

Ad hoc announcement pursuant to article 53 LR

## **u-blox Reports Positive Free Cash Flow in 2024 - Details Locate Strategy**

- **Positive free cash flow of CHF 10.1 million despite challenging year**
- **Revenue of CHF 262.9 million, EBIT of CHF -112.2 million**
- **Successful implementation of the cost optimization program exceeding expectations with total savings reaching CHF 25 million**
- **Focusing on Locate and phasing out of Cellular in execution**

**Thalwil, Switzerland - 26 February 2025** - u-blox (SIX: UBXN), a global leader in positioning and short-range communication technologies for automotive, industrial, and consumer markets, today announced its financial results for 2024.

Revenue for the year totaled CHF 262.9 million, a 54% decline compared to 2023, primarily due to customer overstocking. EBIT stood at CHF -112.2 million, with adjusted EBIT at CHF -59.6 million. Despite a challenging market environment, u-blox generated positive free cash flow of CHF 10.1 million, supported by proactive working capital management. As a result, u-blox's net cash position remains strong at CHF 90.9 million at the end of 2024. The company demonstrated strong execution capabilities, reducing its cost base and setting the stage for sustainable margin expansion once the market recovers.

As announced in August 2024, u-blox launched a cost optimization program aimed at reducing operating expenses by CHF 20 million. The measures were fully implemented in the second half of 2024, exceeding expectations with total savings reaching CHF 25 million.

In January 2025 u-blox announced the strategic decision to increase focus on the Locate business and to phase out its Cellular business. Locate's business model features dynamic growth, attractive margins, and a high cash generation profile. u-blox is thrilled to pursue the path of a more focused company with a robust model and countless opportunities.

Stephan Zizala, u-blox's Chief Executive Officer, commented, "2024 gave us the opportunity to change the course to a higher performance. Locate is our focus, Cellular will be phased out, and OPEX is reduced significantly. We see the benefits already now and even more when end markets recover. I'm highly impressed with our execution performance in the last months leading to a positive free cash flow generation in a very difficult business environment."

## Operational highlights

- u-blox unveiled X20, its new revolutionary all-band high-precision GNSS platform. It brings centimeter-level accuracy to mass markets and expands geographical reach and service availability on a global scale. It follows the widely used u-blox F9.
- u-blox announced a strategic partnership with Topcon Positioning Systems creating one of the world's largest high-precision GNSS correction service offers. This collaboration brings together Topcon's cm-level network correction service solutions for agriculture and infrastructure with mass-market capabilities, enabling u-blox to offer the widest range of correction service performance choices in the industry.

## Financial Overview

In 2024 u-blox generated revenues of CHF 262.9 million, EBIT of CHF -112.2 million (EBIT (adjusted) CHF -59.6 million), and free cash flow of CHF 10.1 million in 2024. Revenue declined in most regions and markets, reflecting overstocking from our customers. Foreign currency exchange rates negatively affected revenue by -1.4%, mainly from the strengthening of the Swiss Franc versus the Euro and the US Dollar.

### Revenue by region

- APAC: Revenue in 2024 decreased by 55% to CHF 123.6 million from CHF 272.3 million in the same period last year, mainly driven by significant reduction from healthcare customers.
- EMEA: In 2024 revenue amounted to CHF 92.6 million, down from CHF 173.3 million one year earlier (-47%), primarily due to a soft performance in industrial.
- AMEC: Revenue in 2024 totaled CHF 46.7 million compared to CHF 131.3 million in 2023 (-64%). The negative performance was mainly driven by the soft performance in automotive and industrial.

### Revenue by market

- Automotive: Revenue reached CHF 97.9 million in 2024, -42% lower compared to the same period last year. Signs of recovery were identified in the second half of 2024, as revenue grew double-digit versus the first half of 2024, mainly driven by Locate.
- Industrial: Revenue amounted to CHF 145.3 million in 2024, a decrease of -62% versus the previous year, mostly driven by healthcare and aftermarket telematics.
- Consumer / Others: Revenue totaled CHF 19.8 million in 2024, -10% lower compared to 2023, primarily due to the continued decline in consumer demand since 2022.

### Gross Profit

Gross profit reached CHF 120.1 million in 2024 from CHF 253.9 million in 2023. The respective gross profit margin reached 45.7% in 2024 from 44.0% one year earlier. The better performance in Locate compared to Connect generated a positive mix effect, which explains most of the improvement of the gross margin at Group level.

### Research and Development expenses

R&D expenses dropped to CHF 164.3 million, compared to CHF 188.1 million in 2023. Cash R&D expenses declined by 8.1% to CHF 118.7 million in 2024, from CHF 129.1 million in 2023.

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

SG&A expenses declined by 1.7% to CHF 67.9 million in 2024 (CHF 69.1 million in 2023), a consequence of cost reduction initiatives in the year.

### Operating Profit (EBIT)

On an IFRS basis, EBIT amounted to CHF -112.2 million in 2024, lower than in 2023 (CHF -3.4 million), driven by an impairment of CHF 31.0 million in capitalized development costs from the Cellular business and CHF 13 million restructuring charges related to the cost optimization measures implemented in the year.

On an adjusted basis, EBIT (adjusted) reached CHF -59.6 million in 2024, lower than in 2023 (CHF 69.7 million), driven by lower operating leverage.

### Financial Results

Net finance results in 2024 amounted to CHF 7.7 million from CHF -8.9 million in 2023. Excluding FX effects, net finance results totaled CHF 0.7 million in 2024 from nil one year earlier. FX results reached CHF 7.0 million in 2024 compared to CHF -9.0 million in 2023.

### Net Profit

Net profit reached CHF -88.9 million as compared to CHF -8.6 million in the prior year period. Diluted EPS in 2024 amounted to CHF -12.07 per share compared to CHF -1.21 per share in 2023.

Net profit (adjusted) decreased to CHF -43.7 million compared to CHF 51.1 million in the prior year period. Diluted EPS (adjusted) in 2024 amounted to CHF -5.95 per share compared to CHF 7.01 in 2023.

### **Cash Flow**

Changes in net working capital were CHF +60.1 million in 2024 vs. CHF -45.9 million in 2023. Working capital improved significantly in the year, driven by lower receivables and inventory levels.

Income tax paid was CHF 0.7 million in 2024, from CHF 6.0 million in 2023. Capex of CHF 26.6 million in 2024 compares to CHF 48.3 million in 2023. The reduction is a combination of the lower R&D capitalization as well as the cost optimization program implemented in H2'24.

As a result, Free cash flow reached CHF 10.1 million in 2024 compared to CHF 10.9 million in the prior year.

### **Balance Sheet and Financing**

During 2024, u-blox recognized CHF 31.0 million of impairment losses on intangible assets. The impairment charge in 2024 was recognized in 'Research and development expenses' and relates to intangible assets in 'Capitalized development costs' in the Cellular business.

u-blox's net cash position on December 31, 2024 stood at CHF 90.9 million after a dividend payment of CHF 7.3 million versus CHF 86.2 million on December 31, 2023.

Based on the Company's financials and current trends in the semiconductor industry, the Board of Directors will propose no dividend payment to the 2025 Annual General Meeting to be held in April.

### **Cost optimization plan fully implemented and overachieved**

As of December 2024, u-blox achieved the completion of its cost optimization plan, exceeding expectations with total savings reaching CHF 25 million. The first savings are reflected in the P&L in H2 2024 (CHF 4 million), while the full effect is expected in H1 2025.

### **Reduction of R&D Capitalization from H2 2024**

Starting in the second half of 2024, u-blox has significantly reduced the capitalization of development costs (H1 2024: CHF 20 million; H2 2024: CHF 6 million). Going forward, capitalization levels will remain substantially lower than in previous years.

u-blox believes that cash-based key performance indicators (KPIs) provide a more accurate reflection of its economic reality. As a result, the company has been using “Cash R&D expenses” as the primary measure of its R&D investments. From 2025, u-blox will extend this approach to its EBIT calculation, introducing “Cash EBIT” as a new performance metric.

### **Locate strategy**

In January 2025, u-blox announced a strategic decision to concentrate more on its Locate business while phasing out its Cellular business. This shift underscores our commitment to being a leading and specialized provider of GNSS semiconductor solutions in a rapidly evolving market.

By prioritizing the Locate business, u-blox will enhance its ability to drive innovation, capitalize on proprietary technology, and seize growing opportunities in the global positioning market. These include autonomous vehicles, industrial IoT, and tracking applications. This focused approach reinforces our position as a trusted provider of cutting-edge location solutions and positions us for sustainable growth.

### **Cellular phase out update**

After thorough evaluation, u-blox has determined that phasing out the Cellular business is the best course of action to align with its long-term strategic priorities and improve operational focus. We explored alternative paths for the Cellular business, including a potential sale, and came to the decision to phase out this business while concentrating resources on areas with the greatest growth potential.

The phase out resulted in an impairment of CHF 31 million of capitalized R&D from the Cellular business. In 2025 u-blox expects CHF 65 million one-offs (cash: CHF 26 million; non-cash CHF 39 million).

### **Outlook**

u-blox remains positive on its long-term development prospects. Demand and requirements for semiconductor solutions for automated and autonomous driving, precision agriculture and construction machinery, and mobile robotics grow significantly.

u-blox expects market conditions to gradually improve in 2025. Orders from customers show steady improvement, albeit at a slow pace. In 2025, u-blox expects for the business excluding Cellular:

- Sequential quarterly improvement
- Double digit revenue growth in Locate

### **Guidance for Q1 2025**

u-blox expects revenue of CHF 65 - 75 million in the first quarter of 2025, and cash EBIT margin (adjusted)<sup>1</sup> of -12% to -2%, reflecting a gradual business recovery.

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<sup>1</sup> Excluding restructuring costs

## Key figures

| (CHF million)   | FY 2024 | FY 2023 |
|-----------------|---------|---------|
| Revenue         | 262.9   | 576.9   |
| EBIT            | -112.2  | -3.4    |
| EBIT (adjusted) | -59.6   | 69.7    |
| Free Cash Flow  | 10.1    | 10.9    |

For the full consolidated financial statements and definitions of alternative performance indicators, see our [2024 Annual Report](#).

## Conference call and webcast details

For details on the full-year 2024 results webcast, please click [here](#).

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u-blox (SIX:UBXN) is a global leader in automotive, industrial, and consumer markets, driving innovation through our cutting-edge positioning and short-range communication technologies. We are the pioneers behind high-precision technologies, providing smart and reliable solutions that enable people, vehicles, and machines to determine their precise position and communicate wirelessly. With headquarters in Thalwil, Switzerland, and offices across Europe, Asia, and the USA, we are making a global impact. Join us on social media - X, Facebook, LinkedIn, and Instagram - to shape a precise future. ([www.u-blox.com](http://www.u-blox.com))

## Disclaimer

This release contains certain forward-looking statements. Such forward-looking statements reflect the current views of management and are subject to known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements of the u-blox Group to differ materially from those expressed or implied. These include risks related to the success of and demand for the Group's products, the potential for the Group's products to become obsolete, the Group's ability to defend its intellectual property, the Group's ability to develop and commercialize new products in a timely manner, the dynamic and competitive environment in which the Group operates, the regulatory environment, changes in currency exchange rates, the Group's ability to generate revenues and profitability, and the Group's ability to realize its expansion projects in a timely manner. Should one or more of these risks or uncertainties materialize, or should underlying 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.