all regions and industrial and automotive target markets.

“2022 was an exceptionally strong year for u-blox. Our revenue grew considerably and we achieved a strong level of profitability and cash-flow. During the year, several key customers successfully ramped up promising new product offerings using our solutions. These results confirm the successful implementation of our innovation strategy which is focused on industrial and automotive target markets. Our ability to continuously provide customers with innovative, reliable and easy to implement solutions should fuel our future growth,” said Stephan Zizala, u-blox’s Chief Executive Officer.

Financial highlights for 2022

(All comparisons versus the prior year period unless otherwise noted)

- Revenue of CHF 624 million (previous year: CHF 414 million), an increase of 51% (at constant exchange rates: 47%)
- EBITDA (adjusted) of CHF 170 million (previous year: CHF 72 million), an increase of 136%
- EBITDA margin (adjusted) of 27.2% (previous year: 17.4%), an increase of 983bps
- EBIT (adjusted) of CHF 131 million (previous year: CHF 35 million), an increase of 274%
- EBIT margin (adjusted) of 21.0% (previous year: 8.5%), an increase of 1257bps
- Cash flow from operating activities of CHF 117 million (previous year: CHF 98 million), an increase of 20%
- Free cash flow of CHF 66 million (previous year: CHF 56 million), an increase of 18%

Business Highlights for 2022

New products

Demand was fueled by long-term investments in R&D materializing in strongly ramping up of customer projects. Also in 2022, u-blox launched numerous innovative products, which greatly enhanced solution capabilities for our customers and are expected to contribute to future growth. Some of these product launches are listed below:

- LARA-L6 module: the world's smallest LTE Cat 4 module with global coverage which is ideal for demanding size-constrained applications including video surveillance, dashcams, high-end telematics, gateways and routers, and connected health devices.
- MIA-M10 module: the world’s smallest GPS module, roughly half the size of competing products, offers the most power-efficient solution for size-constrained battery-powered asset tracking devices and allows developers to design more attractive and comfortable solutions.

- MAYA-W2 module: a tri-radio Wi-Fi 6, Bluetooth LE 5.2 and Thread module, extends the benefits of highly efficient Wi-Fi 6 to industrial applications, particularly when handling crowded networks, while supporting Bluetooth LE 5.2 and Thread.
- Security as a Service: a Certificate lifecycle control Security-as-a-Service (SaaS) that continuously renews device credentials in a fully automated mode which together with u-blox's existing zero touch provisioning service provides out-of-the-box onboarding to IoT Cloud platforms with total control of the device certificate lifecycle.

Partnerships

We continuously partner with customers to create or co-develop innovative solutions and complement our internal capabilities with third-party partnerships. During 2022, u-blox entered into several partnerships, including:

- Li Auto, an electric vehicle innovator in China, chose the u-blox ZED-F9K high precision dead reckoning module to provide lane-level accurate positioning data for the assisted driving system in their latest model, the Li L9 6-seat smart SUV.
- Ricoh integrated u-blox's ZOE-M8B GNSS module into the new RICOH THETA X. Ricoh's latest camera, the first of its kind, allows users to shoot high-quality 360-degree spherical images and videos in just one click and to visualize them immediately on a large LCD touch panel.
- Universal Douglas Lighting Americas, a leading manufacturer of scalable lighting solutions, develops a new open standard Bluetooth Mesh platform based on the u-blox NINA-B406 Bluetooth low energy module which will serve building automation use cases, including smart lighting, access control and energy management.
- GMV, a leader in functional safe positioning systems, to provide ready-to-use functional safe positioning solutions which complement u-blox's existing GNSS receiver portfolio and advanced GNSS augmentation service PointPerfect.
- NXP® Semiconductors integrated u-blox positioning and wireless communications modules in their new Orange Box connectivity domain controller (CDC) development platform.

Financial Overview

During 2022, u-blox generated revenues of CHF 623.9 million, EBITDA (adjusted) of CHF 169.9 million and an EBIT (adjusted) of CHF 131.3 million. Revenues in all regions were higher in 2022 compared to the previous year, reflecting strong and broad-based expansion of overall demand for existing and new products and solutions. In particular, the automotive and industrial end markets exhibited robust year-over-year growth. Revenues benefited from increased USD/CHF exchange rates. At 2021 exchange rates, revenue growth would have been 47%.

Revenues by region:

All regions contributed to the encouraging business expansion, with APAC showing the strongest increase.

- APAC: 2022 revenues increased to CHF 245.0 million from CHF 152.7 million in 2021 (+60.4%), driven by strong growth with applications in healthcare, infotainment and navigation, with strongest growth in Australia, Japan and Korea.
- EMEA: 2022 revenues rose to CHF 176.0 million from CHF 124.8 million in 2021 (+41.0%), driven by good business with applications in infotainment and navigation, industrial automation and asset tracking.
- AMEC: 2022 revenues expanded to CHF 202.9 million from CHF 136.6 million in 2021 (+48.5%), driven by robust growth with applications in infotainment, navigation, telematics and healthcare.

Revenues by segment:

- Positioning and wireless products: 2022 revenue for chips and modules for positioning and wireless connectivity that are used in automotive, industrial and consumer applications increased to CHF 622.9 million compared to CHF 413.5 million in 2021.
- Wireless services: 2022 revenues for wireless communication technology services in terms of data services, reference designs and software decreased to CHF 34.1 million compared to CHF 35.8 million in 2021 (including intra group revenue).

Adjusted gross profit reached CHF 307.2 million in 2022 from CHF 193.9 million in 2021, resulting in an adjusted gross profit margin of 49.2% (2021: 46.8%). The gross margin benefitted from u-blox active shift of the product mix to higher-end products, price increases, positive scale effects and cost improvement measures.

Adjusted operating expenses, which include R&D, Sales, General & Administration (SG&A) expenses, totaled CHF 177.9 million for 2022, compared to CHF 163.9 million in 2021. As a percentage of revenue, operating expenses were 28.5% of total revenue compared to 39.6% the year before.

R&D expenses (adjusted) increased only slightly to CHF 106.3 million in 2022 compared to CHF 102.2 million in 2021, while as a percentage of revenue R&D expenses reduced to 17.0% (2021: 24.7%). Improved operational effectiveness resulted in better use of R&D spendings.

Sales, General & Administration (SG&A) expenses (adjusted) in 2022 were CHF 71.6 million, an increase compared to CHF 61.7 million in the previous year, while as a percentage of revenue SG&A expenses (adjusted) decreased to 11.5% in 2022 compared to 14.9% in 2021. SG&A expenses increased due to the fast-growing business.

Share based payment expenses recognized according to IFRS in 2022 were CHF 4.4 million compared to CHF 3.3 million in 2021.

Financial costs of CHF 2.1 million (2021: CHF 6.9 million) consisted primarily of the interest of the outstanding bond and the interest accounted for financial leases under IFRS-16. The share of loss of equity-accounted investees net of tax was CHF 0.2 million in 2022 (2021: CHF 1.8 million).

Net profit (adjusted) before minority interests went up to CHF 109.0 million, compared to CHF 22.9 million in the previous year. EPS (adjusted) in 2022 increased to CHF 15.65 per share compared to CHF 3.30 per share in 2021.

Net cash generated from operating activities

Cash from operating activities further increased to CHF 117.3 million in 2022, compared to CHF 97.7 million generated in the previous year, thanks to growing business.

Investing Activities

Investments in property, plant and equipment and intangible assets totaled CHF 51.0 million for 2022, compared to CHF 43.1 million in 2021. Free cash flow (before acquisitions) was CHF 66.2 million, compared to CHF 56.0 million in 2021.

Financial Position

At 31 December 2022, u-blox had a solid balance sheet with an equity ratio of 61.6%. Cash and cash equivalents totaled CHF 137.7 million as of 31 December 2022, compared to CHF 83.7 million as of 31 December 2021.

With regard to this strong financial position and the positive outlook, the Board of Directors plans to propose to shareholders at the Annual General Meeting, scheduled for 19 April 2023, a dividend payment of CHF 2.00 per share. This is an increase of 54% and underlines u-blox positioning as an attractive growth stock.

Outlook

The strong orderbook at year-end provides good visibility into 2023. Revenue growth in 2023 is expected to continue at more normalized rates which are in line with our historical average rates while EBITDA (adjusted) and EBIT (adjusted) margins are expected to remain on an elevated level compared with our historic results.

	2022 As reported	Guidance 2023¹ 10 March 2023
Revenue	624 (MCHF)	+ 6 to 16% +37 ... +100 (MCHF)
EBITDA (adjusted) margin	27.2%	21 to 24%
EBIT (adjusted) margin	21.0%	14 to 18%

¹⁾ Exchange rate assumptions for 2023: USD: 0.98, EUR: 0.99, GBP: 1.18

Consolidated income statement (IFRS and adjusted)

in CHF 1'000	Jan-Dec 2022		Adjustments ²⁾	Jan-Dec 2022		Jan-Dec 2021	
	(IFRS)	in %		(adjusted)	in %	(adjusted)	% revenue
Revenue	623'852	100.0		623'852	100.0	414'057	100
Cost of sales	-317'088	-50.8	387	-316'701	-50.8	-220'126	-53.2
Gross Profit	306'764	49.2	387	307'151	49.2	193'931	46.8
Distribution and marketing expenses	-44'906	-7.2	1'340	-43'566	-7.0	-38'887	-9.4
Research and development expenses	-111'566	-17.9	5'285	-106'281	-17.0	-102'234	-24.7
General and administrative expenses	-30'490	-4.9	2'487	-28'003	-4.5	-22'854	-5.5
Other income	1'975	0.3		1'975	0.3	5'139	1.2
Operating Profit (EBIT)	121'777	19.5	9'499	131'276	21.0	35'095	8.5
Finance income	561	0.1		561	0.1	3'947	1.0
Finance costs	-2'075	-0.3		-2'075	-0.3	-6'936	-1.7
Share of loss of equity-accounted investees, net of taxes	-119	-0.0		-119	-0.0	-1'819	-0.4
Profit before income tax (EBT)	120'144	19.3	9'499	129'643	20.8	30'287	7.3
Income tax expense	-18'372	-2.9	-2'226	-20'598	-3.4	-7'395	-1.8
Net Profit	101'772	16.3	7'273	109'045	17.5	22'892	5.5
Minority interests	0	0.0		0	0.0	-21	-0.0
Net Profit, attributable to equity holders of the parent	101'772	16.3	7'273	109'045	17.5	22'871	5.5
Earnings per share in CHF	14.60			15.65		3.30	
Diluted earnings per share in CHF	14.34			15.36		3.30	
Operating Profit (EBIT)	121'777	19.5	9'499	131'276	21.0	35'095	8.5
Depreciation and amortization	41'990	6.8	-3'336	38'654	6.2	36'976	8.9
EBITDA¹⁾	163'767	26.3	6'163	169'930	27.2	72'071	17.4

¹⁾ 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.

²⁾ Adjustments are impacts of share-based payments, pension calculation according to IAS-19, non-recurring expenses, impairment and amortization of intangible assets acquired.

Condensed consolidated statement of financial position

in CHF 1'000	December 31, 2022	December 31, 2021
	(audited)	(audited)
ASSETS		
Current assets		
Cash and cash equivalents	137'746	83'245
Marketable securities	0	500
Trade accounts receivables	65'370	51'063
Other assets	149'237	66'679
Total current assets	352'353	201'487
Non-current assets		
Property, plant and equipment	12'627	11'328
Right-of-use assets	34'021	31'962
Goodwill	55'616	58'216
Intangible assets	203'455	190'440
Financial assets (incl. equity accounted investees)	2'240	1'851
Deferred tax assets	8'312	9'188
Total non-current assets	316'271	302'985
Total assets	668'624	504'472
LIABILITIES AND EQUITY		
Current liabilities	190'108	79'492
Non-current liabilities	66'518	122'972
Total liabilities	256'626	202'464
Shareholders' equity		
Share capital	96'842	105'300
Share premium	23'180	16'600
Retained earnings (incl. treasury shares and CTA)	291'976	180'108
Total equity, attributable to owners of the parent	411'998	302'008
Total liabilities and equity	668'624	504'472

Consolidated cash flow statement

in CHF 1'000	2022	2021
Net Profit	101'772	15'350
Depreciation & Amortization	41'990	40'012
Other non-cash transactions	4'291	3'378
Financial income & financial expense	1'633	4'808
Income tax expense	18'372	5'725
Change in net working capital and provision	-55'665	27'710
Income tax received	4'926	707
Net cash generated from operating activities	117'319	97'690
Net investment into property, plant and equipment	-7'771	-6'177
Net investment into intangibles	-43'163	-36'923
Net investments into financial assets	73	288
Acquisition of subsidiaries, net of cash acquired & participations	-289	1'091
Net cash used in investing activities	-51'150	-41'721
Free Cash Flow (before Acquisition & participations in capital increase)	66'458	54'878
Free Cash Flow	66'168	55'969
Proceeds from exercise of options	6'306	0
Par value reduction / Dividends paid to owners of the parent	-9'047	0
Net proceeds from borrowings	-1'009	-59'986
Payment of lease liabilities	-5'497	-5'018
Non-controlling interests	0	-18
Interest paid	-1'427	-2'787
Net cash used in financing activities	-10'674	-67'809
Net increase/(decrease) in cash and cash equivalents	55'495	-11'840
Cash and cash equivalents at beginning of year	83'245	93'874
Exchange (losses)/gains on cash and cash equivalents	-994	1'211
Cash and cash equivalents at end of year	137'746	83'245

[Ad hoc press release with tables](#)

[2022 full year report](#)

[Presentation](#)

Webcast details



Stephan Zizala, CEO, and Roland Jud, CFO, will host a press conference and webcast with analysts and investors, 10 March, 2023, at 14:00 CET.

Registration Link: <https://www.webcast-egs.com/ublox-2023-fy>
The archived version of the webcast will be available at u-blox website:
<https://www.u-blox.com/en/presentations>

About u-blox

u-blox (SIX:UBXN) is a global technology leader in positioning and wireless communication in automotive, industrial and consumer markets. Its smart and reliable solutions, services and products let people, vehicles and machines determine their precise position and communicate wirelessly over cellular and short-range networks. With a broad portfolio of chips, modules and secure data services and connectivity, u-blox is uniquely positioned to empower its customers to develop innovative and reliable solutions for the Internet of Things, quickly and cost-effectively. With headquarters in Thalwil, Switzerland, the company is globally present with offices in Europe, Asia and the USA.

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Financial calendar

Three-month 2023 revenue:	12 April 2023
Annual General Meeting:	19 April 2023
Six-month 2023 revenue:	12 July 2023
Half-year 2023 results:	18 August 2023
Nine-month 2023 revenue:	11 October 2023

u-blox investor relations contacts:

Switzerland and Europe:

Dynamics Group AG
Doris Rudischhauser
+41 79 410 81 88 / doris.rudischhauser@u-blox.com

US:

The Equity Group Inc.
Lena Cati
(212) 836-9611 / lcati@equityny.com
Val Ferraro
(212) 836-9633 / vferraro@equityny.com

u-blox AG

Zürcherstrasse 68
8800 Thalwil
Switzerland
Phone +41 44 722 74 44
Fax +41 44 722 74 47
info@u-blox.com
www.u-blox.com

Disclaimer

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assumptions prove incorrect, actual results may vary materially from those described in this report. u-blox is providing the information in this release as of this date and does not undertake any obligation to update any -forward-looking statements contained in it as a result of new information, future events or otherwise.

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