

u-blox investor presentation

November 2023



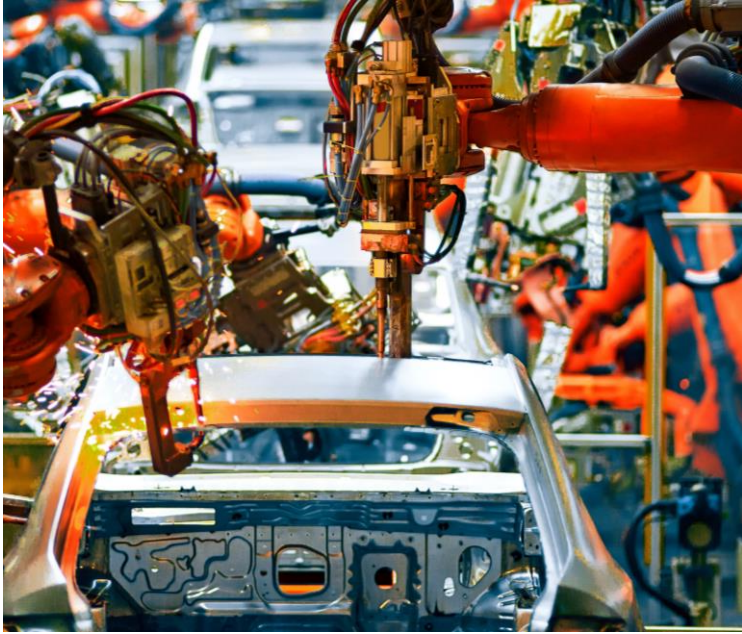
Disclaimer

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u-blox investment thesis



**Strong in automotive
and industrial growth
markets**

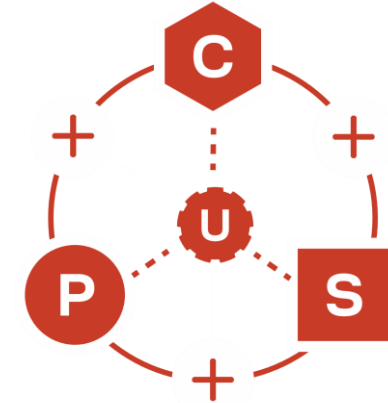
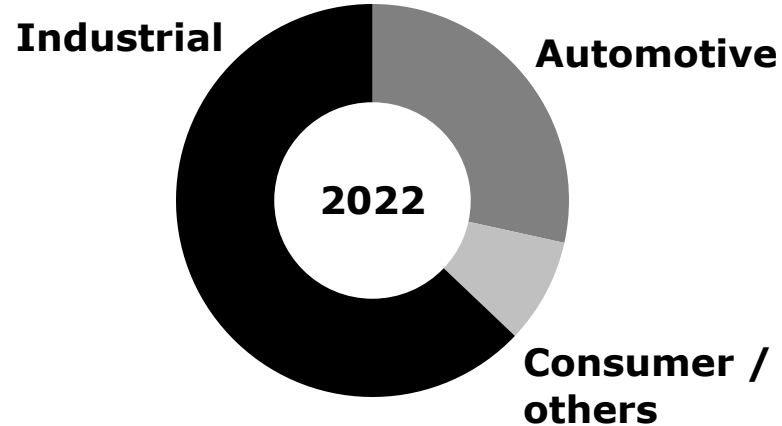
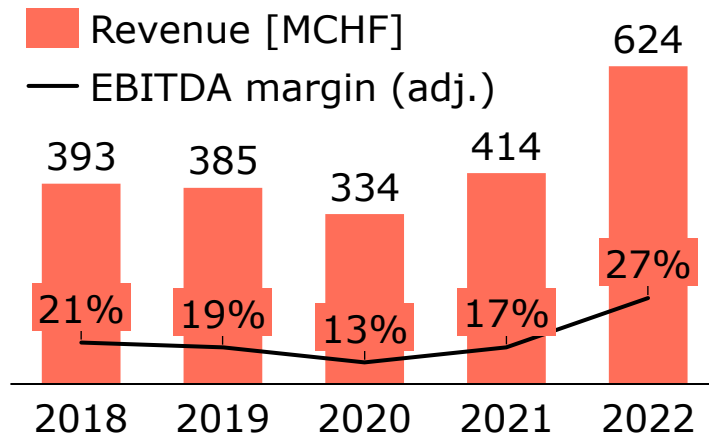


**Sustainable levels of
profitability and
free cash flow**



**Reliable and growing
total shareholder
return**

u-blox at a glance: positioning and connectivity – precise, reliable, easy to work with

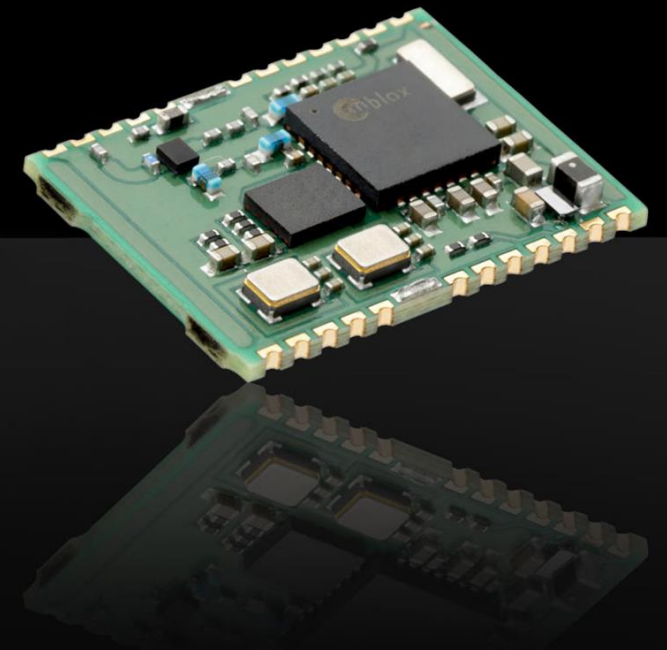


- Est. 1997 (spin-off from ETH Zurich, Switzerland)
- 1300 employees, 33 sites, 60 nationalities
- **SIX Swiss Exchange: UBXN**

- Focus on industrial and automotive markets
- Positioning and wireless connectivity solutions
- Precise, reliable, easy

- **P**ositioning modules and chips
- **C**ellular modules and chips
- **S**hortrange modules
- **U**nified services: positioning, connectivity

Market and Strategy



u-blox: positioning and connectivity solutions addressing megatrends – precise, reliable, easy to work with

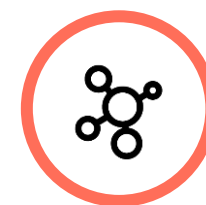
Megatrends



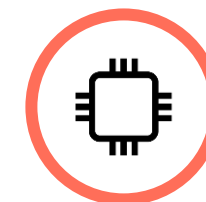
u-blox value



Position



Connect



Compute



Cloud



**Climate change and
resource scarcity**



**Demographic and
social change**



Urbanization



**Digital
transformation**



Easy to implement



Safe and secure

Future cars will be autonomous, electric and increasingly shared: a growth opportunity for u-blox

Autonomous

- Level 2+ gains traction
- Upgrade path to Level 3 and above

Electric

- Driven by legislation
- Consumer pull started

Evolving and software defined

- Upgrades over the air during lifetime
- Functionality as a service on demand

New use models and user experience

- Shared mobility
- Personalized entertainment

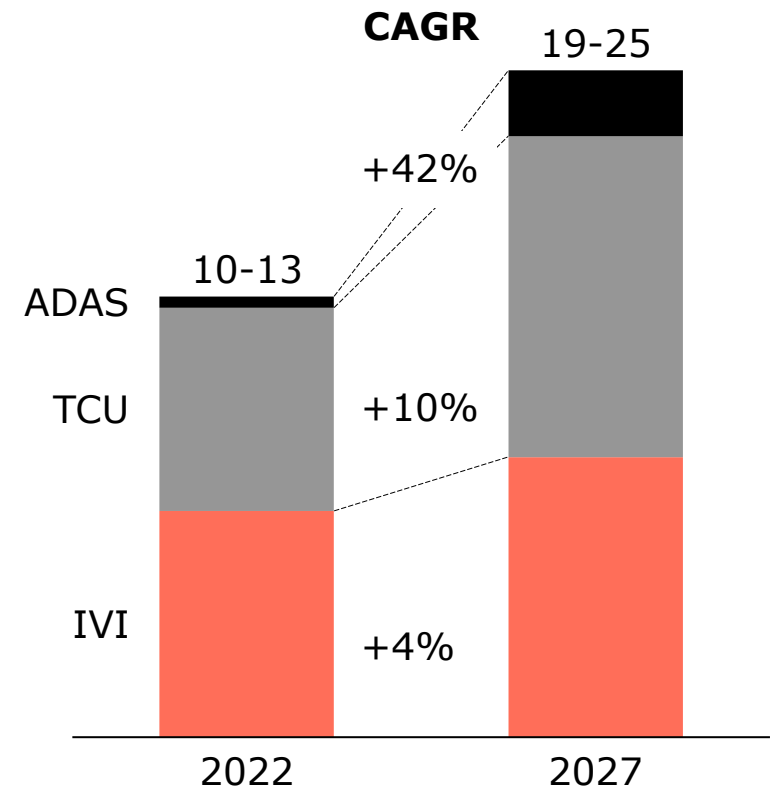
OEM influence key electronics / SW

- Software architecture
- Autonomous driving systems

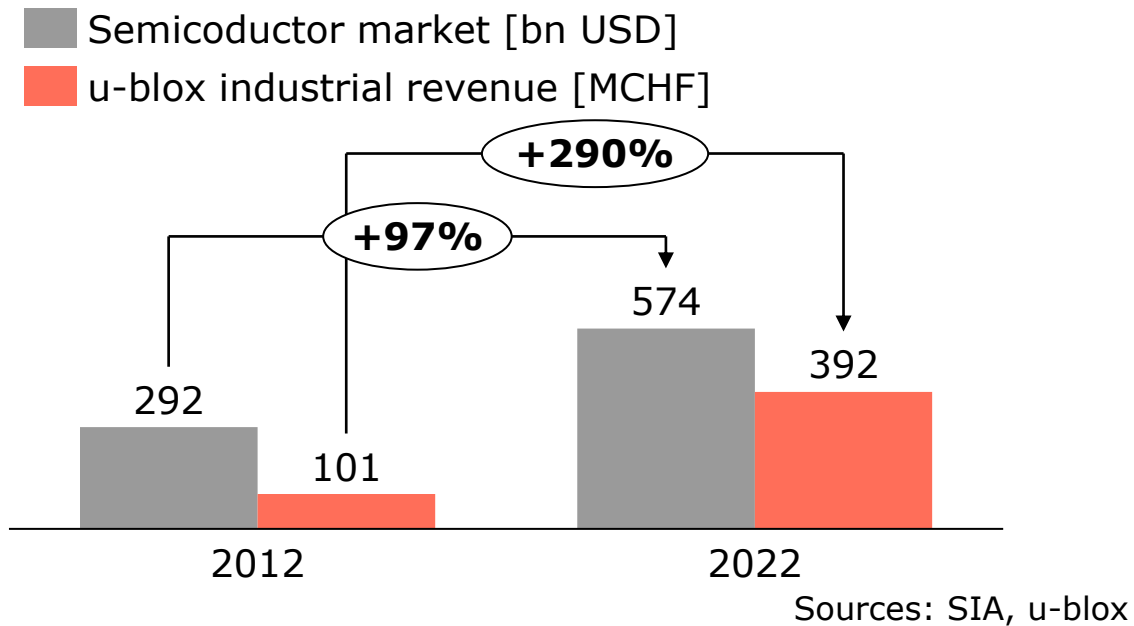


IVI: In-vehicle Infotainment
TCU: Telematic Control Unit
ADAS: Advanced Driver-Assistance

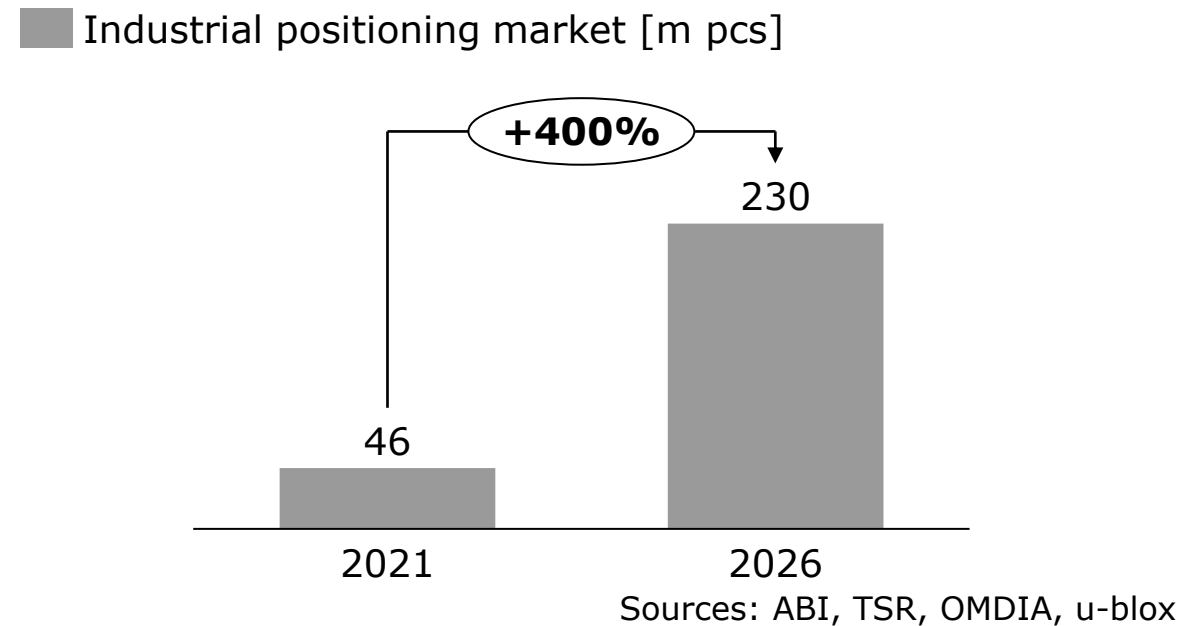
Average Bill of Material per car addressable [USD]



u-blox long-term focus on industrial growth applications paying off

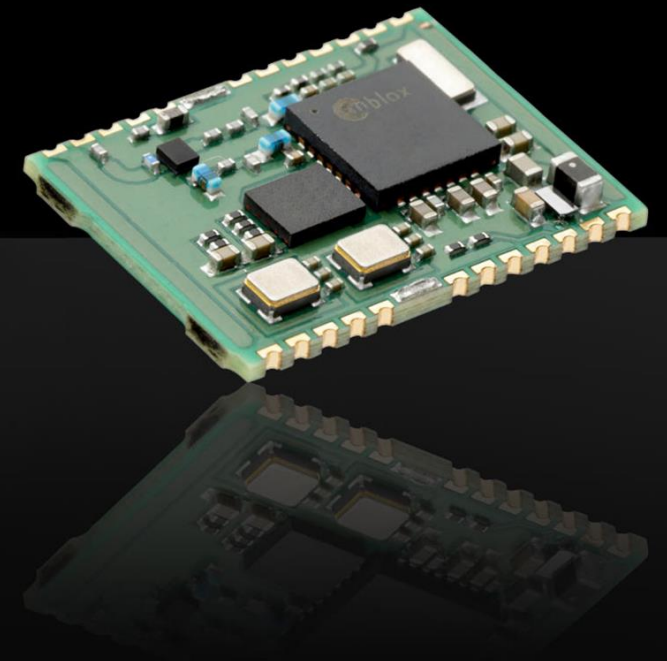


- u-blox industrial revenue outgrew the semiconductor market significantly
- Number of served industrial applications with more than 5% revenue share tripled



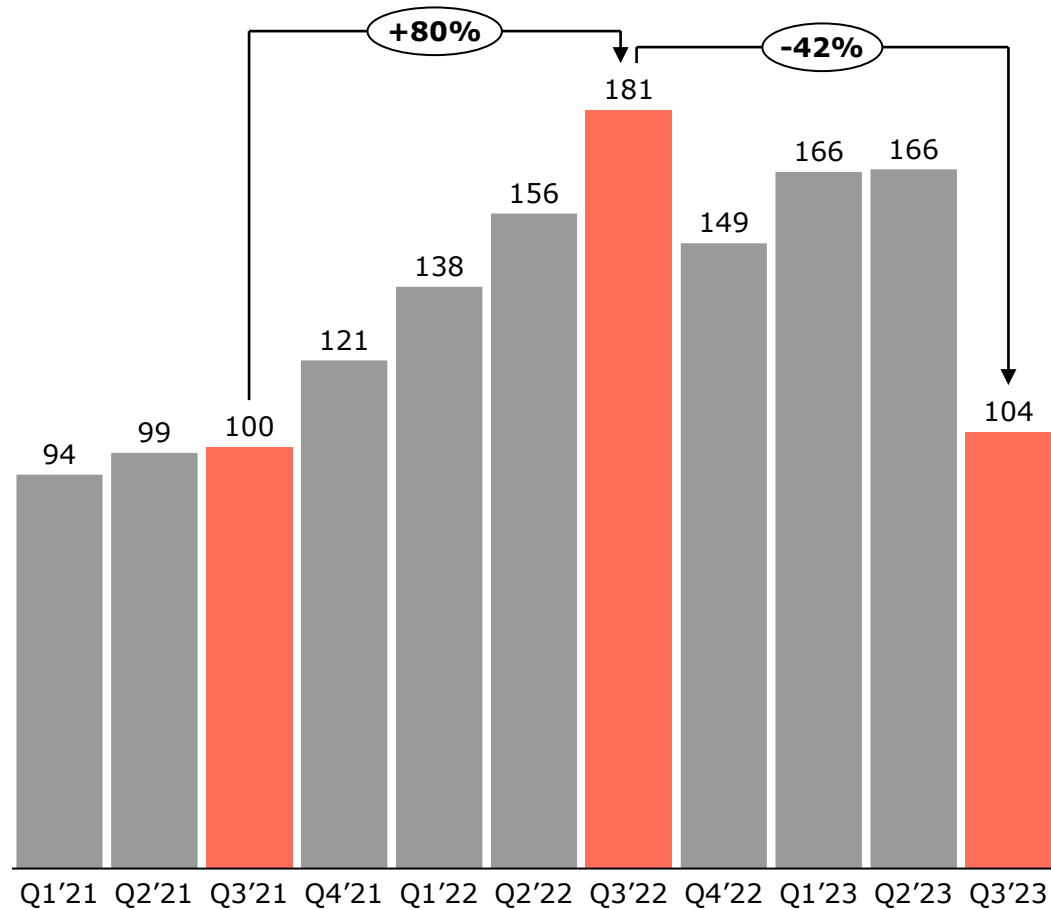
- There is a long-term growth in industrial applications expected, especially in positioning
- Previously stand-alone devices become connected: growth for cellular, short-range and services
- u-blox will continue to excel in this market

9M 2023 Revenue



Quarterly revenue evolution

Revenue [MCHF - unaudited]



- 9M 2023 revenue of CHF 436 million compared to CHF 475 million in 9M 2022
 - FX impact of -4%
- Q3 2023 revenue of CHF 104 million compared to CHF 181 million in Q3 2022
 - FX impact of -5%
 - Revenue decline in all regions and markets, mainly due to customer over stocking

Operational highlights - Automotive

- Launch of u-safe, a comprehensive functional safety solution for vehicle positioning, designed to accelerate the adoption of autonomous vehicles.
- Typical use cases include automated and assistance systems (ADAS) Level 3 and above applications requiring high-integrity and functional safety features.
- u-blox is the only supplier in the market today to offer a functional-safety-and-SOTIF compliant safe end-to-end positioning solution combining proprietary hardware with customized software and correction service.



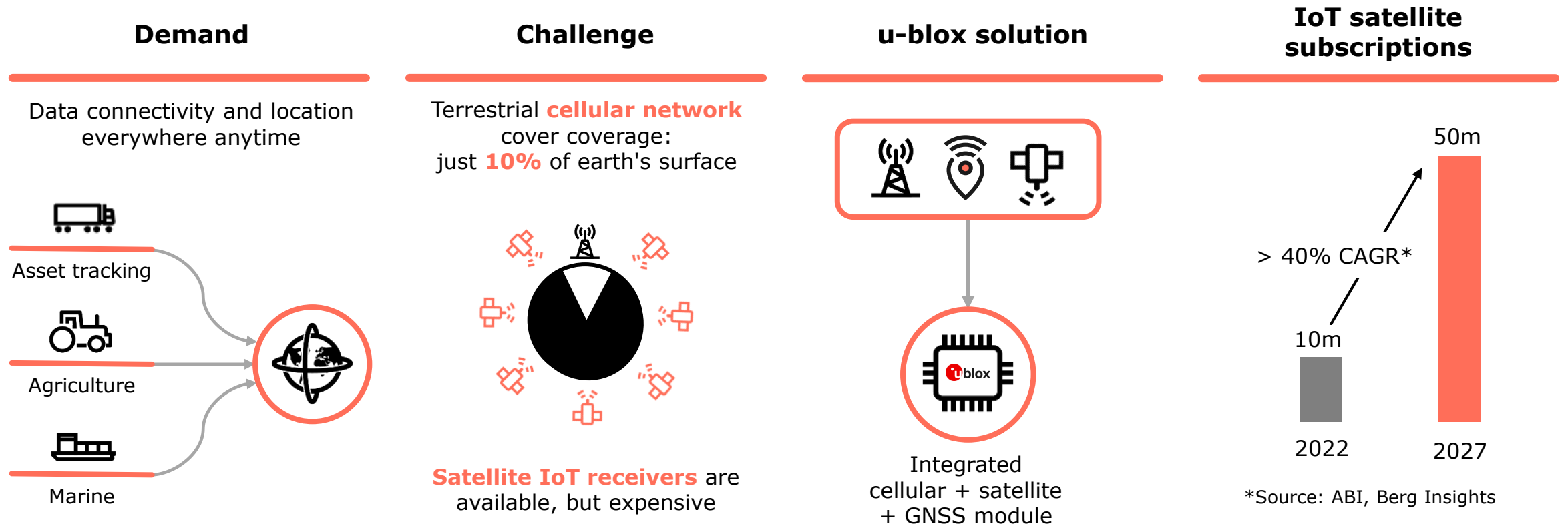
Operational highlights - Industrial

- Double digit million USD design-win and first orders for u-blox's newly announced cellular and satellite IoT module, SARA-S520M10L.
- The unique cellular and satellite IoT module offers accurate, low-power positioning, and ubiquitous connectivity.
- The module's communication and tracking capability is ideal for asset tracking, fleet management, maritime transportation, and smart agriculture applications.
- New LEXI-R10, ultra-small LTE Cat 1bis IoT module in a 16 x 16 mm form factor. The module adapts perfectly to size-demanding designs, making it ideal for use cases such as asset tracking and aftermarket telematics.



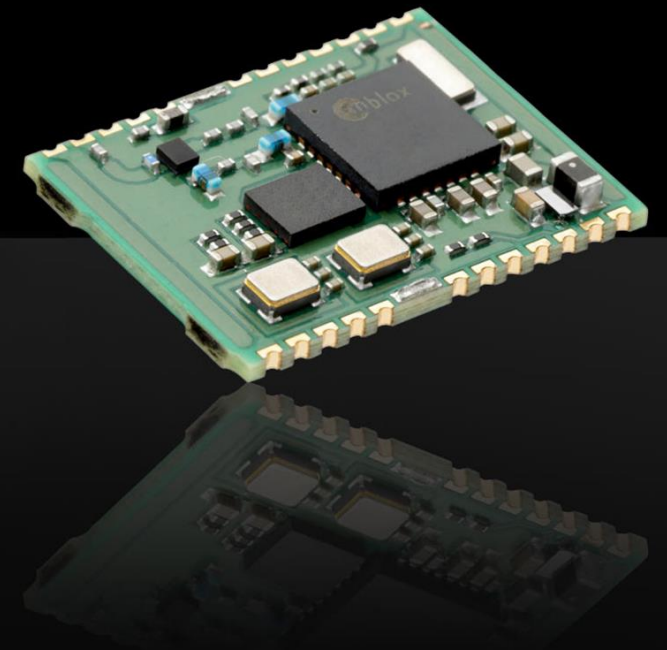
u-blox enables IoT connectivity beyond cellular

Cost effective cellular + satellite connectivity solutions



u-blox and its partner Orbcomm **enable a new multi-million-dollar market** by a unique combination of cellular, satellite communication and GNSS competencies

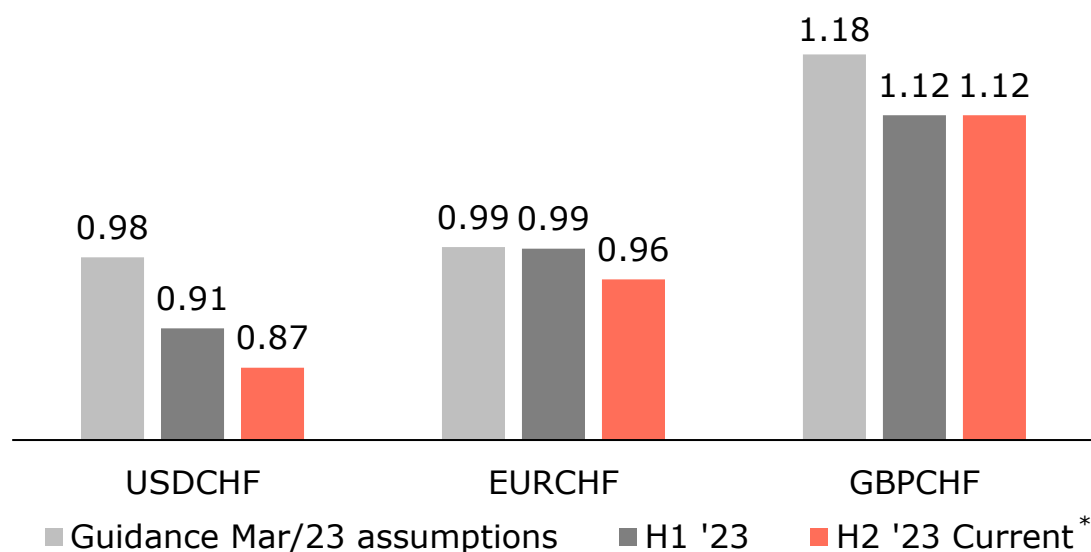
Outlook



FY 2023 Guidance

Foreign exchange development

Development of main currencies



*Spot rates as of 1 Aug 2023

- Guidance released in March '23 assumed an average USDCHF of 0.98, EURCHF of 0.99 and GBPCHF of 1.18
- The three currencies lost value versus the Swiss Franc in 2023

FX sensitivity vs the Swiss Franc

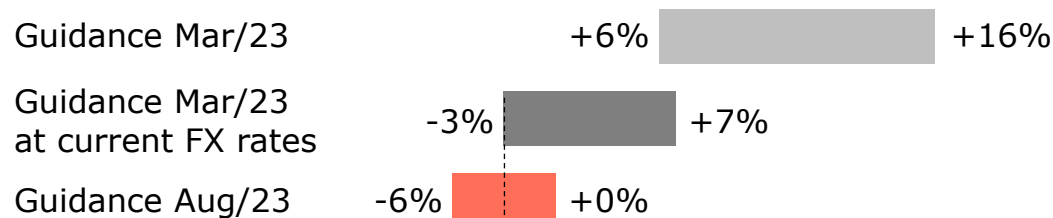
+10% of	USD	EUR	GBP
Revenue	+ 9%	+ 1%	0%
EBITDA	+ 14%	0%	- 2%
EBIT	+ 19%	0%	- 4%

- u-blox is exposed mainly to the US Dollar on a revenue and profitability basis
- EUR and GBP play a smaller role

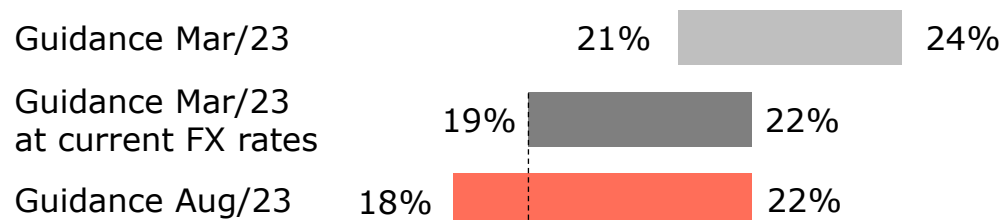
FY 2023 Guidance

Revised guidance August 2023

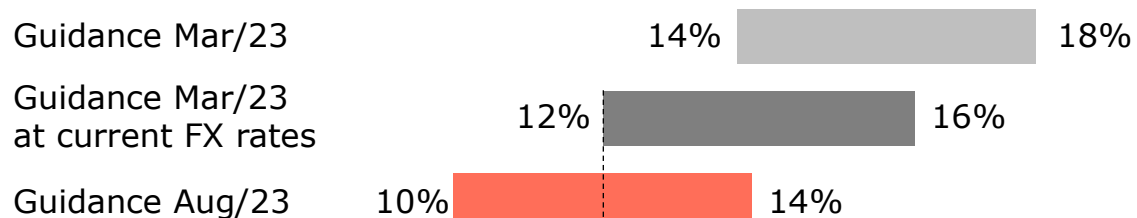
Revenue [vs FY 2022]



EBITDA margin (adjusted)



EBIT margin (adjusted)



- Guidance released in March '23 assumed an average USDCHF of 0.98, EURCHF of 0.99 and GBPCHF of 1.18
- By converting the original guidance to current rates, a new range is obtained
- From the lower end of the converted guidance, we derive the revised guidance
- The revised guidance reflects:
 - Adverse currency effects
 - Overstocking very late in the soft market cycle (overreaction to supply shortage in 2022 at top tier customers)
 - Focused and consistent investment in our long-term growth
- Additional effects on EBITDA and EBIT margin
 - Lower operational leverage
 - Inventory cost at higher FX rates
 - Lower gross margin due to changes in product mix

FY 2023 Guidance

Revised guidance August 2023

	2022 act.	Guidance 2023 (10 March 2023)	Revised guidance 2023 (18 August 2023)
Revenue change YoY	51%	+6...16% +37 ... +100 (MCHF)	-6...+0% -39 ... +1 (MCHF)
EBITDA¹⁾ margin	27.2%	21...24%	18...22%
EBIT¹⁾ margin	21.0%	14...18%	10...14%

Transparent reporting

- Full P&L bi-annually
- Quarterly update of revenue

Exchange rate assumptions

1 USD = 0.89 CHF, 1 EUR = 0.97 CHF, 1 Pound Sterling = 1.12 CHF

FX-sensitivity against CHF

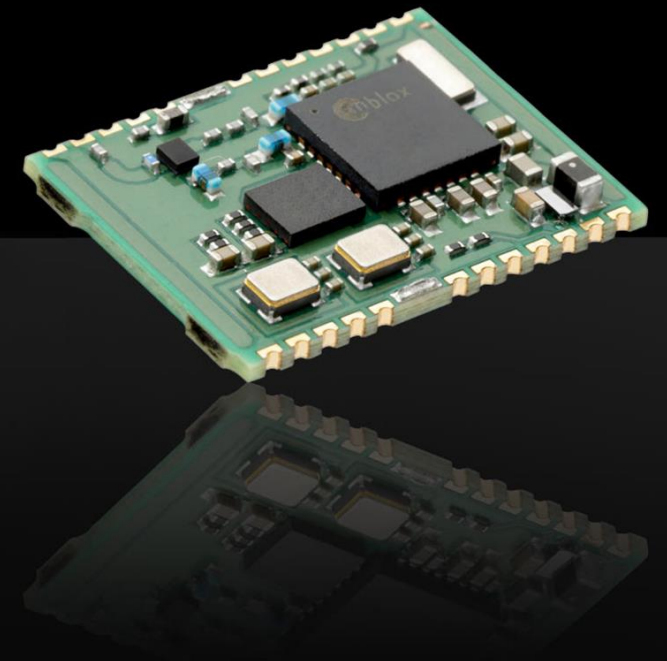
+10% of	USD	EUR	GBP
Revenue	+ 9%	+ 1%	0%
EBITDA	+ 14%	0%	-2%
EBIT	+ 19%	0%	-4%

¹⁾ Excl. share-based payments, impacts based on IAS-19, amortization of intangible assets acquired, impairments and non-recurring expenses.

Upcoming events

Capital markets day	21 November 2023
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Q&A





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Thank you for your attention

BACKUP

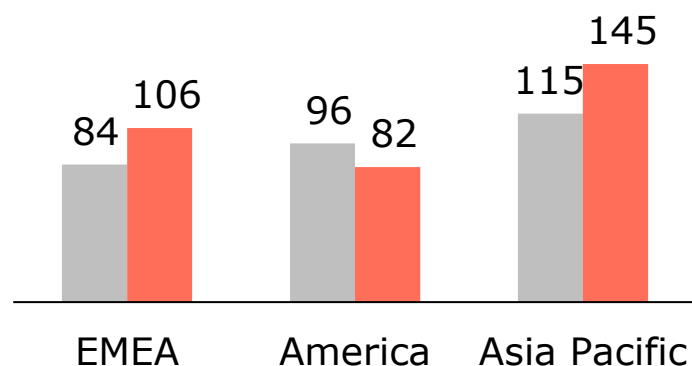


Revenue segmentation H1 2023

Revenue by region

[MCHF]

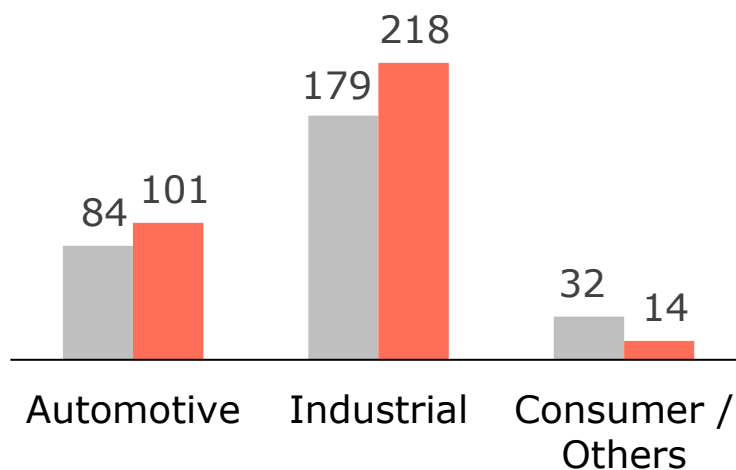
■ H1'22 ■ H1'23



- EMEA: Ramp up of the tracking business and delivery of the 2022 order backlog
- America: Demand reduction in healthcare and consumer applications
- APAC: Demand from automotive customers and safety stock build-up for a healthcare customer

Revenue by market

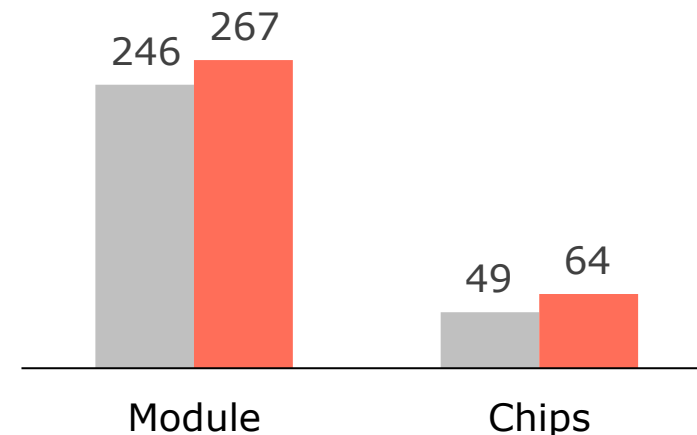
[MCHF]



- Automotive: Driven by new products and delivery of the 2022 order backlog
- Industrial: Strong demand in tracking with market share gains and deliveries of the 2022 order book
- Consumer / Others: Primarily due to the decline of consumer demand since mid-2022

Revenue by product type

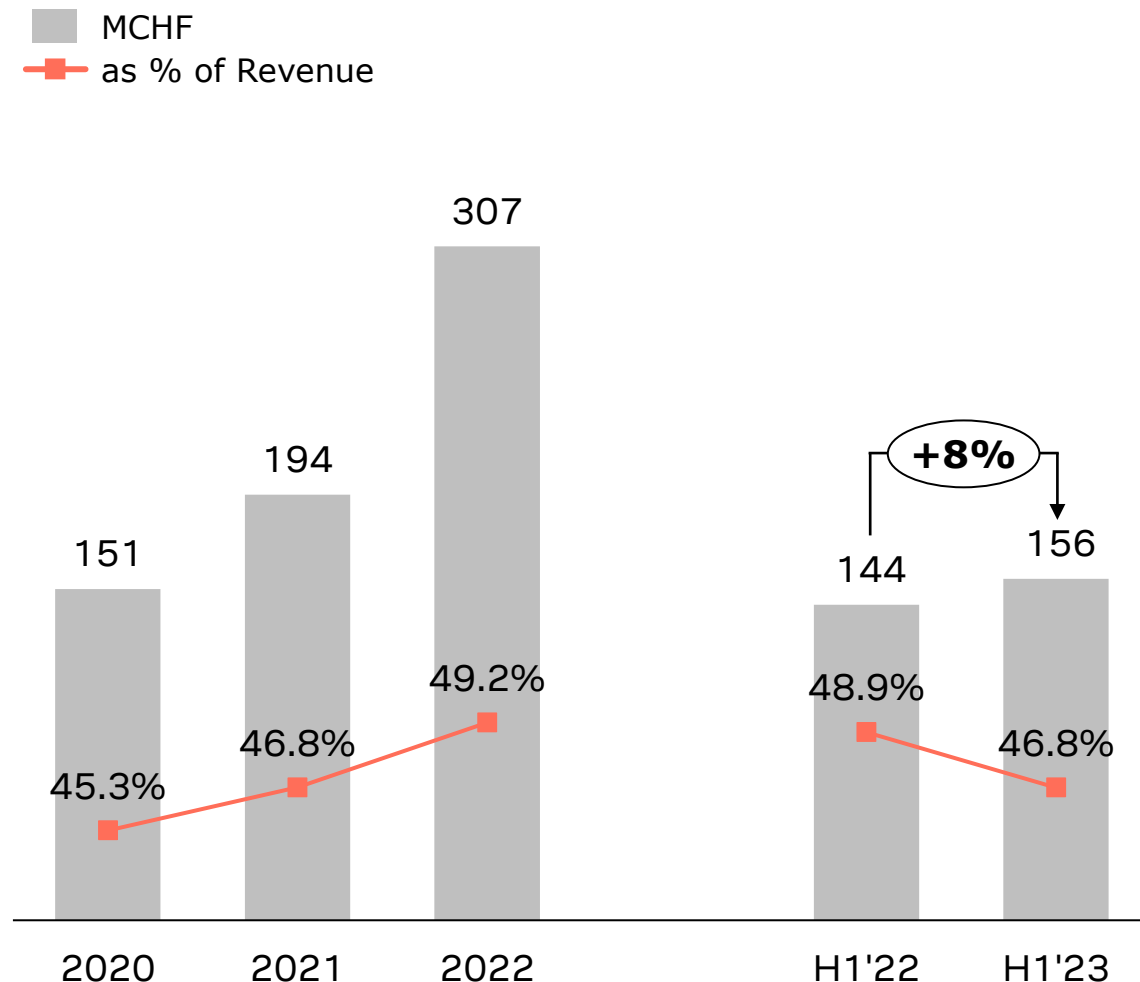
[MCHF]



- Module and chips volumes grew in the period
- Chips sales grew faster driven by automotive

Gross profit (adjusted)

Gross profit (adjusted)



- Gross profit (adjusted¹) increased to CHF 156 million from CHF 144 million in H1 2022
- Gross profit margin (adjusted) reached 46.8% from 48.9%
- Product mix changes responsible for the decline
- No significant price deflation

1)Excl. Share-based payments, impacts based on IAS-19, amortization of intangible assets acquired, impairments and non-recurring expenses.

Income statement

IFRS reported and adjusted figures [MCHF]

	H1 2023					H1 2022	
	IFRS		Adjustments ²⁾	Adjusted		Adjusted	
	MCHF	%	MCHF	MCHF	%	MCHF	%
Revenue	332.3	100	-	332.3	100	294.4	100
Gross profit	155.5	46.8	+0.2	155.6	46.8	143.8	48.9
R&D expenses	(62.3)	(18.8)	+2.4	(59.9)	(18.0)	(52.6)	(17.9)
SG&A expenses	(34.7)	(10.4)	+0.7	(34.0)	(10.2)	(33.8)	(11.5)
EBIT	58.5	17.6	+3.2	61.7	18.6	57.4	19.5
Net fin. results, assoc.	(0.5)	(0.2)	+0.1	(0.4)	(0.1)	(0.8)	(0.3)
FX	(3.4)	(1.0)	-	(3.4)	(1.0)	3.1	1.1
EBT	54.5	16.4	+3.3	57.8	17.4	59.7	20.3
Income tax	(8.5)	(15.5)	-1.0	(9.5)	(16.4)	(11.0)	(18.4)
Net profit	46.1	13.9	+2.3	48.3	14.5	48.7	16.6
Basic EPS (in CHF)	6.52	1.96	+0.33	6.85	2.06	7.02	2.38
Diluted EPS (in CHF)	6.35	1.91	+0.32	6.67	2.01	7.00	2.38
	-	-	-	-	-	-	-
EBIT	58.5	17.6	+3.2	61.7	18.6	57.4	19.5
Depreciation and amort.	(23.7)	(7.1)	+1.4	(22.3)	(6.7)	(19.1)	(6.5)
EBITDA ¹⁾	82.2	24.7	+1.8	84.0	25.3	76.6	26.0

- FX result of CHF -3.4 million in H1 2023
 - Realized CHF -2.2 million
 - Unrealized CHF -1.2 million
- Income tax (adjusted) of CHF 9.5 million in H1 2023
 - 16.4% tax rate (adjusted)
- Diluted EPS (adjusted) of CHF 6.67

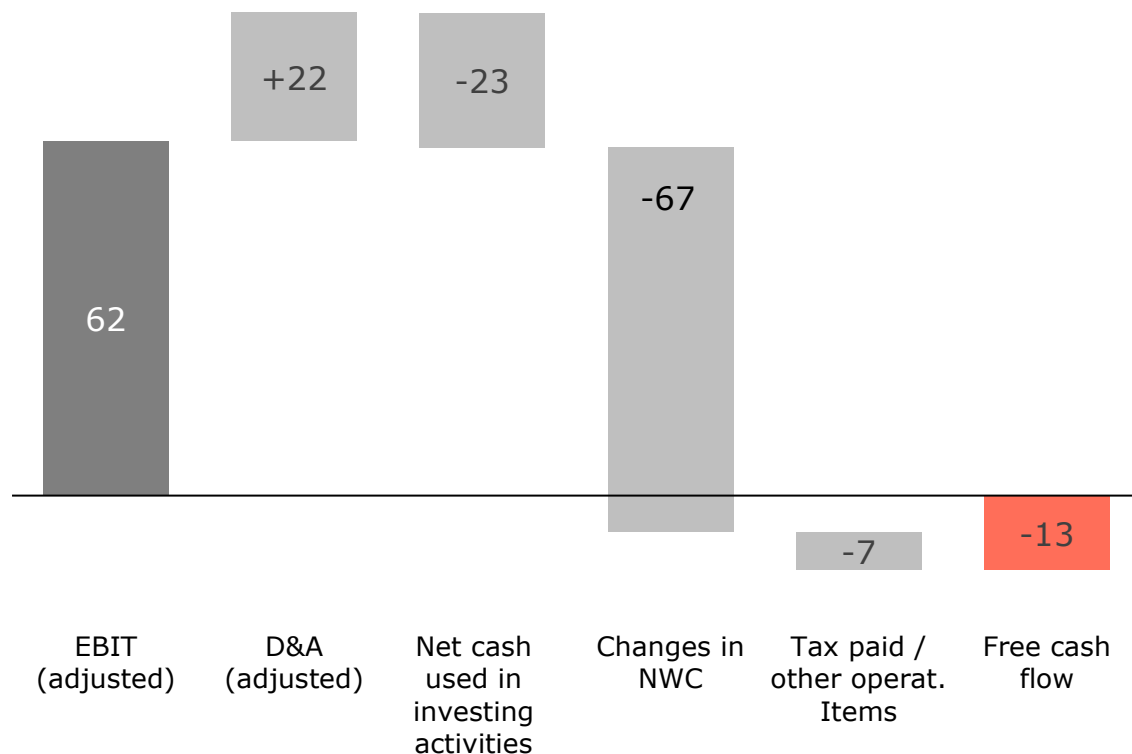
1) Management calculates EBITDA (earnings before interest, taxes, depreciation and amortization) by adding back depreciation and amortization to operating profit (EBIT), in each case determined in accordance with IFRS.

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

Cash generation

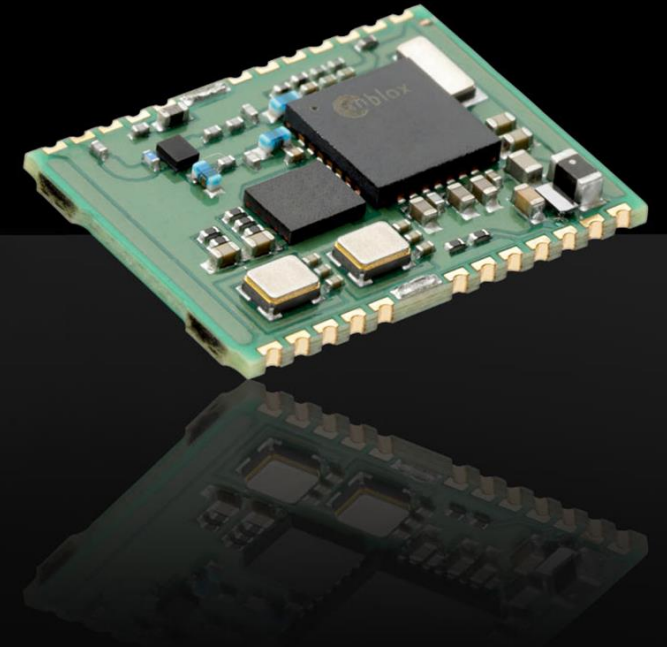
IFRS reported figures [MCHF]

Free cash flow H1 2023



- Changes in net working capital of CHF -67 million
 - Higher trade receivables, due to higher level of sales in June 2023
 - Lower trade payables, due to stable inventory levels in H1 2023 (build up of inventory at the end of 2022 caused high trade payables in Dec 2022)
 - Lower accrued expenses related to variable compensation
- Capex of CHF 23 million
- Free cash flow CHF -13 million

R&D Plans and Expenditures



Maintaining our growth path: 18 R&D centers, strong footprint to attract innovation talents



18

R&D centers
worldwide



900

engineers



CHF

100m+

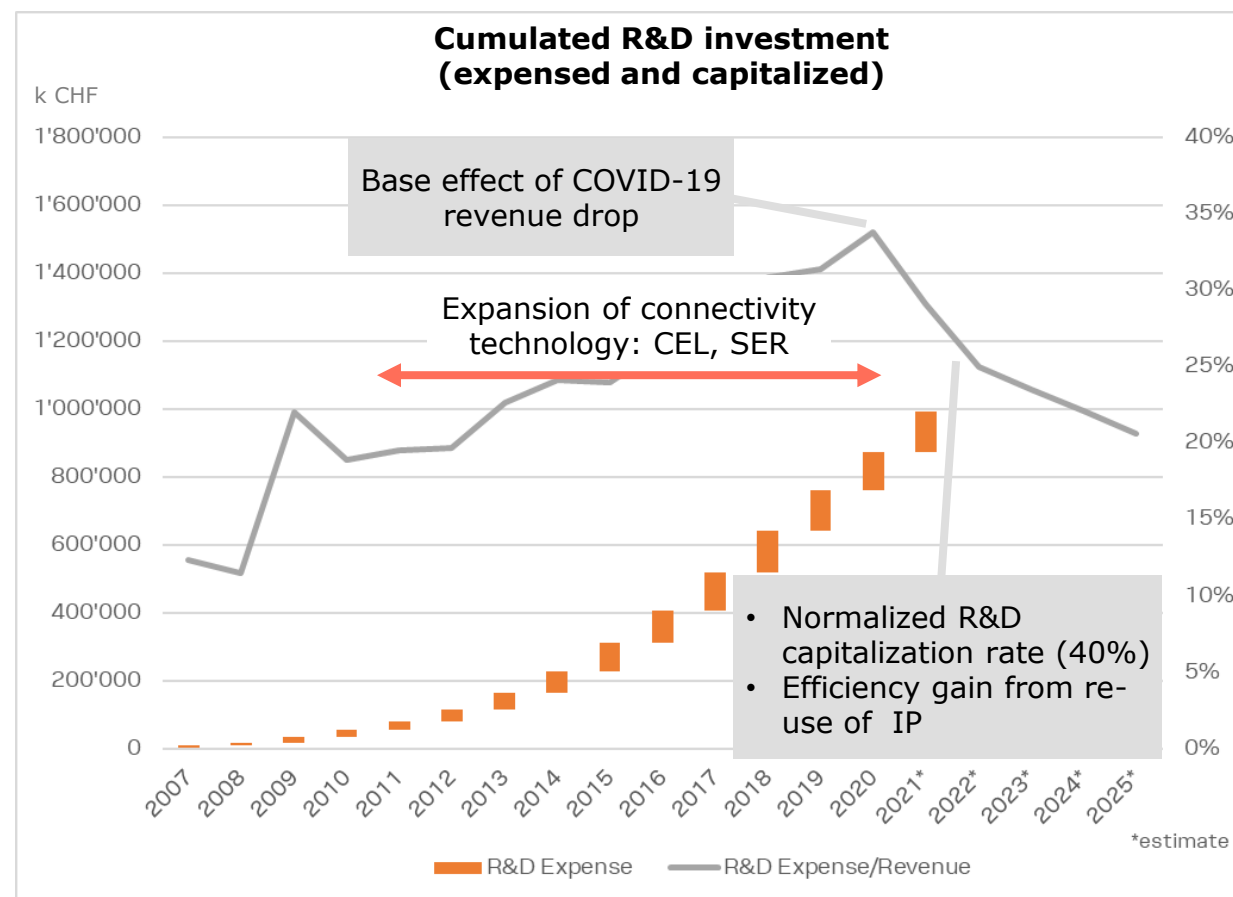
annual
investment
(2022)



Investments in R&D paying dividends in time

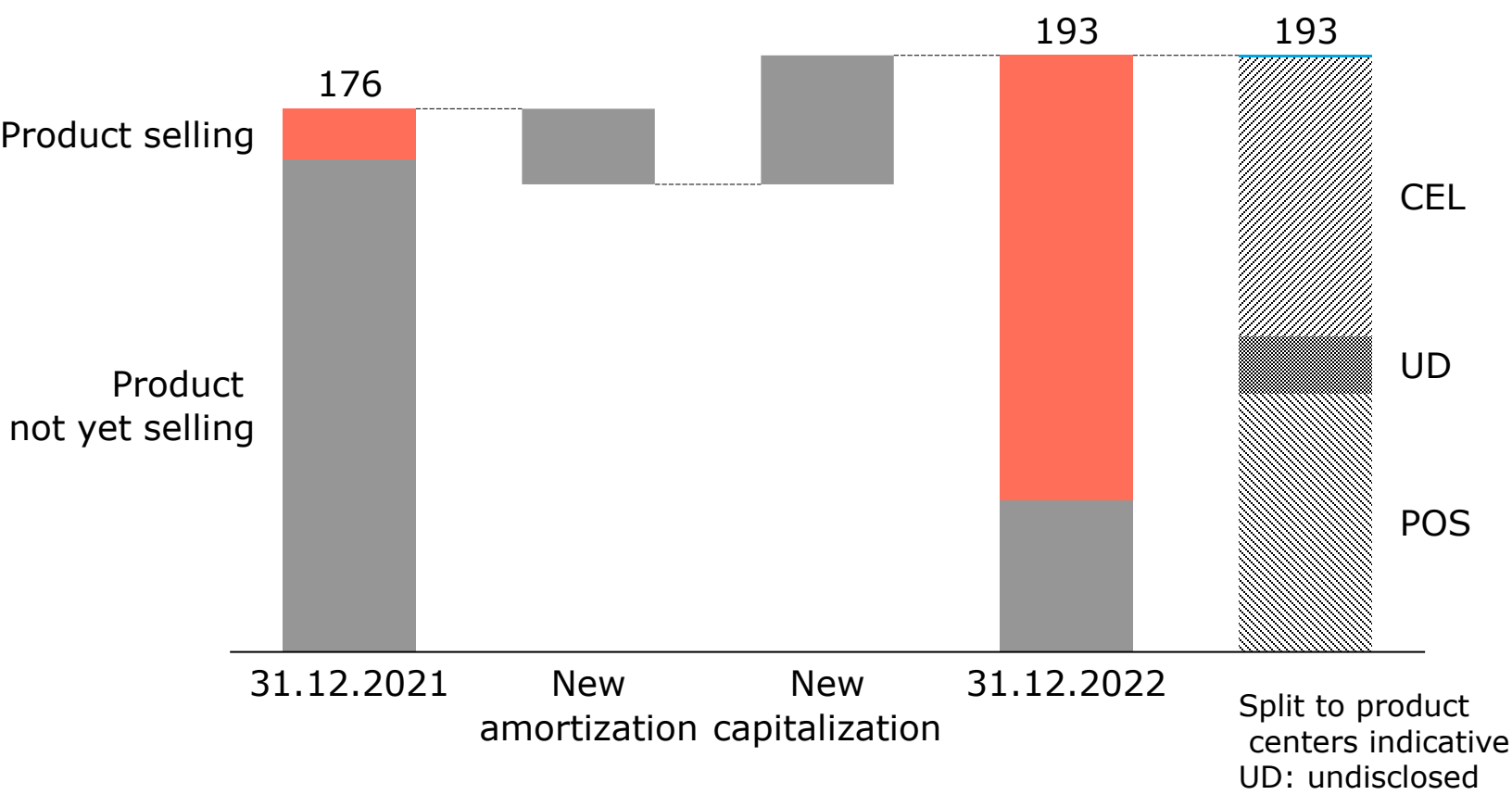
Deep technology and market IP acquired over decades

- We continue to invest in technologies that will **push the industry forward** for years to come.
- Our IP is based **on CHF 1bn investment** over the last 15 years – the intrinsic value of u-blox and the source of our competitiveness.
- We have been **first to market** with many technologies: module form factors, leading positioning performance and, most recently, services.
- R&D intensity managed to **achieve positive free cash flow, our core KPI**



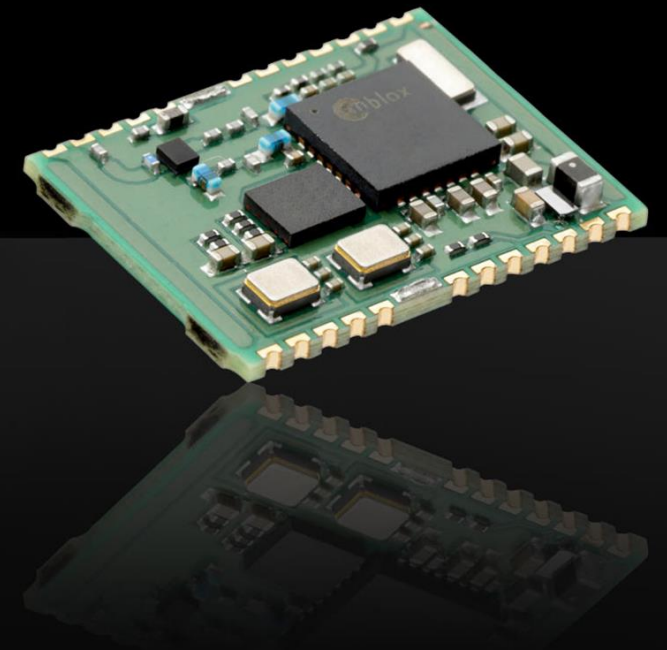
Majority of our capitalized R&D activities created revenue in 2022

Development of capitalized R&D [MCHF]



- R&D capitalization is well balanced between cellular and positioning programs (own chip-sets)
- Yearly impairment test to confirm value of capitalized R&D
- Development phase (capitalization) for major developments starts 3 to 4 years before first revenue and triggers capitalization
- Revenue phase (amortization) starts after development and can exceed 10 years

ESG & Sustainability



Integrating ESG into our strategy

Highlights



In 2022, we calculated the baseline for our greenhouse gas (GHG) emissions (Scope 1 & 2).

Since 2012 we have worked on implementing policies and activities around our sustainability strategy. We have progressively done more each year to improve the sustainability of all aspects of our business.

In the last 11 years, we have saved 67.000 tonnes of CO2 through ADES projects in Madagascar.



In partnership with STEM organizations, u-blox inspires the next generation with hands on opportunities to experience IoT.

91% of our modules are produced with 100% renewable energy.



With the AV1 robotic avatar, 5000 students avoided school absenteeism and social isolation.

284 children were fed and educated in 2021 at Mettoh school in Ghana, which has been funded by u-blox since 2013.

51% of our employees were trained in Nonviolent Communication (NVC).





Across u-blox, currently at 33 sites, with staff representing 70 nationalities, we have a strong, inclusive culture where diversity is valued by all.

charity : water and u-blox provide clean drinking water for 500,000 people.



Our 5 engagements

-  Business Ethics
-  Employees
-  Environmental responsibility
-  Supply chain responsibility
-  Environmental responsibility

Supported SDG

Responsible products

Tremendous positive impact for sustainable solutions



Optimizing individual vehicle route/traffic management



Optimizing the maintenance and life span of remote community water pumps to keep the tap flowing for thousands of villagers



Empowering visually impaired people to walk independently



Supporting older people who live alone with AgeTech



Optimizing energy generation and reducing energy waste



Enabling smart micromobility solutions



Advancing vehicle driver assistance systems for safety



Optimizing sustainable management of cities



Delivering vaccines to remote, hard to access communities



Connecting children who are unable to attend school to their classrooms and classmates with robotic avatars



Optimizing agriculture to reduce water and pesticide consumption while helping to prevent food scarcity



Optimizing manufacturing and logistics



Optimizing water generation and reducing water waste



Optimizing vehicle fleet management and transport



Optimizing sustainable building and site management



Protecting vulnerable wildlife with precision GPS



Optimizing healthcare technologies and environments

Industrial and Automotive are our focus markets



Industrial

Typical applications

- Asset tracking
- Connected buildings
- Healthcare
- Industry automation
- Smart city, infrastructure
- Smart metering / utility
- Smart retail & payment
- Smart transportation
- Timing



Automotive

Typical applications

- Autonomous driving
- Comfort
- Emergency services
- Energy management
- Infotainment and navigation
- Environment and driver perception enhancement
- Telematics
- Vehicle control
- Vehicle monitoring

Our M&A criteria

We consider M&A if ...



Strategy

- ... we can improve profitability by economies of scale
- ... we can complement our offering
(technology, business model, market coverage)



Culture

- ... target team has a good cultural fit

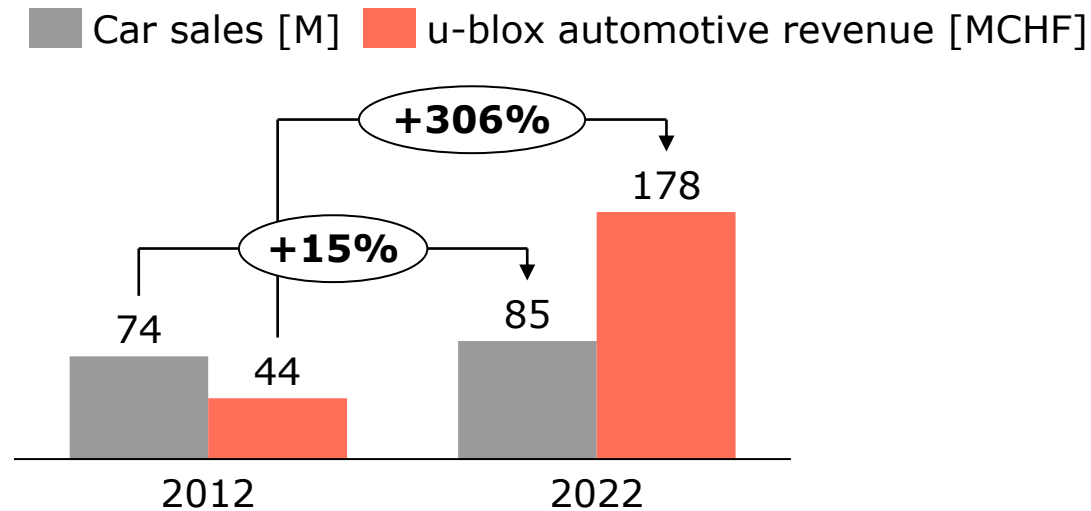


Shareholder value

- ... purchase price enables shareholder value creation

u-blox has more than 20 years automotive expertise materializes in our growing BOM per car

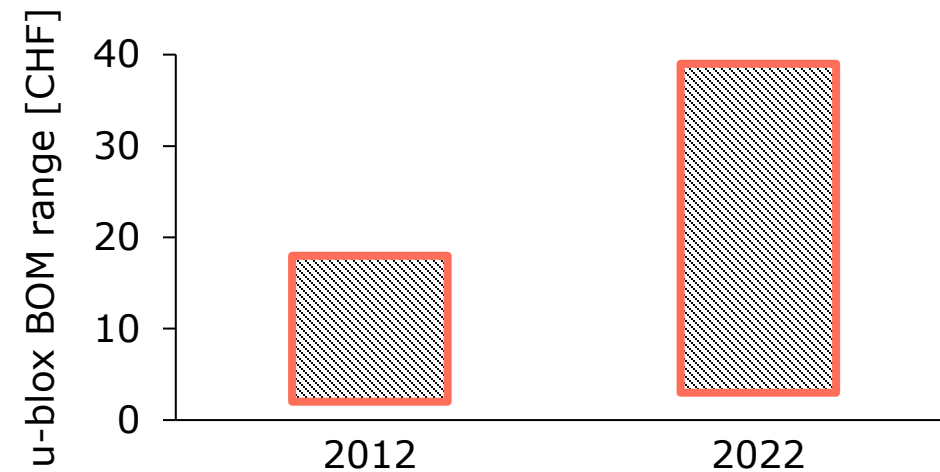
u-blox automotive vs. car sales



Sources: TSR, u-blox

- u-blox automotive outperformed the car growth
- Number of served car platforms grew from tens to hundreds

u-blox Bill of Material (BOM) range in cars



- Value per car grew significantly
- Expanding from positioning to connectivity and services

Industrial applications will become connected and autonomous: a growth opportunity for u-blox

Remote and autonomous operation

- Remote maintainance
- Autonomous construction machines
- Sensors and intelligence in edge devices

Optimized resource usage

- Advanced asset tracking
- Home and remote health
- Decision taking on edge devices based on realtime sensor data

Mass adoption of high precision technology

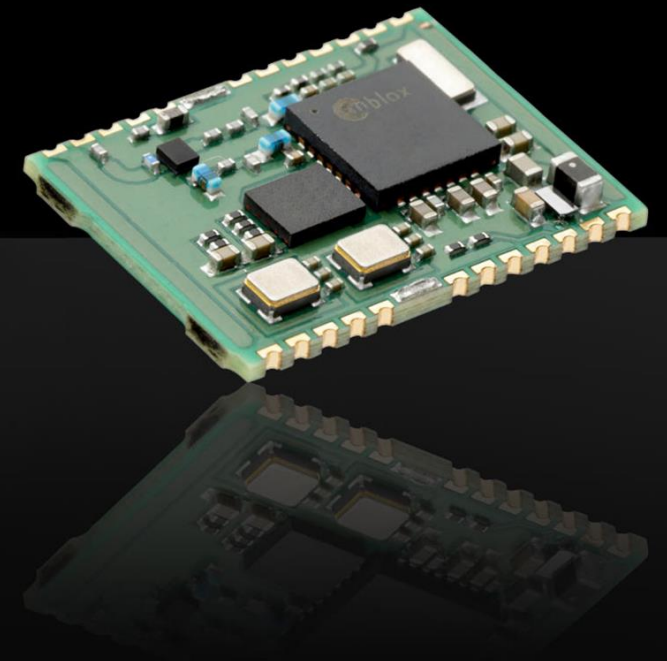
- Industry automation
- Automated and autonomous construction and agricultural equipment
- Delivery robots



u-blox contribution

- Power efficient and secure cellular and short-range connectivity
- Reliable and safe positioning solutions and services even in challenging conditions
- Enhanced security, resilience of positioning and communication
- Services on demand to ease market entry of customers
- Solutions ready for use for thousands of customers

Business



Partnering with GMV enables an unique and complete safe positioning solution for autonomous vehicles

Challenge

- Functional safety required for autonomous vehicles
- Significant effort to develop and integrate hardware and software from several vendors

Solution

- u-blox partnering with GMV
Spain, founded in 1984, 3000 employees, CMMi 5, strong automotive expertise
- Leading functional safe positioning solution: GNSS + safe positioning engine + safe augmentation service

Customer benefits

- Less effort
- Faster time-to-market
- Less risk



Partnering with Amazon Web Services (AWS) simplifies cloud services for industrial innovators

- Joint u-blox and AWS development
- Two first-of-kind modules pre-provisioned to enable out-of-the-box secure communication with AWS via Wi-Fi and cellular IoT
- Rapid development cycles are ideal for small to medium-sized customers
- 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

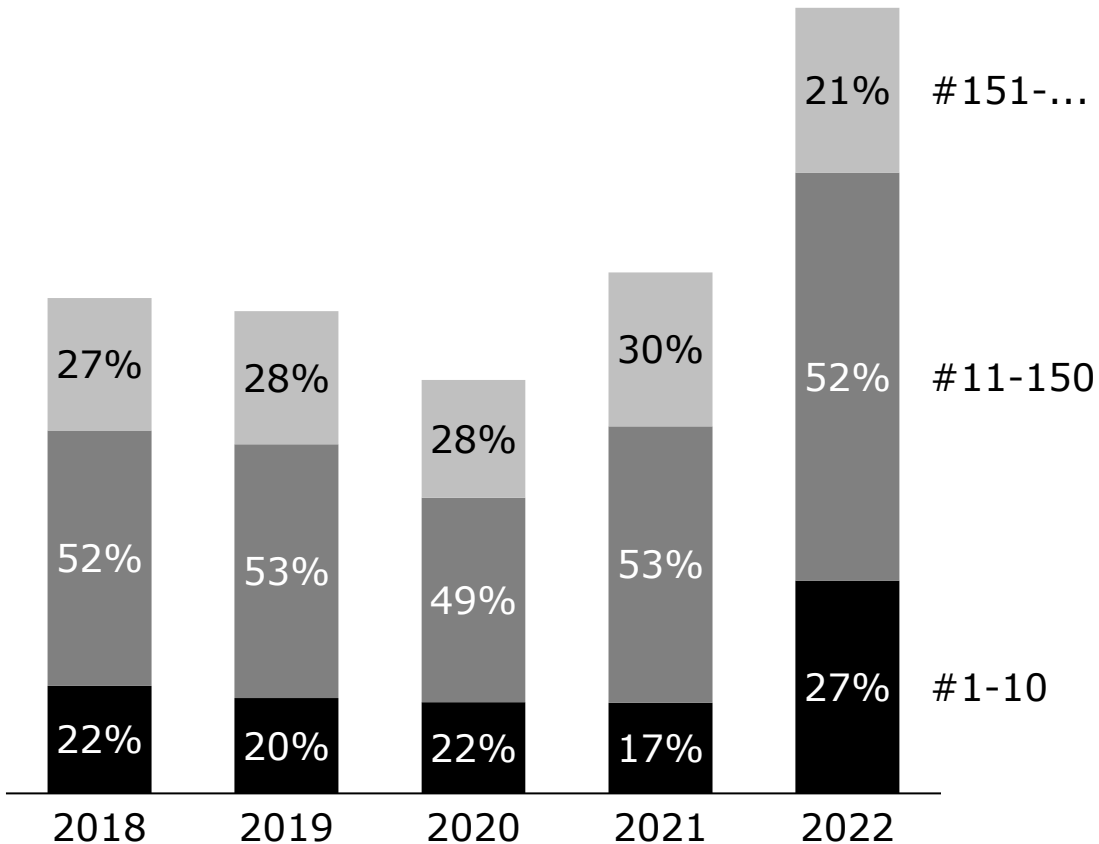
"The decision to work with u-blox was a clear choice for us at AWS, as we knew that their high-quality modules targeting industrial and professional applications would complement our wide range of software and cloud services for IoT."

Shyam Krishnamoorthy, General Manager of Consumer IoT and Connectivity at AWS



Effective channel strategy ensures growth and low dependency on single customers

Revenue share of end-customers



- High diversification and low dependency on single customers
 - Largest end-customer accounts for 7% of total revenue in 2022
 - 10 largest customers account for about 30% of total revenue in 2022
- Successful channel strategy
 - We are successful at large customers with our direct sales team
 - Distribution partners grow our business with medium size customers and innovators in the long-tail