

locate, communicate, accelerate

u-blox acquires 4M Wireless

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Agenda

- Transaction highlights
- Introduction of 4M Wireless
- Strategic rationale
- Outlook
- Q&A

Strategic Rationale

Overview of 4M Wireless	<ul style="list-style-type: none">• Specialist in LTE protocol stack• Established and proven technology basis with various licensors in the domain of chipset and test equipment vendors• Strong knowledge and proven technology• Engineering team in Pakistan
Strategic rationale	<ul style="list-style-type: none">• Expand wireless services business with strong margin activity• Assure knowledge for the fastest growing network technology• Strengthen u-blox' position in its key markets globally• Deepen knowledge in core technologies for wireless communication
Shareholder value creation	<ul style="list-style-type: none">• Growth in earnings• Expand product offer into strongly growing 4G technology domain• Win market share thanks to high capabilities in a major technology domain

Acquisition Overview

- Acquisition of 100% of the shares of 4M Wireless
- Acquisition price approx. USD 9m, depending on earn-out
- Fully paid-up in cash
- Expected closing date September 2012
 - The acquisition is subject to customary closing conditions and pending regulatory approval

Introduction of 4M Wireless

- Founded in 2006, 4 founders
- 50 employees, Management and Sales in UK (4) and R&D in Pakistan (46)
- Profitable since 2009
- Designs and develops leading edge products to enable fourth generation mobile wireless based on the Long Term Evolution (LTE) standards.
- Technology targeted to chipset vendors and test equipment vendors
- Industries: Consumer, Industrial and Automotive

4M Wireless: Technology and products

- 4M Wireless designs and develops products to enable fourth generation mobile wireless based on the latest Long Term Evolution (LTE) standards
- Products
 - Software licensing solutions for the core of next generation high speed mobile devices (50...100 Mbit/sec)
 - Test solutions for base station testing aimed at wireless infrastructure vendors

4M Wireless: Key competencies

Products

- Leading LTE Terminal Protocol Stack Software in the merchant market
- Multimode support and integrated on various platforms
- Most advanced, widely validated & IOT tested Software available
- Complete suite of development, test & verification tools

Expertise

- Specialist and well organized wireless protocol engineering team
- Profound LTE knowledge
- Offshore SW Development Centre very familiar with working in multisite environment
- Field experience and proven ability to support several customers worldwide

Synergies between u-blox and 4M Wireless

4M Wireless delivers:

- LTE system know-how
- Software development
- Full LTE protocol stack
- Experienced staff

u-blox delivers:

- Wireless modem knowhow
- Stack knowledge in 2G and 3G
- Module manufacturing
- Strong financial background

Key synergies

- **Expand Hardware and Software system knowledge**
- **Protocol stacks – full control over LTE**
- **Technology access**
- **Speed delivery of next generation technologies**
- **Wider commercial footprint**

LTE – a fast expanding technology (1)

- LTE is a unifying technology for almost all mobile operators around the world
- All GSM/UMTS operators as well as most CDMA operators have agreed to evolve to LTE
 - → “Harmonization” of mobile technologies is a major acceleration factor for the deployment of LTE.
- Large cost efficiencies for the mobile industry as a whole are expected
- LTE technology is significantly more efficient for the air interface part compared to any previous cellular technologies
- The major drive from LTE stems from the sharply growing number of smart phones and other portable internet devices and hence the need for better spectrum utilization

LTE – a fast expanding technology (2)

- 248 mobile operators in 87 countries currently investing into LTE
- 185 operators in 66 countries, already committed to deploy LTE networks
- 63 additional operators running tech-trials / pilots in other 21 countries
- Today there are 35 commercially available LTE networks in 20+ countries
- 48 manufacturers already announced 197 different LTE end-devices
- 300 Million LTE subscribers expected by 2015
- In the U.S. one major operator already has 186 million population coverage for LTE as of Nov 2011
- Every week, U.S. operators are announcing new LTE handsets

Potential Markets

Licensing business (current)

- Semiconductor companies
- Test equipment manufacturers

Own hardware (mid term future)

- LTE Modules including 4MW stack

Business model after acquisition

- Licensing operation: Continue to sell licenses and extend the support to existing and new customers
- R&D center in Lahore, the high-tech and educational city in Pakistan
- Joint sales organization u-blox
- Expand R&D capacity in PK for
 - Enlarge product offering
 - Grow SW development capacity
 - Support customers

Impact on u-blox guidance

- On-going income from licenses and royalties has little impact on guidance due to the foreseen late closing of the acquisition in the fiscal year 2012
- 4M Wireless
 - single digit USD million revenues
 - high profitability with double digit % EBIT margin