

## **u-blox reports resilient results in 2023**

- **Revenue of CHF 576.9 million**
- **EBIT (adjusted) of CHF 69.7 million, EBITDA (adjusted) of CHF 112.4 million**
- **Free cash flow of CHF 10.9 million**
- **Well on track with strategy execution announced at the CMD in November 2023**
- **Growth expected to pick up after reaching the lowest point in Q1 2024**

**Thalwil, Switzerland – 6 March 2024** – u-blox (SIX: UBXN), a global provider of leading positioning and wireless communication technologies and services, announced today its financial results for the full year 2023.

u-blox achieved resilient results in 2023 performing better than the overall semiconductor market. After a record year in 2022, we reported strong results in the first half of the year, while in the second half revenue declined. All in all, in 2023, revenue reached CHF 576.9 million, adjusted EBIT stood at CHF 69.7 million, and free cash flow reached CHF 10.9 million.

During the year, we refined our strategy. At the Capital Markets Day held in November 2023, we announced changes, such as the increased focus on our positioning business and the discontinuation of the development of our own cellular chips. We also announced a new Target Financial Model.

As we enter 2024, we remain focused on what we do best: innovate. Our teams use the post-semiconductor supply crisis momentum with customers to win next generation business with our leading edge innovations in positioning and connectivity, following our mission to lead the world to reliably locate and connect every thing.

Stephan Zizala, u-blox's Chief Executive Officer, commented, "2023 was marked by very different realities. While we had good growth in the first half, revenue declined in the second half despite a significant inventory build-up by our customers.

In 2024, we see a continuation of the weak business situation. We expect the first quarter to be the lowest point, with the following periods showing a gradual sequential improvement. During this low point in the cycle, we are making important changes in the organization, as announced at our last CMD. Our motivated teams have all hands on deck to create the basis for the u-blox of tomorrow.

Our team is familiar with the semiconductor industry cycles, and we will manage the situation as we have done many times. We have it in our hands to shape u-blox's long-term success thanks to our strong structural growth drivers in automotive and industrial target applications. We are winning critical new projects with leading customers. The large design wins for automated driving and an innovative approach for satellite IoT connectivity are testimony to these future development prospects."

## 2023 operational highlights

### Automotive

- Record design wins with major automotive OEMs are expected to generate over USD 100 million in revenue over the lifetime of these contracts from 2026. These project wins underscore u-blox's technology leadership in positioning solutions for highly automated driving and provide a glimpse of the significant opportunities that lie ahead for u-blox.
- JODY-W5 is u-blox's newest dual-band Wi-Fi 6 and dual-mode Bluetooth® 5.3 module. This automotive-grade module in a compact form factor enables multiple wireless network connections in the car as well as delivering enhanced car audio functionalities.

### Industrial

- Our new cellular and satellite IoT module opens opportunities in a new and fast-growing market as it offers ubiquitous, cost-effective connectivity – via cellular networks or satellites – combined with positioning capabilities. The module's communication and positioning capability enables global IoT coverage essential for asset tracking, fleet management, maritime transportation, and smart agriculture applications.
- We also launched NEO-F9P and ZED-F9P-15B: Those enable the digital industrial factory floor. The low-power, small-sized NEO-F9P module supports precise navigation and automation of moving industrial machinery. Our ZED-F9P-15B module provides customers in the mobile robotics market with enhanced robustness.

## Financial Overview

In 2023, u-blox generated revenues of CHF 576.9 million, EBIT (adjusted) of CHF 69.7 million and net profit (adjusted) of CHF 51.1 million. Revenue declined in most regions and markets, reflecting overstocking from our customers. Foreign currency exchange rates negatively affected -4.8% on revenue, mainly from the strengthening of the Swiss Franc versus the Euro and the US Dollar.

### Revenues by region

- APAC: Revenue in 2023 grew by 11.1% to CHF 272.3 million from CHF 245.0 million in the same period last year, mainly driven by significant demand from a healthcare customer.
- EMEA: In 2023, revenue amounted to CHF 173.3 million, down from CHF 176.0 million one year earlier (-1.5%). A certain decline in the Industrial segment was compensated by growth in Automotive.
- AMEC: Revenue in 2023 reached CHF 131.3 million compared to CHF 202.9 million in 2022 (-35.3%). The negative performance was driven mainly by the industrial segment, which includes Healthcare, as a combination of overstocking and demand reduction.

### Revenues by market

- Automotive: 2023 revenue decreased by -4.7% to CHF 169.2 million from CHF 177.5 million in 2022, mainly driven by a slowdown in demand in North America and Japan.
- Industrial: 2023 revenue decreased to CHF 385.8 million from CHF 392.4 million in 2022 (-1.7%). The significant demand from a healthcare customer was partially compensated by overstocking and demand reduction in North America.
- Consumer / Others: 2023 revenue amounted to CHF 21.9 million after CHF 53.9 million in 2022 (-59.4%), primarily due to the decline in consumer demand since mid-2022.

### Gross Profit

Gross profit (adjusted) reached CHF 254.3 million in 2023 from CHF 307.2 million in 2022. The respective gross profit margin (adjusted) reached 44.1% in 2023 from 49.2% one year earlier. The good performance of Cellular, with revenue growth and gross margin expansion, generated a negative mix effect, which explains most of the decline of the gross margin at the Group level.

### Research and Development expenses

R&D expenses (adjusted) grew by 10.5% in 2023 to CHF 117.4 million, compared to CHF 106.3 million in 2022. As a percentage of revenue, it increased to 20.4% in 2023 from 17.0% in 2022.

Cash R&D expenses (excluding amortization and adding back capitalization) grew less, +4.3% to CHF 129.1 million in 2023, from CHF 123.8 million in 2022. As a percentage of revenue, it increased to 22.4% in 2023 from 19.8% in 2022, mainly due to the lower revenue and hired R&D staff in H1 2023.

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

SG&A expenses (adjusted) declined by 3.5% to CHF 67.2 million in 2023 (CHF 69.6 million in 2022) due to lower sales bonus payments and cost discipline in the period. As a percentage of revenues, SG&A (adjusted) reached 11.6% in 2023, from 11.2% in the prior year.

### Operating Profit (EBIT)

EBIT (adjusted) reached CHF 69.7 million in 2023, lower than in 2022 (CHF 131.3 million). Accordingly, the adjusted EBIT margin decreased to 12.1% in 2023 compared to 21.0% in 2022.

Adjusted operating profit before depreciation and amortization (EBITDA adjusted) amounted to CHF 112.4 million (2022: 169.9 million), a decline of 33.8% in 2023. The respective EBITDA margin (adjusted) reached 19.5% in 2023, from 27.2% in 2022.

### Financial Results

Net finance results (adjusted) in 2023 amounted to CHF -8.7 million from CHF -1.5 million in 2022. Excluding FX effects, net finance costs (adjusted) in 2023 were practically nil.

FX results of CHF -9.0 million in 2023 (realized: CHF +3.2 million; unrealized: CHF -12.2 million) compared to nil in the same period last year (realized: CHF +4.2 million; unrealized: CHF -4.2 million).

### Net Profit

Net profit (adjusted) decreased to CHF 51.1 million compared to CHF 109.0 million in the prior year period. Diluted EPS (adjusted) in 2023 amounted to CHF 7.01 per share compared to CHF 15.36 in 2022.

### **Cash Flow**

Changes in net working capital was CHF -45.9 million in 2023 vs. CHF -58.2 million in 2022. In the second half of the year measures for improving net working capital started to show results, with a cash release of CHF 21.1 million, driven by lower receivables and inventory levels.

Income tax paid was CHF -6.0 million in 2023, from CHF +4.9 million received in 2022. Capex, in absolute terms, was CHF 48.3 million in 2023 compared to CHF 51.2 million in 2022. As a percentage of revenue, Capex was slightly higher in 2023 (8.4%) versus 8.2% in 2022.

As a result, free cash flow reached CHF 10.9 million in 2023 compared to CHF 66.2 million in the prior year.

### **Balance Sheet and Financing**

In 2023, u-blox recognized CHF 65.4 million impairment losses on intangible assets. The impairment was due to the decision to discontinue the future cellular chipset development. The impairment charge in 2023 was recognized in 'Research and development expenses' and relates to intangible assets in 'Intellectual property rights / acquired technology' and 'Capitalized development costs'.

After a dividend payment of CHF 14.2 million, u-blox's net cash position on 31 December 2023 stood at CHF 86.2 million versus CHF 77.8 million on 31 December 2022.

Early in 2024, u-blox strengthened its financing and secured liquidity for the near future by signing a new CHF 140 million credit facility with a three to five-year duration from a syndicate of banks led by Zürcher Kantonalbank.

Based on u-blox's solid net cash position, the Board of Directors will propose at the Annual General Meeting the payment of a dividend in the form of a par value reduction in the amount of CHF 1.00 per share in 2024.

### **Changes in the Board of Directors**

Thomas Seiler, a member of the Board of Directors since u-blox's IPO in 2007, has decided not to stand for re-election at the upcoming General Meeting. We are deeply grateful for Thomas' long-standing, unwavering dedication and strategic leadership and wish him all the best in his future endeavors.

As previously announced, u-blox intends to propose Fabian Rauch, co-founder and managing partner of Spectrum Entrepreneurial Ownership (SEO), for election to the Board of Directors at the next General Meeting.

### **Outlook for 2024**

After a strong performance in 2022 and 2023, 2024 is expected to be a transition year for u-blox. Due to agreements made with customers during the semiconductor supply crisis, we could deliver products above the demand from our customers, generating an overstocking situation. As we start into 2024, orders remain at a low level. We expect order levels to grow in the second quarter of 2024 and accelerate in the year's second half.

Given our strong operational leverage, lower revenue results in lower profit margins. We stay on track with strategy execution, but to mitigate these effects, we have a cost reduction program in place targeting double-digit million CHF savings in 2024 which includes a broad hiring freeze as well as further OPEX optimization.

u-blox remains positive on its long-term development prospects. Demand and requirements for semiconductor solutions for automated and autonomous driving, asset tracking, healthcare offerings, and industrial automation will grow significantly. As confirmed by our design wins, u-blox is well on track to profitably grow with its positioning and wireless connectivity semiconductor solutions and services business.

### **Guidance for Q1 2024**

u-blox expects very low revenue of CHF 50-60 million in Q1 2024, mainly due to high inventory levels at customers, which was accentuated by contractual deliveries in the fourth quarter of 2023.

Due to lower operational leverage, EBIT margin (adjusted) is expected to reach -40% to -30%.

## Key figures

(CHF million)	2023	2022	%	% in constant FX rates
Revenue	576.9	623.9	-7.5%	-2.7%
EBITDA (adjusted)	112.4	169.9	-33.8%	
EBITDA margin (adjusted)	19.5%	27.2%	-7.8%	
EBIT (adjusted)	69.7	131.3	-46.9%	
EBIT margin (adjusted)	12.1%	21.0%	-9.0%	
Free Cash Flow	10.9	66.2	-83.6%	

For the complete consolidated financial statements and definitions of alternative performance indicators, please refer to our [Annual Report 2023](#).

### Conference call and webcast details

For details on the 2023 results webcast, please click [here](#).

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### About u-blox

u-blox (SIX:UBXN) provides semiconductor chips, modules, and IoT services that reliably locate and connect every thing. Our cutting-edge solutions drive innovation for the car of the future and the Internet of Things. Headquartered in Thalwil (Zurich), Switzerland, we have a presence of 1,400 experts who enable our customers to build solutions for a precise, smart, and sustainable future.

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