From chip to cloud – 25 years of trendsetting innovation

The u-blox Annual Report 2022

Content

Dear Shareholders,

The year 2022 marks the 25th anniversary of u-blox and represents the best year in our history. We are proud of the incredible journey since our beginnings and the very hard work and dedication of our entire team in transforming u-blox from an ETH spin-off with some novel positioning components, to a global leader in innovative chip to cloud solutions for the automotive, industrial and consumer markets.

Thus, for full year 2022, we reported record numbers in terms of revenue, profitability, EBITDA, and cash-flow with an orderbook reaching far into 2023. We achieved buoyant revenue growth of 51% to CHF 624 million, expanded adjusted EBITDA by 136% to CHF 170 million, grew adjusted net profit by 376% to CHF 109 million and generated free cash flow of CHF 66 million.

While 2022 was still a challenging year with regards to the supply chain environment, we were able to successfully manage tight component availability and fulfilled customer demands to a large extent. Thanks to established long-term relationships, we were able to work around specific shortages and succeeded in negotiating with suppliers and subcontractors. Our diversified supplier base gave us the ability to support our customers with strongly growing demand in their markets. Our technology helps our customers to gain markets share and win the leading position in the market.

Strong growth across all segments and regions
Demand was strong throughout all of our business segments, end markets and geographies. All regions contributed to the encouraging growth, with APAC showing the strongest increase. We also noted continued broad demand for our solution offerings across all applications.

During the year, our largest segment, Industrial solutions, grew across the board thanks to strong ramp-ups with existing and new customers in core applications like network infrastructure, healthcare, automation and telematics. Our Automotive segment also experienced robust growth, mainly in demand for navigation and infotainment applications, whereby the shift of end users demand towards more electric vehicles accelerated our customers' demand for our products. Higher revenues in the consumer segment, our smallest segment, were the result of increased demand for telematics and wearables.

Leading with innovation
2022 was again a year of innovation across our entire portfolio. We introduced new products and enhanced functionalities for providing

customers an even larger set of solutions. During the year, we launched a total of 15 new products and shipped more than 100 million units to customers which is testimony to the continued successful implementation of our focused research and innovation strategy across the verticals we are presently in.

Investing in our future
Over the last 15 years, we have persistently invested more than CHF 1 billion in our core Intellectual Property (IP), which laid the foundation for our competitive advantage by building our strong capabilities in radio technology and signal processing, all cast into our own silicon, and thus being able to offer our customers a value-adding edge for easy integration and secure upgrades to their solutions.

Our strong balance sheet and cash position allows us to invest further into new technologies, by introducing new products and capabilities for us to grow our business organically, and by acquisitions and partnerships. As such, as part of our growth strategy, we completed a total of 18 acquisitions over the years, mainly with a focus on adding technology, know-how, and people. These investments have created a sustainable competitive advantage over our competitors and have positioned us well to take advantage of multiple opportunities arising from the widespread IoT adoption and the desire for connectivity throughout the world.

Several partnerships add possibilities for our customers in a synergistic way.

Our strategy going forward is to continue to lead with innovative solutions that combine core technology in the form of chipsets and modules, together with services.

Innovation is our life blood, and our growth is fueled by our diverse, global talent pool of employees who help u-blox stay ahead of the global IoT innovation curve and the competition.

We offer solutions that exceed our customers' expectations and we design our products with socio-economic and eco-friendly factors in mind. Our products have a very small CO2 footprint and enable enormous improvements of the environmental friendliness in all the applications where they are used. We stand behind our products as we are offering high-quality, long-lasting, and compliant with relevant standards, and we continuously take steps to improve and streamline our supply and distribution channels.

We are confident for 2023 and beyond
We are well positioned to take advantage of multiple opportunities arising from the widespread IoT adoption and the desire for connectivity throughout the world. For FY 2023, we expect continued growth throughout regions and product lines, and we expect our revenues to continue to grow.

Our continued confidence is based on our commitment to advance the four pillars of our strategy. These pillars are:

- **Maintain and grow our leading position:** We provide existing and potential clients with innovative and high-quality products, solutions and capabilities that leverage our core IP. We aim to be a strong global brand by expanding the channels in international markets.

- **Technology and innovation:** We continue to strengthen, expand, and assess our product portfolio. Our focus is geared towards optimal growth and planning for the next 2–5 years ahead. As technology is vastly expanding and our clients are becoming more informed about our solutions, we must ensure that our designs and products are leading edge and high quality.

- **Operational excellence:** In today's highly competitive marketplace, the continuous optimization of operational efficiencies is necessary to effectively compete, gain market share and as well as maintain a long-term sustainable growth. Through a holistic approach and a business culture that promote teamwork and problem-solving, in 2022 we established a number of flexible and dynamic initiatives designed to maximize internal operational and financial efficiencies, increase our competitiveness in the global marketplace and improve customer satisfaction. We believe these initiatives have made our business more resilient.

- **Strategic partnerships and acquisitions**: We will continue to pursue new opportunities that complement and augment our own capabilities and intellectual property. We entered into new partnerships that accelerate access to emerging markets and enhance our position as a leading supplier for innovative positioning and connectivity solutions.

While having leading technology and products are important factors in winning and retaining customers, we strongly believe that our socially responsible practices positively impact our brand identity and help bolster customer trust and respect. We are publishing our third Sustainability Report in 2023, which reinforces our commitment to important issues in the areas of business ethics, employees, environmental responsibility, supply chain responsibility and our communities.

On behalf of our Board of Directors, we would like to extend our appreciation and recognition to our diverse and talented employees for their enormous contribution and commitment over the years which has been the catalyst for transforming u-blox into a competitive company with a resilient business. We would also like to extend our thanks and recognition to our various partners, customers, suppliers, and our shareholders for their ongoing support.

Finally, we would like to express our thanks and appreciation to Thomas Seiler who led this outstanding company for more than two decades as its CEO. We are proud to say that together with our highly dedicated and engaged team of experts, we have created a world leader in industrial IoT. Furthermore, while Thomas Seiler will continue to support u-blox as a member of the board and strategic advisor, we are confident that his successor, Stephan Zizala, who brings more than 20 years of management and engineering experience focused on microcontroller and power semiconductors, as well as global customer experience in the industrial and automotive sectors, will be leading u-blox to new heights.

Yours faithfully,

Thomas Seiler CEO until 31 December, 2022	Roland Jud CFO	André Müller Chairman

Financial highlights 2022

Revenue in MCHF **624**	EBITDA (adjusted) in MCHF **170**	Operating profit (EBIT) (adjusted) in MCHF **131**
Net profit before minorities in MCHF **102**	Net profit before minorities (adjusted) in MCHF **109**	Gross profit margin (adjusted) in % **49.2**
Operating cash flow in MCHF **117**	Free cash flow in MCHF **66**	Equitiy ratio in % **61.6**

2022 at a glance

We launched the world's smallest LTE Cat 1 module

Within two months after launching the world's smallest Long Term Evolution (LTE) Category (Cat) 1 module with global coverage, over one million units were shipped. LTE Cat 1 provides important features for connected healthcare applications, such as outpatient monitoring and mobile medical alert systems.

We expanded PointPerfect worldwide

PointPerfect, our advanced GNSS augmentation data service designed from the ground up to be ultra-accurate, ultra-reliable, and ubiquitously available, was expanded worldwide. PointPerfect brings a proven GNSS augmentation service to the mass market for applications such as robotics, last mile delivery and automated driving.

We created the world's smallest GNSS module

In June 2022, we brought to market the world's smallest Global Navigation Satellite System (GNSS) module, roughly half the size of competing products. The 4.5 by 4.5-millimeter MIA-M10's miniature form factor allows developers to design highly compact solutions for a growing market of tracking solutions, wearables and other consumer devices.

We launched our new pioneering Explorer Kits

Throughout 2022, we released a wide range of full-featured explorer kits combining our unique blend of positioning and connectivity modules and services. The kits demonstrate our solutions capabilities, and support faster time-to-market for new product ideas.

We released the ubxlib GitHub software repository

Launched in June 2022, ubxlib GitHub repository simplifies the development experience by providing a library of software examples for host microcontrollers that make it easy to control u-blox modules for key use cases.

Our new Bluetooth compact indoor positioning boards

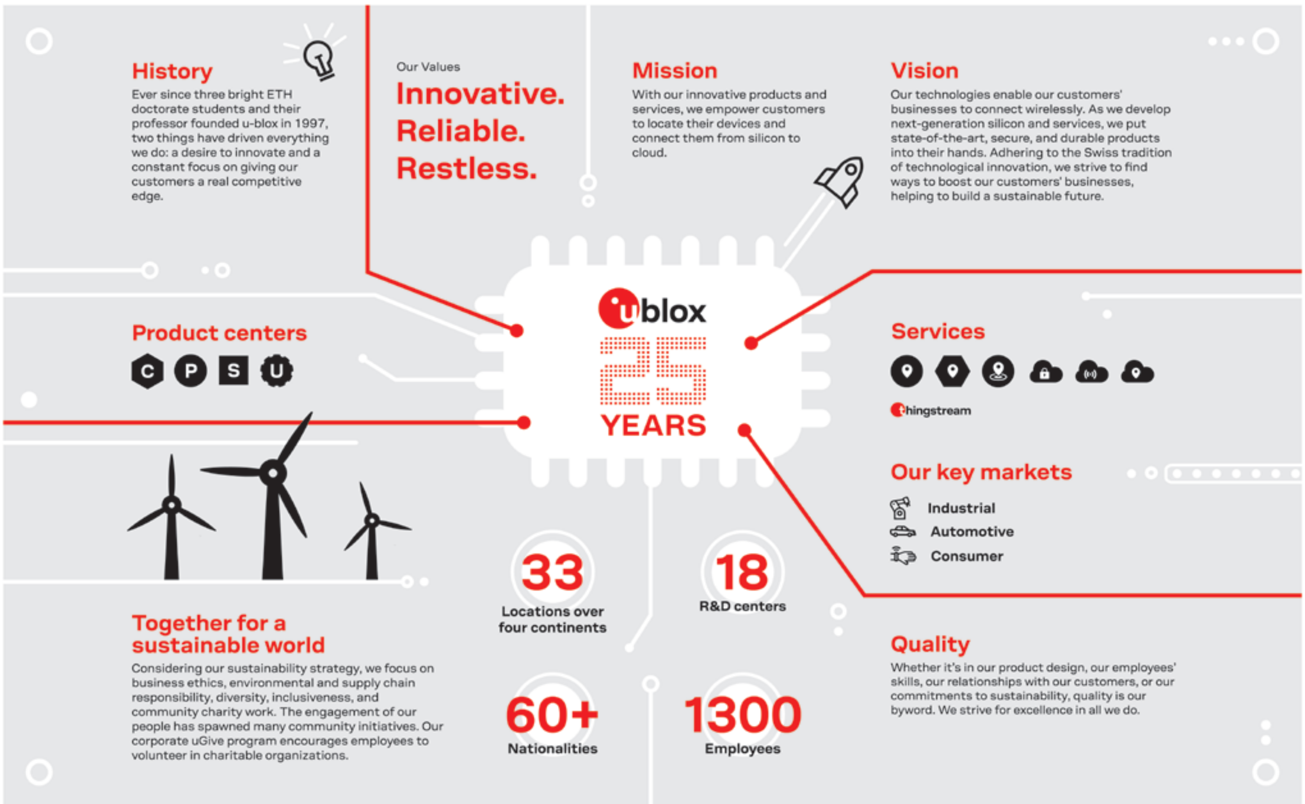
ANT-B11 and ANT-B10 launched in 2022, help solve the ongoing indoor location challenge using the angle of arrival (AoA) and the angle of departure (AoD) of a Bluetooth direction finding signal in real-time with sub-meter accuracy, ideal for tracking solutions.

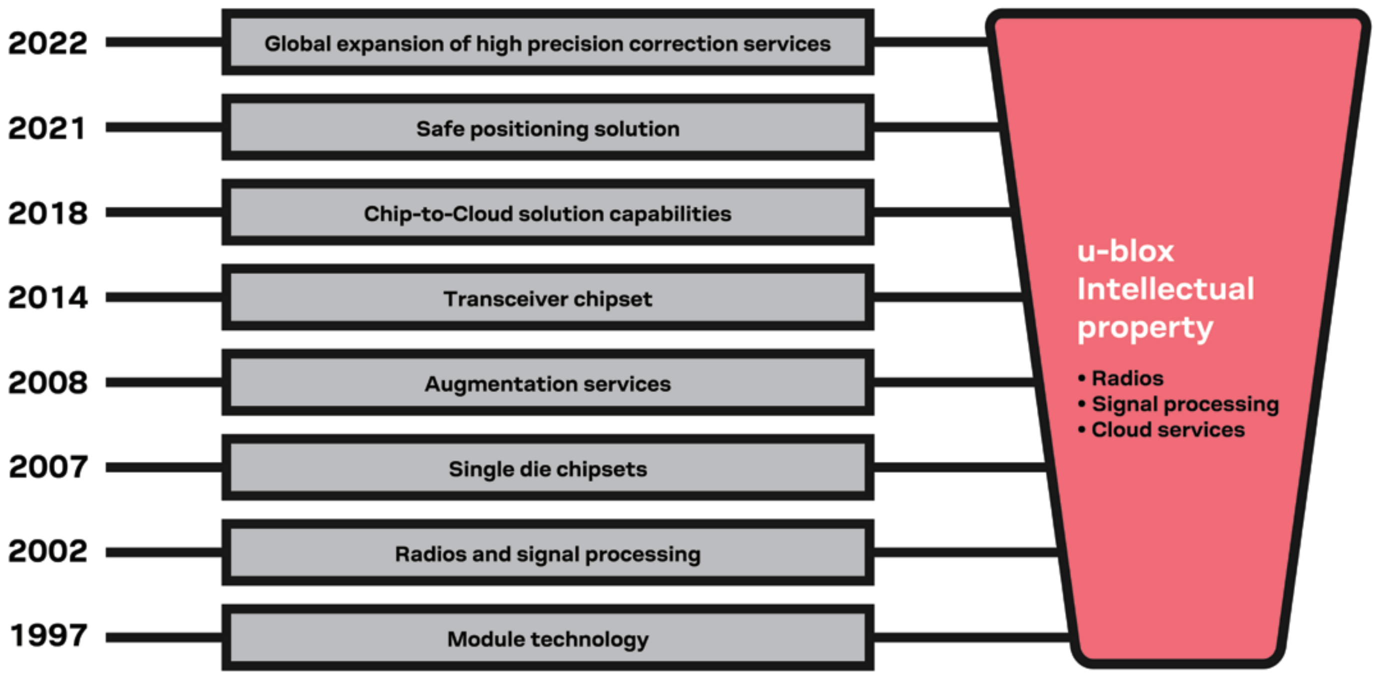
Reflecting on the last 25 years while charting our growth course ahead

2022 marked our 25th anniversary since our founding in Zurich, Switzerland, in 1997. Thomas Seiler, Chief Executive Officer (CEO) of u-blox from March 2002 until his retirement in December 2022, reflects on the quarter century journey u-blox took to reach its chip-to-cloud position within the Internet of Things (IoT). Stephan Zizala, the new CEO of u-blox, since 1 January 2023, also shares his thoughts as he charts the course ahead.

Thomas Seiler, retired CEO, u-blox

Our founders started u-blox 25 years ago based on their post-graduate research project and invention at the Swiss Federal Institute of Technology (ETH) in Zurich, Switzerland. The world's smallest Global Positioning System (GPS) module was simple and ingenious, and it wasn't long before the first u-blox module established itself as the de-facto industry standard for GPS receivers in industrial applications.





Passionate about remaining independent of semiconductor providers, the founders set out to develop their own positioning chip and surprised the world with their first GPS chipset in 2002.

"Today, we create the hardware, services, and solutions that make the IoT tick from chip to cloud and grow revenue much faster than the semiconductor market average."

Within the next five years, u-blox achieved impressive growth and financial results and, on its tenth anniversary in 2007, completed a successful Initial Public Offering (IPO) on the SIX Swiss Stock Exchange.

In 2009, we added wireless cellular communication technology to our positioning offering, and in 2014 we added short range radio data transmission based on Bluetooth and Wi-Fi to our portfolio so that our customers could connect their devices to the cloud. 2022 we strengthened our services portfolio adding new communications and localization offerings.

Many years of strategic acquisitions and deep Research and Development (R&D) investments guided u-blox further along its journey from a Swiss university spin-off to a multinational leader in positioning and wireless communication solutions for automotive, industrial, and consumer markets. Today we offer from chip to cloud with 25 years of trendsetting innovation.

A quarter century later, our founders Jean-Pierre Wyss and Andreas Thiel are still pivotal members of our executive team. At our core and in our hearts, we remain energized and innovative in our approach to democratizing and shaping the IoT alongside our dynamic customers across the globe.

Leading this outstanding company was both a privilege and a challenge; together with our enthusiastic team of experts, we created a world leader in industrial IoT.

Thomas Seiler, Chief Executive Officer 2002–2022

Stephan Zizala, CEO, u-blox

1997 was a special year for me, too: After experiencing the vibrant Silicon Valley high-tech ecosystem, I dived deep into technology for my PhD project focusing on software for chip design. From 2001 onwards, I changed my course to the business side of high-tech. Building strong teams which create market-shaping innovations and developing them into a substantial business are intrinsic drivers for me. Therefore, joining u-blox – a key innovator in positioning and connectivity solutions – feels like a natural evolution.

Since starting at u-blox on October 1, 2022, I have had the opportunity to talk to more than 100 customers, hundreds of team members, dozens of analysts, investors, and journalists. This has given me quite a comprehensive picture of our company: We are innovative, we are precise, we are reliable, and we make it easy for our customers to use our products. With about 70 nationalities globally, we are a highly diverse, open-minded, enthusiastic team of experts.

We have a proven strategy, and we will further advance it: We will keep our focus on automotive and industrial customers where we can contribute and capture superior value. We will continue to foster our innovation power to create ground-breaking positioning and connectivity solutions. We will enhance operational excellence to create additional value from our larger business. We will foster a high-performance innovation culture driving our market shaping innovations to large scale commercial success.

“u-blox is a great success story. With focus, market shaping innovations, operational excellence, and a high-performance innovation culture we will continue to excel.”

I thank the u-blox Board of Directors for the trust placed in me to lead this amazing team. I thank my u-blox colleagues for the constructive dialog, which will make us better every single day.

Stephan Zizala, Chief Executive Officer

Our solution attitude creates value

At u-blox we are always asking the question: Where should we invest for innovation? This involves a thorough and constant decision-making process that aims to determine the best avenues to invest at the technological level to fuel our growth. Our partnerships with market leaders are essential to this, and to our value creation process.

By turning in-depth market and application understanding into salient solutions featuring innovative functionality, better cost/performance ratios, lower implementation risk, and less time to market, u-blox creates value for customers, shareholders, employees, partners, and communities around the world within which we operate.

It's no longer just about the hardware

A solution is no longer just about the hardware. It is now also about the u-blox value-added service, which improves how the hardware works. Of course, the hardware will work without the service. However, the service decisively enhances functionality. We generate extraordinary value when we combine the two and create the best solution for our customers.

Applications demand wireless connectivity
Only wireless connectivity can deliver the capillarity for connecting billions of devices to the cloud

Technology develops rapidly
Wireless technology continues to become increasingly complex, while most customers have little technical knowledge

Customers seek to minimize implementation risk
Wireless technology requires expertise for successful implementation, and outsourcing is the solution for an efficient go-to-market plan

u-blox delivers
Providing value through our innovative and reliable products and services that enable seamless connectivity, efficient asset tracking, and accurate positioning, ultimately improving productivity and safety for our customers.

What does it take to be a chip to cloud solution provider today?

We start with our customers' problems and our belief that the solution must be very easy to implement, and then identify and deliver on the four main IoT pain points: Position, Connect, Compute and Cloud integration.

The Thingstream.io platform is an industry must-have device enhancing platform

Our comprehensive end-to-end solutions portfolio solves the complexity of IoT implementation based on global industry practice. We reduce the cost of ownership by offering a product with the relevant "as-a-Service" solutions at a reasonable price with on-demand scalability. The u-blox Thingstream.io platform is rapidly establishing itself across the IoT industry as a must-have for enhancing device capabilities while ensuring rapid go-to-market deployment.

Customer projects with recurring services add 20% to 100% of hardware revenue

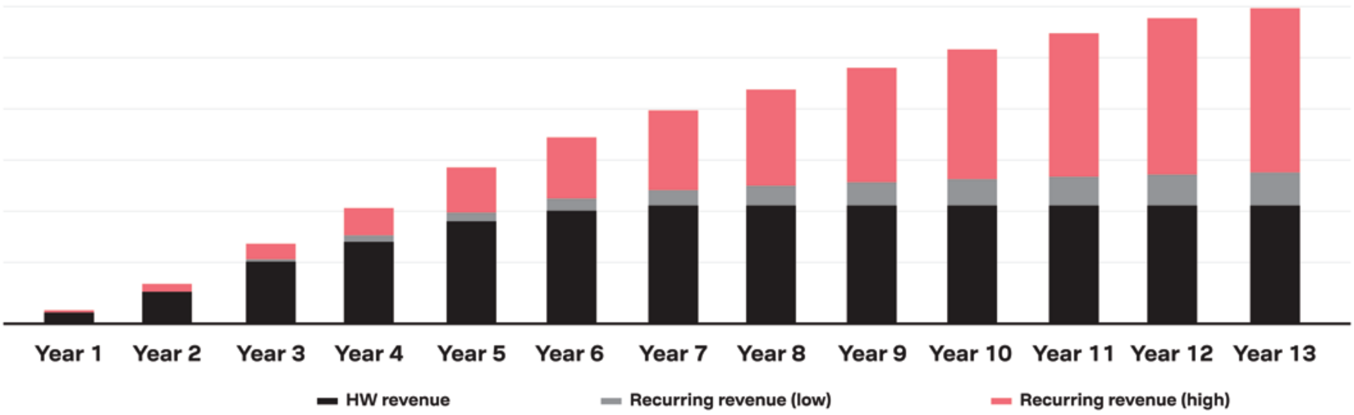
The u-blox Thingstream.i.o platform has a substantial cumulative effect on u-blox recurring revenue and has proven essential to our value proposition. Our IoT Communication-as-a-Service, IoT Location-as-a-Service, and IoT Security-as-a-Service offerings are all managed over the platform. As a result, they have a robust cumulative effect on revenue. Over the customer project lifetime, recurring service revenue can add 20% to 100% on top of the original hardware revenue.

Focus on fast growth markets driven by persistent megatrends

As the world continues to digitize across most aspects of life, u-blox experiences strong growth drivers within its market areas. Megatrends such as the relentless automation and digitization across all industries, the goal of an autonomous automobile and new forms of mobility, as well as the expansion of wearables due to low power solutions, continue to support our growth favorably.

Service revenues cumulating over lifetime of underlying hardware

thingstream



Revenue profile of a typical use case, with cumulating hardware revenues and service subscriptions

We continue to gain significant market share by focusing on fast growing markets where we can extract value due to our competitive advantage by combining positioning with connectivity and our service offerings for communication, location, and security.

Delivering when others could not

Additionally, we gained market share during the semiconductor shortage crisis thanks to our product and supply chain diversity. Through our supply chain's resilience, we were able to offer enough products to satisfy the growing needs of our customers. Our business growth strategy allowed us to profit from an enlarged portfolio and the competence to help customers to turn their designs around quickly. Thus, we were well positioned to deliver when others could not, which helped us substantially increase our customer base.

We have invested CHF 1 billion in our core IP

Having invested CHF 1 billion in our core Intellectual Property (IP) over the last 15 years, we have achieved a sustainable competitive advantage and created significant value with increasing margins over the lifetime of our products and solutions. Three quarters of our gross margin is from products with our proprietary chip sets.

"We invested in developing a diversified portfolio and had the competence to help customers turn their designs around quickly."

We capitalize R&D during development and harvest revenue over a very long time

Through our strategic and sustained investment in product platforms, we have seen a continuous return on our investment over a decade. We are achieving strong and long-lasting returns on our R&D investment.

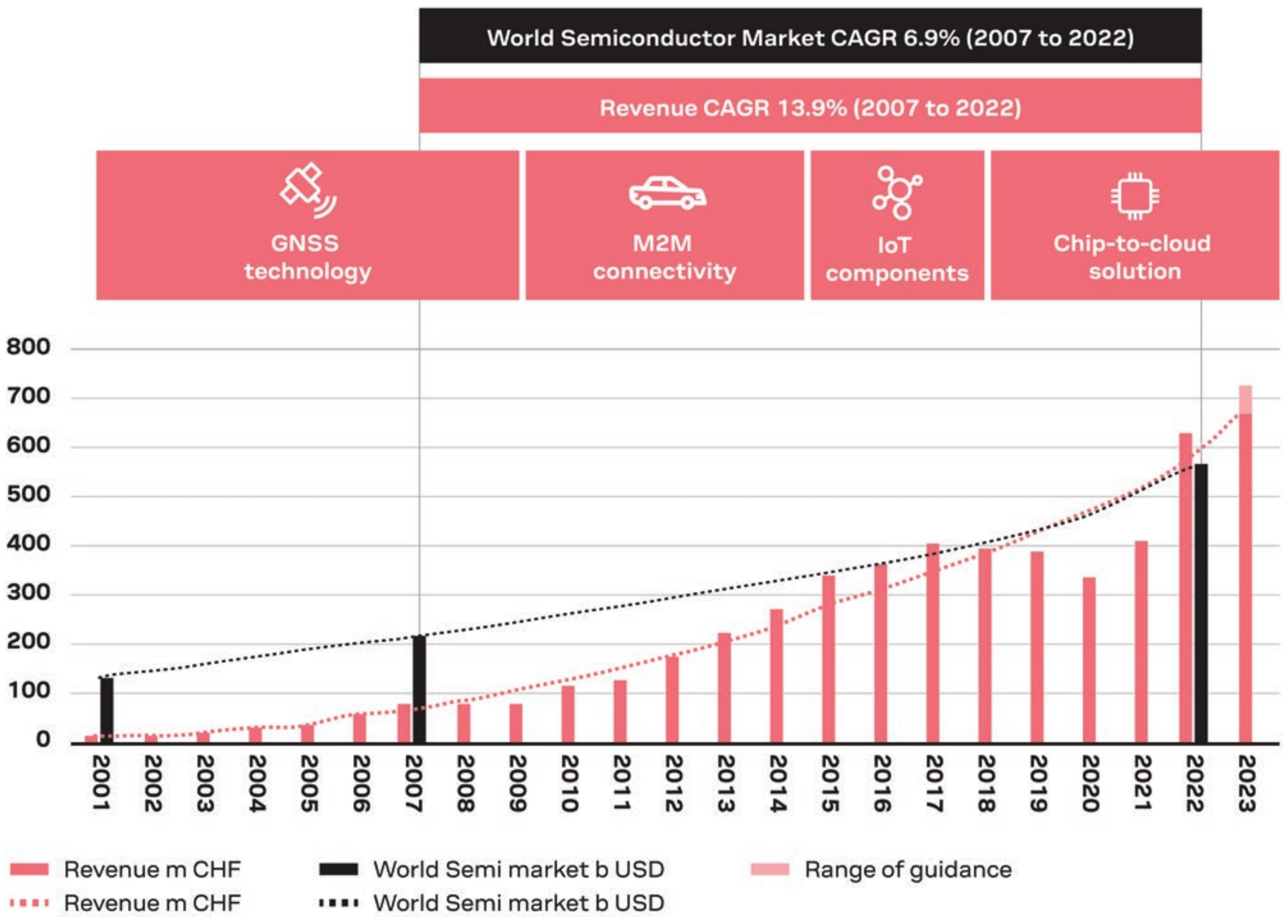
"Of course, the hardware will work without the service. However, the service decisively enhances functionality. We generate extraordinary value when we combine the two and create the best solution for the market."

More than double the global semiconductor market historical revenue CAGR

With its proprietary chip sets, u-blox is highly competitive within the IoT industry. Our chip-to-cloud strategy has progressively driven our revenue Compound Annual Growth Rate (CAGR) to more than double the global semiconductor market historical revenue CAGR (from 2007 to 2022). Our innovation, anticipation of, and adaptation to semiconductor market trends, have helped us create value for our stakeholders worldwide.

We are a trusted IoT partner in industrial and automotive markets

We have everything in place at u-blox: The team, the attitude, the culture, the processes, our expertise, and our unrivaled technology portfolio to continue to grow and benefit as automation and mobility drive expansion across our markets worldwide.



Source: u-blox, World Semiconductor Trade Statistics

Financial summary

Financial summary

Financial highlights (adjusted)

in CHF million	2022	2021	2020
Revenue	**623.9**	**414.1**	**333.5**
Growth rate over previous year	50.7%	24.2%	-13.4%
Gross Profit adjusted[2]	**307.2**	**193.9**	**150.9**
Growth rate over previous year	58.4%	28.5%	-13.8%
in % of revenue	49.2%	46.8%	45.3%
EBITDA[1] adjusted[2]	**169.9**	**72.1**	**42.2**
Growth rate over previous year	135.8%	71.0%	-41.8%
in % of revenue	27.2%	17.4%	12.5%
Operating Profit (EBIT) adjusted[2]	**131.3**	**35.1**	**18.0**
Growth rate over previous year	274.1%	95.2%	-58.3%
in % of revenue	21.0%	8.5%	5.4%
Net Profit before minority interest adjusted[2]	**109.0**	**22.9**	**2.9**
Growth rate over previous year	376.3%	684.9%	-90.9%
in % of revenue	17.5%	5.5%	0.9%
Cash generated from operating activities	**117.3**	**97.7**	**39.5**
Growth rate over previous year	20.1%	147.2%	-48.9%
in % of revenue	18.8%	23.6%	11.8%
Equity	**412.0**	**302.0**	**282.5**
in % of total assets	61.6%	59.9%	54.6%
Adjusted[2] earnings per share (in CHF)	15.65	3.30	0.42

[1] EBITDA (earnings before interest, taxes, depreciation and amortization) calculated by adding depreciation and amortization to profit from operations (EBIT), in each case determined in accordance with IFRS.
[2] excl. share based payments, impacts based on IAS-19, amortization of intangible assets acquired, impairments and non-recurring expenses.

Financial highlights (IFRS)

in CHF million	2022	2021	2020
Revenue	**623.9**	**414.1**	**333.5**
Growth rate over previous year	50.7%	24.2%	-13.4%
Gross Profit	**306.8**	**193.6**	**150.9**
Growth rate over previous year	58.5%	28.7%	-13.8%
in % of revenue	49.2%	46.7%	45.1%
EBITDA[1]	**163.8**	**65.9**	**35.4**
Growth rate over previous year	148.5%	85.9%	-45.7%
in % of revenue	26.3%	15.9%	10.6%
Operating Profit (EBIT)	**121.8**	**25.9**	**-64.8**
Growth rate over previous year	370.5%	139.9%	-393.9%
in % of revenue	19.5%	6.3%	-19.4%
Net Profit before minority interest	**101.8**	**15.4**	**-64.9**
Growth rate over previous year	563.0%	123.7%	-602.3%
in % of revenue	16.3%	3.7%	-19.4%
Cash generated from operating activities	**117.3**	**97.7**	**39.5**
Growth rate over previous year	20.1%	147.2%	-48.9%
in % of revenue	18.8%	23.6%	11.8%
Equity	**412.0**	**302.0**	**282.5**
in % of total assets	61.6%	59.9%	54.6%
Earnings per share (in CHF)	14.60	2.21	-9.32

[1] EBITDA (earnings before interest, taxes, depreciation and amortization) calculated by adding depreciation and amortization to profit from operations (EBIT), in each case determined in accordance with IFRS.

Revenue breakdown

u-blox operates in two segments:

- **Positioning and wireless products**
  u-blox develops and sells chips and modules designed for positioning and wireless connectivity. Its products and solutions are used in automotive, industrial and consumer applications. Segment revenue amounted to CHF 622.9 million in 2022 as compared to CHF 413.5 million in 2021.

- **Wireless services**
  u-blox also offers wireless communication technology services in terms of reference designs and software. In 2022, segment revenue was CHF 34.1 million compared to CHF 35.8 million in 2021 (including intra group revenue).

	Jan–Dec 2022			Jan–Dec 2022		Jan–Dec 2021	
in CHF 1'000	**(IFRS)**	in %	Adjustments[2]	(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
EBITDA[1]	**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

2022 was a year of record revenues, improved margins and increased cash flows from operating activities. For the full-year 2022, u-blox generated total revenues of CHF 623.9 million, an EBIT (adjusted) of CHF 131.3 million and an EBITDA (adjusted) of CHF 169.9 million. Cash flow from operating activities amounted to 117.3 million. During the year, demand for u-blox's products was robust in all regions and across all applications sectors. The demand was fueled by the launch of numerous products, which strongly enhanced solution capabilities across its entire platform. Favorable product mix changes and price increases expanded the gross margin. The strengthened USD/CHF exchange rate impacted the topline by 4.1%, resulting in a currency adjusted revenue increase of 46.6%.

In APAC, full year 2022 revenues amounted to CHF 245.0 million, compared to CHF 152.7 million in 2021 (+60.4%). This was driven by strong growth with applications in infotainment, navigation, telematics, and healthcare, mainly in Japan, Australia/New Zealand and rest of APAC.

Revenues in EMEA increased to CHF 176.0 million in 2022 from CHF 124.8 million in 2021 (+41.0%). This was driven by strong growth with applications in infotainment and navigation, industrial automation, and asset tracking.

AMEC revenues increased to CHF 202.9 million in 2022 from CHF 136.6 million in 2021 (+48.5%). This was driven by strong growth with applications in infotainment, navigation, telematics and healthcare applications.

In 2022, u-blox continued customer diversification across all markets and products. u-blox's largest end-customer accounted for 7% of revenue (previous year: 3%), the 10 largest end-customers accounted for about 27% of revenue (previous year: 17%).

Gross profit
Contribution margin improved in 2022 significantly and therefore adjusted gross profit increased by 58.4% to CHF 307.2 million in 2022 from CHF 193.9 million in 2021, resulting in a by 240 bps improved adjusted gross profit margin of 49.2% (2021: 46.8%).

Distribution and marketing activities
Distribution and marketing expenses (adjusted) increased by 12.0% from CHF 38.9 million in the previous year to CHF 43.6 million in 2022. Distribution and marketing expenses rose in absolute amount as due to the strong growth of business and the increased contribution bonuses. Although due to operating leverage as percentage of revenue, distribution and marketing expenses (adjusted) decreased to 7.0% in 2022 compared to 9.4% in previous year.

Research and product development
u-blox invested further into future products although R&D increased only slightly due to improved operational effectiveness. The adjusted R&D expenses in 2022 amounted to CHF 106.3 million as compared to CHF 102.2 million in 2021. As percentage of revenue, adjusted R&D expenses in 2022 therefore reduced to 17.0% (2021: 24.7%).

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

Operating Profit (EBIT)
With CHF 131.3 million in 2022 adjusted EBIT, we reached a new record level (2021: CHF 35.1 million). Accordingly, the adjusted EBIT margin increased strongly to 21.0% in 2022 as compared to 8.5% in 2021. Adjusted operating profit before depreciation and amortization (EBITDA) amounted to CHF 169.9 million (2021: 72.1 million), an increase of 135.8% in 2022. The increase was primarily due to strong topline growth at improved contribution margins and due to effective management of operational expenses.

Finance income and costs
Finance income was CHF 0.6 million. Finance costs of CHF 2.1 million consisted primarily of interest payments for the outstanding bond and interest for leasing under IFRS-16. The share of loss of equity-accounted investees net of tax in the financial result was CHF 0.2 million.

Condensed consolidated statement of financial position

in CHF 1'000	December 31, 2022 (audited)	December 31, 2021 (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**

Net cash generated from operating activities
In 2022, u-blox generated a new record level of cash generated from operating activities of CHF 117.3 million. This represents an increase of 20.1% compared to the previous year (2021: CHF 97.7 million), thanks to the higher topline with improved margins. Investments into inventory to cope with supply constraints prevented an even higher cashflow from operating activities.

Main investing activities
Investments in property, plant and equipment and intangible assets amounted to CHF 51.0 million in 2022 as compared to CHF 43.1 million in 2021. As a percentage of revenues, the investment ratio decreased to 8.2% from 10.4% in 2021.

Capitalization of development costs of CHF 41.9 million increased in absolute numbers as compared to the previous year (2021: CHF 36.4 million) but decreased as percentage of total research and development costs. The capitalization rate was lower because of efforts for product re-designs for coping with component supply constraints. As in 2021 also in 2022 no investments in intellectual property rights were made. Investments in software amounted to CHF 1.2 million (2021: CHF 0.6 million), and investments in property, plant and equipment

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 subsidiairies, 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**

were CHF 7.8 million compared to CHF 6.2 million in 2021. In 2022, 82.2% of total investments went into the development of new products compared to 84.4% in 2021. 3.6% of investments were made into production capacity expansion in 2022 (2021: 0.5%).

Solid financial position
u-blox's balance sheet remains solid with an equity ratio of 61.6% as recorded on 31 December 2022. Cash and cash equivalents and marketable securities amounted to CHF 137.7 million on 31 December 2022, compared to CHF 83.7 million on 31 December 2021.

Goodwill decreased from CHF 58.2 million in 2021 to CHF 55.6 million or 8.3% of total assets in 2022 due to foreign currency effects.

In 2022, u-blox resumed dividend payments in form of a par value reduction in the amount of CHF 9.0 million.

Based on the Company's strong results in 2022 with a high free cashflow and solid outlook, the Board of Directors will again propose at the Annual General Meeting to pay a dividend in form of a par value reduction in the amount of CHF 2.00 per share for 2023.

Our strategy

Chip to cloud the Swiss way

Our growth within the IoT value chain is accelerating primarily because our unrivaled core technology combines positioning and connectivity. Additionally, we partner with our OEM customers to deliver complex technology solutions, which are otherwise difficult for them to achieve. Furthermore, we offer a high-touch customer experience steeped in Swiss tradition. We continue to expand our reach with value-added service capabilities that extend the u-blox solution capability by offering competencies unique in the IoT industry.

Strategic pathways ahead

For the foreseeable future, we will continue to follow several strategic pathways which have supported our rapid growth:

- Continuing innovation in signal processing
- Selecting the most capable underlying semiconductor technology
- Focusing on the most promising applications
- Capturing high content in the customers' bill of material by providing high solution capability
- Participating in recurring service revenue
- Developing new application areas

A very promising application: Electric vehicle charging

An excellent example of a promising application within a high growth market is Electric Vehicle (EV) charging. Analysts forecast that approximately 136 million EVs will be on the streets worldwide by 2030, with a 36% CAGR for the EV battery charger market from 2021 to 2030[1]. They also forecast that 58% of the total installed EV charger base will be networked with cellular or Wi-Fi by 2024.

"Analysts forecast that approximately 136 million EVs will be on the streets worldwide by 2030 with a 36% CAGR for the EV battery charger market from 2021 to 2030[1]. They also forecast that 58% of the total installed EV charger base will be networked with cellular or Wi-Fi by 2024."

[1] Source: u-blox based on 3rd party market research

How are we meeting the needs of the EV charging market?

Our customers within the EV charging market come to us with various technical challenges where u-blox positioning and connectivity solutions are applied. Here are some examples of how we are addressing functionalities in this high growth market:

- Locating EV charging stations
- Delivering charge station status to the cloud
- Monitoring the availability and status of charging stations
- Remote monitoring and predictive maintenance of stations
- Peak load reduction and dynamic load management
- Vehicle to Grid (V2G), bidirectional charging
- Connecting to car and user
- Controlling the charging process
- Optimizing charging time, energy consumption, and costs

80% of our revenue is generated with 150 strategic customers

We have become very hands-on with our customers, and they drive our technology roadmap to help us stay ahead of our competition. We gain insights from our key accounts as well as the many small to medium enterprises (SME) that are champions in their industry. Makers are an invaluable source of new ideas as well.

We define high potential customers as those who want innovative solutions. Our demonstration tools make it much easier for them to choose u-blox followed by fast onboarding, which leads to the crucial design-in phase that usually leads to a business win.

Broadening sales channels

- Tapping more market potential
- Increase share of wallet

Expanding product offering

- Enhance focus on core, promising applications for winning the market leaders
- More solution granularity

Enhanced functionalities

- Safe positioning engine
- Correction data
- Secure data handling

We manage an extensive customer portfolio

Our customers can also get support via our distribution partners, our forum and portal, documentation, and other tools.

Deep and lasting customer engagement

We approach our customers intending to become a long-term partner aligned with their product lifecycles. Our technical and sales resources and channel partners are committed to this approach.

"Our high service distribution partners engage our joint customers knowledgeably and amplify the u-blox solution attitude."

Untapped sales potential

Our strategy moving forward includes doubling our customer base, as there is still much untapped sales potential. A key factor will be the expansion of the successful sales structure we have built to support our existing and large customer base through:

- Direct sales
- Demand-creating distributors
- Demand-fulfilling distributors
- High service distributors

Distribution partners become amplifiers

u-blox channel managers work very closely with our three global and 60 regional distribution partners, whom we provide with deep technical and sales tools so they can respond quickly to market demands. Our high service distribution partners engage our joint customers knowledgeably and amplify the u-blox solution attitude. All distribution partners report their daily dealings with all our customers on our Customer Relationship Management (CRM) platform. As a result, we know what our customers accomplish with our technology.

At the market edge, shaping the next global dominant design

Within the rapidly expanding IoT industry, u-blox has taken a different path with its chip-to-cloud evolution over the last 25 years. Over 70% of our employees are dedicated to R&D at u-blox. While there are many important aspects of our business at u-blox, our core strength is innovation through our high and enduring investment in R&D.

Our R&D team is in the market working closely with our partners across the IoT eco-system delivering first-of-kind product and service innovation. For example, smaller form factor, lower power consumption, new security attributes, higher accuracy and robustness, or a new range of user tools to help our customers accelerate time to market.

u-blox R&D is at the global market edge anticipating the next major technology development to ensure we maintain our leading market position.

Deepening our understanding of each industry to deliver solutions

As industries automate and go through their unique digital transformation – from a smartwatch to a fully automated farm tractor – we partner within each industry with market leaders and other technology providers to deepen our understanding of the required solutions.

“Within the rapidly expanding IoT industry, u-blox has taken a different path with its chip to cloud evolution over the last 25 years.”

Customers gain access to our best and brightest R&D minds

Our successful collaboration with global market-shaping leaders has been mutually beneficial as these key customers gain access to our best and brightest R&D minds, and, in turn we to theirs. The results are disruption of old business models, first-of-kind designs, better performance, longer lifespan, and new ways of positioning, connecting, computing, and data transferring within the IoT industry.

AWS IoT ExpressLink

u-blox recently collaborated with Amazon Web Services (AWS) to develop two first-of-kind modules pre-provisioned to enable out-of-the-box secure communication with AWS via Wi-Fi and cellular IoT.

"The decision to work with u-blox was a clear choice for us at AWS, as we knew that their high-quality modules targeting industrial and professional applications would complement our wide range of software and cloud services for IoT" said Shyam Krishnamoorthy, General Manager of Consumer IoT and Connectivity at AWS."

Paving the way for rapid design-ins with no complex software to run and maintain on the device side, the modules are ideal for small to medium-sized businesses targeting consumer and industrial markets. Moreover, by simplifying access to cloud services, AWS IoT ExpressLink knocks down one of the key barriers standing in the way of newcomers to the IoT space: complexity.

GMV* partnership for market ready end-to-end safe positioning solutions

Functional safety is becoming increasingly indispensable for automated or autonomous vehicles within the automotive and industrial sectors.

GMV, a leader in safe positioning systems, and u-blox have partnered to provide market ready, functional safe positioning solutions.

To achieve a functional safe positioning solution, customers must develop and integrate hardware and software from multiple vendors. GMV's leading algorithms and augmentation service combined with u-blox leading positioning hardware and software will be integrated into the joint solution. As a result, the offering will minimize effort and accelerate time-to-market.

This unique solution will be marketed by u-blox and complements its existing GNSS receiver portfolio and advanced GNSS augmentation service PointPerfect.

* Founded in 1984, GMV is a private capital technology group with 3,000 employees worldwide, offices in 12 countries, and a global leader in functional safe positioning systems.

u-blox and Nvidia partner for autonomous driving

Nvidia is known for its high-end Graphic Processing Units (GPU) and as an autonomous driving technology partner to Toyota and other car OEMs. Additionally, Nvidia has partnered with u-blox to integrate the ZED-F9K into the NVIDIA DRIVE Hyperion™ modular development platform and reference architecture for accelerating the design of autonomous vehicles.

Li Auto's new LI L9SS utilizes u-blox ZED-F9K high-precision GNSS

Launched in June 2022, the Li L9 comes equipped with a full-stack, self-developed Li AD MAX smart driving system with Navigation on ADAS (Advanced driver assistance systems) (NOA) functionality.

Li Auto has integrated the u-blox ZED-F9K high-precision GNSS module to enhance assisted driving. The driving assistance system recognizes traffic lights, pileups, and road shoulders. In addition, it features adaptive cruise control, lane keeping, automatic merging, intelligent speed adjustment, automatic ramp entering and leaving, and visual parking functions that require an accurate positioning system.

Competitiveness

We’ve got our solution attitude on our own silicon

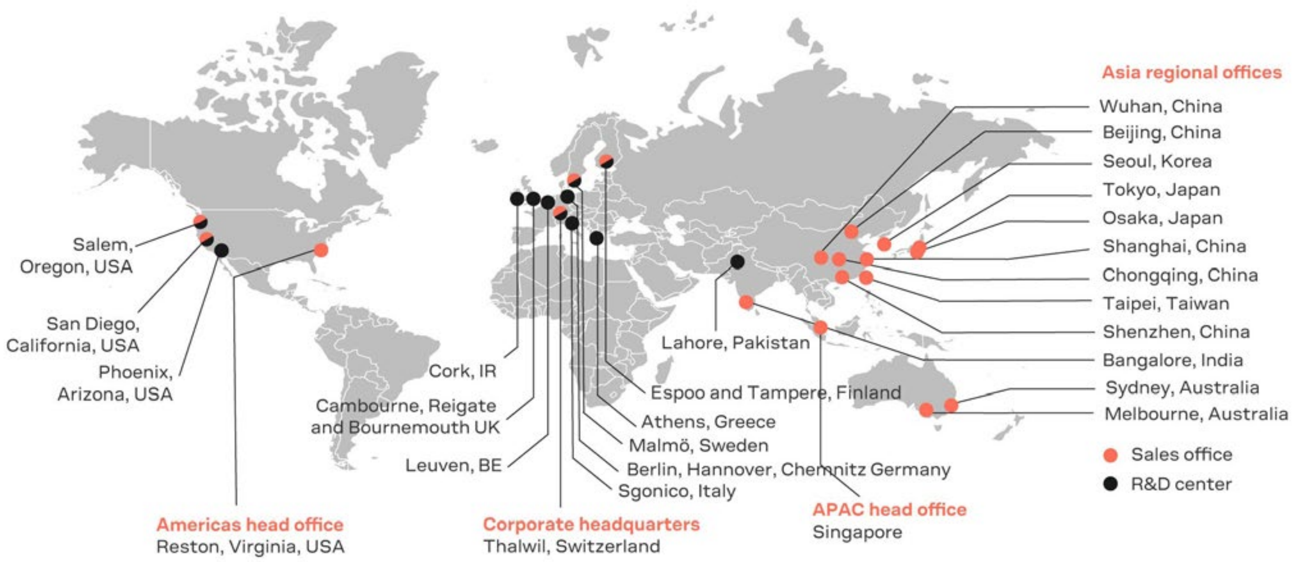
After years of strategic acquisitions, R&D, and people investment, we have the team, attitude, culture, processes, reputation, and unique, unrivaled intellectual property, including our own silicon, to continue to grow and benefit as automation and mobility drive expansion worldwide.

The combination of our three core technologies offered in the form of chips and modules is unique in the market. Our competitors in the integrated circuits space focus mainly on the consumer, handset, and PC markets. Our competitors in the module space have no access to core IP and implement only the reference design of the chip suppliers.

“On the anniversary of 25 years since our founding, we’ve got our solution attitude on our own silicon by years of strategic investment and the successful market adoption of our new service business alongside our established hardware portfolio.”

Market consolidation has created an opportunity

The recent market consolidation in the module space has reduced our customers’ options in terms of sourcing solutions and innovation, creating an even greater market opportunity for u-blox. Within our competitive environment no other company is offering the same solution portfolio.



We are leading the way

The ever-evolving standards in wireless communication increase demand for u-blox products for infrastructure and devices, which are often first-of-kind and market-ready to deliver a much-needed solution and capture market share.

New standards in communication infrastructure create new demand for our products.

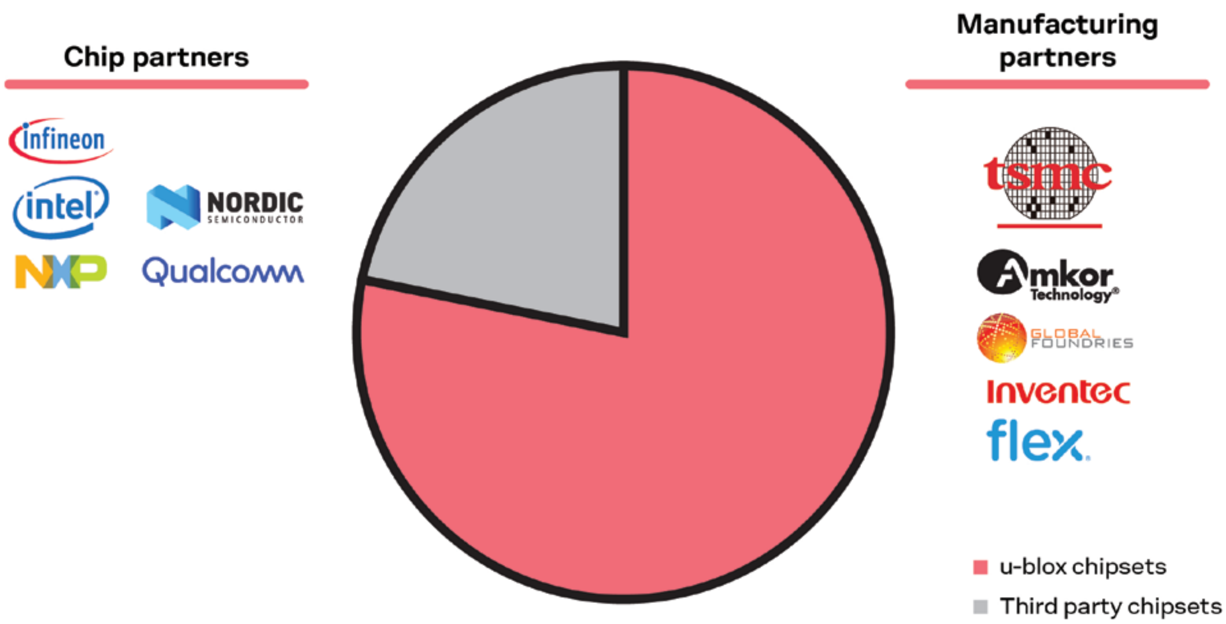
Innovation is our life blood

Since our founding as an ETH spin-off a quarter century ago, we have maintained our innovative spirit. Our still-present founders are the mentors of our innovative solution attitude across our 33 locations encompassing 18 R&D facilities and 20 sales and marketing operations spread over five continents.

We are never far away from our customers, their markets, and what is relevant to their business cases. As a result, we engage with our customers and regional distributors throughout the decision-making journey for the best ideas and can be highly responsive in proximity. Furthermore, we can draw from our diverse, global talent pool helping u-blox stay ahead of the global innovation curve and the competition.

We innovate faster with less

Within our u-blox product centers there is an abundance of enthusiasm for our purpose as our teams are market focused with a high level of dedication. Combined with our lean and agile process driven culture, this helps us innovate much faster with less. Consequently, three quarters of our gross margin is derived from u-blox proprietary IP on our own silicon, making us highly competitive within the IoT industry.



Three quarters of our gross margin is from products with our proprietary chipsets.

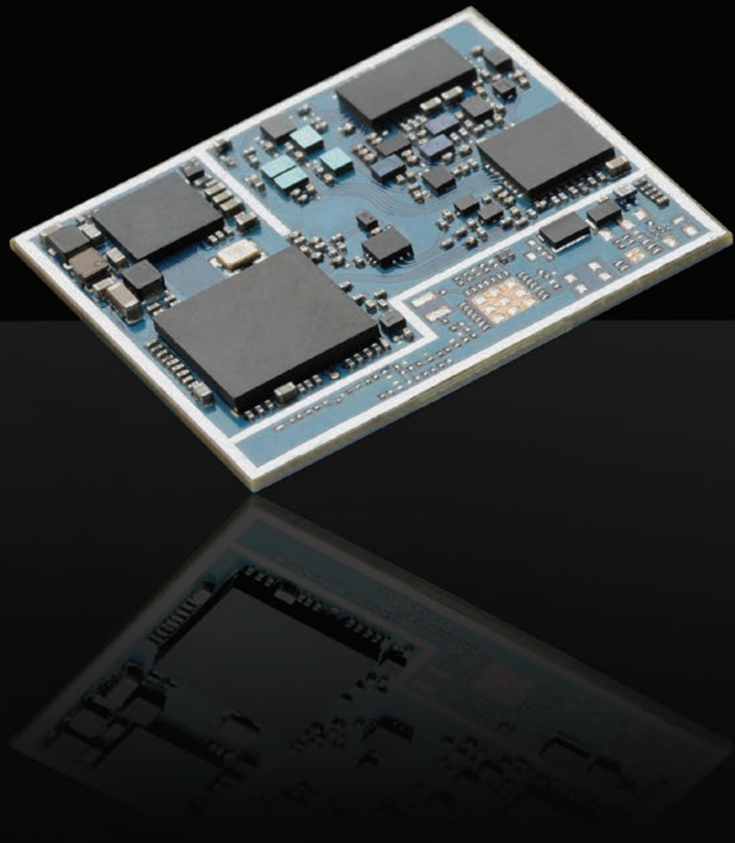
We respect the partnership with our customers

We do not compete with our customers, but rather concentrate our energy on innovative ideas that support them as they create their products for fast growth in markets where our technology portfolio often delivers the undisputed competitive advantage. Thus, our customers choose u-blox based on the value we provide.

We represent quality

Over the many years u-blox has created a unique quality system that assures the delivery of products that are functionally extremely robust and highly reliable. Our aim for zero defects is recognized across the IoT industry. Our products achieve lifetime reliability of close to zero Parts Per Million (PPM) failure rate. We are a renowned supplier to the automotive industry and comply with their very specific requirements for process and product quality.

Products, services, and solutions



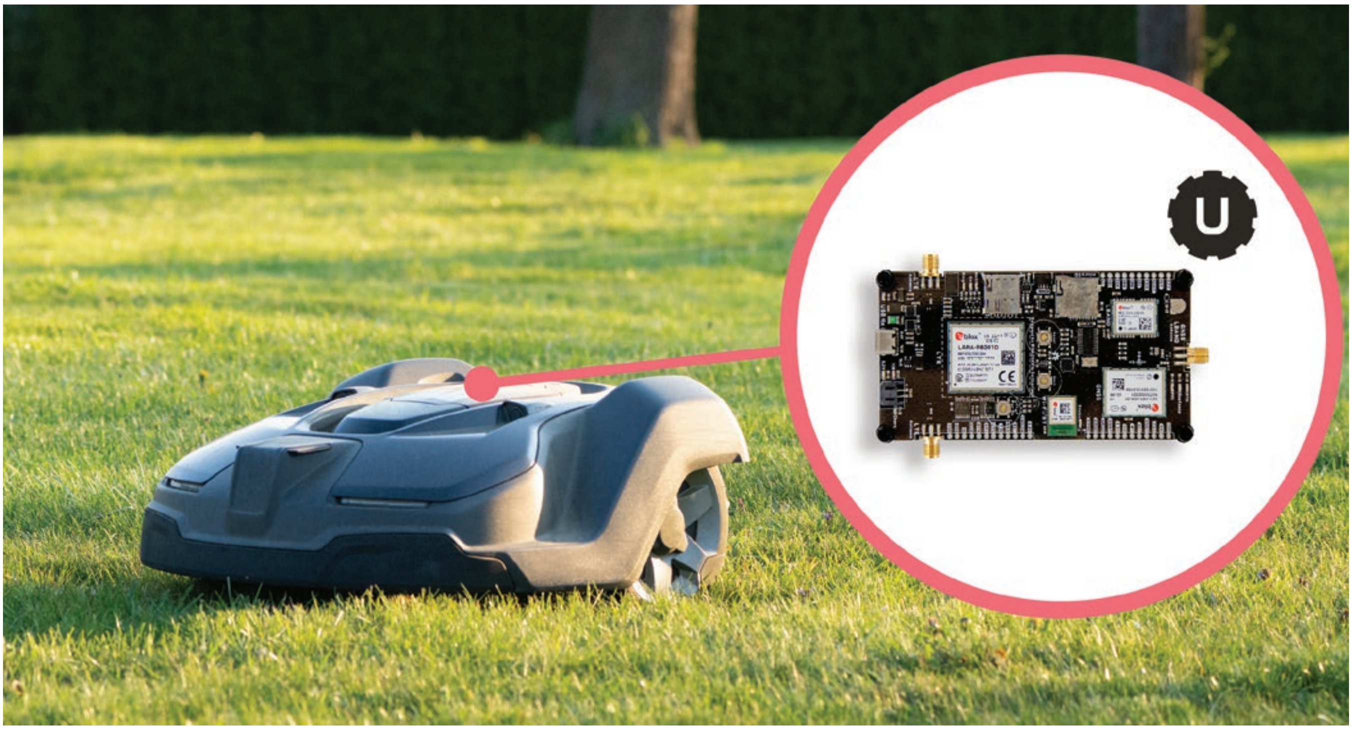
The world wants market-ready solutions

Our dynamic customers around the world are continuously solving complex challenges requiring both location awareness and wireless communication capabilities through IoT.

Market-ready solutions, which rely heavily on our unique portfolio of services, are increasingly in demand.

Our new pioneering User Development Explorer Kits

Throughout 2022 we released a range of full-featured Explorer Kits combining our unique blend of positioning and wireless communications expertise and services to support faster time-to-market for new products.



The following is a small selection highlighting some of the u-blox products, services, and solutions launched in 2022:

LARA-L6 – the world's smallest LTE Cat 4 moduleDevelopment Explorer Kits

In May 2022, u-blox launched the world's smallest LTE Cat 41 module with global coverage and 2G/3G fallback. The LARA-L6 is a perfect fit for demanding size-constrained applications, including video surveillance, dashcams, high-end telematics, gateways, routers, and connected health devices. The LARA-L6 integrates seamlessly with u-blox GNSS receivers, offering superior positioning performance over competing solutions with onboard GNSS receivers.

MIA-M10 – the world's smallest GPS module

In June 2022, u-blox launched the world's smallest GPS module, roughly half the size of competing products. The 4.5 by 4.5-millimeter MIA-M10's miniature form factor allows developers to design more attractive and comfortable solutions, further driving the adoption of positioning technology in small size consumer and industrial applications. Built on the ultra-low-power u-blox M10 GNSS platform, the MIA-M10 offers the most power-efficient solution for size-constrained battery- powered asset tracking devices. The module targets an expanding market for people, pets, livestock trackers, industrial sensors, and wearables.

MAYA-W2 – tri-radio Wi-Fi 6, Bluetooth LE 5.2, and Thread module

Among the first host-based modules to extend the benefits of highly efficient Wi-Fi 6 to industrial applications, the MAYA-W2 offers vastly improved Wi-Fi performance, particularly when handling crowded networks, while supporting Bluetooth LE 5.2 and Thread. In addition, the tri-radio functionality makes it ideal for gateways and bridges in low-power IoT and mesh networks.

SaaS – security certificate lifecycle control service ensures futureproof protection

In February 2022, u-blox launched Certificate lifecycle control Security-as-a-Service that continuously renews device credentials in a fully automated mode. Together with u-blox's existing zero touch provisioning service, it provides out-of-the-box onboarding to IoT Cloud platforms with total control of the device certificate lifecycle.

XPLR – centimeter-level positioning and connectivity Explorer Kits for product designers

Offering a single platform to develop a variety of IoT use cases, the versatile XPLR-IOT-1 explorer kit reduces the expertise and code development required for hardware, software, and service integration. The all-in-one package integrates all the relevant u-blox technologies and services into a capable prototyping platform with a vast selection of sensors and interfaces and cloud connectivity.

NEO-F10T – secure high-precision dual-band GNSS timing module

Offering nanosecond-level timing accuracy, thereby meeting the stringent timing requirements for 5G communications according to the 3GPP global standard, the NEO-F10T significantly reduces the time error of cellular network synchronization. NEO F10T will help operators maximize the data throughput of their networks and optimize the return on their investment in 5G communications.

u·bxlib
Your data library

ubxlib GitHub repository simplifies the development experience

In June 2022, we released the u-blox ubxlib GitHub repository, a library of software examples for host microcontrollers that make it easy to control u-blox modules for key use cases. Rather than expecting developers to go through the arduous task of prototyping, testing, and debugging their solutions, we developed ubxlib to make the best use of u-blox module features in their applications. ubxlib speeds up the prototyping of solutions, ranging from wireless sensor networks to indoor and outdoor tracking solutions to industrial or smart building gateways.

SARA-R500E – first cellular module with an embedded SIM (eSIM)

SARA-R500E greatly simplifies logistics for device makers, as the eSIM chip is already integrated inside the module. Customers only need to activate connectivity and choose the data plan that best fits their needs via the Thingstream.io service delivery platform. In addition, eSIMs are more robust than standard plastic SIMs and cannot be stolen or removed, increasing the device's security.

XPLR-HPG – centimeter-level positioning and connectivity explorer kits for product designers

With a vast selection of sensors, interfaces and cloud connectivity, the new u-blox XPLR-HPG-1 and XPLR-HPG-2 explorer kits are for product designers requiring centimeter-level positioning. The kits integrate all the relevant u-blox technologies and services into a versatile prototyping platform.

Our markets

Eco system driven by salient megatrends

Despite changing macroeconomic conditions, we have continued to experience solid demand in both our automotive and industrial markets. The megatrends that drive our industry are strong; the continued need for optimization of industrial systems makes the use of the Cloud indispensable. In addition, the automotive industry continues to make automated driving and the electric car their top priorities.

Augmented reality, data, artificial intelligence, and automation

Augmented reality and the digitization of tasks that can be optimized through data, artificial intelligence, and automation drive IoT application development across our markets.

Industrial positioning projecting 38% CAGR from 2021–2026[1]

Many former labor-heavy industries and sectors, such as agriculture, construction, and healthcare, have been able to transform their business models digitally.

More and more automation and autonomy connected with Cloud services have enabled the construction industry to embrace digitization fully.

Industrial

Typical applications
- Smart transportation
- Asset tracking
- Connected buildings
- Smart City, infrastructure
- Industrial automation
- Timing
- Smart metering / utility
- Smart retail & payment
- Connected healthcare

Automotive

Typical applications
- Telematics
- Infotainment and navigation
- Environment and driver perception enhancement
- Autonomous driving
- Energy management
- Vehicle monitoring
- Automotive convenience
- Safety services
- Vehicle control

Consumer

Typical applications
- Drones
- People and animal tracking
- Car accessories
- Gateways and routers
- Portable computers
- Wearables

Healthcare

Some patients may no longer need to go to the doctor. Instead, their wristband delivers the data continuously to their doctor, who can make a diagnosis and provide them with care.

Analysts project a 38% CAGR from 2021–2026[1] for the industrial positioning market as devices that were previously stand-alone become connected and autonomous.

[1] Source: ABI, TSR, OMDIA, u-blox

The car of the future will be autonomous, electric, and increasingly shared

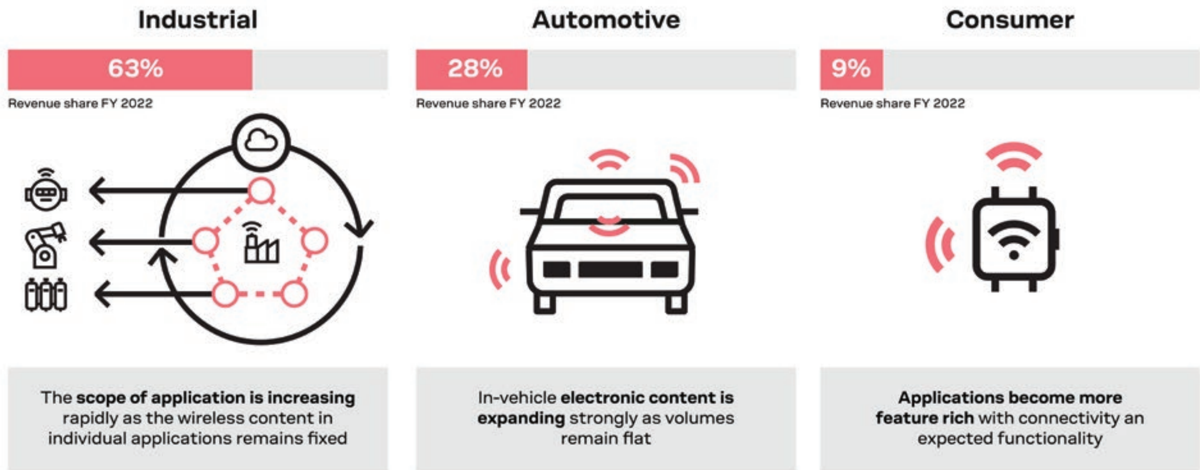
With a complete portfolio of chipsets and modules spanning from standard precision to high precision, together with correction and assistance services, u-blox is making the most of the strong market momentum for autonomous driving. Analysts predict a 30% CAGR from 2026 to 2030, with the technology capabilities moving from Level 2 to Level 4/5.

More than half of autonomous vehicles have a u-blox GNSS solution

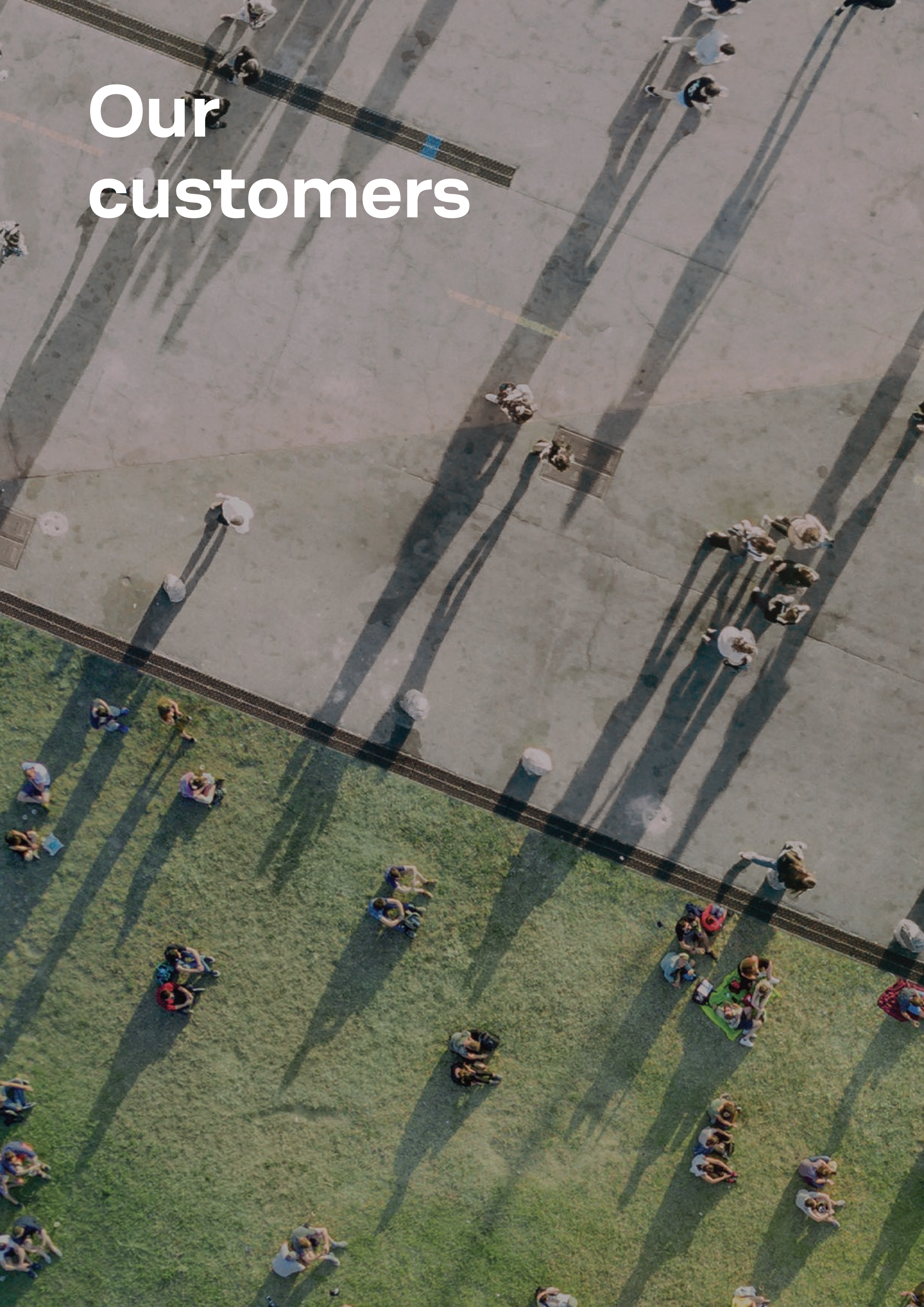
As the market leading GNSS supplier within the automotive industry, one of two autonomous vehicles on the road has a u-blox GNSS solution. We already have solutions with major Tier 1 automobile manufacturers for the first Level 3 vehicles.

"The Internet of Things is now The Internet of every Thing as humans intensify their relationship with high performance technology, attracting a much larger global market and driving continued expansion across all markets."

Revenue share by market



Our customers



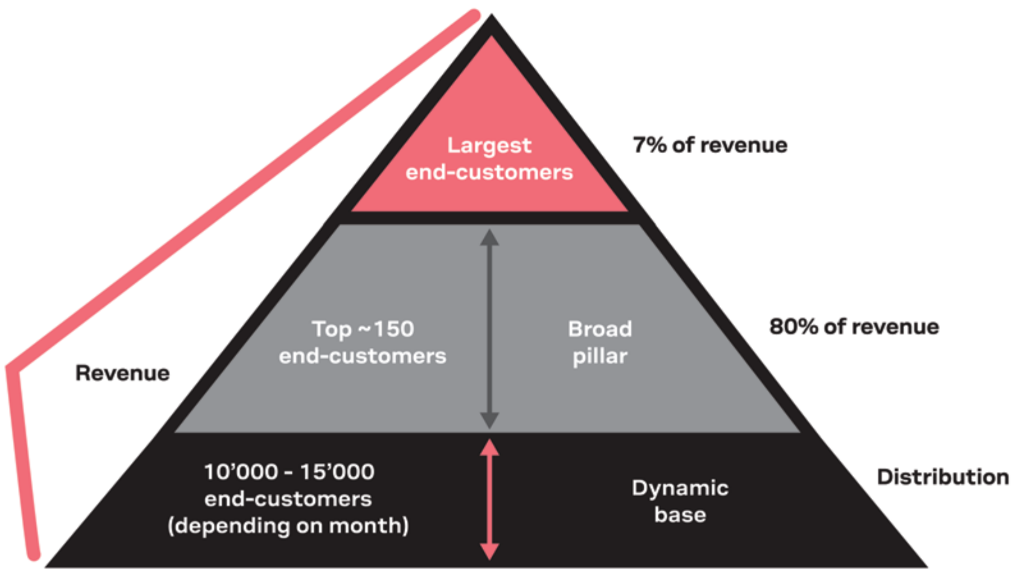
Together we are shaping the future thanks to IoT

We feel fortunate to be inspired by and work with some of the world's most innovative thinkers and doers.

Our customers, from 66 countries, working across many sectors, are revolutionizing how we move about our planet, looking for ways to protect it and us from the impact of climate change, and making complex tasks simpler. Together we are shaping the future thanks to IoT. On a daily basis we interact intensively with our customers to expand the knowledge they can access and profit from.

A learning community

We believe a high level of communication and information sharing helps everyone within the u-blox community. By providing multiple transparent and easily accessible communication channels for ideas and discussion, a technical support recommendation made once becomes available for thousands of other customers. Together with our customers, we have established a learning community.



Virtual fencing

Nofence enables regenerative farming practices

Nofence's GNSS-enabled livestock collar, designed with animal wellbeing in mind, relies on the most compact u-blox modules for positioning and for cellular connectivity.

No innovation in structural fencing for over 80 years

Not since barbed wire was invented in 1874, followed by the electric fence in 1936, has there been any innovation in structural fencing. That is, until just over ten years ago, when a group of Norwegian farmers and engineers brought modern technology and traditional farming together to change this. They created Nofence, the world's first virtual fence system for simultaneously grazing animals, improving agriculture, and protecting and regenerating the environment.

The world's first virtual fence system for agriculture and the environment

Humans have tried to control and limit the range of motion of livestock by constructing fence structures since animals were domesticated. Fences generally cost a lot to build and can be even more costly over time to maintain.

Vast areas around the world are underutilized

The building and maintenance cost factors for structural fencing have resulted in vast areas with agricultural potential left underutilized around the world. The Nofence team began by asking: "What if we could utilize this natural resource for future food production and let nature decide where our animals can graze?"

Solving two major problems at once

With over 1.4 billion cattle, 1 billion goats, and 1 billion sheep on the planet, there is considerable reason to innovate, and Nofence believes its technology can solve two major problems at once. In addition to the problem of inefficiency with fencing structures, there is the problem of unsustainable industrialized farming practices, disrupting ecosystems worldwide.

Rotating livestock and crop fields restores biodiversity within two years, supporting UN SDG 15

"The Nofence team began by asking: 'What if we could utilize this natural resource for future food production and let nature decide where our animals can graze?'"

By rotating livestock and crop fields, fertilizers and pesticides are significantly reduced. As animals graze on the soil, the underlying ecosystem is nurtured, and the biodiversity and ph-balance of the soil are restored. Nofence technology aligns with the United Nations Sustainable Development Goal (UN SDG) Goal 15, Life on Land, which focuses on managing forests sustainably, restoring degraded lands, combating desertification, reducing degraded natural habitats, and ending biodiversity loss.

One million animals on pasture with Nofence by 2026

With a significant installed base in Norway, over 250 million hours of operational data, and a go-to-market strategy well underway in Ireland, Spain, the UK, and the USA – Nofence plans on helping its customers manage one million animals on pasture by 2026.

Sustainability

Shaping IoT with responsible business practices

As a signatory of the United Nations Global Compact (UNGC) since 2012, we are committed to supporting the 17 United Nations Sustainable Development Goals (UN SDGs) across our global business.

"One of the central pillars of the u-blox Code of Conduct is the policy we set out in 2002 on the non-integration of our products into weapons and weapon systems."

The u-blox sustainability strategy is based on five pillars: Business Ethics, Employees, Environmental Responsibility, Supply Chain Responsibility, and Community. We report on the policies and activities in each of these pillars and set out our goals and progress related to the Environment, Social, and Governance (ESG) issues within each pillar every year in our annual sustainability report.

No weapons or weapon systems

One of the central pillars of the u-blox Code of Conduct is the policy we set out in 2002 on the non-integration of our products into weapons and weapon systems.

We do not sell products when the intended use is for integration into weapons or weapon systems, including:

- Guns, cannons, or weapon systems, e.g., systems for identifying or localizing targets
- Systems for the guidance of missiles, bombs, or bullets
- Military drones, military unmanned vehicles, or military robots

We also do not sell to trade embargoed countries, including: Iran, North Korea, Russia, the territories occupied by Russia in Ukraine, Belarus, Sudan, Cuba and Syria.

R&D for a more sustainable world

We are committed to ensuring our products are produced responsibly. Long before our products are shipped to market, the u-blox R&D team has invested significant IP and sustainability considerations into the value chain with product design, component longevity, process optimization, testing, and assembly. Miniaturization is a major lever for reducing the environmental footprint. Since our foundation, we have continuously reduced our products' size and material content. With our latest chip design in 2022, we are saving 66% on energy and materials.

Our technology has the potential to address some of the most acute human, economic and environmental needs

The IoT is emerging as a powerful enabler in many application domains, such as water and energy management, environmental monitoring, health, transportation, and industrial processes. It can also directly contribute to achieving the United Nations Sustainable Development Goals (SDGs) targets.

"u-blox fleet management technology helps to reduce CO2 emissions with a gain by a factor of 10^6."

u-blox fleet management systems significantly reduce CO2 footprints through optimized routing, traffic prediction, the reduction of speeding or harsh braking, and preventative maintenance.

Whereas the manufacturing process of a u-blox 8 chip produces +50 grams of CO2, effective fleet management of a 40-ton truck supported by u-blox technology reduces CO2 emissions by 50 tons each year, a gain factor of 10^6.

To learn more about our sustainability strategy, goals, implementation, partners, and achievements, please download the u-blox Sustainability Report 2021. The u-blox Sustainability Report 2022 will be available as of April 2023.

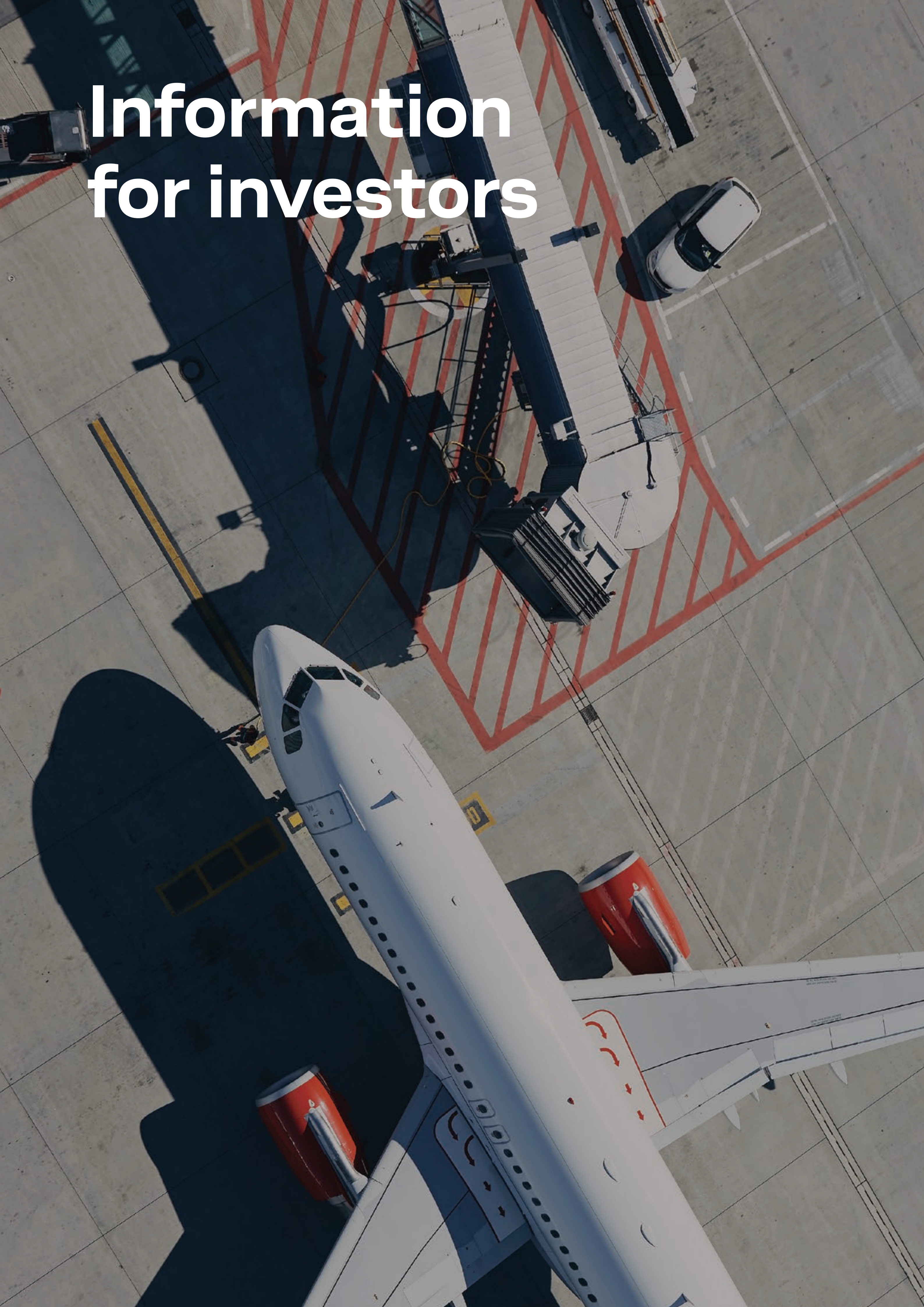
Risk manangement

u-blox – a resilient global partner

RISKS	RISK MITIGATION
Markets and customers Macroeconomic uncertainties, slow demand, and disruption by natural disasters could impact our business and customer demand. This may lead to lower volumes and decreased profitability.	• No single customer accounts for a double- digit percentage of u-blox's revenue • Continual expansion of the customer base on all continents • Continuous monitoring and assessment of market developments and needs • Focus on most promising market sectors
Competition Our markets are highly competitive in terms of pricing, product features, and service quality. In many sectors we face price pressures that could negatively impact our results.	• Review and replan R&D activities every 6 months • Foster a high level of innovation • Maintain high technical support capabilities globally • Product range well-structured to provide customers with solutions tailored to their needs • Provide an attractive journey for our customers
Intellectual property Competitors or other parties in our industry may seek to yield benefits from our technical innovations by duplicating our products.	• Maintain a high level of trade secrecy • Protect our current business and IP from being copied or used by others by appropriate use of patents, copyrights, and trade secrets on a global basis • Accelerate the innovation rate • Manage third party licenses • Defend IP infringements
Product quality Poor product quality may result in reputational and brand damage, resulting in lower volumes and financial claims.	• Continual expansion of the quality management system and laboratory capabilities • Thorough testing and qualification at our own laboratory facilities • Maintain high technical support level globally • Excellent long-term manufacturing partners • Guide and manage the quality systems of our suppliers
Cybersecurity Breaches in cybersecurity can become cost-intensive to remedy and bring potential financial claims, reputational damage, and loss of customer trust.	• Information Security Management System ISO 15408 Common Criteria and ISO27001 certification • Continuous hardening of core IT and improved site security • Red Team in-house testing security center of excellence • Security experts and testing within u-blox product centers • Continuous product security innovation • Security collaboration with critical supplier partners • ISO 15408 Common Criteria and other product security certifications
Innovation u-blox competitive position, sales, and earnings depend significantly on the development of new products and technologies. Failure to achieve our aggressive R&D and innovation goals could negatively impact our ability to grow.	• Continual stream of new products launched yearly with targeted features to several markets • Expensed 17% of revenues in R&D in 2022 • Early engagement of lead customers • Cooperate with market shaping customers • Intensive market communication

RISKS	RISK MITIGATION
Personnel Skilled and dedicated employees are essential for the success of our growth-oriented corporate strategy. The loss of these individuals could disrupt the company's operations.	• Globally positioning the company as an attractive employer • Train and increase knowledge and talent • Regular employee satisfaction survey • Maintain attractive employment conditions and compensation packages plus a stock option plan • Offer career path opportunities group wide
Suppliers u-blox outsources its capital-intensive production to leading production suppliers around the world. Rising raw material prices, capacity constraints, or business interruption could lead to a supply shortage with negative consequences for our business.	• Lean supply base with few key suppliers • Multiple sourcing of commodities • Long-term relationships with suppliers and close interaction to plan and manage capacity • Inventory buffers to respond to unplanned demand fluctuations • Close contact with customers to predict demands
Compliance Non-compliant or unethical behavior could lead to reputational damage, fines, and liability claims.	• Active fostering of high ethical standards and membership in the UN Global Compact • u-blox Code of Conduct • Anti-bribery policy • Speak-up culture, formal compliance process, and sanctions • Exclusion of business for weapon systems • Supplier and distributor auditing programs • Sustainable supplier program containing regular risk assessments and inspections of production suppliers' operations
Currency fluctuations The majority of u-blox's revenue material costs and R&D expenses are in US dollar currency.	• Foster natural hedging by matching revenue currency amounts with expense currency amounts
Credit Credit risks arising from financial institutions and customers could have a negative impact on u-blox's financial performance.	• Individual risk assessment of customers and definition of appropriate credit lines • Insurance for all customer credit lines • Frequent and thorough follow-up on late payments
Liquidity Failure in liquidity management may have a negative effect on u-blox's financial performance.	• Monitor our liquidity continually • Cash flow program to optimize liquidity and cash flow management • Efficient use of available cash through cash pooling • Manage OPEX tightly to achieve positive free cash flow

Information for investors



Share information: (on December 31, 2022)

Stock Exchange:	SIX Swiss Exchange Swiss Security Number / ISIN 3336167 / CH0033361673
Ticker:	UBXN
Nominal value:	CHF 13.50
Shares issued:	7’173’448
Reuters:	UBXN S
Bloomberg:	UBXN SW

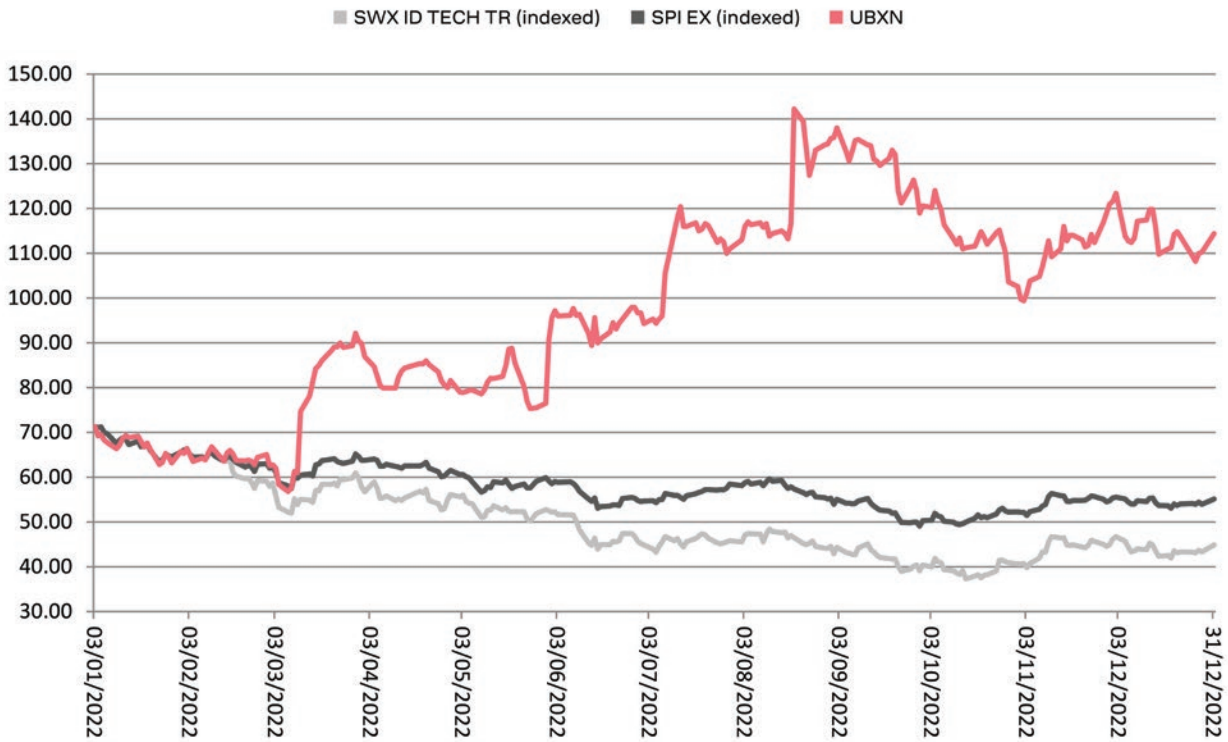
791

Market capitalization on December 31, 2022 in Mio CHF

Share price (in CHF)	2022	2021	2020
Highest	142.20	78.15	97.05
Lowest	56.80	56.50	45.12
Closing on December 31	110.20	70.45	58.85
Market capitalization on December 31 (in CHF million)	**791**	**501**	**419**

Key Figures	2022	2021	2020
Registered shares with a nominal value of CHF 13.50 (2021: CHF 14.80, 2020: CHF 14.80)	7’173’448	7’114’893	7’114’839
Nominal share capital (in CHF 1’000)	96’842	105’300	105’300
Basic earnings per share (in CHF)	14.60	2.21	-9.32

u-blox share price (CHF per share):



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CORPORATE GOVERNANCE AND COMPENSATION 2022

Contents

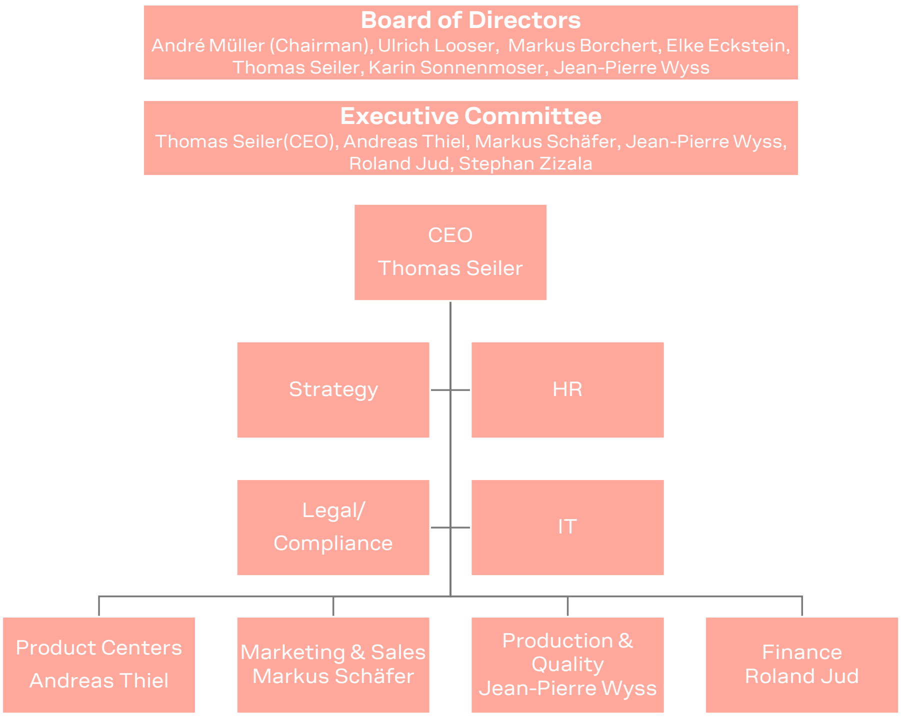
Corporate Governance

The report describes the management structure, organization and control within the u-blox group at December 31, 2022. 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 EC is responsible for certain functions, as reflected below:



Stephan Zizala joined on 1. October 2022. He has been appointed to succeed to Mr. Seiler as CEO as of 1. January 2023. Mr. Seiler retired from the Executive Committee on 31.12.2022.

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 operational group structure is organized according to different areas of responsibilities of each member of the Executive Committee. These responsibilities apply across the entire group and on a global basis.

2 Shareholders of u-blox

Significant shareholders
As of December 31, 2022, u-blox had 4’486 registered shareholders and none has a controlling interest. According to the disclosures of shareholders, the largest shareholders (> 3%) were:

Atlantic Value General Partner Limited, London, UK	4.73%
Janus Henderson Group Plc, Jersey	3.02%

Certain shareholders 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, 2022 was CHF 791 million based on the outstanding ordinary share capital (7’173’448 shares).

Share capital of u-blox

Ordinary share capital
On December 31, 2022 the outstanding ordinary share capital of u-blox was CHF fully paid in and divided into shares of CHF 13.50 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 4’801’207.50 by the issuance of no more than 355’645 registered shares that are to be fully paid-in and have a nominal value of CHF 13.50 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 4’801’207.50 corresponds to 5.0% of the outstanding ordinary share capital.

Authorized share capital
According to the articles of association, the board of directors is authorized to increase the share capital at any time but no later than by April 30, 2023, by way of issuance of no more than 700’000 registered shares that are to be fully paid in with a nominal value of CHF 13.50 each, by a maximum nominal amount of CHF 9’450’000. An increase in partial amounts is permitted. The board of directors will determine the amount of issue, date of dividend entitlement and kind of contributions.

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.

The authorized share capital corresponds to 9.8% of the outstanding ordinary share capital.

Changes in share capital
On 31 December 2022, the share capital consists of 7'173'448 registered shares, which corresponds to CHF 96'841'548. The exercise of options in 2022 resulted in a reduction of the conditional share capital to 297'036 registered shares. The Board of Directors has not increased the share capital on the basis of authorized capital in 2022.

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. The total number of outstanding options issued to employees (including Executive Committee) at December 31, 2022 was 973'589 (13.6% of the outstanding ordinary share capital). Under each employee stock option plan issued to u-blox employees annually, 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 2016 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, 2022
2017	January 1, 2020	January 1, 2023	187.09	118'356
2017	January 1, 2020	January 1, 2023	191.20*	19'251
2018	January 1, 2021	January 1, 2024	191.55	114'536
2018	January 1, 2021	January 1, 2024	191.80*	20'913
2019	January 1, 2022	January 1, 2025	78.95	76'574
2019	January 1, 2022	January 1, 2025	78.95*	9'564
2020	January 1, 2023	January 1, 2026	91.87	150'586
2020	January 1, 2023	January 1, 2026	97.80*	25'328
2021	January 1, 2024	January 1, 2027	58.85	177'134
2021	January 1, 2024	January 1, 2027	58.85*	34'393
2022	January 1, 2025	January 1, 2028	69.25	187'503
2022	January 1, 2025	January 1, 2028	70.45*	39'451
Total				**973'589**

* 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

4 Board of Directors

Composition of the Board of Directors at December 31, 2022:

Name	Member since	Age	Position	Position Committee
André Müller	2015	70	Chair	Chair AC
Ulrich Looser	2018	65	Member/Deputy	Chair NCSC / Member AC
Markus Borchert	2019	57	Member	Member NCSC
Karin Sonnenmoser	2022	53	Member	Member AC
Elke Eckstein	2022	58	Member	
Thomas Seiler	2007	67	Member	
Jean-Pierre Wyss	2007	53	Member	

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

Ms. Gina Domanig and Ms. Annette Rinck were members of the Board of Directors until the ordinary general assembly in April 2022. They did not present themselves for re-election at the ordinary general assembly. Ms. Karin Sonnenmoser and Ms. Elke Eckstein joined the Board of Directors at the November 2022 extraordinary general assembly. All members were independent in 2022, except Mr. Seiler (CEO until 31.12.2022) and Mr. Wyss (COO).

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 24a of the articles of association available on u-blox's website under https://content.u-blox.com/sites/default/files/documents/u-blox%20Holding%20AG%20Statuten%20EN.pdf

Election and term of office
The members of the Board 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://content.u-blox.com/sites/default/files/documents/u-blox%20Holding%20AG%20Statuten%20EN.pdf

The members of the Nomination, Compensation and Sustainability Committee are elected annually at the general assembly. The members of the Audit Committee are elected annually by the Board of Directors. The chairpersons of the 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. He chairs the audit committee.

Professional background
Mr. Müller holds a master 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).

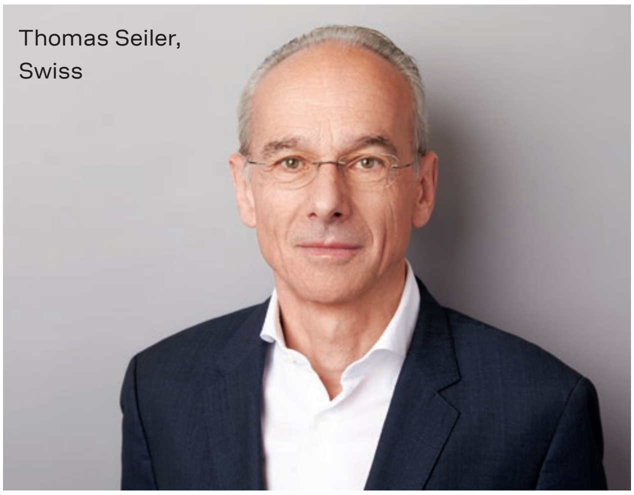
Other positions or consultancy agreements
Mr. Looser is managing partner at BLR partners. Listed companies: He is a board member of the following swiss companies: Kardex (vice chairman, chair nomination and compensation committee), LEM (vice chairman, member audit committee, chair nomination and compensation committee).

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.

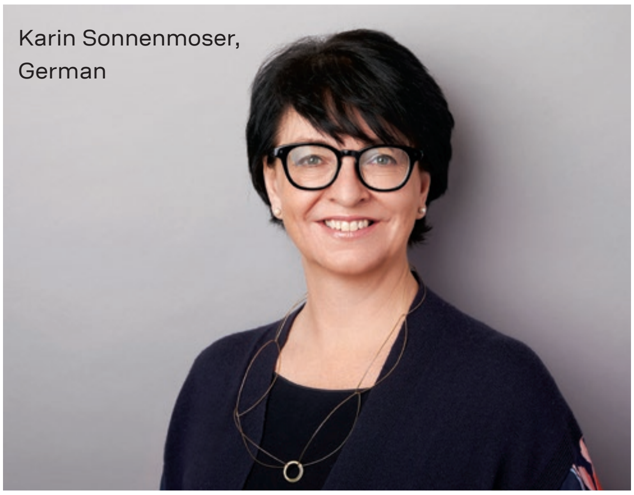


Thomas Seiler

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.

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
Unlisted companies: Mr. Seiler serves as member of the board of Alp-stock AG and Alantar S.A..



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 is a member of the audit committee. She is an independent and Non-Executive Director.

Professional background
Ms. Sonnenmoser holds a Masterin Economics from the University of Augsburg, Germany and an MBA from the University of Dayton, Ohio, USA. She served as a Board member of Swiss Steel Group AG (Switzerland) (2020–2022) 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
Listed companies: Ms. Sonnenmoser currently serves in the Board of Directors of Leoni AG, Germany. 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 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).


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 and, until 2011, as CFO. Since 1997, he served as a member of the Board of Directors 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: Mr. Wyss is a member of the board of Ardo Medical AG, Switzerland.

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 and the Audit 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.
- Select and propose new members of the Board.
- Define and propose for approval the structure of remuneration / compensation for the EC and Board.
- Approving acquisitions.
- Review and approve annual budgets.
- Reviews sustainability strategy, targets and progress and its impact on ESG ratings
- Defines 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://content.u-blox.com/sites/default/files/documents/Rules_of_Procedure_2022.pdf.

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 the Company / Corporate Governance / Rules of Procedure section of the company website.

Attendance

Member	Meetings attended
André Müller	10 of 10
Ulrich Looser	10 of 10
Karin Sonnenmoser	1 of 1*
Elke Eckstein	1 of 1*
Markus Borchert	10 of 10
Thomas Seiler	10 of 10
Jean-Pierre Wyss	9 of 10
Gina Domanig	3 of 3**
Annette Rinck	2 of 3**

* Ms. Sonnenmoser and Eckstein joined at the extraordinary general assembly in November 2022.
** Ms. Domanig and Rinck did not present themselves for re-election at the general assembly in April 2022.

The Board generally holds an ordinary meeting every two months. The duration of each meeting is typically between 1 and 4 hours. No external consultants advised the Board of Directors. Typically, all members of the executive committee and the general counsel (secretary) participated and informed the Board on all relevant matters. Executive Board members who are members of the Executive Committee do not vote on decisions insofar as they are themselves affected by the items on the agenda.

Board self-evaluation
In 2021 the BoD was evaluated by an external coach. During 2022 the BoD focused its annual evaluation on the assessment of skills and competencies in view of the successful search and election of two new BoD members. Towards the end of 2023 the BoD will self-evaluate the performance of the newly composed BoD.

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 will support 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 2022, with the temporary exception of the Audit Committee which comprises three members, given the limited size of the Board. 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. For further detail see the Rules of Procedure available under https://content.u-blox.com/sites/default/files/documents/Rules_of_Procedure_2022.pdf

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://content.u-blox.com/sites/default/files/documents/Rules_of_Procedure_2022.pdf

Attendance

Member	Meetings attended
André Müller (chair after the GA 2022)	6 of 6
Ulrich Looser (chair until GA 2022)	6 of 6
Karin Sonnenmoser	0 of 0*
Annette Rinck	3 of 3**

* Ms. Sonnenmoser joined at the extraordinary general assembly in November 2022.
** Ms. Rinck did not present herself for re-election at the general assembly in April 2022.

The Committee typically meets 5 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 Audit Committee. Customarily, the CFO, the chair of the Board, the CEO and - in 4 out of 6 times, the Executive Director Production and Quality 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;
- 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.
- 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://content.u-blox.com/sites/default/files/documents/sustainability_2023_digital_0.pdf

For further information on the targets, the evaluation process and the impact on total compensation, see the compensation policy section of this report. 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://content.u-blox.com/sites/default/files/documents/Rules_of_Procedure_2022.pdf

Attendance

Member	Meetings attended
Ulrich Looser (chair after the GA 2022)	8 of 8
Gina Domanig (chair until GA 2022)	4 of 4**
Markus Borchert	12 of 12

** Ms. Domanig did not present herself for re-election at the general assembly in April 2022.

The Committee typically meets every 1–2 months. The duration of each meeting was typically between 30 minutes and one hour. Customarily, 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 2022, HCM International Ltd. was mandated as an independent external expert regarding compensation and governance-related topics, such as the review of the LTI design as well as the EC benchmarking. HCM did not hold any further mandates with the company.

Minutes of the meetings are distributed to the Board. The NCSC Chairperson reports on the activities of the NCSC at the following meeting of the Board.

Strategy Committee
As of 2023, the Board has established a Strategy Committee. 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 of the Rules of Procedure:
https://content.u-blox.com/sites/default/files/documents/Rules_of_Procedure_2022.pdf

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 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 during the risk management review. 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.

7 Management of the group

The members of the Executive Committee are:

Position	Name	Age
CEO	Thomas Seiler	67
CFO	Roland Jud	56
ED Production and Quality	Jean-Pierre Wyss	53
ED Sales and Marketing	Markus Schäfer	53
ED Product Centers & R&D	Andreas Thiel	55
Member of the EC	Stephan Zizala	50

The Executive Committee is headed by the Chief Executive Officer.

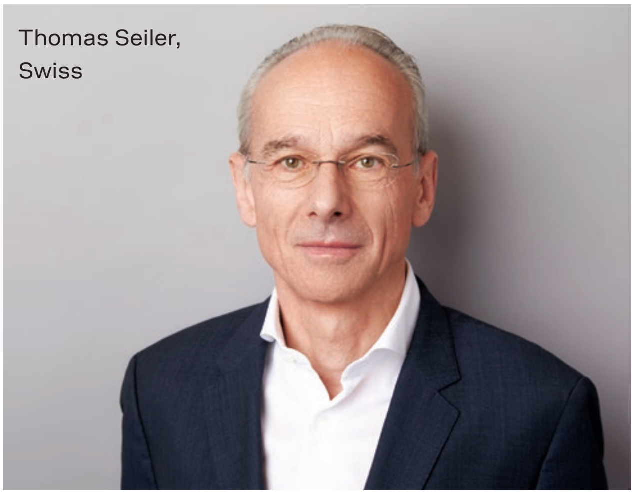
The primary functions of the Executive Committee include:

- Conduct of the day-to-day-business and development of new business.
- Implementation and enforcement of resolutions adopted and instructions given by the Board.
- Management and supervision of staff.

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 24b of the articles of association available on u-blox's website under https://content.u-blox.com/sites/default/files/documents/u-blox%20Holding%20AG%20Statuten%20EN.pdf.

Executive Committee


Thomas Seiler,
Swiss

Thomas Seiler

Function at u-blox
Thomas Seiler has served as a member of the Board of Directors and as CEO since the incorporation of u-blox Holding AG in 2007. He serves as CEO of u-blox AG since 2002 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. He has retired on 31.12.2022.

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
Unlisted companies: Mr. Seiler serves as member of the board of Alp-stock AG and Alantar S.A..


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 and, until 2011, as CFO. Since 1997, he has served as a member of the Board of Directors, 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

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

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 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
Unlisted companies: Roland Jud is a member of the advisory board of c-crowd AG, Zürich.


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 1. October 2022. He will succeed to Mr. Seiler as CEO on 1.1. 2023.

Professional background
Mr. Zizala holds a Dip.-Ing. and Dr.-Ing. degree in electrical engineering and information technology at the Technical University of Munich.
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."

Other positions or consultancy agreements
Listed companies: Stephan Zizala is a member of the board of Schweizer Electronic AG, Germany.

8 Shareholdings, Compensation and Loans

Ownership of u-blox shares
With regard to the compensation and loans of the members of the Board of Directors and Executive Committee, please consult the compensation policy and report.

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://content.u-blox.com/sites/default/files/documents/u-blox%20Holding%20AG%20Stat-uten%20EN.pdf

Ownership of u-blox shares
The total number of u-blox shares owned by members of the Executive Committee and the Board of Directors at December 31, 2022 (including holdings of "persons closely linked"*) is shown in the tables below.

Non-executive members of the Board

	Number of shares
André Müller	2'000
Ulrich Looser	2'330
Markus Borcher	1'320
Karin Sonnenmoser	0
Elke Eckstein	0

Executive Committee

	Number of shares
Thomas Seiler	145'220
Stephan Zizala	0
Andreas Thiel	40'510
Jean-Pierre Wyss	13'453
Roland Jud	4'363
Markus Schäfer	0

* "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."

Ownership of u-blox options
Non-executive Board member do not own options. The total number of u-blox options owned by members of the Executive Committee at December 31, 2022 is shown in the table below.

Executive Committee	Number of vested Options*	Number of non vested Options**
Thomas Seiler	13'501	12'706
Stephan Zizala	0	9'500
Andreas Thiel	19'867	12'706
Jean-Pierre Wyss	13'501	12'706
Roland Jud	19'328	12'389
Markus Schäfer	2'000	9'297

* Stock option grants in 2017, 2018, 2019
** Stock option grants in 2020, 2021, 2022

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 plan are mentioned in section 3 of the Corporate Governance Report (Capital structure).

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 detail (https://content.u-blox.com/sites/default/files/documents/u-blox%20Holding%20AG%20Statuten%20EN.pdf). 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.

According to the Swiss code of obligations applicable until 31.12.2022, shareholders representing at least 10% of the share capital may request that an extraordinary general meeting of shareholders be convened. According to the Swiss code of obligations applicable until 31.12.2022, shareholders representing shares with an aggregate nominal value of at least CHF 1'000'000 may request that an item be included in the agenda of a general meeting. 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 code of obligations).

The request for convening a meeting and/or for placing an item on the agenda must be submitted in writing to the president 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 Investor Relations/ News & Calendar (https://www.u-blox.com/en/AGM).

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

10 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, subsequent to 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 2022 amount to CHF 542’000 (excl. VAT).

Additional fees
Additional fees charged by KPMG during the financial year 2022 amounted to CHF 205’000 (excl. VAT) for tax advice and consulting.

Supervisory and control instruments
The auditors were present at two Audit Committee meetings in 2022. 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 presents 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 takes into account 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.

11 Information policy

- Agenda: the date of General Assembly, financial reports, press conferences are available at https://www.u-blox.com/en/Financial-calendar.
https://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: https://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 .

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12 Black out period

u-blox' black out (close) period policy prohibits the trade with u-blox shares and derivatives for all employees, board members, their spouses/husbands and persons living under the same household. The only exeption to this is exercise and hold of options.

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 Chief Executive Officer or the Chief Financial Officer. 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.

13 Compensation Report 2022

13.1 Letter to the Shareholders

Dear Shareholders
As the Chairperson of the Nomination, Compensation and Sustainability Committee, I am pleased to present the 2022 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 Articles 14–16 of the Ordinance against Excessive Compensation in Listed Stock Corporations, Article 633c of the Swiss Code of Obligations and complies with the SIX Swiss Exchange's Directive on Information relating to Corporate Governance, and takes the Swiss Code of Best Practice for Corporate Governance of economiesuisse into consideration.

2022 Company Performance
After record bookings and revenues in 2021 the company was well positioned to continue capturing on the basis of its strong order book and continued strong demand across all business segments, end markets and geographies. We finished the year with a new record revenue in 2022 of MCHF 624 representing 51% growth over the previous year. We successfully overcame components shortages thanks to skillful management to best serve our customers. The underlying drivers for our innovative products and solutions, namely for making things connected to the cloud, remain strong and thus we are confident that we will continue our growth trajectory.

Nomination, Compensation and Sustainability Committee Activities
The focus of the NCSC was on defining and managing the process for replacing the retirement of our long-serving CEO, the search for two new members of the board of directors after the resignation of the former position holders, as well as the transformation of the Long-Term Incentive (LTI) to a Performance Share Units (PSU) program. Furthermore the NCSC guided the definition and implementation of our ESG activities.

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. We value the opinions of our shareholders and other stakeholders and will continue to maintain a close dialog.

At the 2023 Annual General Meeting, we will seek your approval of the total maximum compensation amount for the Board of Directors for the period until the 2024 Annual General Meeting and for the Executive Committee for the financial year 2024. In addition, we will ask you to express your views on the current compensation policy and framework in a consultative vote on the 2022 Compensation Report.

Our efforts for supporting ESG matters were further extended as witnessed in our 2023 sustainability report.

We trust that you will find this report informative.

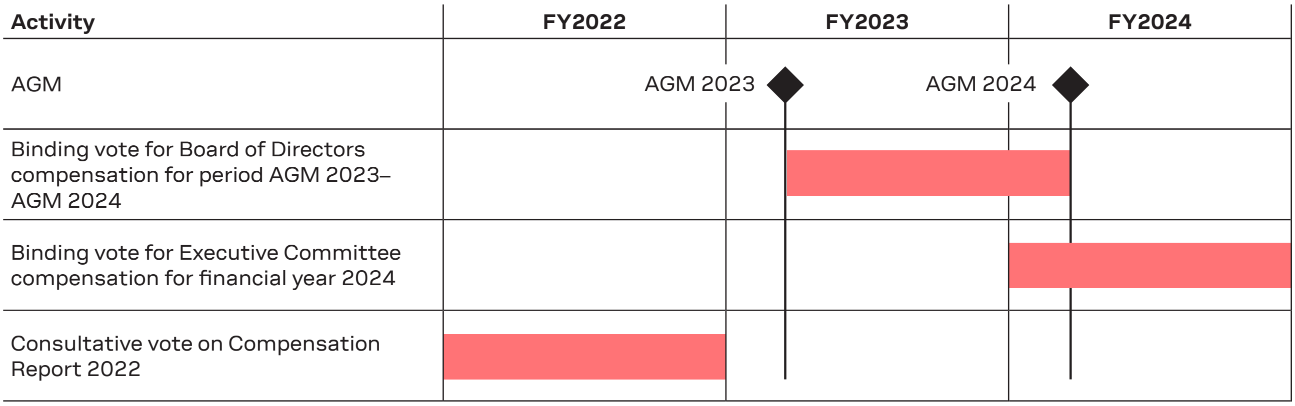
Ulrich Looser

Chairperson of the Nomination, Compensation and Sustainability Committee u-blox Holding AG

13.2 Compensation Policy

13.2.1 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 detail, see the Corporate Governance Report.



13.2.2 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			
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 aggregate 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

13.2.3 Objectives/Benchmarking

13.2.3.1 Compensation Objectives

The compensation policy for the Board is designed to attract and retain experienced and motivated people for the Board function. The compensation should be competitive and in an appropriate relation to the market as well as ensure the independence of the Board in its supervisory capacity of the EC and the company.

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

- Competitive
  Total compensation package is competitive, enabling u-blox to attract and retain highly skilled and motivated entrepreneurial executive staff over the long term.
- Alignment of Interests
  The form of compensation provides an incentive to achieve a sustainable increase in the shareholder value thus ensuring an alignment of interests between the EC 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 EC 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.

13.2.3.2 Compensation Benchmarking

The NCSC reviews the actual compensation of members of the Board and the EC 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 for approval.

13.2.3.2.1 Board Benchmarking

On a tri-annual basis the Board's compensation is reviewed for appropriateness with workload and increase in required competences mainly driven by new regulations and shareholder expectations. The most recent review of the Board compensation was undertaken in June 2019. The results were that the u-blox Board's that workload had increased substantially, and compensation was well below the median of small and mid-cap public companies in Switzerland. Specifically, the u-blox chairperson compensation is 50% of the median, and the other Board's compensation is 75% of the median. Therefore, it was proposed to increase the Board compensation within the following years. An increase for the chair and non-chair members of the NCSC and the Audit Committee has been made in 2022 following its approval by the 2022 AGM. An increase for the Board chair will be put on vote at the 2023 AGM.

13.2.3.2.2 Executive Committee Benchmarking

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

The most recent review was conducted during financial year 2022. To this end, EC members' total compensation was benchmarked against a peer group selected to reflect 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) including the quantum of the annual grant. Details on these updates will be provided in the remainder of this report.

13.2.4 Compensation System for the Board

13.2.4.1 Fee

To ensure the independence of the Board in its supervisory capacity of the EC and the company, members of the Board only receive a fixed compensation and do not participate in the share option scheme, pension scheme and/or performance related pay. In addition to the base director fees, a fixed fee is paid for positions of Chairperson, committee chairperson and committee member. The Chairperson of the Board is not eligible for additional compensation for participation in committees.

The resulting AGM 2022-2023 compensation breakdown was as follows:

Board compensation including social insurance	Period AGM 2022 through AGM 2023
Base Compensation for chairman of the Board	CHF 240'000
Base Compensation for member of the Board	CHF 120'000
Additional compensation for committee chairman	CHF 30'000
Additional compensation for committee membership	CHF 20'000

For the period AGM 2023–2024, it is proposed to continue the adjustment for the chairperson to the median of the benchmarking done in 2019, and to add the remunerations for the newly created Strategy committee:

Board compensation including social insurance	Period AGM 2023 through AGM 2024
Base Compensation for chairman of the Board	CHF 314'000
Base Compensation for member of the Board	CHF 120'000
Additional compensation for committee chairman	CHF 30'000
Additional compensation for committee membership	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. No pension, social insurance contributions or benefits are granted to the Board members, except where compulsory under Swiss law.

13.2.4.2 Share Ownership Requirements

Board of Director share ownership guidelines were introduced for the Board 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 are provided in the Corporate Governance Report under section 8 Shareholdings, Compensation and Loans.

13.2.5 Compensation System for Executive Committee

The compensation of the EC members consists of fixed elements (including base salary, pension funds and social insurance benefits, other benefits) and variable elements based on performance (including short-term incentive or "STI" and long-term incentive or "LTI"). A greater portion of the overall compensation is dependent upon performance yet capped as to not incentivize excessive risk taking or maximizing short-term performance at the risk of long-term sustainable performance. EC members are not compensated for Board membership or other executive positions held within the Group.

Illustrative overview of compensation framework of the EC

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

Compensation elements of the EC summarized

	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
Long-term Incentive (LTI)	Performance Share Units (PSUs)	3 years	Yes	Long-term commitment and reward achievement of pre-determined KPIs for three years period, alignment of interests, foster team-spirit

13.2.5.1 Base Salary
The base salary is the main fixed compensation component paid to the EC members. It is determined by taking into account the benchmarking results and considering the tasks, responsibilities and experience relevant for the respective role. In 2022, adjustments were made for inflation adjustments. As roles and responsibilities change, the NCSC will review salaries accordingly.

13.2.5.2 Pension Funds and Social Insurance Benefits
The aim is to provide the EC members and their family members a financial coverage in case of retirement, illness, invalidity or death in line with market practices and regulations.

The members of the EC, as all eligible employees in Switzerland, are insured against the risks of old age, death and disability (AHV). With respect to pension benefits (amounts which 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.

13.2.5.3 Other Benefits

The CEO is entitled to the use of a company car until end of FY 2022. Thereafter this benefit has been abolished.

13.2.5.4 Short-Term Incentive (STI)

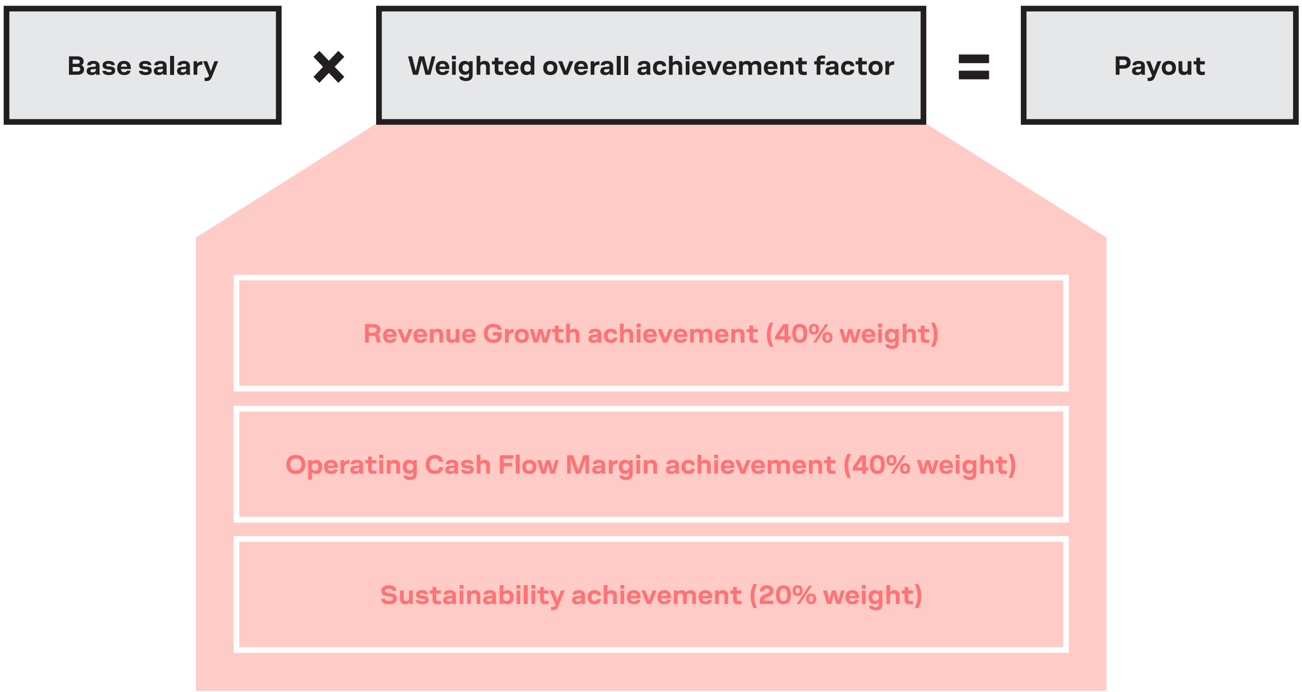
The STI is designed to reward the achievement of three Key Performance Indicators (KPIs) which reflect the interest of shareholders and focus on growth, profitability, and sustainability.

Specifically:

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

To determine the actual payout received by participants following the financial year, the Board 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 EC members other than the CEO, this weighted overall achievement factor is multiplied by a factor of 0.5.

Illustrative overview of STI framework



Notwithstanding the above, should the performance of both the Revenue Growth and the Operating Cash Flow Margin result in negative numbers, even if the Sustainability component would be positive, no bonus would be paid.

For 2022, the targets (i.e., the minimum, target and maximum performance levels) per KPI were defined as follows:

Revenue Growth (40% weight)
The revenue growth target is 15% and represent 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.

Operating Cash Flow (OCF) Margin (40% weight)
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 2022 targets

Quectel Wireless Solutions
Sierra Wireless
Melexis
Sequans Communications
Sensirion Holding
ams
Nordic Semiconductor
Elmos Semiconductor
ST Microelectronics
MediaTek
Silicon Laboratories

For 2023 the group was modified as several companies either merged or re-organized as per the actual landscape of listed peers.

Performance Peer Group for 2023 targets

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

Sustainability (ESG) (20% weight)
The company has embarked upon a comprehensive ESG assessment and will be issuing its third Sustainability Report in 2023. Each year, key initiatives, which are linked to the Sustainable Development Goals, are defined with corresponding quantifiable goals. These quantifiable goals are proposed by the NCSC to the Board. At the end of the period, the NCSC evaluates the achievement of these goals (maximum 150%) as part of the STI calculation.

Five initiatives linked to the Sustainable Development Goals:

SUSTAINABLE PRODUCTS

- We strive to ensure that our products benefit society and the environment. We work to make a difference where we can, and support like-minded organizations so that collectively our impact on humanity and the planet is beneficial.

PROTECT THE ENVIRONMENT

- We will be strengthening the way we monitor our suppliers' environmental compliance and influence their further efforts.
- Emissions from our headquarters in Thalwil, Switzerland, are net zero.

DO BUSINESS THE RIGHT WAY

- We ensure that our partners meet our high ethical and labor rights standards. We have defined our expectations and guidance and continue to educate and enforce them in all directions. We are enhancing our audit capacity and intensity.

RESPECT OUR PEOPLE

- We are dependent on the close interaction between our people and strive to enable an atmosphere that supports open communication so that the best ideas can emerge.
- We are fostering openness and a sense of belonging at u-blox while training all our staff in non-violent communication techniques.

STEM EDUCATION

- We engage with communities to improve STEM education. Since we believe in such initiatives, we recruit more women in technical roles.
  We are broadening our engagement in events for young students to communicate STEM positive aspects and future career possibilities.

The quantifiable goals for FY 2022 were related to the following initiatives (the ESG goals are updated to reflect the increased of visibility on our ESG performance). They are described in full detail in our Sustainability Report 2023.

a) Sustainable products: Implementation of framework to measure environmental impact of our products.
b) Do business the right way: Increased audit capacity and intensity, particularly related to human and labor rights.
c) STEM education: Co-operation with organizations delivering STEM education.
d) Protect the environment: Commitments to achieve net zero emissions goals in the medium term.
e) Respect our people: Diversity, equality and inclusion training.

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 period, the NCSC evaluates the achievement of the initiatives individually and aggregates it 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 Sustainability). The CEO's maximum payout is always capped at 150% of the base salary, also if the theoretical maximum payout as per the table above would be higher.

For the other EC 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.

13.2.5.5 Long Term Incentive (LTI)

Following the revision, the Stock Option plan has been transformed into a Performance Share Units (PSUs)-based program for the EC members with the first allocation done for fiscal year 2022.

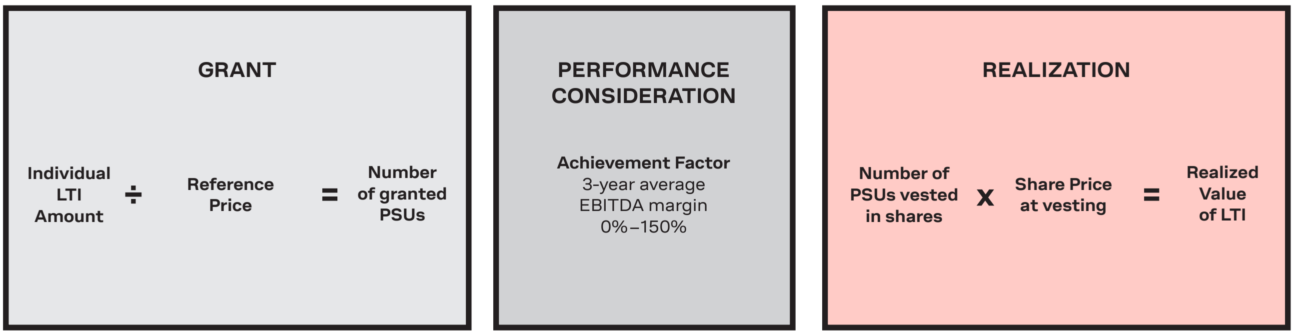
The new LTI should encourage long-term commitment of the EC, promote alignment of long-term interests between shareholders and the EC, and fosters team spirit at u-blox.

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 fulfilment 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 for each annual grant. For the first allocation done for 2022 the individual LTI amounts corresponded to approx. 70% of base salary for the CEO and other EC members. A comparison with the annual grants made under the Long-Term Incentive Stock Option Plan did also consider the change in the grant logic (i.e., the switch to a CHF value approach with performance based vesting instead of the number of performance based options approach previously used).

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 the grant. The reference price is determined using the lower of the average daily closing price of the u-blox share over the ten trading days prior to the grant date, or the closing price at 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 0.0 to 1.5 depending on the achievement of predefined performance conditions. The latter is defined in terms of the adjusted EBIDTA margin and is measured as a three-year average of the annual adjusted EBITDA margin following the grant. Social contributions fall due at vesting date.



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 taking into consideration historical company performance and ongoing business expectations and financial goals and approved by the Board. The Board 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.

13.2.5.6 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 claw back 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 which violates the law or a breach of obligations under the employment contract.

Where the Company is required to restate its accounts, the Board 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 defines the number of PSUs to be cancelled 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.

13.2.5.7 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 EC member, excluding any buyouts, would be in line with the policy set out. If an EC member is appointed following u-blox's acquisition of, or merger with, another company, legacy terms and conditions may be honored.

In 2022, Stephan Zizala was granted 9'500 options under the 2015 ESOP plan (see Corporate Governance Report for details) to compensate for the loss of accrued shares upon leaving his previous employer.

13.2.5.8 Employment contracts
The employment contracts of the EC members may be subject to a minimum of six and a maximum of twelve-months' notice period. No termination benefits are payable. The contracts do not contain a clause relating to change of control. EC members may be subject to non-compete provisions upon termination of their employment contract which, however, will not exceed 12 months after the termination date. In case an EC member terminates the employment contract, the company may trigger the non-compete obligation in exchange for a fee limited to 50% of the EC member's annual

cash compensation. Regarding the LTI, EC 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.

13.2.5.9 Loans

No guarantees or loans are granted to members of the Board or EC.

13.2.5.10 Share Ownership Requirements

EC members are required to acquire and hold u-blox shares equivalent to 250% of base salary for the CEO and 200% for the other EC members. To fulfil the individual Shareholding Requirements, each member of the EC is granted a four-year build-up period. EC members who were employed by end of 2018, need to fulfil the requirement by end of 2022. EC members joining u-blox after 2018, need to fulfil their Shareholding requirement within four years after the date of entry at u-blox.

An EC 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, the definition of shareholding will be limited to shares owned, an achievement will not be altered by later share price variation. Details on the shareholding of EC members are provided in the Corporate Governance Report under section Shareholdings.

13.2.5.11 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.

After the performance period, the NCSC

i. defines the level of actual achievement whereby the number of options granted depends on the achievement of the average EBITDA margins compared to the minimum (0%), target (100%) and maximum (150%), calculated linearly, whereby 100% is equal to 6.000 options;
ii. defines the fair value of an option at grant date;
iii. calculates the number of options to be granted and limited by the following maximum thresholds:
    • the total number of options to be granted to the EC of five members does not exceed 40'000 options
    • the Fair Value of options at grant does not exceed 100% of the Base Salary of the members
    • the Fair Value of the options at grant does not exceed the amount allocated to the LTI-ESOP as approved by the AGM
iv. proposes to the Board the grant for each member of the EC.

The Board decides within its discretion and within the maximum total compensation approved at the previous AGM.

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.

13.3 Compensation 2022

13.3.1 Compensation awarded to the Board of Directors

The total amount of compensation of the Board for the election period 2022/2023 was increased from 2021/2022. The total compensation stayed within the limits as approved by the AGM (CHF 560'000) for the period AGM 2022 to AGM 2023.

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

Compensation for the members of the Board for fiscal year 2021[1]

	Fee	Social insurance[2] CHF	Total Compensation CHF
André Müller (Chairman)	168'000	12'348	180'348
Ulrich Looser (Chair Audit Committee)	115'000	8'769	123'769
Gina Domanig (Chair NCC)	115'000	8'769	123'769
Annette Rinck (Member Audit Committee)	105'000	8'006	113'006
Markus Borchert (Member NCC)	105'000	8'006	113'006
Thomas Seiler	0	0	0
Jean-Pierre Wyss	0	0	0
Total	**608'000**	**45'898**	**653'898**

1) The compensation is shown for fiscal year 2021, whereas the approved budget covers the period AGM 2021 to AGM 2022
2) Mandatory social insurance.

13.3.2 Compensation awarded to the Executive Committee

The total amount of compensation of the member of the EC during financial year 2022 corresponds to TCHF 5'956 (prior year: TCHF 4'375). The total compensation stayed within the limits as approved by the shareholder meeting (TCHF 7'500) for the period AGM 2022 to AGM 2023.

Compensation for the members of the Executive Committee for fiscal year 2022

	Base Salary	STI[2]	LTI[7] (Options)	LTI[7] (Options)	LTI[1] (PSU)	LTI[1] (PSU)	Pension and Social insurance funds[3]	Other benefits[4]	Total Compen-sation
	CHF	CHF	units	CHF	units	CHF	CHF	CHF	CHF
Thomas Seiler, CEO	486'090	658'844	0	0	2'949	324'980	232'937	10'778	1'713'629
Jean-Pierre Wyss	331'425	224'606	0	0	2'042	225'028	137'887	10'600	929'546
Andreas Thiel	331'425	224'606	0	0	2'042	225'028	141'597	2'500	925'156
Roland Jud[5]	323'139	218'991	0	0	1'991	219'408	136'117	0	897'655
Markus Schäfer	331'425	224'606	0	0	2'042	225'028	111'573	0	892'632
Stephan Zizala[4 7]	122'900	166'578	9'500	182'550	737	81'217	44'273	0	597'518
Total	**1'926'404**	**1'718'231**	**9'500**	**182'550**	**11'803**	**1'300'689**	**804'384**	**23'878**	**5'956'136**

1) 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: 13 March 2026
2) STI paid out in 2023 for performance of 2022.
3) Mandatory social insurance paid on the base salary, bonus and on the fair value of options or PSUs when granted.
4) Company car, seniority premium and child and education allowance.
5) Mr. Jud has a 97.5% working time contract.
6) Mr. Zizala joined 1 October 2022 and takes over the CEO role from Mr. Seiler 1 January 2023
7) Options granted as startup renumeration 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.

Compensation paid to the members of the Executive Committee for fiscal year 2021
The total compensation stayed within the limits as approved by the shareholder meeting (TCHF 7’000).

	Base Salary	STI[2]	LTI (Options)	LTI (Options[1])	Pension and Social insurance funds[3]	Other benefits[4]	Total Compensation
	CHF	CHF	units	CHF	CHF	CHF	CHF
Thomas Seiler, CEO	476’605	570’683	3’857	83’080	218’093	8’071	1’356’532
Jean-Pierre Wyss	324’958	194’551	3’857	83’080	172’781	7’800	783’170
Andreas Thiel	324’958	194’551	3’857	83’080	172’183	0	774’772
Roland Jud[5]	316’834	189’687	3’761	81’012	169’454	0	756’987
Markus Schäfer	324’958	194’551	3’857	83’080	100’982	0	703’571
Total	**1’768’313**	**1’344’023**	**19’189**	**413’332**	**833’493**	**15’871**	**4’375’032**

1) Options granted in 2022 for performance of 2021. The fair value of the options is CHF 21.54 per option at grant date. Strike price: CHF 69.25, Vesting date: January 1, 2025; Expiry date: January 1, 2028.
2) Bonus paid out in 2022 for performance of 2021.
3) Mandatory social insurance paid on the base salary, bonus and on the fair value of options when granted.
4) Company car, inaugural premium and child and education allowance.
5) Mr. Jud has a 97.5% working time contract.

13.3.2.1 Base Salary
The base salaries did not increase during 2022 other than for inflation adjustments.

13.3.2.2 Short-Term Incentive (STI)
The STI approach remained the same for 2022.

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 base salary for the CEO. For 2022, the achievement of the CEO amounted to 135.5% of the base salary.

Compared to 2021, for the CEO, the bonus payout has increased due to positive revenue growth and an increased operating cashflow margin.

Input data	
Revenue growth rate	50.7%
Operating cashflow margin	18.9%
ESG (as per 2022 sustainability report)	120.0%
Output	
Bonus rate	135.5%

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 base salary for the other EC members. For 2022, the achievement of the other EC members amounted to 67.8% of the base salary.

Compared to 2021, the bonus payout for the EC members has increased due to positive revenue growth and an increased operating cashflow margin.

Input data	
Revenue growth rate	50.7%
Operating cashflow margin	18.9%
ESG (as per 2022 sustainability report)	120.0%
Output	
Bonus rate	67.8%

13.3.2.3 Long Term Incentive (LTI)
The fair value of the individual LTI grant in CHF amounts to 67.5% of the base salary for the CEO and other EC members. As this is the first year the new LTI has been granted, there are no vesting information so far. Information will be disclosed upon completing of the first vesting.

13.3.2.4 Former Long-Term Incentive (LTI) (LTI-ESOP)
For 2021, the Board of Directors approved the proposal by the NCSC, in accordance with the LTI-ESOP, to grant 3'857 options per Executive Committee member. The number of options was determined based on the achieved preceding three-year average EBITDA adjusted margin of 16.2%. The Targets were defined as follows:

	EBITDA adjusted % targets	Options vesting
Min	5.10%	0%
Objective	22.40%	100%
Max	32.25%	150%

Options are granted at-the-money (i.e. the strike price equals the lower of the average stock price of the last 30 trading days before the grant date and the stock price at grant date).

13.3.2.5 Compensation Ratios
For the CEO, the variable to fixed ratio (considering base salary, STI at target and LTI at grant level) amounts to 1.5 at target and 2.0 for actual performance during 2022.

For other EC members, the variable to fixed ratio results in 1.1 at target and 1.4 considering actual performance achieved during 2022.

13.3.2.7 Additional fees, compensations, guarantees and loans
No additional fee or compensation was paid to the members or former members of the Board or EC in 2022.

No guarantees or loans were granted by a group company to the members of the Board or EC or were outstanding on December 31, 2022.

13.3.2.8 Persons closely linked
No compensation, fees or loans were paid, respectively granted, to persons closely linked to members of the Board or EC in 2022. 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.

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 31 December 2022. The audit was limited to the information on remuneration, loans and advances pursuant to Art. 14-16 of the Ordinance against Excessive Remuneration in Listed Companies Limited by Shares (Verordnung gegen übermässige Vergütungen bei börsenkotierten Aktiengesellschaften, VegüV) in the tables marked “audited” in *chapters 13.3.1 and 13.3.2* on pages 46 to 49 of the Remuneration Report.

In our opinion, the information on remuneration, loans and advances in the attached Remuneration Report complies with Swiss law and Art. 14-16 VegüV.

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 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 on remuneration, loans and advances pursuant to Art. 14-16 VegüV 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 judgment and maintain professional scepticism 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, 9. March 2023

Enclosure:
- Remuneration Report

KPMG AG, Pilatusstrasse 41, CH-6003 Lucerne

Information for Investors

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

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E-mail: lcati@equityny.com

Website

www.u-blox.com

Financial calendar

• Annual General Meeting	April 19, 2023
• Half year results 2023	August 18, 2023
• Analyst day	November 21, 2023

u-blox

FINANCIAL REPORT 2022

Contents

Consolidated statement of financial position

in CHF 1'000	Note	December 31, 2022	December 31, 2021
Assets			
Current assets			
Cash and cash equivalents	6	137'746	83'245
Marketable securities	7	0	500
Trade accounts receivable	8	65'370	51'063
Other receivables		10'657	14'114
Current tax assets		2'150	9'441
Inventories	9	117'972	31'446
Prepaid expenses and accrued income		18'413	11'269
Derivative financial assets		45	409
Total current assets		**352'353**	**201'487**
Non-current assets			
Property, plant and equipment	10	12'627	11'328
Right-of-use assets	27	34'021	31'962
Goodwill	11	55'616	58'216
Intangible assets	11	203'455	190'440
Other financial assets		1'658	1'074
Equity-accounted investees	12	582	777
Deferred tax assets	24	8'312	9'188
Total non-current assets		**316'271**	**302'985**
Total assets		**668'624**	**504'472**
Liabilities and equity			
Current liabilities			
Trade accounts payable	13	60'680	25'001
Other payables		12'593	10'115
Lease liabilities	27	5'545	5'387
Current tax liabilities		7'190	1'852
Accrued expenses	14	44'131	37'137
Financial liabilities	15	59'969	0
Total current liabilities		**190'108**	**79'492**
Non-current liabilities			
Financial liabilities	15	0	59'844
Other payables		4'157	5'313
Provisions	16	10'432	7'685
Pension liabilities	17	10'917	21'266
Lease liabilities	27	29'536	27'402
Deferred tax liabilities	24	11'476	1'462
Total non-current liabilities		**66'518**	**122'972**
Total liabilities		**256'626**	**202'464**
Shareholders' equity			
Share capital	18	96'842	105'300
Share premium	18	23'180	16'600
Treasury shares		-27'708	-31'924
Cumulative translation differences		-27'838	-22'720
Retained earnings		347'522	234'752
Total equity, attributable to equity holders of the parent		**411'998**	**302'008**
Total liabilities and equity		**668'624**	**504'472**

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

Consolidated income statement

in CHF 1'000	Note	2022	2021
Revenue	5	**623'852**	**414'057**
Cost of sales		-317'088	-220'496
Gross profit		**306'764**	**193'561**
Distribution and marketing expenses		-44'906	-40'381
Research and development expenses	21	-111'566	-106'238
General and administrative expenses		-30'490	-26'198
Other income		1'975	5'139
Operating profit		**121'777**	**25'883**
Finance income	23	561	3'947
Finance costs	23	-2'075	-6'936
Share of loss of equity-accounted investees, net of taxes	12	-119	-1'819
Profit before income tax (EBT)		**120'144**	**21'075**
Income tax expense	24	-18'372	-5'725
Net profit		**101'772**	**15'350**
Net profit attributable to non-controlling interest		0	21
Net profit attributable to equity holders of the parent		101'772	15'329
Basic earnings per share (in CHF)	19	14.60	2.21
Diluted earnings per share (in CHF)	19	14.34	2.21

Consolidated statement of comprehensive income

in CHF 1'000	Note	2022	2021
Net profit		**101'772**	**15'350**
Other comprehensive income			
Remeasurements on pension liabilities	17	11'745	4'648
Income tax on remeasurements on pension liabilities	24	-2'182	-774
Items that will not be reclassified to income statement		9'564	3'874
Currency translation differences		-5'118	-2'955
Items that are or may be reclassified subsequently to income statement		-5'118	-2'955
Other comprehensive income, net of taxes		4'445	919
Total comprehensive income		106'218	16'268
Comprehensive income attributable to non-controlling interest		0	21
Total comprehensive income, attributable to equity holders of the parent		106'218	16'247

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, attributable to equity holders of the parent	Total non-controlling interest	Total equity
Balance at January 1, 2021		**105'300**	**16'600**	**-31'924**	**-19'765**	**212'334**	**282'545**	**140**	**282'685**
Net profit for the period		0	0	0	0	15'329	15'329	21	15'350
Other comprehensive income for the period, net of taxes		0	0	0	-2'955	3'874	919	0	919
Total comprehensive income		**0**	**0**	**0**	**-2'955**	**19'203**	**16'248**	**21**	**16'269**
Share-based payments[1)]	20,24	0	0	0	0	3'215	3'215	0	3'215
Decrease in par value	18	0	0	0	0	0	0	0	0
Options exercised during the year, net of transaction costs	20	0	0	0	0	0	0	0	0
Total transactions with equity holders of the parent		**0**	**0**	**0**	**0**	**3'215**	**3'215**	**0**	**3'215**
Changes in non-controlling interest		0	0	0	0	0	0	-161	-161
Balance at December 31, 2021		**105'300**	**16'600**	**-31'924**	**-22'720**	**234'752**	**302'008**	**0**	**302'008**
Net profit for the period		0	0	0	0	101'772	101'772	0	101'772
Other comprehensive income for the period, net of taxes		0	0	0	-5'118	9'564	4'445	0	4'445
Total comprehensive income		**0**	**0**	**0**	**-5'118**	**111'336**	**106'218**	**0**	**106'218**
Share-based payments[1)]	20,24	0	0	0	0	6'513	6'513	0	6'513
Decrease in par value	18	-9'249	0	202	0	0	-9'047	0	-9'047
Options exercised during the year, net of transaction costs	18,20	791	6'580	4'013	0	-5'079	6'306	0	6'306
Total transactions with equity holders of the parent		**-8'458**	**6'580**	**4'216**	**0**	**1'434**	**3'772**	**0**	**3'772**
Balance at December 31, 2022		**96'842**	**23'180**	**-27'708**	**-27'838**	**347'522**	**411'998**	**0**	**411'998**

1) Represents the amount of employee stock option expenses of CHF 4.3 million (2021: CHF 3.3M) including respective tax effects of CHF 2.2 million (2021: CHF -0.1 million) recognized for 2022 and 2021 respectively.

For further information on share capital and share premium see Note 18.

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

Consolidated statement of cash flows

in CHF 1'000	Note	2022	2021
Net profit		**101'772**	**15'350**
Adjustments for:			
Depreciation	10, 27	12'006	11'450
Amortization	11	29'984	28'495
Impairment of intangible assets	11	0	67
Share-based payment transactions	20	4'299	3'323
Change of pension liability		1'448	1'089
Other non-cash transactions		-1'456	-1'034
Finance income	23	-561	-3'947
Finance costs	23	2'075	6'936
Share of loss of equity accounted investees	12	119	1'819
Income tax expense	24	18'372	5'725
Change in trade and other receivables, prepaid expenses and accrued income		-18'173	-1'007
Change in inventories		-86'526	1'554
Change in trade and other payables and accrued expenses		46'509	26'682
Change in provisions		2'525	481
Income tax received		4'926	707
Net cash generated from operating activities		**117'319**	**97'690**
Acquisition of property, plant and equipment	10	-7'844	-6'194
Acquisition of intangible assets	11	-43'163	-36'923
Proceeds from disposal of property, plant and equipment	10	73	17
Acquisition of businesses (net of cash acquired)	25, 30	-289	1'831
Proceeds from sale of marketable securities	7	500	0
Acquisition of financial assets		-782	-36
Proceeds from disposal of financial assets		201	65
Participation in a capital increase in an associate	12	0	-740
Interest received		154	259
Net cash used in investing activities		**-51'150**	**-41'721**
Proceeds from exercise of options	20	6'306	0
Par value reduction	18	-9'047	0
Payments of lease liabilities	27	-5'497	-5'018
Proceeds from financial liabilities	15	0	25'038
Repayment of financial liabilities	15	-1'009	-85'024
Interest paid		-1'427	-2'787
Changes in non-controlling interest		0	-18
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	**6**	**137'746**	**83'245**

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 chipsets, 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 his torical 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
A number of amendments of standards are effective from January 1, 2022 but they do not have a material effect on the Group's financial statements.

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, 2022 and 2021:

Company	Share capital (million)	Ownership interest Dec. 31, 2022	Ownership interest Dec. 31, 2021	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
Naventik GmbH, DE-Chemnitz [1)]	EUR 0.04	100%	n/a	D
u-blox US Holding Inc., US-Delaware [2)]	USD 0.00	100%	n/a	H
Robok Ltd., UK-Cambridge [3)]	GBP 0.02	11.3%	11.4%	n/a
Zero Point Motion Ltd., UK- London [3)]	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) Naventik GmbH was acquired in 2022. 2) u-blox US Holding Inc. was established in 2022. 3) 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, 2022		December 31, 2021	
	Average rate	Closing rate	Average rate	Closing rate
EUR	1.00522	0.99170	1.08129	1.03697
USD	0.95458	0.92453	0.91407	0.91170
GBP	1.17959	1.11850	1.25743	1.23367
HKD	0.12190	0.11833	0.11760	0.11694
SGD	0.69239	0.68965	0.68026	0.67601
CNY	0.14204	0.13403	0.14168	0.14344
JPY	0.00730	0.00705	0.00833	0.00792
PKR	0.00471	0.00408	0.00562	0.00511
SEK	0.09460	0.08866	0.10656	0.10074

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.

Marketable securities
Marketable securities include investments in bonds denominated in CHF, which are classified at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognized at fair value, and transaction costs are expensed in the income statement. Marketable securities are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

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 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 and capitalized development costs not yet available for use are 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 or FVOCI, 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.

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, accrued income, 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 and share options are recognized as a deduction from equity.

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.

New IFRSs issued but not yet effective in 2022
The following new and revised standards and interpretations, 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:

New Standards and Interpretations	Effective date	Planned application by u-blox
Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)	January 1, 2023	Reporting year 2023
Definition of Accounting Estimates (Amendments to IAS 8)	January 1, 2023	Reporting year 2023
Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)	January 1, 2023	Reporting year 2023
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

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 11
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 11
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 16
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 17

4 Changes in scope of consolidation

In 2022 u-blox acquired 100% of Naventik GmbH and established u-blox US Holding Inc.
In 2021 u-blox acquired the remaining 57.04% interest in Sapcorda Services GmbH, disposed of its 70% share in Tashang Semiconductor (Shanghai) Co. Ltd. and its 70% share in Tashang Holding (HK) Ltd., liquidated its 100%-owned subsidiary u-blox Europe Ltd., merged Thingstream AG into Thingstream Invest AG, liquidated its 100%-owned subsidiary u-blox Electronics (Shanghai), acquired 9.68% of Robok Ltd. and acquired 10.94% of Zero Point Motion Ltd.
In 2021 Thingstream Inc. was merged into u-blox San Diego Inc.
See Note 30 for further information.

5 Segment reporting

In accordance with the management structure and the reporting made to the Board of Directors (the Group's Chief Operating Decision Maker, which is the Board of Directors of u-blox Holding AG), the reportable segments are the two operating Corporate Groups 'Positioning and Wireless products' and 'Wireless services'. Segment accounting is prepared at the level of Operating Profit (EBIT) as this is the key metric used for management purposes. No distinction is made between the accounting policies of segment reporting and those of the consolidated financial statements. No operating segments were aggregated.

The following reportable segments were identified:

Positioning and Wireless products
The Group develops and distributes GPS/GNSS positioning receivers and wireless communication modules which are mainly used in automotive, industrial and consumer applications. Products are marketed and sold by the u-blox worldwide sales organization. The products are manufactured by third parties. The Group coordinates the entire supply chain and manages the world-wide production and distribution of the products.

Wireless services
Since the acquisitions of u-blox Italia S.p.A., u-blox San Diego Inc., Thingstream and Sapcorda Services GmbH, u-blox also offers services in the wireless communication technology which forms a separate business segment as these products consist of delivery of reference designs and software.

Segment information at December 31

	Positioning and Wireless products		**Wireless services**		**Total segments**		**Non-allocated/ eliminations**		**Group**	
in CHF 1'000	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**
Revenue third	622'862	413'463	990	594	623'852	414'057	0	0	623'852	414'057
Revenue Intra-Group	0	0	33'102	35'216	33'102	35'216	-33'102	-35'216	0	0
Total Revenue	**622'862**	**413'463**	**34'092**	**35'810**	**656'954**	**449'273**	**-33'102**	**-35'216**	**623'852**	**414'057**
EBITDA	156'974	63'862	6'793	2'034	163'767	65'896	0	0	163'767	65'896
Depreciation	-9'338	-8'446	-2'668	-3'005	-12'006	-11'451	0	0	-12'006	-11'451
Amortization	-26'702	-25'393	-3'282	-3'102	-29'984	-28'495	0	0	-29'984	-28'495
Impairment of intangible assets	0	-67	0	0	0	-67	0	0	0	-67
Operating profit (EBIT)	**120'935**	**29'956**	**843**	**-4'073**	**121'777**	**25'883**	**0**	**0**	**121'777**	**25'883**
Finance income									561	3'947
Finance costs									-2'075	-6'936
Share of loss of equity-accounted investees, net of taxes									-119	-1'819
EBT									**120'144**	**21'075**

Revenues are derived from:

in CHF 1'000	2022	2021
Sale of goods	622'862	413'463
Services rendered	990	594
Total	**623'852**	**414'057**

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	2022	in %	2021	in %
EMEA	175'968	28.2	124'751	30.1
America	202'880	32.5	136'585	33.0
Asia Pacific	245'004	39.3	152'721	36.9
Total	**623'852**	**100.0**	**414'057**	**100.0**

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

in CHF 1'000	2022	in %	2021	in %
EMEA	139'200	22.3	108'920	26.3
thereof: Switzerland	3'038	0.5	1'746	0.4
Germany	24'680	4.0	17'795	4.3
America	139'281	22.3	87'249	21.1
thereof: United States of America	90'795	14.6	66'652	16.1
Asia Pacific	345'371	55.4	217'888	52.6
thereof: China	123'661	19.8	105'963	25.6
Total	**623'852**	**100.0**	**414'057**	**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	2022	in %	2021	in %
EMEA	298'918	97.8	285'242	97.7
thereof: Switzerland	235'920	77.2	218'628	74.9
UK	14'010	4.6	14'097	4.8
Italy	13'046	4.3	13'784	4.7
Sweden	10'783	3.5	12'530	4.3
Finland	11'314	3.7	10'413	3.6
Germany	8'266	2.7	9'275	3.2
America	4'337	1.4	4'730	1.6
Asia Pacific	2'464	0.8	1'970	0.7
Total	**305'719**	**100.0**	**291'942**	**100.0**

Revenue by market

in CHF 1'000	2022	in %	2021	in %
Automotive	177'537	28.5	115'116	27.8
Consumer	53'511	8.6	39'455	9.5
Industrial	392'410	62.9	258'624	62.5
Others	394	0.1	862	0.2
Total revenue from contracts with customers	**623'852**	**100.0**	**414'057**	**100.0**

Revenue by product type

in CHF 1'000	2022	in %	2021	in %
Module	495'966	79.5	334'420	80.8
Chips	126'896	20.3	74'390	18.0
Others	990	0.2	5'247	1.3
Total revenue from contracts with customers	**623'852**	**100.0**	**414'057**	**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, 2022	December 31, 2021
Petty cash	9	9
Cash at banks	66'189	49'502
Call and fixed-term deposits	71'548	33'733
Total	**137'746**	**83'245**
Composition of cash and cash equivalents by currency in CHF 1'000		
CHF	26'602	23'043
USD	67'969	46'652
EUR	36'470	6'815
Other	6'706	6'735

7 Marketable securities

In 2022 all marketable securities have been disposed of.

8 Trade accounts receivable

in CHF 1'000	**December 31, 2022**	**December 31, 2021**
Gross amount	65'668	51'456
Loss allowance	-298	-393
Total	**65'370**	**51'063**
Composition by currency in CHF 1'000		
USD	54'117	44'341
EUR	11'501	6'998
Other	50	117
Composition by regions in CHF 1'000		
EMEA	29'545	14'478
Americas	15'671	21'540
Asia Pacific	20'452	15'438

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

9 Inventories

in CHF 1'000	**December 31, 2022**	**December 31, 2021**
Raw material (components)	58'605	15'560
Work in progress	25'009	6'715
Finished products	34'358	9'171
Total	**117'972**	**31'446**

Components and changes in finished products recognized as cost of sales amounted to CHF 294.0 million (2021: CHF 201.1 million).

In addition, inventories have been reduced by CHF 1.3 million (2021: CHF 1.1 million) as a result of the write-down to net realizable value. This write-down was recognized as an expense during the respective year in cost of sales.

10 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, 2021	**19’812**	**4’827**	**55’592**	**80’231**
Additions	606	658	4’932	6’196
Disposals	-70	-157	-440	-667
Change in scope of consolidation	86	560	707	1’353
Translation differences	-540	-124	-453	-1’117
Balance at December 31, 2021	**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**

Accumulated depreciation in CHF 1’000	Furniture, equipment and vehicles	IT infra-structure	Tools and test infra-structure	Total
Balance at January 1, 2021	**17’398**	**3’761**	**49’048**	**70’207**
Depreciation	1’124	758	4’078	5’960
Disposals	-61	-131	-383	-575
Change in scope of consolidation	0	-23	-19	-42
Translation differences	-498	-85	-298	-881
Balance at December 31, 2021	**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**
Net carrying amount at January 1, 2021	**2’414**	**1’066**	**6’544**	**10’024**
Net carrying amount at December 31, 2021	**1’931**	**1’484**	**7’912**	**11’327**
Net carrying amount at December 31, 2022	**907**	**1’664**	**10’055**	**12’626**

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

in CHF 1’000	2022	2021
Cost of sales	2’383	1’749
Distribution and marketing expenses	90	92
Research and development expenses	3’442	3’745
General and administrative expenses	95	374
Total depreciation	**6’010**	**5’960**

11 Goodwill and intangible assets

Cost in CHF 1'000	**Goodwill**	Intellectual property rights/ acquired technology	Software	Capitalized develop-ment costs[1]	Customer relation-ships/other intangible	**Total intangible assets**
Balance at January 1, 2021	**59'910**	**52'045**	**13'167**	**240'434**	**8'504**	**314'150**
Additions	0	0	550	36'373	0	36'923
Disposals	0	-4	-1'501	0	0	-1'505
Change in scope of consolidation	-14	3'624	1'476	234	-6	5'328
Translation differences	-1'680	-579	-105	7	-139	-816
Balance at December 31, 2021	**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**

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, 2021	**0**	**41'203**	**12'313**	**77'152**	**6'653**	**137'321**
Amortization	0	1'772	1'219	24'564	939	28'494
Disposals	0	-2	-1'501	0	0	-1'503
Change in scope of consolidation	0	0	-55	0	-1	-56
Impairment	0	67	0	0	0	67
Translation differences	0	-432	-78	-32	-140	-681
Balance at December 31, 2021	**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**
Net carrying amount at January 1, 2021	**59'910**	**10'842**	**854**	**163'282**	**1'851**	**176'829**
Net carrying amount at December 31, 2021	**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**

[1] The capitalized development costs consist primarily of internally developed costs.

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

in CHF 1’000	2022	2021
Cost of sales	849	833
Distribution and marketing expenses	604	939
Research and development expenses	28’216	26’621
General and administrative expenses	315	101
Total amortization	**29’984**	**28’494**

Goodwill

Goodwill has been allocated to the groups of CGU’s which represent the lowest level on which it is monitored for internal management purposes. The groups of CGU’s are identical to the Group’s reportable segments. The goodwill allocation is as follows:

in CHF 1’000	December 31, 2022	December 31, 2021
Positioning and Wireless products	50’497	53’057
Wireless services	5’119	5’159
Total goodwill	**55’616**	**58’216**

Impairment

The carrying amount of the assets of the groups of CGU’s, 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:

	Pre tax discount rate	Post tax discount rate	2022 Growth rate (residual value)	Pre tax discount rate	Post tax discount rate	2021 Growth rate (residual value)
Positioning and Wireless products	9.16%	8.36%	3%	8.63%	7.79%	3%
Wireless services	12.57%	11.11%	3%	10.77%	9.79%	3%

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

The estimated recoverable amount of the group of CGU's exceeded its carrying amount by approximately CHF 2'618 million for the Positioning and Wireless products (2021: CHF 1'435 million) and CHF 67 million for the Wireless services (2021: CHF 16 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 tables show 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:

Positioning and Wireless products

	Rate required for carrying amount to equal recoverable amount 2022	Rate required for carrying amount to equal recoverable amount 2021
Discount rate	34.02%	30.18%
Growth rate (residual value)	Not meaningful %	Not meaningful %

Wireless services

	Rate required for carrying amount to equal recoverable amount 2022	Rate required for carrying amount to equal recoverable amount 2021
Discount rate	17.40%	12.01%
Growth rate (residual value)	-5.42%	0.29%

12 Equity accounted investees

u-blox has invested in varios start-up companies which develop products and services supporting GPS/ GNSS satellite positioning systems. Over these associates the Group has significant influence.

In 2021, the Group owned 42.96% of Sapcorda Services GmbH of which the remaining 57.04% was acquired in that year, see Note 30.

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

in CHF 1'000	2022	2021
Balance at January 1	**777**	**7'822**
Capital increase[1]	0	1'141
Share of net results	-119	-1'819
Step-acquisition of Sapcorda [2]	0	-6'367
Translation differences	-76	0
Balance at December 31	**582**	**777**

[1] Cash outflow amounted to CHF 740 thousand in 2021

[2] In the 2021 step-acquisition of Sapcorda Services GmbH, the net equity-accounted value was released as of the purchase date and the net assets consolidated into the u-blox group balance sheet as of the purchase date.

13 Trade accounts payable

in CHF 1'000	December 31, 2022	December 31, 2021
Trade accounts payable	60'680	25'001
Total	**60'680**	**25'001**
Composition by currency in CHF 1'000		
CHF	884	1'225
USD	57'141	20'680
EUR	2'314	2'491
Other	341	605

14 Accrued expenses

in CHF 1’000	December 31, 2022	December 31, 2021
Personnel related	33’041	28’065
Other accruals	11’090	9’072
Total	**44’131**	**37’137**
Thereof classified as financial liabilities (Note 25)	11’090	8’966

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

15 Financial liabilities

On April 18, 2017, u-blox issued a bond for CHF 60.0 million (net cash inflow of CHF 59.3 million) with a coupon of 1.375% p.a. and a term to maturity of 6 years. This bond matures in 2023 and consequently was reclassified in the balance sheet from non-current to current financial liabilities.

During 2021 CHF 940 thousand was forgiven by the Government of the United States of America in connection with a COVID-19 loan (recognized in other income).

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

in CHF 1’000	2022	2021
Balance at January 1	**59’844**	**120’678**
Changes from financing cash flows		
Proceeds from financial liabilities	0	25’038
Repayments of financial liabilities	-1’009	-85’024
Total changes from financing cash flows	**-1’009**	**-59’986**
Other changes		
Interest accretion	125	166
Debt forgiveness	0	-940
Change in scope of consolidation	987	0
Other changes	22	-74
Balance at December 31	**59’969**	**59’844**

16 Provisions

in CHF 1'000	Royalties	Other	Total non-current provisions	Total provisions
Balance at January 1, 2021	6'995	208	7'203	7'203
Used	-533	0	-533	-533
Additions	1'009	5	1'014	1'014
Release	0	0	0	0
Balance at December 31, 2021	**7'471**	**213**	**7'685**	**7'685**
Used	0	-43	-43	-43
Additions	2'286	534	2'820	2'820
Release	0	-13	-13	-13
Translation differences	0	-17	-17	-17
Balance at December 31, 2022	**9'757**	**674**	**10'431**	**10'431**

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. The provisions for royalties are considered to have a duration of more than one year and therefore are classified as non-current. Provisions are recorded based on the best estimate of future probable economic outflow. Management believes that these provisions are sufficient.

17 Pension liability

The Group maintains defined benefit plans in Switzerland, Greece and partly in Italy and defined contribution plans in the United Kingdom (UK), partly in Italy, Sweden, Belgium, Ireland, Finland, the United States of America (USA), Japan, Singapore, Pakistan and China. These plans comply with prevailing legal requirements to cover the majority of employees in the event of death, disability and retirement. The plans are financed by employer and employee contributions in compliance with local legal and fiscal regulations.

17.1 Defined benefit plans

The most significant plans are in Switzerland, accounting for 99% of u-blox entire defined benefit obligation and 100% of the plan assets.

17.2 Switzerland

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. Pension plans are overseen by a regulator as well as by a state supervisory body.

u-blox participates in two *"Sammelstiftungen"*, which are collective funds administrating the pension plans of various unrelated employers. The pension plans of u-blox are fully segregated from those of other participating employers. One collective fund bears longevity risk but has reinsured the investment and other demographic risks with an insurance company. The other collective fund bears the investment risk but has no longevity risks.

The most senior governing body of the collective fund is the Board of Trustees, which is also ultimately 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. The benefit-related operations are managed by a life insurance company, which reinsures the risks described below. The segregated pension plan of u-blox is administered by a Parity Pension 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.

Plan participants, their spouse and children are insured against the financial consequences of old age, disability and death. Their benefits are defined in pension plan rules compliant with the Swiss Federal Law on Occupational Retirement, Survivors' and Disability Pension Plans '*Bundesgesetz über die berufliche Alters-, Hinterlassenen- und Invalidenvorsorge'* or BVG, which specifies the minimum benefits that are to be provided. Retirement benefits are based on the accumulated retirement capital which can either be drawn as a life-long annuity or as a lump-sum payment. The annuity is calculated by multiplying the retirement capital with the currently applicable conversion rate. The accumulated retirement capital is made of the yearly contributions towards the old age risk by both employer and employee and the interest thereon until retirement. Contributions towards the old age risk are approved by the Parity Pension Committee, based on the rules defined by the Board of Trustees of the collective fund. Minimum contributions and interest are defined by the BVG and the Swiss Parliament. In 2022 the minimum interest was 1.0% (2021: 1.0%). Employer and employee also make contributions towards the disability and death risks; the corresponding benefits are defined based on the current salary and fully reinsured with a life insurance company. The pension fund has concluded an insurance contract with Helvetia Schweizerische Versicherungsgesellschaft AG that covers death benefits, disability benefits and old age pensions. The pension fund is the policy holder and the beneficiary of the contract. If the applicable tariff of the insurance company results in a lower old age pension than the old age pension according to the plan rules, the pension fund finances this difference by purchasing a further pension amount with the insurance company.

The benefit plan was replaced as of October, 2014 by two benefit plans. These benefit Plans differ by the definition of the insured salary, by which the salaries per employee higher than CHF 150'000 per annum, have now for the insured salary a ceiling of 4.5 times the maximum AHV Pension.

As of October 1, 2014 a third Plan was introduced to cover the salary that is no longer insured by the Sammelstiftung Swisscanto and is now insured by Pensflex. This plan also provides benefits in the event of retirement, death, or disability. The plan benefits are based on age, years of service, salary and on an individual old age account. The plan is funded by assets held within a separate independent legal entity. The plan is financed by contributions paid by the employees and by the employer. This Plan will only pay at retirement the accumulated old-age account.
This plan considers the choice of investment strategy for the individual accounts and three savings models. Given the choice for the investment strategy, there is no guarantee of interest rate to be allocated to these accounts.

The mandatory pension remains guaranteed. In case of an underfunding of the pension plan measured based on its Swiss GAAP FER financial statements, various measures can be taken such as increasing current contri butions of both employer and employee or decreasing the interest on the retirement capital.

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	2022	2021	2022	2021	2022	2021
Balance at January 1	97'335	95'070	-76'073	-70'496	21'262	24'574
Included in income statement						
Current service cost	4'538	4'429	0	0	4'538	4'429
Plan amendments	0	0	0	0	0	0
Interest cost / (income)	303	185	-244	-141	59	44
Administration cost	0	0	57	48	57	48
	4'841	**4'614**	**-187**	**-93**	**4'654**	**4'521**
Included in other comprehensive income						
Remeasurements loss / (gain): - Actuarial loss / (gain) arising from:						
- financial assumptions	-14'853	-186	0	0	-14'853	-186
- experience adjustments	-7'182	4'321	0	0	-7'182	4'321
- demographic assumptions	11	-3'026	0	0	11	-3'026
- return on plan assets excluding interest income	0	0	10'279	-5'482	10'279	-5'482
	-22'024	**1'109**	**10'279**	**-5'482**	**-11'745**	**-4'373**
Other						
Other	-61	-266			-61	-262
Contributions by employer	0	0	-3'174	-3'174	-3'174	-3'174
Plan participants' contributions	1'985	1'961	-1'985	-1'961	0	0
Benefits received, net	11	-5'133	-11	5'133	0	0
Exchange rate differences	-19	-20	0	0	-19	-20
	1'916	**-3'458**	**-5'170**	**-2**	**-3'254**	**-3'456**
Balance at December 31	**82'068**	**97'335**	**-71'151**	**-76'073**	**10'917**	**21'266**
thereof: funded					**10'572**	**20'801**
unfunded (refers to the Italian and Greek pension plans)					**345**	**465**

The expected contribution of the Group for defined benefit plans for the financial year 2023 amounts to CHF 3'326 thousand (2022: 3'086 thousand).

Principal actuarial assumptions (Swiss plan only)

Calculation of defined benefit obligations	**December 31, 2022**	**December 31, 2021**
Discount rate	2.30%	0.31%
Future pension indexations	0.00%	0.00%
Mortality table	BVG 2020G	BVG 2020G

At December 31, 2022, the weighted-average duration of the defined benefit obligation for the Swiss plan was 16.2 years (2021: 19.5 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:

	2022	**2021**	**2022**	**2021**
Change	0.25%	0.25%	-0.25%	-0.25%
in CHF 1'000				
Change of the discount rate	-1'864	-2'943	2'008	3'195
Pension growth	959	1'505	-919	-1'441
	-1 Year	-1 Year	+1 Year	+1 Year
Life expectancy	-692	-1'338	687	1'340

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	**2022**	**2021**
Equities	26'768	31'619
Bonds	20'882	22'364
Real estate	4'704	5'049
Investment funds	12'002	12'531
Non-traditional funds (e.g. hedge funds)	2'316	2'084
Other	707	1'429
Cash	3'772	996
Total fair value of plan assets	**71'151**	**76'073**

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.

17.3 Defined contribution plans

In 2022, Group contributions recognized as an expense for defined contribution plans were CHF 4'908 thousand (2021: CHF 4'588 thousand).

18 Share capital and share premium

	Number of shares	Ordinary share capital CHF 1'000	Share premium CHF 1'000
Balance at January 1, 2021	**7'114'839**	**105'300**	**16'600**
Balance at December 31, 2021	**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**

Ordinary share capital

The share capital consists of 7'173'448 (2021: 7'114'839) registered shares with a nominal value of CHF 13.50 (2021: CHF 14.80) each. During 2022 the par value was decreased by CHF 1.30 per share, resulting in a payment to shareholders (excluding treasury shares) of CHF 9.0 million (2021: CHF 0).

When options from the share-based compensation plans are exercised, the company issues new shares. The cash proceeds received less directly attributable transaction costs and the nominal value are credited to share premium. Transaction costs related to the options exercised in 2022 amounted to CHF 73 thousand (2021: CHF 0 thousand).

Authorized share capital

The Board of Directors is authorized, at any time until April 30, 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 each in an aggregate amount up to CHF 9'450'000.

Conditional share capital
At the shareholders' meeting held on April 22, 2021, the shareholders resolved that the Board of Directors shall be authorized to increase the share capital by 297'036 (2021: 355'645) fully paid-in registered shares with a nominal value of CHF 13.50 (2021: CHF 14.80) up to CHF 4'009'986 (2021: 5'263'546). The conditional share capital is used for the exercise of option rights that were granted to the employees of the company and its subsidiaries according to employee share option plans (ESOP) as approved by the Board of Directors. In 2022, 58'609 (2021: 0) options were exercised out of the conditional share capital. 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.

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

Treasury shares
At December 31, 2022, the Group held 155'624 (2021: 178'000) of the Group's shares. In 2022, 22'376 (2021: 0) excercised options from the employee stock option plan were serviced with treasury shares. The difference between strike price and book value of the Group's shares was presented within retained earnings.

The reserve for the Group's treasury shares comprises the cost of u-blox shares held by the Group at December 31, 2022.

19 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 options will be exercised. The weighted average number of shares is adjusted for all dilutive options issued under the stock option plans which have been granted.

	2022	2021
Net profit attributable to equity holders of the parent in CHF 1'000	**101'772**	**15'329**
Weighted average number of outstanding shares (basic)	**6'968'838**	**6'936'839**
Effect of share options on issue	130'460	0
Weighted average number of outstanding shares (diluted)	**7'099'298**	**6'936'839**
Basic earnings per share (in CHF)	**14.60**	**2.21**
Diluted earnings per share (in CHF)	**14.34**	**2.21**

At December 31, 2022 the Group had 973'589 (2021: 1'007'685) outstanding options granted to employees. See Note 20.

20 Employee compensation and benefits

Personnel expenses

Personnel expenses included in operating expenses consist of the following:

in CHF 1'000	**2022**	**2021**
Salaries	85'980	79'256
Share-based payments	4'299	3'326
Social taxes	14'715	14'258
Pension cost	9'456	9'114
Other personnel related expenses	6'266	4'927
Total personnel expenses	**120'716**	**110'881**

Employee stock option plan

Employees of the Group are 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 is 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:

	2022		**2021**	
	Weighted average exercise price in CHF	**Number of options**	**Weighted average exercise price in CHF**	**Number of options**
Opening balance	**126.91**	**1'007'685**	**144.68**	**956'954**
Granted	69.46	248'959	58.85	234'624
Exercised	78.76	-80'985	0	0
Forfeited	176.16	-202'070	132.55	-183'893
Ending balance	**105.90**	**973'589**	**126.91**	**1'007'685**
Thereof vested and exercisable	163.07	359'194	196.23	427'237

The following table summarizes the employee stock options outstanding at December 31, 2022 and December 31, 2021 respectively:

Expiry date	Exercise Price CHF	Options outstanding at December 31, 2022	Options outstanding at December 31, 2021
2022	210.28	n/a	108’077
2022	214.50	n/a	23’985
2023	187.09	118’356	128’162
2023	191.20	19’251	20’941
2024	191.55	114’536	122’954
2024	191.80	20’913	23’318
2025	78.95	76’574	146’074
2025	78.95	9’564	23’261
2026	91.87	150’586	162’295
2026	97.80	25’328	28’256
2027	58.85	177’134	184’729
2027	58.85	34’393	35’633
2028	69.25	187’503	0
2028	70.45	39’451	0
Total	**105.90**	**973’589**	**1’007’685**
Weighted average remaining expected life at December 31		2.5 years	2.4 years
Weighted average remaining contractual life at December 31		2.9 years	2.8 years

The weighted average fair value of the outstanding options was CHF 27.70 (2021: CHF 31.59). 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, 2022 and 2021 respectively:

	2022	2021
Dividend yield	1.08%	0%
Expected volatility	42.50%	40.80%
Risk-free interest rate	-0.18%	-0.57%
Expected life of option	4.50 years	4.50 years
Expected exit rate after vesting	12.40%	12.40%
Weighted average share price	69.46	58.85

For 2022 and 2021 the expected volatility was based on the historical volatility of the u-blox share.

21 Research and development

in CHF 1’000	2022	2021
Research and development expenditures	76’561	72’141
Depreciation and amortization	35’005	34’030
Impairment	0	67
Total research and development expenses	**111’566**	**106’238**

22 Operating expenses by nature

in CHF 1'000	Note	2022	2021
Material costs	9	293'965	201'106
Personnel expenses	20	120'716	110'881
Depreciation	10, 27	12'006	11'450
Amortization and impairment	11	29'984	28'561
Travel- and representation expenses		4'059	1'044
Administration expenses		13'124	12'405
Marketing expenses		3'715	2'513
Other expenses		26'481	25'353
Total		**504'050**	**393'313**

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

23 Finance income / finance costs

in CHF 1'000	2022	2021
Interest income	174	91
Foreign exchange gain, net	26	3'856
Financial liabilities at FVTPL – net change in fair value	361	0
Finance income	**561**	**3'947**
Losses on financial instruments at fair value	0	-38
Financial liabilities measured at amortized costs-interest expenses	-2'044	-2'739
Losses on disposals	0	-4'159
Other finance expenses	-32	0
Finance costs	**-2'075**	**-6'936**
Total, net	**-1'515**	**-2'989**

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

24 Income tax expense

Income taxes can be analyzed as follows:

in CHF 1'000	2022	2021
Current income taxes	7'583	4'167
Deferred income taxes	10'788	1'558
Total income tax expense/benefit	**18'372**	**5'725**

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	2022	2021
Profit before income tax	**120'144**	**21'075**
Applicable Group tax rate	18.1%	18.1%
Expected income tax expense	21'734	3'821
Effect of different tax rates	-569	-761
Non-tax-deductible expenses	503	1'069
Prior year items	-1'041	-278
R&D tax credits	-1'733	-124
Tax loss carry forwards not recognized or derecognized in current year	728	2'134
Effect from share-based payments	-1'218	0
Utilization of previously unrecognized tax losses	0	-1
Other	-32	-135
Effective income tax expense	**18'372**	**5'725**

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:

in CHF 1’000	December 31, 2022 Deferred tax assets	 Deferred tax liabilities	December 31, 2021 Deferred tax assets	 Deferred tax liabilities	Change 2022
Trade accounts receivable	0	2’377	0	1’855	-522
Inventories	0	7’108	0	1’487	-5’621
Property plant and equipment	574	154	419	94	95
Intangible assets	0	345	13	1’446	1’088
Other assets	0	225	0	243	18
Accrued expenses	2’018	0	1’320	0	698
Provisions[1)]	3’868	2’892	257	0	719
Pension liabilities	1’957	0	3’816	0	-1’859
Other liabilities	62	650	550	566	-572
Tax loss carry forwards	2’108	0	7’042	0	-4’934
Deferred tax assets/liabilities (gross)	**10’587**	**13’751**	**13’417**	**5’691**	**-10’890**
Netting	-2’275	-2’275	-4’230	-4’230	0
Deferred tax assets/liabilities (net)	**8’312**	**11’476**	**9’188**	**1’462**	**-10’890**

1) includes deferred taxes for employee stock options outstanding based on the intrinsic value of the options.

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 12.3 million (2021: CHF 4.8 million), whereof the majority does not expire.

In 2022, 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 2.2 million (2021: CHF -0.1 million) were recognised directly in equity.

In 2022, deferred income taxes in the amount CHF -2.2 million (2021: CHF -0.8 million) were recognized in other comprehensive income relating to the remeasurement of the pension liability.

Global minimum tax

After several years of intensive work of the OECD and its members, around 140 countries, including Switzerland, have acknowledged that large, internationally active corporate groups should pay at least 15% tax on their profits. This so called “Global Minimum Taxation” is to be implemented in Switzerland by means of a constitutional amendment first and a federal law within six years. First application of the rules by OECD member states will take place beginning in 2024. However, only large, internationally active corporate groups with annual revenu of at least CHF 750 million (in two out of four financial years) are subject to the new minimum taxation and top-up tax.

On December 31, 2022, the Group in relation to the Global Minimum Taxation did not have sufficient information to fully determine the potential quantitative impact on its future tax situation beyond 2024. However, the Group’s annual revenu in two out of four financial years immediately preceding 2024 do not meet the threshold of CHF 750 Mio. Accordingly, management assumes that all the above-mentioned benefits can be utilized to the maximum extent.

25 Financial risk management

Financial instruments

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

in CHF 1'000	**December 31, 2022**	**December 31, 2021**
Cash and cash equivalents	137'746	83'245
Trade accounts receivable	65'370	51'062
Other receivables	3'199	1'330
Accrued income	0	701
Other financial assets	1'658	1'073
Financial assets at amortized cost	**207'973**	**137'411**
Marketable securities	0	500
Derivative financial assets	45	409
Financial assets at fair value through profit or loss	**45**	**909**
Trade accounts payable	60'680	25'001
Other payables	7'509	7'181
Accrued expenses	11'090	8'966
Lease liabilities	35'081	32'789
Financial liabilities	59'969	59'844
Liabilities at amortized cost	**174'329**	**133'782**
Contingent consideration	4'757	5'513
Liabilities at fair value through profit or loss	**4'757**	**5'513**

With the exception of financial liabilities and 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 at December 31, 2022 contains a holdback of CHF 600 thousand (2021: CHF 800 thousand) from the Thingstream acquisition, with CHF 600 thousand classified as current liabilities. Subject to fulfillment of certain criteria, the amount will be paid out within 36 months from the purchase date, April 1, 2020. In addition, the contingent consideration at December 31, 2022 contains a non-current liability of CHF 4'157 thousand (2021: CHF 4'713 thousand) to the former shareholders of Sapcorda GmbH. See Note 30 for further information.

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).

For the year ended 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**

For the year ended December 31, 2021

in CHF 1'000	Carrying amounts Total	Level 1	Fair value Level 2	Level 3
Marketable securities	500	500	0	0
Derivative financial assets	409	0	409	0
Total assets	**909**	**500**	**409**	**0**
Contingent consideration	5'513	0	0	5'513
Financial liabilities	59'844	60'552	0	0
Total liabilities	**65'357**	**60'552**	**0**	**5'513**

There were no reclassifications between the various levels in 2022 and 2021. 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	2022	2021
Balance at January 1	5'513	800
Business combination	0	4'713
Payment of contingent consideration	-200	0
Total gains for the period recognized in finance income	-556	0
Balance at December 31	**4'757**	**5'513**

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	2022	2021
Balance at January 1	**393**	**277**
Amounts written off	-172	-38
Net remeasurement of loss allowance	87	154
Translation differences	-10	0
Balance at December 31	**298**	**393**

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

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**	

December 31, 2021 in CHF 1'000	Weight-ed-average loss rate	Gross carrying amount	Loss allowance	Credit-impaired
Current (not past due)	0.1%	42'911	-43	No
1–30 days past due	0.4%	6'546	-25	No
31–90 days past due	2.2%	1'246	-28	No
91–180 days past due	6.3%	326	-21	No
More than 180 days past due	65.1%	424	-276	Yes
Total		**51'455**	**-393**	

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 137'746 thousand at December 31, 2022 (2021: CHF 83'245 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, 2022 no guarantees were outstanding (2021: 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, 2022	December 31, 2021
Cash and cash equivalents	137'746	83'245
Marketable securities	0	500
Derivative financial assets	45	409
Trade accounts receivable	65'370	51'062
Other receivables	3'199	1'330
Accrued income	0	701
Other financial assets	1'658	1'073
Total	**208'018**	**138'320**

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 it 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 an undrawn CHF 40.0 million overdraft facility. Interest would be payable at market interest rates. Management consider 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, 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**

December 31, 2021 in CHF 1'000	Carrying amounts	Contractual cash flows	up to 1 year	1–5 years	more than 5 years
Trade accounts payable	25'001	25'001	25'001	0	0
Other payables	7'181	7'181	7'181	0	0
Contingent consideration	5'513	5'770	200	5'570	0
Accrued expenses	8'966	8'966	8'966	0	0
Lease liabilities	32'789	35'743	5'828	14'893	15'022
Financial liabilities	59'844	61'707	825	60'882	0
Total	**139'295**	**144'368**	**48'001**	**81'345**	**15'022**

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. The Group places a part of its cash and cash equivalents in marketable securities. Interest rate risk exposure exists for the invested assets as the fair value of the bonds depend on the actual interest rates. The risk is limited by investing in bonds of a maximum remaining duration of 4 years.
- 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 increases the Group's exposure to fluctuations in market interest rates. The underlying transaction is the u-blox bond of 2017.
- Revenue and operating cash flows are substantially independent of changes in market interest rates.

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

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

For 2021, an increase of the Swiss Franc interest rate of 0.25% would decrease the value of the marketable securities by 0.2% resulting in a negative impact of CHF 1 thousand on the net profit and equity. An increase of the Swiss Franc interest rate of 0.25% on the interest swap would result in a negative impact of CHF 62 thousand on the net profit and equity.

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, 2022		December 31, 2021	
in CHF 1'000	USD	EUR	USD	EUR
Cash and cash equivalents	67'969	36'470	46'651	6'815
Trade accounts receivable	54'117	11'253	44'340	6'998
Receivables from subsidiaries	54'123	27'584	45'514	23'998
Other receivables	320	1'190	717	366
Trade accounts payable	-57'141	-2'314	-20'680	-2'491
Other payables – other	-1'790	-3'464	-1'721	-1'920
Payables to subsidiaries	-54'123	-27'584	-45'179	-23'997
Accrued expenses	-1'395	-1'214	-1'322	-1'460
Lease liabilities	-1'506	-5'644	-2'043	-5'421
Total currency exposure	**60'573**	**36'277**	**66'277**	**2'888**

A 10% change in exchange rates at December 31, 2022 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		**2022**		**2021**
	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	4'962	2'971	5'342	233
Impact on income statement and equity for negative change	-4'962	-2'971	-5'342	-233

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.

26 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 24.6% in 2022 (2021: 5.1%). 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.

27 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	**2022**	**2021**
Short-term lease expenses	65	32
Depreciation of right-of-use assets	5'996	5'483
Interest expense on lease liabilities	669	708

Right-of-use-assets (ROU)
Information about leases for which the Group is a lessee is presented below.

in CHF 1'000	**Leasehold 2022**	**Leasehold 2021**	**Other 2022**	**Other 2021**	**Total ROU 2022**	**Total ROU 2021**
Balance at January 1	28'927	31'996	3'035	503	31'962	32'499
Depreciation charge of the year	-5'512	-5'086	-483	-396	-5'996	-5'483
Modifications and re-assessments	2'821	-400	-176	-12	2'645	-413
New contracts	4'589	1'501	1'388	58	5'977	3'746
Change in consolidation	43	867	0	2'879	43	1'559
Translation differences	-597	50	-13	4	-611	54
Balance at December 31	30'271	28'927	3'750	3'035	34'021	31'962

Lease liabilities

in CHF 1'000	**2022**	**2021**
Balance at January 1	**32'789**	**32'990**
Changes from financing cash flows		
Payment of lease liabilities	-5'497	-5'018
Interest paid for leases	-669	-708
Total changes from financing cash flows	-6'165	-5'726
Modifications and re-assessments	2'645	-409
New contracts	5'739	1'559
Change in consolidation	43	3'746
Interest expense	669	708
Translation differences	-638	-79
Balance at December 31	**35'081**	**32'789**

Amounts recognized in the Consolidated statement of cash flows

in CHF 1'000	**2022**	**2021**
Payment of lease liabilities	5'497	5'018
Short-term lease payments	65	32
Interest paid for leases	669	708
Total cash outflows for leases	6'230	5'758

28 Guarantees, pledges in favor of third parties and contingent liabilities

At December 31, 2022 and 2021 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.

29 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	**2022**	**2021**
Salaries	4'203	3'720
Share-based payments	555	468
Social taxes	284	314
Employee benefit costs	413	560
Other cash benefits	13	8
Other non-cash benefits	11	8
Total compensation	**5'477**	**5'078**

There were no other significant transactions with related parties during the years ended December 31, 2022 and 2021. 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.

30 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 tousand.

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.

2021

Sapcorda Services GmbH

On March 17, 2021 the Group acquired the remaining portion of Sapcorda Services GmbH (57.04%), which is a step-business combination according to IFRS 3. The acquisition of Sapcorda expands u blox's suite of location services complementing its existing data services, including its assistance data and communication service offerings. Sapcorda will offer globally available GNSS positioning services via internet and satellite broadcast and will enable accurate GNSS positioning at centimeter level. The services are designed to serve high volume automotive, industrial and consumer markets. The real time correction data service will be delivered in a public, open format and is not bound to receiver hardware or systems.

The contractually agreed consideration transferred mainly consisted of credit notes for future purchases of goods and data services of the Group from the selling parties which expire after six to seven years from the date of acquisition. The fair value of the credit notes issued for the 57.04% was determined to be CHF 4.49 million and is dependent on Sapcorda's ability to deliver the commercially viable relevant data services. In addition, the consideration transferred included the fair value of the previously held interest in the equity-accounted investee amounting to CHF 6.3 million. The transaction resulted in a loss of CHF 2.6 million from the derecognition of the book value of the previously held 42.96%, recognized in the income statement in line item Finance costs for the year ended December 31, 2021.

The following table summarizes the recognized amounts of identifiable assets acquired and liabilities assumed at the date of acquisition.

The following table summarizes the recognized amounts of assets acquired at the date of acquisition.

in CHF 1'000	**2021**
Cash	1'830
Property, plant and equipment	2'367
Deferred tax asset	7
Intangible assets	4'928
Other assets	595
Right-of-use assets	3'746
Total identifiable assets acquired	**13'473**
Trade accounts payable	496
Other liabilities	657
Lease liabilities	3'746
Total liabilities assumed	4'899
Total identifiable net assets acquired	**8'574**
Goodwill	138
Fair value of consideration transferred (including fair value of previously held interest)	**8'712**

For the period March 18, 2021 to December 31, 2021 Sapcorda contributed CHF 75.0 thousand revenue and a net loss of CHF 4'769 thousand to the Group. Had Sapcorda been 100% owned from January 1, 2021, the revenues for the Group would have increased by CHF 108 thousand and the net profit would have been decreased by CHF 5,821 thousand.
Acquisition costs were negligible and included in General and administrative expenses.

The valuation techniques used to measure the fair value of assets acquired were as follows: Property, plant and equipment: market comparison technique, which considers market prices for similar items; and R&D software: estimated historical product development costs, considering any potential impairment issues. Goodwill has been measured on a full goodwill basis. The valuation techniques used to measure the fair value of liabilities acquired included assessment of the probability of the amount of goods and services that would be delivered to the selling parties relative to the contractual amounts.

31 Subsequent events after the balance sheet date

The Board of Directors authorized these consolidated financial statements on March 9, 2023 for issuance.
There have been no events between December 31, 2022 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, 2022.

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 31 December 2022 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 a summary of significant accounting policies.

In our opinion, the consolidated financial statements (pages 4 to 52) give a true and fair view of the consolidated financial position of the Group as at 31 December 2022, 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 (ISAs) 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 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 2022, the Group capitalized development costs of TCHF 41,921 (2021: TCHF 36,373), while R&D expenditure in the amount of TCHF 76,561 (2021: TCHF 72,141) 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 11 to the consolidated financial statements: Goodwill and other intangible assets

— Note 21 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 31 December 2022, the carrying amount of capitalized development costs was TCHF 193,392 (2021: TCHF 175,364).

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.

— We used our own valuations specialists to independently develop expectations for the discount rate and comparing the expectations to those used by management.

— 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

— Note 11 to the consolidated financial statements: Goodwill and intangible assets

KPMG

Valuation of inventory

Key Audit Matter	**Our response**
Inventories have significantly increased from TCHF 31,446 in 2021 to TCHF 117,972 in 2022 and form significant part of the Group's assets as of 31 December 2022. 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 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 31 December 2022 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 9 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, 9 March 2023

KPMG AG, Badenerstrasse 172, CH-8036 Zurich

Financial statements u-blox Holding AG

Statement of financial position

in CHF 1'000	Note	December 31, 2022	December 31, 2021
Assets			
Current assets			
Cash at bank		9'940	13'940
Marketable securities		-	500
Other receivables – third parties		221	12
- companies in which the entity holds an investment		-	4'664
Prepaid expenses and accrued income		68	145
Derivative financial assets		45	409
Total current assets		**10'274**	**19'670**
Non-current assets			
Prepaid expenses and accrued income		-	30
Loans granted to companies in which the entity holds an investment		256'655	266'493
Investment	2.1	14'698	14'698
Total non-current assets		**271'353**	**281'221**
Total assets		**281'627**	**300'891**
Liabilities and shareholders' equity			
Current liabilities			
Other payables – companies in which the entity holds an investment		38'852	67'360
Accrued expenses		1'251	1'075
Short-term interest-bearing liabilities	2.2	60'000	-
Total current liabilities		**100'103**	**68'435**
Non-current liabilities			
Long-term interest-bearing liabilities	2.2	-	60'000
Total non-current liabilities		**-**	**60'000**
Total liabilities		**100'103**	**128'435**
Shareholders' equity			
Share capital	2.3	96'842	105'300
Legal capital reserve			
- Reserves from capital contributions	2.4	23'180	16'600
Legal retained earnings			
- general legal retained earning		4'089	6'528
- reserves for treasury shares	2.5	2'439	-
Voluntary retained earnings			
Available earnings			
- profit brought forward		75'953	75'028
- profit for the year		1'725	925
Treasury shares	2.5	-22'704	-31'924
Total shareholders' equity		**181'524**	**172'456**
Total liabilities and shareholders' equity		**281'627**	**300'891**

Income statement

in CHF 1’000	Note	2022	2021
Income			
Dividend income	2.6	6’000	-
Other financial income	2.7	3’969	4’922
Total income		**9’969**	**4’922**
Expenses			
Financial expenses	2.8	-6’573	-2’729
Other operating expenses		-1’674	-1’169
Direct taxes		3	-99
Total expenses		**-8’244**	**-3’997**
Profit for the year		**1’725**	**925**

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 Derivatives & marketable securities

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, 2022	Dec. 31, 2021	Dec. 31, 2022	Dec. 31, 2021	
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 0.03	100%	100%	indirectly held
u-blox Wireless Technology (Shanghai) Ltd.	RMB 1.45	RMB 0.98	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
Naventik GmbH, DE-Chemnitz	EUR 0.04	n/a	100%	n/a	indirectly held
u-blox US Holding Inc., US-Delaware	USD 0.00	n/a	100%	n/a	indirectly held
Robok Ltd., UK-Cambridge	GBP 0.02	GBP 0.02	11.3%	11.4%	indirectly held
Zero Point Motion Ltd, UK-London	GBP 0.02	GBP 0.02	10.9%	10.9%	indirectly held

2.2 Long-term interest-bearing liabilities

On April 18, 2017, u-blox issued a bond for CHF 60’000 thousand (net cash inflow of CHF 59’284 thousand) with a coupon of 1.375% p.a. and a term to maturity of 6 years. Consequently the bond was reclassified from long-term to short-term interest-bearing liability as of December 31, 2022.

2.3 Share capital

The share capital consists of 7’173’448 (2021: 7’114’839) registered shares with a nominal value of CHF 13.50 (2021: 14.80) each. During 2022 the par value was decreased by CHF 1.30 per share, resulting in a payment to shareholders of CHF 9.2 million (2021: CHF 0).

In 2022, 58’609 (2021: 0) options were exercised out of the conditional capital, resulting in a share capital increase of CHF 791’221 (2021: CHF 0). On December 31, 2022 973’589 options were outstanding (2021: 1’007’685).

Authorized share capital

	December 31, 2022	December 31, 2021
Number of registered shares	700’000	700’000
With a nominal value of CHF 13.50 (2021: CHF 14.80) each	CHF 9’450’000	CHF 10’360’000

The Board of Directors is authorized, at any time until April 30, 2023, to increase the share capital through the issuance of up to 700’000 fully paid-in registered shares.

Conditional share capital

	December 31, 2022	December 31, 2021
Number of registered shares	297’036	355’645
With a nominal value of CHF 13.50 (2021: CHF 14.80) each	CHF 4’009’986	CHF 5’263’546

2.4 Reserves from capital contributions

The options exercised in 2022 led to an increase in reserves from capital contributions of CHF 6’580’159 (2021: CHF 0) net of transaction costs.

2.5 Treasury shares

In 2022, 50’481 (2021: 0) 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. As of December 31, 2022 28’105 (2021: 0) 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.

	Quantity	Value in CHF 1’000
Balance at January 1, 2021	**178’000**	**31’924**
Balance at December 31, 2021	**178’000**	**31’924**
Sales	-50’481	-9’054
Par value decrease	0	-166
Balance at December 31, 2022	**127’519**	**22’704**

2.6 Dividend income

In the reporting year, dividend income from u-blox AG amounted to CHF 6 million (2021: CHF 0).

2.7 Other financial income

The other financial income mostly consists of interest income from u-blox AG of CHF 4.0 million (2021: CHF 4.9 million).

2.8 Financial expenses

in CHF 1’000	2022	2021
Securities expenses	49	248
Interest on bonds	1’224	1’795
Intercompany interest expense	685	678
Amortization of discounts and issue costs	8	8
Loss from sale of treasury shares	4’607	0
Total	**6’573**	**2’729**

3 Other information

3.1 Full-time equivalents

u-blox Holding AG does not have any employees.

3.2 Significant shareholders

The following shareholdings correspond to the ones reported according to the regulations of the Swiss Stock Exchange (SIX Swiss Exchange).

	December 31, 2022	December 31, 2021
Atlantic Value General Partner Limited, London, UK	4.73%	4.73%
Janus Henderson Group Plc, Jersey	3.02%	n/a
BlackRock Inc., New York, USA	n/a	3.02%

*) n.a. = 0-3% voting rights.

3.3 Shareholding and options of members of the Board of Directors, Executive Committee or persons related to them

The total number of u-blox shares and options 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 and options of Non-Executive members of the Board of Directors

	Number of u-blox Holding AG shares at		Number of u-blox Holding AG options at	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
André Müller Chairman of the Board of Directors and Chairman of the Audit Committee	2'000	2'000	n/a	n/a
Markus Borchert Member of the Nomination, Compensation and Sustainability Committee	1'320	1'320	n/a	n/a
Ulrich Looser Chairman of the Nomination, Compensation and Sustainability Committee	2'330	2'330	n/a	n/a
Karin Sonnenmoser[1)] Member of the Audit Committee	0	n/a	n/a	n/a
Elke Eckstein[1)]	0	n/a	n/a	n/a
Annette Rinck[2)]	n/a	1'552	n/a	n/a
Gina Domanig[2)]	n/a	1'000	n/a	n/a
Total Non-Executive members of the Board of Directors	**5'650**	**8'202**	**n/a**	**n/a**

1) Elected at the Extraordinary Shareholders' Meeting on 21 November 2022.
2) Until Annual General Meeting 2022.

Shareholdings and options of Executive Committee (including Executive members of the Board of Directors)

	Number of u-blox Holding AG shares at		Number of u-blox Holding AG options at	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
Thomas Seiler Member of the Board of Directors CEO	145’220	138’854	26’207	35’388
Stephan Zizala[1)] Designated CEO	0	n/a	9’500	n/a
Jean-Pierre Wyss Member of the Board of Directors Executive Vice President (Production/Logistics)	13’453	11’087	26’207	35’388
Andreas Thiel Executive Vice President (R&D Wireless Products)	40’510	40’510	32’573	35’388
Roland Jud CFO	4’363	4’363	31’717	34’505
Markus Schäfer Executive Vice President Sales and Marketing	0	0	11’297	7’440
Total Executive Committee (incl. Executive members of the Board of Directors)	**203’546**	**194’814**	**137’501**	**148’109**

1) Member of the Executive Committee as of October 1, 2022.

3.4 Options on shares for members of the board and executive committee

	2022		2021	
	Quantity	Value in CHF 1’000	Quantity	Value in CHF 1’000
Allocated to members of the Board	0	0	0	0
Allocated to Executive Committee	28’689	596	18’547	331

3.5 Significant events after the balance sheet date

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, 2022.

in CHF 1'000	2022	2021
Brought forward from previous year	75'953	75'028
Profit for the year	1'725	925
Available earnings before appropriation	**77'678**	**75'953**

The Board of Directors is proposing to the General Meeting, to be held on April 19, 2023, to carry forward the available earnings 2022 of CHF 77'678'215.

Thalwil, March 9, 2023

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 31 December 2022, 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 59 to 66) 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 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, 9 March 2023

KPMG AG, Pilatusstrasse 41, CH-6003 Lucerne

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