With steadfast determination

The u-blox Annual Report 2021

Content

Financial highlights 2021

Revenue in m CHF	EBITDA (adjusted) in m CHF	Operating profit (EBIT) (adjusted) in m CHF
414.1	72.1	35.1
Net profit before minorities in m CHF	**Net profit before minorities (adjusted) in m CHF**	**Gross profit margin (adjusted) in %**
15.4	22.9	46.8
Operating cash flow in m CHF	**Free cash flow in m CHF (before acquisitions)**	**Equity ratio in %**
97.7	54.9	59.9

2021 at a glance

We acquired Sapcorda

u-blox acquired the remaining 57% ownership of our Sapcorda Joint Venture in March 2021. The acquisition and rapid integration of the Sapcorda team reinforces our position as a leader driving innovation in the most advanced areas of GNSS positioning technology and represents another step forward in the execution of our silicon-to-cloud strategy.

Our people and the pandemic

Fortunately, under the guidance of our global Covid-19 task force, with a rapid transition to most staff working from home and a very high level of understanding and support, u-blox has not experienced a Covid-19 outbreak at any of its global sites and continued to work at full capacity.

We shipped our 10 millionth LTE-M module

Optimized for IoT applications – from fleet management and asset tracking in logistics to smart parking and water and gas monitoring in smart cities – u-blox LTE-M modules are in demand, and we have taken a leading role in this connectivity technology.

We launched CloudLocate

This new u-blox service enables positioning in the cloud to extend the life of energy-constrained IoT applications by calculating a location and delivering it to the enterprises' cloud rather than to a device or asset.

We've tripled wafer capacity

By extending the number of chips produced on one wafer by a factor of 3, we can deliver 3 times as many components with the same amount of silicon and meet the semiconductor shortage challenge head-on.

Market-ready solutions on one chip

We began producing chips with functional software inside. Delivering on our silicon-to-cloud promise, we are one of the few companies able to provide market-ready solutions with concurrent positioning and communication capabilities on one chip.

Loyal customers with 8x the pre-Covid order book level

Order book as of December 2021 was 8 times the level prior to the onset of Covid-19 in 2020, reflecting the growing demand of our increasingly interconnected world and the high level of u-blox customer loyalty.

Redesigning, reconnecting, boosting

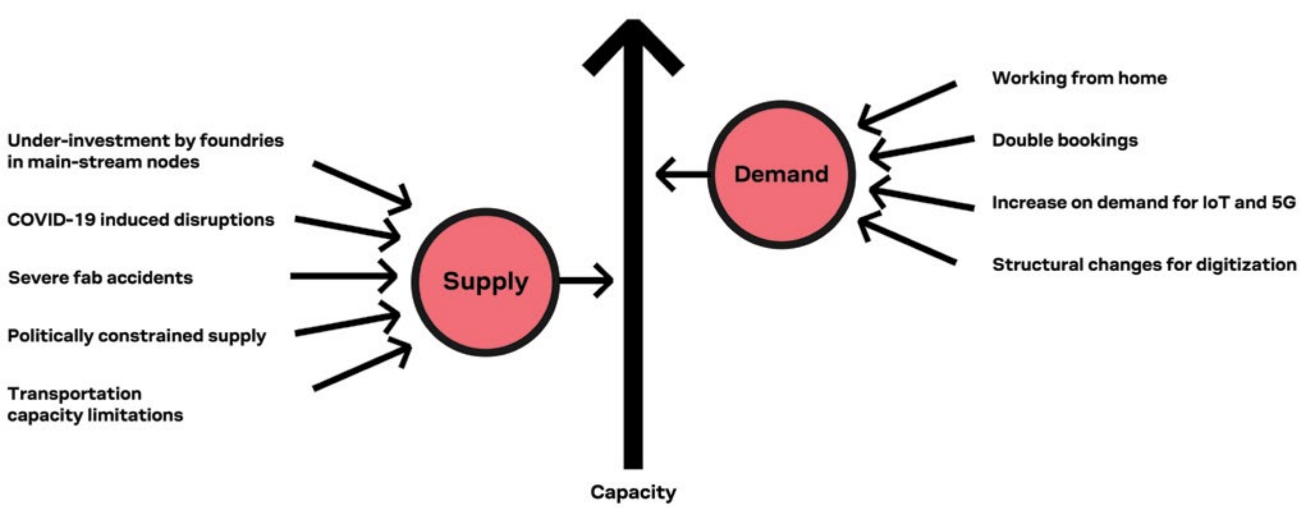
A time of extraordinary challenge, innovation, and determination

2021 was a time of extraordinary challenge, innovation, and determination for u-blox and the world, as humanity continued to strive to overcome the ever-present Covid-19 pandemic.

We as humans intensified our relationship with technology to help us co-exist and deal with the pandemic, while demand outstripped supply for semiconductors and the materials it takes to produce them. Sudden demand, pandemic-induced disruptions, and several other factors caused a shortage across global supply chains.

Facing the semiconductor shortage challenge head-on
In contrast to many larger chip suppliers, u-blox is not 100% dependent on third party chipset suppliers. Fortunately, we bring our own chips to market – for GNSS and cellular connectivity. With stable, long-term partnerships in place with our semiconductor foundry and fabrication partners, product innovation and miniaturization, joint redesign projects with our customers, and redesigning some components, we are facing the electronic component shortage challenge head-on.

Tripling the number of chips on one wafer
By extending the number of chips produced on one wafer by a factor of 3, we deliver 3 times as many



components with the same amount of silicon. At the same time, this miniaturization process is driving innovation, producing more energy-efficient modules, and ultimately making them more cost effective.

Reconnecting and boosting

Redesigning a chip or a module takes planning. This gave us the opportunity to reconnect with our customers as we developed a roadmap together. Often during the redesign process, older solutions were replaced with the latest leading-edge possibilities. Our customers also had the opportunity to reflect on what was working for them and where there was opportunity for improvement. Together, we then incorporated solutions to enhance and boost their current business model.

"With stable, long-term partnerships in place with our semiconductor foundry and fabrication partners, product innovation and miniaturization, joint redesign projects with our customers, and redesigning some components, we are facing the electronic component shortage challenge head-on."

8X

Orderbook

Increase over pre-Covid-19 levels

Recovery and organic growth with very high customer loyalty

Order book as of December 2021 was at 8 times the level prior to the onset of Covid-19 in 2020, reflecting the growing demand of our increasingly interconnected world and a high level of u-blox customer loyalty. Sales within our industrial market remain resilient as companies continue to expand automation. The global automotive market is recovering with strong demand as supply shortages begin to fade away. Our consumer market continues to experience strong growth due to high consumer spending. We expect long-term demand to stay robust as we navigate the near-term component challenges.

u-blox teams worldwide

In 2020, when The World Health Organization (WHO) declared the Covid-19 outbreak a public health emergency of international concern, u-blox set up a Covid-19 Task Force led by our global and local Human Resource (HR) teams. A pandemic risk-level framework based on current WHO and local and regional government pandemic guidance was developed for each country where u-blox employees are present.

Frequent, transparent communication

Our global HR team, with representatives from each country, meets on a weekly basis to address current risk levels and make sure u-blox staff have the latest information available. General u-blox work related guidelines are provided within the Covid-19 risk framework with topics ranging from working from home, business travel, physical distancing, and hygiene, to how to report an infection and quarantine. Each u-blox location also has its own work related Covid-19 guidelines based on local government requirements.

Digital workplace

u-blox IT was critical in supporting our rapid transition to working from home. We expanded our already existing secure enterprise-level collaboration platforms to make it possible for all u-blox staff to work virtually worldwide. As collaboration across all functions is critical, we have to offer the optimal IT infrastructure so our people can work together, share their knowledge, and grow. u-blox Human Resources, Corporate Security and IT work very closely to maintain a secure, highly collaborative digital workplace supporting a high level of transparency, feedback, and communication.

Safety measures, split-teams, increased ventilation

While most u-blox staff were able to transition to work from home, we have a small percentage of staff who work in a laboratory environment. Safety measures were immediately taken at our labs with split-teams and increased ventilation.

"Many of our staff tell us that from a work perspective, the pandemic has been a positive experience. Working without the commute has had a positive impact on work-life balance. The flexibility means they get to spend more time solving a challenge or coming up with the next big idea!"

Concern for each other with no site outbreaks

Throughout the pandemic, u-blox employees around the world have demonstrated their concern for each other. When an individual is infected, incidence management is led by the local HR and site management. With transparent communication, while respecting the confidentiality and privacy of the individual, co-workers are informed about any potential exposure to Covid by a fellow staff member. Fortunately, to date, with a very high level of understanding and support, u-blox has not experienced a Covid-19 outbreak at any of its global sites.

Our start-up culture

During such unsettling and uncertain times, it is essential to take a break and chat with colleagues, have a stretch, or take time out to reflect on our well-being. Twenty-five years later, we still have a start-up culture at u-blox with early morning coffee breaks to start the day and a Friday evening Apero. These events move from physical to virtual during periods of high risk. Employees around the globe can also drop into a regular virtual yoga session or join an on-demand webinar on personal health, resilience, and well-being.

Resilient, creative, and productive

We were worried at the onset of the pandemic that resilience could be an issue and that innovation and productivity could be negatively impacted. We have been pleasantly surprised that our teams are resilient and feel accomplished because they know even during a pandemic, they can keep u-blox creative, productive, and thriving.

Many of our staff tell us that from a work perspective, the pandemic has been a positive experience. Working without the commute has had a positive impact on work-life balance. The flexibility means they get to spend more time solving a challenge or coming up with the next big idea!

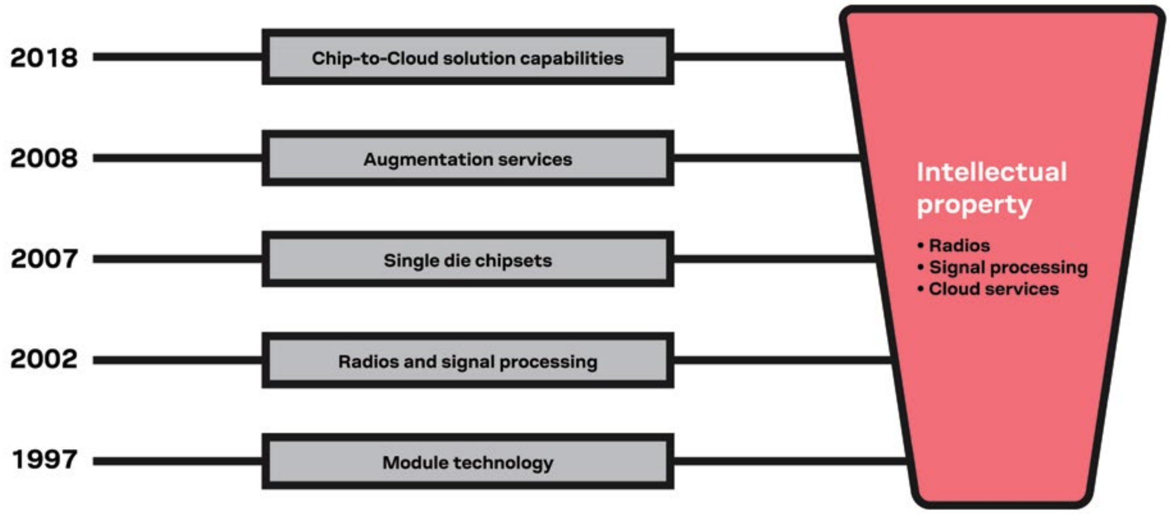
Our silicon-to-cloud journey

Our acquisition of Thingstream in 2020 and full ownership of Sapcorda in 2021 were strategic milestones along our unique silicon-to-cloud journey. A journey that actually began in 1997.

What began with modules for integrating various chips into a fully functional assembly in 1997 progressed when we integrated radios and signal processing in 2002 into our own chips then moved on to single die chipsets in 2007. The introduction of augmentation services in 2008 took us further, and in 2018 we achieved chip-to-cloud solution capabilities.

By embedding the latest hardware and services on our own silicon, we are making it easier for our customers to bring their products quickly and cost-effectively to market and offer them comprehensive IoT solutions that enhance and boost their business models.

As we create value for our customers, we create value for our shareholders with the additional IoT-as-a-service recurring revenue stream. As soon as customers activate their devices with our hardware and services, we will also have a much longer and more sustainable relationship with them as a service provider.



Solving our customers' problems inside their devices

Many of the developments and the evolution we are seeing right now are happening via our Thingstream IoT service delivery platform. With u-blox hardware already carrying the required firmware, our customers don't have to develop software or do any additional programming. Our customers can now solve problems relating to connectivity, security, location, augmentation, and software maintenance inside their devices via our Thingstream platform quickly and cost effectively.

The acquisition of Sapcorda and the Safe Position Augmentation for Real-Time Navigation (SPARTN) Global Navigation Satellite System (GNSS) correction industry standard expands u-blox's suite of location services, assistance data, and communication service offerings. In addition, full ownership of Sapcorda enables u-blox to serve customers more efficiently, reducing implementation time to market and simplifying the integration process for customers.

"Solutions customers tend to be loyal and drive a recurring revenue model that continues over the module's lifespan and beyond with the next generation."

Solutions activating new customers and driving recurring revenue

Our solutions offering has activated customers and areas of the market that we were not able to enter before. Potential customers needed value-added solutions and previously had to go elsewhere or develop these themselves. By partnering with u-blox, they can now focus on their business case, product development, and go-to-market while we take care of the positioning, connectivity, security, and communication aspects. Solutions customers tend to be loyal and drive a recurring revenue model that continues over the module's lifespan and beyond with the next generation.

Working with “market shapers” and product architects

As a solutions provider, we are now talking with customers at a whole new organizational level. Previously we spoke with hardware engineers. Now we start our conversation with product architects and product marketeers and are delivering new solutions with market shaping companies across all our market sectors.

Market shapers are the trailblazers within IoT:

- Leading in their application space
- Highly skilled product development teams
- Limited wireless experience
- High useability expectations
- Looking to differentiate their product offering to a global customer base

Market shapers demand multiple core technology solutions delivering continuous innovation, high performance, and reliability from one company all well bundled in one solution package.

“Market shapers demand multiple core technology solutions, delivering continuous innovation, high performance, and reliability from one company all well bundled in one solution package.”

Consistent investment in our intellectual property for 15 years

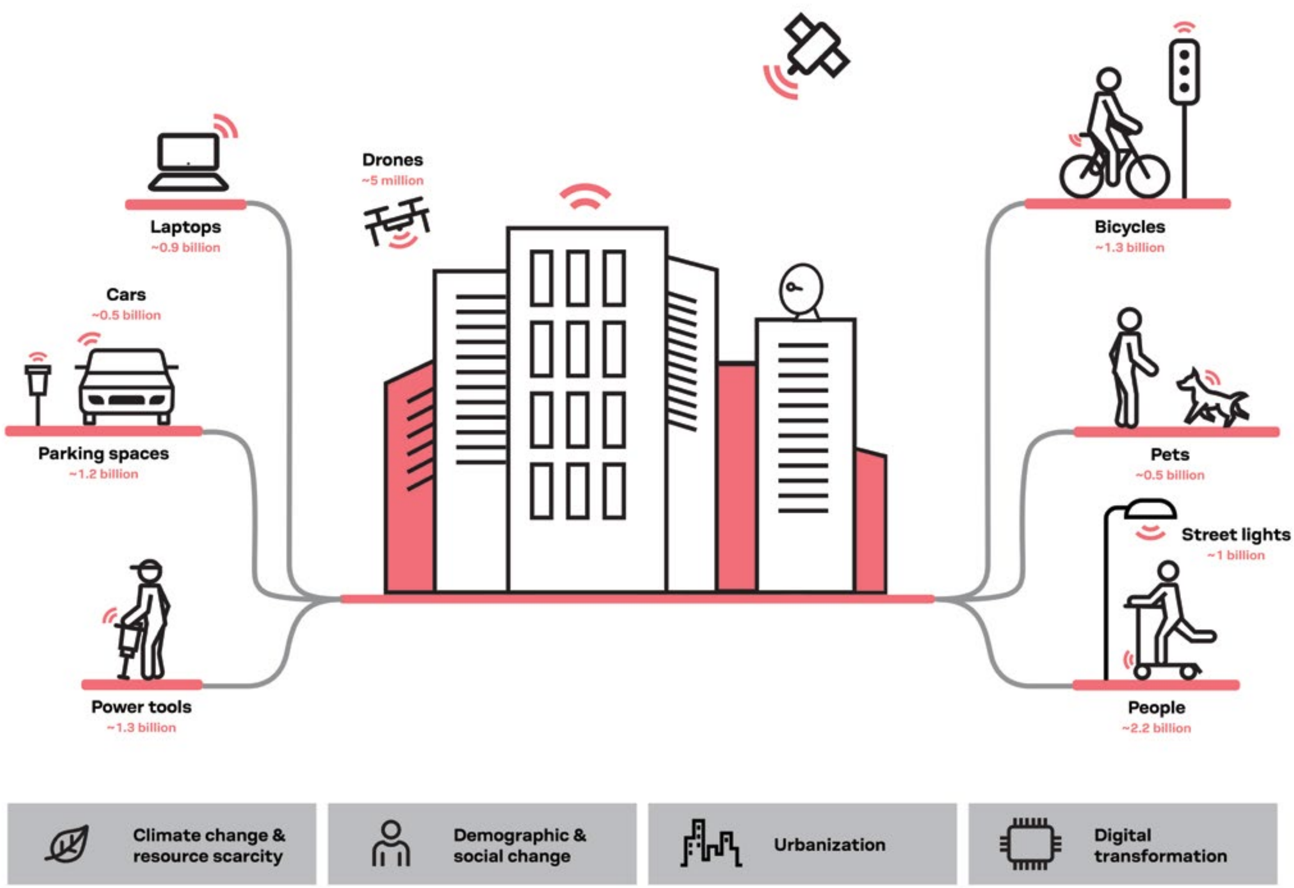
Having invested CHF 1 billion in our core IP over the last 15 years, we have achieved a sustainable competitive advantage and created significant value with increasing margins over the lifetime of our products and solutions.

Long-term harvesting from our sustainable competitive advantage

Through our strategic and sustained investment in product platforms, we see a continuous return on our investment over a 9-year period and are achieving strong and long-lasting returns on R&D investment.

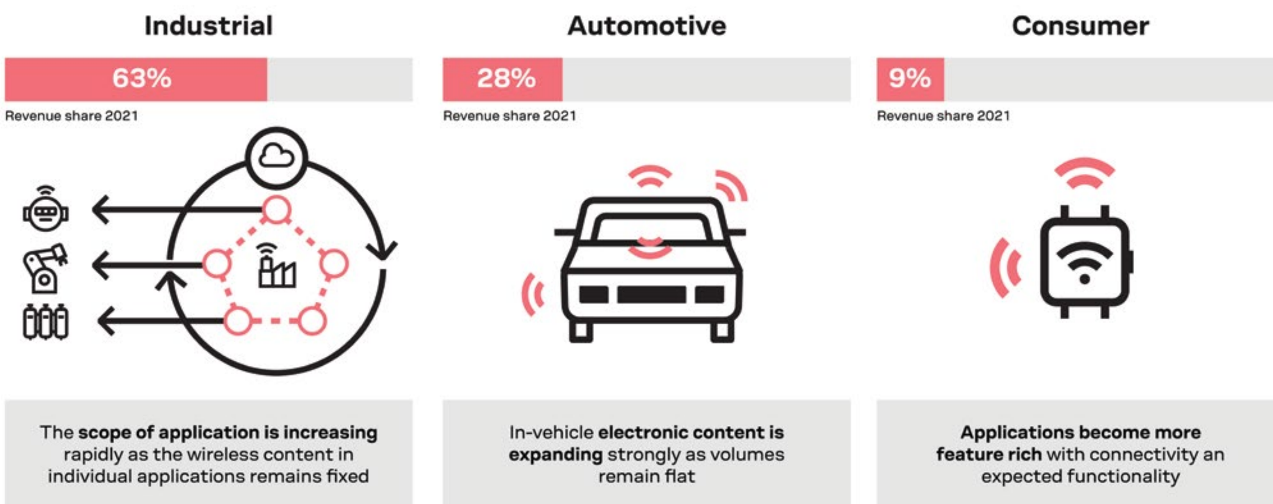
Billions of things waiting to be connected

Positioning and connectivity are essential elements for a smart connected world. Although digital transformation and urbanization have been driving growth within IoT for decades, we now see demographic and social change, combined with climate change and resource scarcity, causing market expansion as innovators look to solve many of the world's complex challenges through IoT.

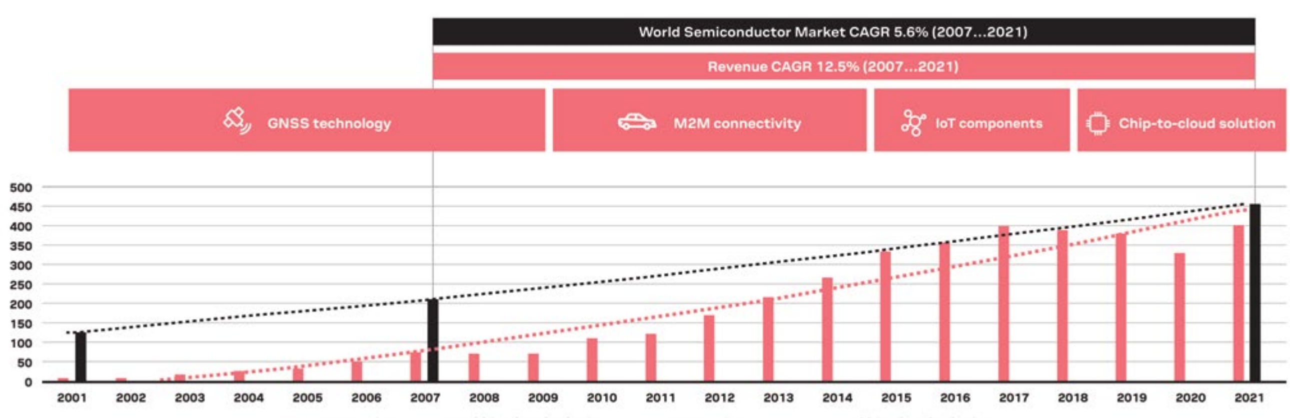


The density of IoT is increasing, as is our market share
We see several trends developing within our top markets. Namely: the scope of applications is increasing and enlarging our attainable markets, while the use cases have become diversified, demanding more sophisticated solutions with more functionalities, smaller footprints, and lower energy consumption. As IoT devices and applications expand within each of our key markets – so does our share of revenue.

"While most companies within the IoT industry work on mass production of components, u-blox has strategically positioned itself differently in the market with its silicon-to-cloud approach."



Silicon-to-Cloud Revenue CAGR of 12.5%
Our silicon-to-cloud strategy has progressively driven our revenue CAGR to more than double the world semiconductor market CAGR over the same period, and helped us create value for our customers, shareholders, employees, partners, and the communities around the world within which we operate.



Well positioned to thrive in 2021

Dear Shareholders,

2021 was our best year ever. We reported record numbers in term of revenues and bookings. We increased FY 2021 revenue by 24.2% to CHF 414.1 million, expanded adjusted EBITDA by 71.0% to CHF 72.1 million, grew adjusted net profit by 684.9% to CHF22.9 million, and generated free cash flow of CHF 56.0 million.

Demand continued to grow throughout our business segments, end markets, and geographies. Bookings recovered strongly in all regions and the growth pace of our orderbook exceeded the revenue growth rate. Our orderbook at the end of 2021 was approximately eight times the amount recorded a year before.

While we are encouraged by the current strength of our orderbook, we are still managing tight component availability due to the continuation of higher demand for electronic components, which is an issue that is impacting the entire industry. Despite the economic crisis and supply chain shortage, our team was able to successfully navigate this complex situation and gain access to key components and fulfill customers' demands as quickly as possible. We worked around specific shortages and negotiated with multiple suppliers and sub-contractors, which enabled us to achieve prompt delivery schedules with our customers.

Strong growth across all our segments and regions
During the year, our automotive segment experienced higher demand for navigation and infotainment applications, especially for electric vehicles, and we were able to successfully rebound after the strong decline in 2020. Our industrial segment grew thanks to strong demand for existing applications such as smart devices, but also due to new applications in micro mobility, medical, automation and networks. Higher revenues in the consumer segment were a result of increased demand for telematics and wearables.

Financial Overview
In 2021 u-blox generated revenues of CHF 414.1 million, EBIT (adjusted) of CHF 35.1 million and EBITDA (adjusted) of CHF 72.1 million. Revenues in all regions were higher in FY 2021 compared to the previous year, reflecting strong and broad-based expansion of overall demand. In particular, the automotive and consumer end markets exhibited robust year-over-year growth. The weakened USD/CHF exchange rate had a negative impact of -2.7%.

Bookings recovered solidly in all regions, and the growth pace of the orderbook has exceeded by far the current revenue growth rate.

Revenues by region
AMEC: FY 2021 revenues increased to CHF 136.9 million from CHF 99.5 million in FY 2020 (+38%). Strong revenue growth was mainly due to particularly higher demand for industrial automation, automotive navigation, and infotainment applications.

EMEA: FY 2021 revenues increased to CHF 124.9 million from CHF 95.9 million in FY 2020 (+30%) primarily due to a higher demand in industrial automation and consumer telematics, and strong rebound in the automotive sector.

APAC: FY 2021 revenues increased to CHF 153.9 million from CHF 137.7 million in FY 2020 (+12%) driven by strong growth in Japan and Korea for applications in industrial automation, navigation, infotainment, and automated driving. Growth in APAC was tempered by relatively flat results in China due to supply constraints and by continued COVID impacts in certain countries.

Leading with innovation
2021 was a year of innovation. We introduced several new capabilities and products across our entire portfolio and re-designed or re-modeled other products for better coping with the component supply shortages.

Our CloudLocate service, which offloads the position calculation from IoT devices into the cloud, is now available through the u-blox Thingstream IoT service delivery platform. Our IoT certificate manager, also a new security service introduced in 2021, can continuously renew device credentials in a fully automated mode.

The NEO-M9V global navigation satellite system (GNSS) receiver is our first positioning receiver to offer both untethered dead reckoning (UDR) and automotive dead reckoning (ADR). Our LTE-M modules had increased demand, as the industry has swiftly migrated to this LTE standard. We also won the first design-ins for the u-blox M10 ultra low power GNSS platform.

Investing in our future
Our strong balance sheet has positioned us well to take advantage of many opportunities, to create new revenue streams by introducing new products and capabilities, and to continue our growth organically and through acquisitions. We ended the year with a strong cash position of CHF 83.7 million.

A surge in general demand and the lagging supply followed by inflation, will continue to affect businesses worldwide in 2022. However, we are well positioned to take advantage of multiple opportunities arising from the widespread IoT adoption and the desire for connectivity throughout the world. We are confident that we can continually increase production output over the year.

Our strategy is to lead with innovative solutions that combine core technology in the form of chipsets and modules, together with services. In 2022 we intend to:

- Expand our product offering following the general technology advancements
- Add new functionalities based on the added capabilities in the underlying standards
- Complement our products with innovative ways of enhancing functionality to strengthen value to our customers
- Add on more data services which enhance functionality and life-time management of our products
- Expand sales channels
- Accelerate our strategic expansion by acquisitions should cases become feasible

The future of electronics and technology is an especially prominent topic in 2022. The pandemic has resulted in employees, customers, suppliers, and organizational ecosystems converting to virtual positions. As our clients' needs shift to address this new environment, we are constantly changing alongside them, making sure that our goals are in line with theirs. Being constantly innovative is what has kept our customers loyal to u-blox.

Within a short amount of time, demand within the automotive industry shifted completely. Carmakers invested heavily in R&D as they wanted to keep up with the higher demand for safe and eco-friendly products. Electric vehicles became quite popular, requiring those companies to strengthen their electronics systems.

The industrial sector strongly expanded throughout the world. There was continuous evolvement in smart devices connected to the Cloud, along with new applications in micro-mobility, the medical field, and automation. Our solutions enable our customers to connect their previously stand-alone devices with little risk and bring them quickly to market.

As the world shifted towards interconnectivity from people's homes to their cars and to their offices, we invested in advanced technologies and designed products to offer solutions that would meet our customers' expectations.

We design our products with socio-economic and eco-friendly factors in mind. We stand by our products being high-quality and long lasting, compliant with the relevant standards, and we continuously take steps to improve and streamline our supply and distribution chain.

We are optimistic in 2022 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 2022, we expect to see continued strong demand throughout regions and product line expansion.

Our 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 high quality and long lasting.

- **Operational excellence focused on social, environmental, and ethical responsibility:** 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 published our second Sustainability Report in 2021, which reinforced our commitment to important issues in the areas of business ethics, employees, environmental responsibility, supply chain responsibility and our communities.

- **Strategic partnerships and acquisitions:** we will continue to pursue new opportunities that complement and augment our own capabilities and intellectual property. The full ownership acquisition of the Sapcorda Joint Venture in 2021 drives global innovation and growth, improves efficiency, strengthens our position in existing markets, and enables our entry into new markets.

Finally, on behalf of our Board of Directors, we want to extend our appreciation and recognition to our talented employees who deserve praise for their engagement, continuous commitment, professionalism, and dedication to transform u-blox into a competitive company with a resilient business.

We would also like to extend our appreciation and recognition to our various partners, customers, suppliers, and our shareholders for their ongoing support.

Yours faithfully,

Thomas Seiler	Roland Jud	André Müller
CEO	CFO	Chairman

Financial summary

Financial summary

Financial highlights (adjusted)

(CHF in million)	2021	2020	2019
Revenue	**414.1**	**333.5**	**385.1**
Growth rate over previous year	24.2%	-13.4%	-2.1%
Gross Profit adjusted[2)]	**193.9**	**150.9**	**175.1**
Growth rate over previous year	28.5%	-13.8%	-1.6%
Gross Profit adjusted[2)] in % of revenue	46.8%	45.3%	45.5%
EBITDA[1)] adjusted[2)]	**72.1**	**42.2**	**71.7**
Growth rate over previous year	71.0%	-41.8%	-11.8%
EBITDA adjusted in % of revenue	17.4%	12.5%	18.6%
Operating Profit (EBIT) adjusted[2)]	**35.1**	**18.0**	**43.1**
Growth rate over previous year	95.2%	-58.3%	-28.7%
Operating Profit (EBIT) adjusted[2)] in % of revenue	8.5%	5.4%	11.2%
Net Profit before minority interest adjusted[2)]	**22.9**	**2.9**	**32.0**
Growth rate over previous year	684.9%	-90.9%	-33.5%
Net Profit adjusted[2)] in % of revenue	5.5%	0.9%	8.3%
Cash generated from operating activities	**97.7**	**39.5**	**77.3**
Growth rate over previous year	147.2%	-48.9%	112.7%
in % of revenue	23.6%	11.8%	20.1%
Equity	**302.0**	**282.5**	**351.5**
in % of total assets	59.9%	54.6%	60.0%
Adjusted[2)] earnings per share (in CHF)	3.30	0.42	4.69

[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)

(CHF in million)	2021	2020	2019
Revenue	**414.1**	**333.5**	**385.1**
Growth rate over previous year	24.2%	-13.4%	-2.1%
Gross Profit	**193.6**	**150.4**	**174.5**
Growth rate over previous year	28.7%	-13.8%	-1.5%
Gross Profit in % of revenue	46.7%	45.1%	45.3%
EBITDA[1)]	**65.9**	**35.4**	**65.2**
Growth rate over previous year	85.9%	-45.7%	-8.9%
EBITDA in % of revenue	15.9%	10.6%	16.9%
Operating Profit (EBIT)	**25.9**	**-64.8**	**22.1**
Growth rate over previous year	139.9%	-393.9%	-54.3%
Operating Profit (EBIT) in % of revenue	6.3%	-19.4%	5.7%
Net Profit before minority interests	**15.4**	**-64.9**	**12.9**
Growth rate over previous year	123.7%	-602.3%	-66.4%
Net Profit before minority interests in % of revenue	3.7%	-19.4%	3.4%
Cash generated from operating activities	**97.7**	**39.5**	**77.3**
Growth rate over previous year	147.2%	-48.9%	112.7%
in % of revenue	23.6%	11.8%	20.1%
Equity	**302.0**	**282.5**	**351.5**
in % of total assets	59.9%	54.6%	60.0%
Earnings per share (in CHF)	2.21	**(9.32)**	1.89

[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 and non-recurring expenses.

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 and are used in automotive, industrial and consumer applications. Revenue was CHF 413.5 million for 2021 as compared to CHF 333.2 million in 2020.

Wireless services

u-blox also offers wireless communication technology services in terms of reference designs and software. In 2021, revenue for wireless services was CHF 35.8 million compared to CHF 31.5 million in 2020 (including intra group revenue).

Consolidated income statement (IFRS and adjusted)

	Jan - Dec 2021			Jan - Dec 2021		Jan - Dec 2020	
(in CHF 000s)	**(IFRS)**	% revenue	Adjustments[2]	(adjusted)	% revenue	(adjusted)	% revenue
Revenue	**414’057**	100.0%		**414’057**	100.0%	**333’513**	100.0%
Cost of sales	-220’496	-53.3%	370	-220’126	-53.2%	-182’564	-54.7%
Gross Profit	**193’561**	46.7%	**370**	**193’931**	46.8%	**150’949**	45.3%
Distribution and marketing expenses	-40’381	-9.8%	1’494	-38’887	-9.4%	-31’890	-9.6%
Research and development expenses	-106’238	-25.7%	4’004	-102’234	-24.7%	-82’370	-24.7%
General and administrative expenses	-26’198	-6.3%	3’344	-22’854	-5.5%	-20’378	-6.1%
Other income	5’139	1.2%		5’139	1.2%	1’665	0.5%
Operating Profit (EBIT)	**25’883**	6.3%	**9’212**	**35’095**	8.5%	**17’976**	5.4%
Finance income	3’947	1.0%		3’947	1.0%	226	0.1%
Finance costs	-6’936	-1.7%		-6’936	-1.7%	-10’299	-3.1%
Share of profit of equity-accounted investees, net of taxes	-1’819	-0.4%		-1’819	-0.4%	-4’164	-1.2%
Profit before income tax (EBIT)	**21’075**	5.1%	**9’212**	**30’287**	7.3%	**3’739**	1.1%
Income tax expense	-5’725	-1.4%	-1’670	-7’395	-1.8%	-823	-0.2%
Net Profit	**15’350**	3.7%	**7’542**	**22’892**	5.5%	**2’916**	0.9%
Minority interests	21	0.0%		21	0.0%	-238	-0.1%
Net Profit, attributable to equity holders of the parent	**15’329**	3.7%		**22’871**	5.5%	**3’154**	0.9%
Earnings per share in CHF Diluted earnings per share in CHF	2.21 2.21			3.30 3.30		0.42 0.42	
Operating Profit (EBIT)	25’883	6.3%	9’212	35’095	8.5%	17’976	5.4%
Depreciation and amortization	40’012	9.7%	-3’036	36’976	8.9%	24’175	7.2%
EBITDA[1]	**65’895**	15.9%	**6’176**	**72’071**	17.4%	**42’151**	12.6%

[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

For the full-year 2021, u-blox generated revenues of CHF 414.1 million, an EBIT (adjusted) of CHF 35.1 million and an EBITDA (adjusted) of CHF 72.1 million. In 2021, u-blox achieved record revenues and generated unprecedented levels of cash flow. Since August 2020, the market demand started to accelerate with strong order intake resulting in an orderbook 8x higher than at the end of 2020. Demand was strong in all regions and across all applications sectors. Favorable product mix changes and price increases expanded the gross margin.

During the year, u-blox acquired full ownership in the Sapcorda Joint Venture. Sapcorda is a leading provider of advanced GNSS augmentation services serving the high precision GNSS mass market. The acquisition of Sapcorda reinforced u-blox’s position as a leader driving innovation in the most advanced areas of GNSS positioning technology and fits well with its strategy of delivering value to customers by means of a comprehensive silicon-to-cloud set of solutions and offerings.

The weakened USD/CHF exchange rate impacted the topline by -2.7%, resulting in a currency adjusted revenue increase of 26.9%.

In APAC, full-year 2021 revenues amounted to CHF 153.9 million, compared to CHF 137.7 million in 2020 (+11.8%). This was driven by strong growth in Japan and Korea for applications in industrial automation, navigation, infotainment and automated driving. Growth in APAC was tempered by relatively flat results in China due to supply constraints and by continued COVID impacts in some countries.

Revenues in EMEA increased to CHF 124.9 million in 2021 from CHF 95.9 million in 2020 (+30.1%). primarily due to a higher demand in industrial automation and consumer telematics, and strong rebound in automotive.

AMEC revenues increased to CHF 136.9 million in 2021 from CHF 99.5 million in 2020 (+37.6%). Strong revenue growth was mainly due to particularly higher demand for industrial automation, automotive navigation and infotainment applications.

In 2021, approximately 80% of total revenue was generated by 74 customers. u-blox's largest customer accounted for only 4.6% of revenue. u-blox serves over 12'200 customers worldwide.

Gross profit
Adjusted gross profit increased by 28.5% to CHF 193.9 million in 2021 from CHF 150.9 million in 2020, resulting in an adjusted gross profit margin of 46.8% (2020: 45.3%).

Distribution and marketing activities
Distribution and marketing expenses (adjusted) in 2021 were CHF 38.9 million as compared to CHF 31.9 million in the previous year. As percentage of revenue, distribution and marketing expenses (adjusted) were 9.4% in 2021 compared to 9.6% in 2020. Distribution and marketing expenses rose as bonuses increased due to the strong growth of business and travel restrictions and finally started to normalize in the second half of 2021.

Research and product development
R&D increased due to higher amortization expenses than in 2020, investments for design changes to overcome the supply shortage and the full consolidation of Sapcorda, which in 2020 was accounted under equity accounting rules. The adjusted R&D expenses increased in 2021 to CHF 102.2 million as compared to CHF 82.4 million in 2020. As percentage of revenue adjusted R&D expenses in 2021 remained stable with 24.7% (2020: 24.7%).

Share based payment
Share based payment expenses recognized according to IFRS in 2021 were CHF 3.3 million as compared to CHF 4.8 million in 2020.

Operating Profit (EBIT)
With CHF 35.1 million in 2021 adjusted EBIT was nearly doubled compared to CHF 18.0 million in 2020. Accordingly, adjusted EBIT margin increased to 8.5% in 2021 compared to 5.4% in 2020.

Adjusted operating profit before depreciation and amortization (EBITDA) was CHF 72.1 million, an increase of 71.0% from 2020. The increase was primarily due to strong topline growth and due to effective management of operational expenses.

Finance income and costs
Finance income was CHF 3.9 million. Finance costs of CHF 6.9 million consisted primarily of interest payments for the outstanding bond, the result of full consolidation of Sapcorda and unrealized foreign currency losses. The share of loss of equity-accounted investees net of tax in the financial result amounted CHF 1.8 million.

Condensed consolidated statement of financial position

(in CHF 000s)	At December 31, 2021 (audited)	At December 31, 2020 (audited)
ASSETS		
Current assets		
Cash and cash equivalents	83’245	93'874
Marketable securities	500	498
Trade accounts receivables	51’063	33’959
Other assets	66’679	89’627
Total current assets	**201’487**	**217’958**
Non current assets		
Property, plant and equipment	11’328	10'024
Right-of-use assets	31’962	32'499
Goodwill	58’216	59'910
Intangible assets	190’440	176'829
Financial assets (incl. equity accounted investees)	1’851	9'011
Deferred tax assets	9’188	11'671
Total non-current assets	**302’985**	**299'944**
Total assets	**504’472**	**517'902**
LIABILITIES AND EQUITY		
Current liabilities	79’492	112'107
Non-current liabilities	122’972	123'110
Total liabilities	**202’464**	**235'217**
Shareholders’ equity		
Share capital	105’300	105'300
Share premium	16’600	16'600
Retained earnings	180’108	160'645
Total equity, attributable to owners of the parent	**302’008**	**282'545**
Non-controlling interest	0	140
Total equity	**302’008**	**282'685**
Total liabilities and equity	**504’472**	**517'902**

Net cash generated from operating activities

In 2021: u-blox generated cash from operating activities in the amount of CHF 97.7 million an increase of 147.2% compared to the previous year (2020: CHF 39.5 million), due to higher topline with improved margins and improved net working capital with lower inventory levels due to the supply shortage in the market.

Main investing activities

Investments in property, plant and equipment, and intangible assets amounted to CHF 43.1 million in 2021 compared to CHF 42.8 million in 2020. As a percentage of revenues, the investment ratio decreased to 10.4% in 2021 from 12.8% in 2020.

Capitalization of development costs of CHF 36.4 million decreased as compared to the previous year (2020: CHF 36.8 million). The capitalization rate was lower because of efforts for product re-designs for coping with component supply constraints. In 2021no investments in intellectual property rights are made (CHF 1.0 million in 2020), investments in software remained stable at CHF 0.6 million (2020: CHF 0.7 million), and investments in property, plant and equipment were CHF 6.2 million compared to CHF4.3 million in 2020.

Consolidated cash flow statement

(in CHF 000s)	For the period ended December 31, 2021	For the period ended December 31, 2020
Net Profit	15'350	-64'863
Depreciation & Amortization	40'012	100'250
Other non-cash transactions	3'378	7'606
Financial income & financial expense	4'808	14'237
Income tax expense	5'725	-14'187
Change in networking capital and provision	27'710	3'370
Income tax paid	707	-6'894
Net cash generated from operating activities	**97'690**	**39'519**
Net investment into property, plant and equipment	-6'177	-4'278
Net investment into intangibles	-36'923	-38'441
Net investments into financial assets	288	241
Acquisition of subsidiairies, net of cash acquired & participations	1'091	-13'517
Net cash used in investing activities	**-41'721**	**-55'995**
Free Cash Flow (before Acquisition & participations in capital increase)	*54'878*	*-2'959*
Free Cash Flow	*55'969*	*-16'476*
Proceeds from issuance of ordinary shares	0	0
Par value reduction / Dividends paid to owners of the parent	0	-4'269
Net proceeds from borrowings	-59'986	1'046
Payment of lease liabilities	-5'018	-5'726
Purchase of treasury shares	0	107
Non-controlling interests	-18	243
Interest paid	-2'787	-2'678
Net cash used in financing activities	**-67'809**	**-11'277**
Net decrease in cash and cash equivalents	**-11'840**	**-27'753**
Cash and cash equivalents at beginning of year	93'874	127'424
Exchange gains/(losses) on cash and cash equivalents	1'211	-5'797
Cash and cash equivalents at end of the period	**83'245**	**93'874**

In 2021, 84.4% of total investments went into the development of new products compared to 88.3% in 2020. 0.5% of investments were made into production capacity expansion in 2021 and none in 2020.

Financing activities

In 2021 u-blox repaid the bond in the value of CHF 60 million. No dividends were paid in 2021.

Solid financial position

u-blox's balance sheet remains solid with an equity ratio of 59.9% as recorded on 31 December 2021.

Cash and cash equivalents and marketable securities amounted to CHF 83.7 million on December 31, 2021, compared to CHF 94.4 million on December 31, 2020.

Goodwill decreased from CHF 59.9 million in 2020 to CHF 58.2 million or 11.5% of total assets in 2021 due to foreign currency effects.

Based on the Company's very good results in 2021, with the high free cashflow and strong outlook, the Board of Directors will propose at the Annual General Meeting to pay a dividend in form of a par value reduction in the amount of CHF 1.30 per share.

Our strategy

Swiss tradition from silicon-to-cloud

We serve our markets with operational excellence

We serve the dynamic automotive, industrial, and consumer markets where wireless communication and location information are highly valued and in demand. Our smart and highly reliable solutions, services, and products make it possible for people, vehicles, and machines to determine their **precise position** and connect wirelessly over **cellular** and **short range** protocols to the **cloud**.

Because our customers must get their products to market as quickly as possible, we focus on operational optimization and excellence. Across our global operations from solutions, products, and service design to manufacturing, customer delivery, and life support, we endeavor to approach each opportunity or challenge with the Swiss tradition of innovation, precision, and quality.

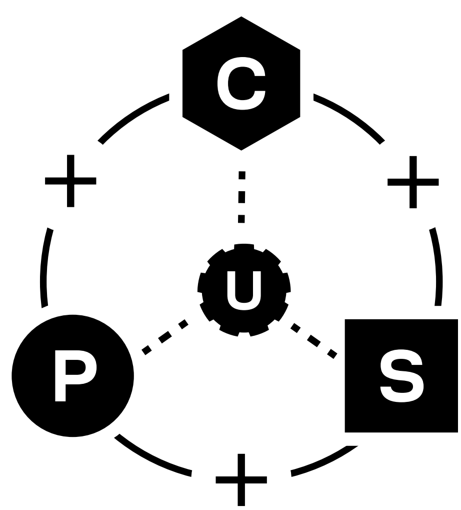
Our rigorous quality assurance standards and commitment to sustainability help us ensure we are delivering operational excellence in an ethical and environmentally responsible manner.

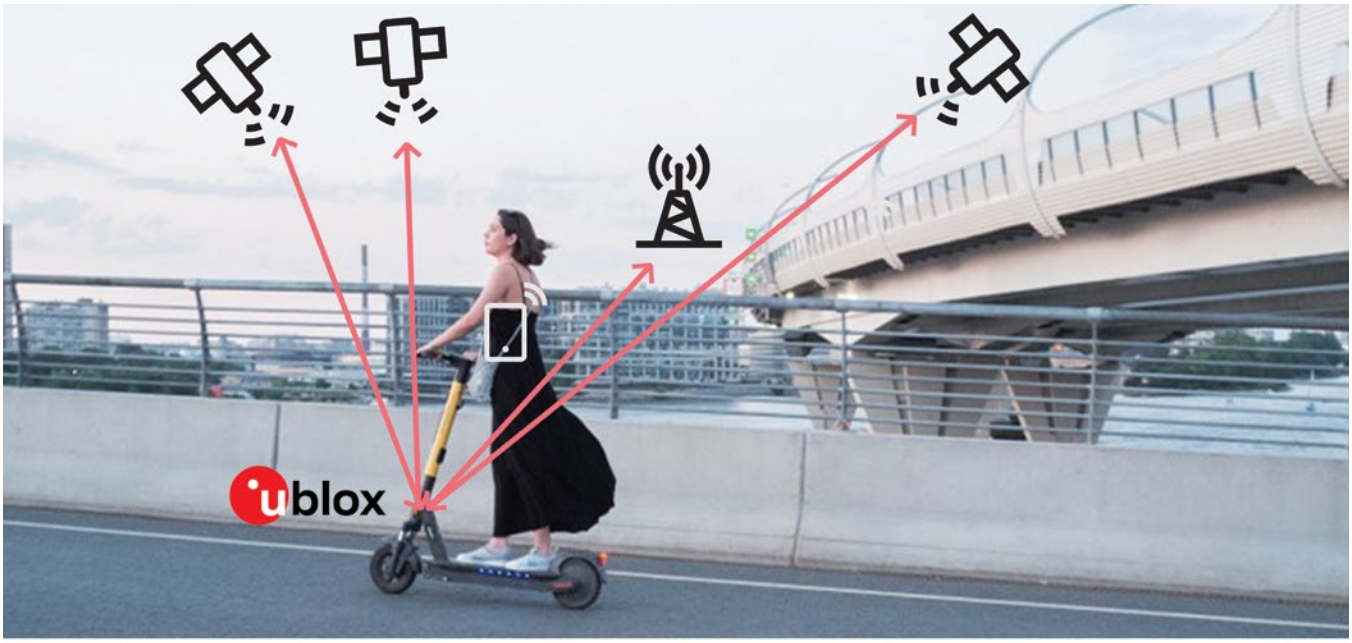
"u-blox is one of the few companies able to offer the essential connectivity technologies (positioning, cellular, short range) optimized with services from one company."

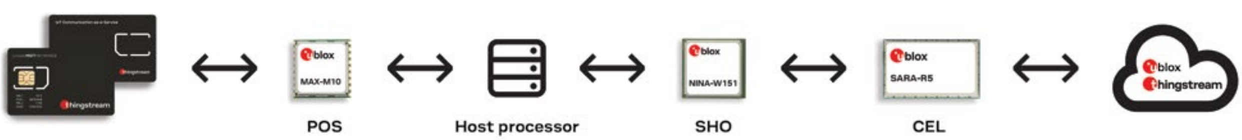
We have distinguished our market position with silicon-to-cloud

While most companies within the IoT industry work on mass production of components, u-blox has strategically positioned itself differently with its silicon-to-cloud approach.

Our silicon-to-cloud solution strategy, combined with our Swiss tradition of relentless technological innovation, precision, and quality, has made u-blox a global Internet of Things (IoT)







A complete chain of building blocks for the complete solution – chip-to-cloud

technology leader in positioning and wireless communication, distinguishing us and our market position within the IoT sector.

u-blox is one of the few companies able to offer the essential connectivity technologies (positioning, cellular, short range) optimized with services from one company.

We now do business with more than 12,200 customers worldwide, continuously delivering novel ways to enhance and boost their businesses. Our customers tell us they appreciate the enhanced functionality, lower cost of ownership, and added services with less implementation risk and rapid time to market. We also often hear from our customer-facing team members that customers with business-critical applications would not consider another provider other than u-blox, with one customer adding, “When it really matters, it has got to be u-blox”.

We control and continuously invest in our core intellectual property

Our customers are making long-term commitments with us because they know we control our core intellectual property. They also value the fact that we own our own silicon and understand that this makes it possible for us to better accommodate their needs with less supplier dependency. Control over our core IP lays the foundation for better customer support because we have deeper insight and control.

Having invested CHF 1 billion in our core 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.

We value strategic acquisitions and sustainable partnerships

Meeting the technological demands of our dynamic markets sometimes requires augmenting our expertise with that of others. We remain open to strategic acquisitions to help us further reach our strategic goals and drive long-term growth.

Our market shaper customers are often the first to market with their IoT applications. They partner with u-blox because of our ability to understand their problems and respond with solution expertise. We are the first to market with high-quality module form factors and leading technologies that push the IoT industry forward. They are making long-term commitments knowing we will continuously invest in our core IP to keep our solutions and their IoT applications at the leading-edge.

Ultimately, our sustainable, long-term partnerships create loyal customers, recurring revenue, and higher margins on products, services, and solutions.

"Our silicon-to-cloud solution strategy, combined with our Swiss tradition of restless technological innovation, precision and quality, has made u-blox a global Internet of Things (IoT) technology leader in positioning and wireless communication and distinguishes our market position within the IoT sector."

Reinforcing our advanced GNSS positioning with Sapcorda acquisition
u-blox acquired the remaining 57% ownership of our Sapcorda joint venture in March 2021. The acquisition of Sapcorda reinforces our position as a leader driving innovation in the most advanced areas of GNSS positioning technology

"By leveraging u-blox and Sapcorda technology, we expect to accelerate the development of these advanced GNSS augmentation services, resulting in a sizeable cumulative effect on recurring revenue."

and represents another step forward in the execution of our silicon-to-cloud strategy.

Sapcorda focused on establishing the PointPerfect platform to bring GNSS augmentation services to the mass market by delivering on robustness, reliability, and end-to-end security as it relates to performance.

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. u-blox is now defining the SPARTN (Secure Position Augmentation for Real-time Navigation) global unified correction data format destined to become an industry standard.

Full ownership of Sapcorda has further enabled u-blox to serve customers more efficiently, streamlining specific processes, including reducing implementation time to market and simplifying the integration process. In addition, existing Sapcorda customers have benefitted from the continuity of their ongoing relationship with u-blox.

"u-blox is now defining the SPARTN (Secure Position Augmentation for Real-time Navigation) global unified correction data format, destined to become an industry standard."

By leveraging u-blox and Sapcorda technology, we expect to accelerate the development of these advanced GNSS augmentation services, resulting in a sizeable cumulative effect on recurring revenue.

Complete solution on one chip

In 2021, we began producing chips and modules with complete solution capability inside. Delivering on our silicon-to-cloud promise, we provide market-ready solutions with concurrent positioning and communication capabilities in one chipset.

With the hardware and software on chip, product form factors are miniaturized and functionality continuously enhanced. This optimized functionality on one chip reduces time to market and cost/performance and helps our customers continuously differentiate their product offerings within their competitive markets.

Miniaturization driving innovation

Through miniaturization, we have tripled the number of chips we can produce on one wafer. This miniaturization process is driving innovation, producing enhanced functionality, and ultimately making them more cost effective.

"With the hardware and software on chip, product form factors are miniaturized and functionality continuously enhanced. This perfected functionality on one chip reduces time to market and cost/performance and helps our customers continuously differentiate their product offerings within their competitive markets."

Amplifying cybersecurity on multiple levels

In 2021 u-blox Corporate Security rolled out multiple additional product security processes throughout the year and established corporate security experts within our product centers to support current and upcoming product development. Our “Red Team” – an in-house security center of excellence – provides regular security testing within our product centers.

Deeper security integration into core chip
We have also made a deeper security integration into our products. We integrate a secure element for handling encryption keys and provide the service for managing the security keys, all enhanced with zero-touch provisioning.

Cybersecurity collaboration with suppliers and customers
u-blox Corporate Security has also strengthened security collaboration with our most critical contract manufacturing partners and other critical suppliers as we prepared the u-blox Information Security Management System for the planned ISO15408 Common Criteria and ISO27001 certifications. We have also worked closely with our customers’ security teams with knowledge sharing and security workshops throughout the year.

Thingstream delivering services across the entire value chain

A rapid expansion of our Thingstream IoT service delivery platform has made it possible to deliver our expanded portfolio of services across the entire IoT value chain. By enhancing product performance at various places along the value chain, we can deliver innovation and higher customer satisfaction through connectivity, security, location, augmentation, and software maintenance.

Global collaboration

Much of the innovation across the IoT sector today is led by the dynamic automotive, industrial, and consumer markets where wireless communication and location information is in high demand.

While most companies within the IoT industry work on mass production of components, u-blox has strategically positioned itself differently with its silicon-to-cloud approach. By partnering with the market-shaping trailblazers across our three key markets, we are innovating on behalf of all our 12,000+ customers worldwide.

Facebook chose a u-blox GNSS module for open source Time Card

Facebook has chosen the u-blox ZED-F9T global navigation satellite system (GNSS) receiver module for their timekeeping solution. By improving the synchronization of networked computers, Facebook's Time Card can significantly speed up the performance of their data centers and distributed databases. By open sourcing their designs, Facebook has bolstered the adoption of highly accurate timing solutions based on u-blox's technology. Other industries can easily adopt these solutions requiring nanosecond-level timing, such as 5G cellular networks or smart power grids.

TIBCO Partner Excellence Award

In line with our silicon-to-cloud strategy, this partnership enables customers to bring devices to the market that are ready for software and services from TIBCO. Enterprises can securely aggregate data from connected devices, ingest it into the TIBCO Cloud, and convert it to powerful business applications. The fusion of u-blox's device ecosystem with TIBCO's partner network has made silicon-to-cloud a scalable reality.

Bird Smart Sidewalk Protection collaboration

By collaborating with u-blox, Bird co-developed the micromobility industry's first robust, integrated sensor fusion system that tracks the Bird e-scooter's location with centimeter-level precision. By combining u-blox's ZED-F9R high precision dead reckoning module with centimeter-level sidewalk mapping and Bird's suite of onboard vehicle sensors, the integrated system effectively and efficiently detects and prevents sidewalk or footpath riding in real-time.

IP license agreement with KPN

For simplifying the handling of patent matters for our customers we have signed an intellectual property license agreement with KPN, the Dutch telecommunications operator covering the sale of u-blox's products and services that KPN believes is essential for telecommunication standards.

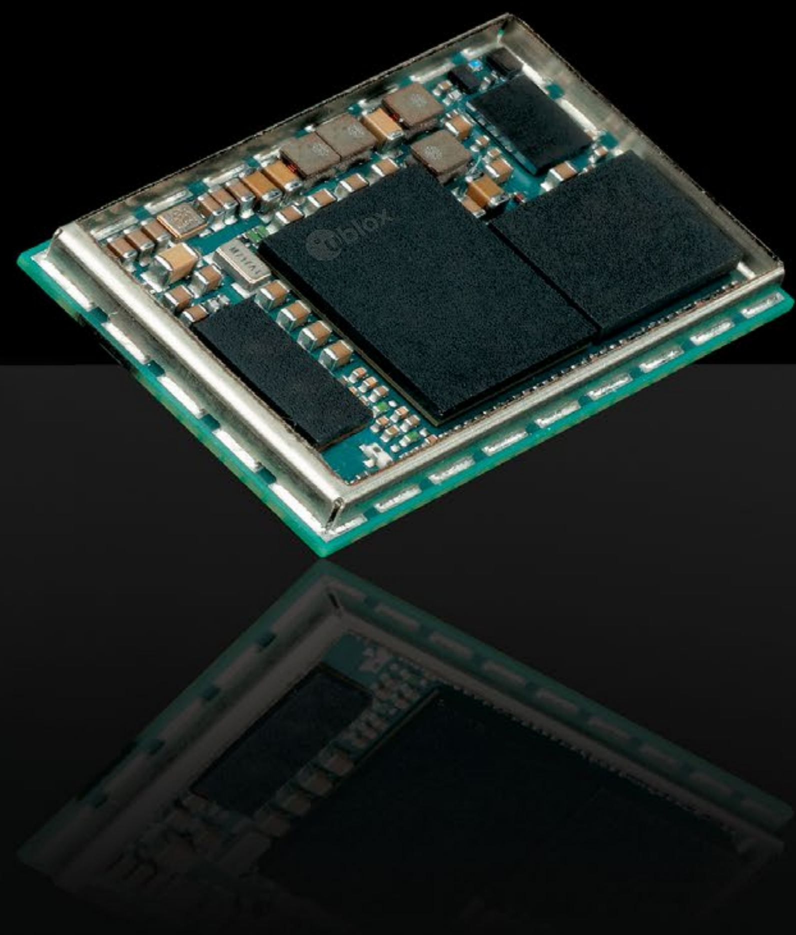
GNSS augmentation with SoftBank and ALES

We are now working with SoftBank Corp. and ALES Corp. to develop a common GNSS augmentation service for Japan, the USA, and Europe. SoftBank provides the “ichimill” GNSS augmentation service in Japan, and its subsidiary, ALES, operates a business that generates and delivers positioning correction data. By leveraging our PointPerfect GNSS augmentation service in Europe, the USA, and other countries and regions, we are constructing a GNSS augmentation infrastructure for Japan, Europe, and the USA, developing GNSS receivers and devices, and expanding service areas.

Taoglas collaboration for COWBOY

u-blox and Taoglas combined their unique expertise to provide the COWBOY e bike with high performance positioning and connectivity – regardless of the route traveled. Taoglas’ Accura GVLB258.A, a multi-band GNSS L1/L5, high-performance stacked patch antenna for extremely accurate and reliable location data applications, combined with u-blox’s SAM-M8Q GNSS positioning module, allows for extremely low power and industry-leading accuracy.

Products, services, and solutions



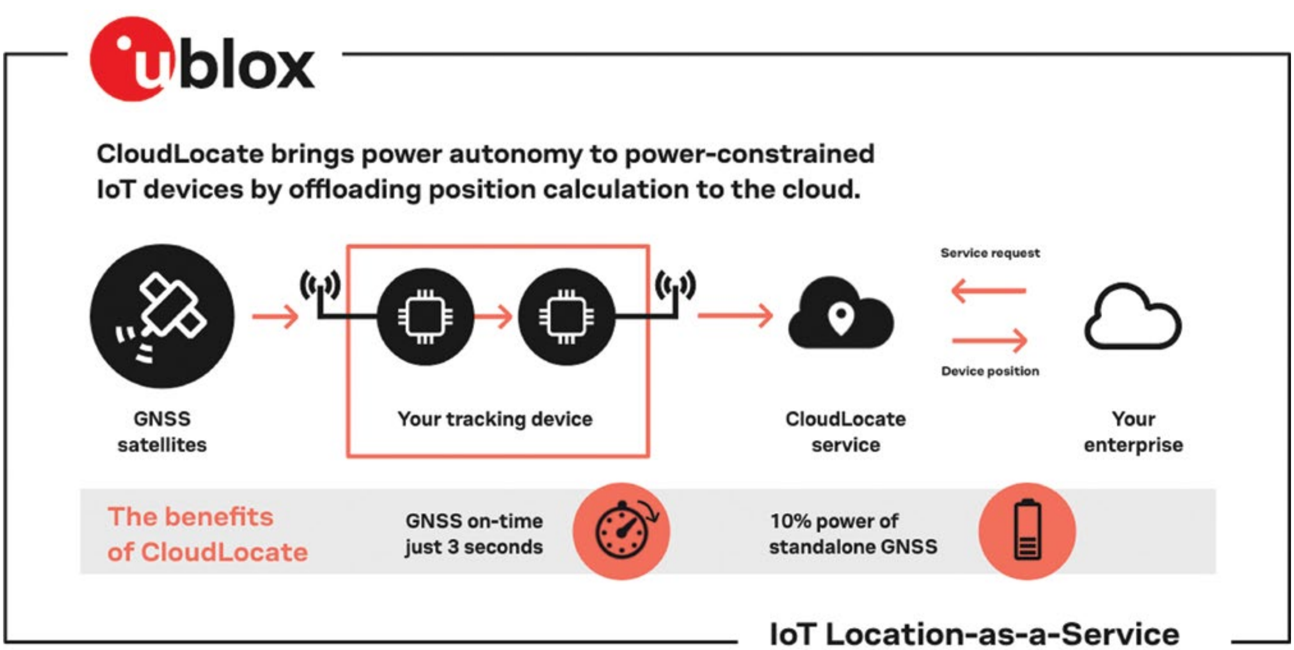
Solving complex IoT challenges

With innovators worldwide looking to solve many of the world's complex challenges through IoT, and billions of devices requiring both location-awareness and wireless communication capabilities, value-added services and comprehensive go-to-market solutions are increasingly in demand.

Here are a few highlights of u-blox products, services, and solutions developed to meet the requirements of our dynamic customers during 2021:

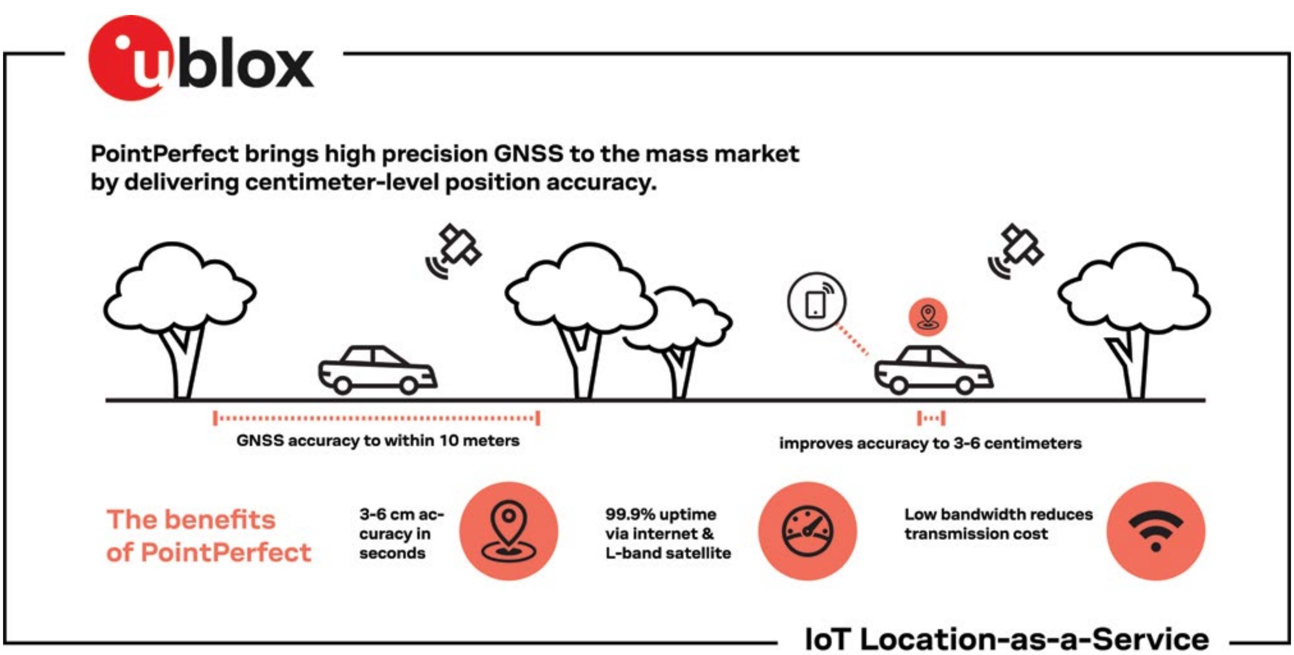
CloudLocate service

This new u-blox service enables positioning in the cloud to extend the life of energy-constrained IoT applications, with up to 10x energy savings by calculating a location and delivering it to the enterprises' cloud. CloudLocate is ideally suited for IoT asset tracking applications that must survive in the field for months or years without battery replacement, require few position updates per day, require reasonable position accuracy, and for which location is needed in the cloud rather than on the device or asset.



PointPerfect GNSS correction service

u-blox's PointPerfect GNSS correction service brings centimeter-level positioning to the mass market and cooperates seamlessly with u-blox positioning and connectivity hardware, providing an easy and scalable one-stop-shop solution from silicon-to-cloud. Because it is based on the open SPARTN GNSS correction data format, its use is not restricted to a single hardware provider, allowing customers the flexibility to optimize solutions. PointPerfect is delivered via the intuitive Thingstream IoT service delivery platform.



NEO-M9V GNSS receiver

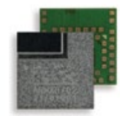
The new NEO-M9V GNSS receiver is the first u-blox positioning receiver to offer both untethered dead reckoning (UDR) and automotive dead reckoning (ADR) - a perfect fit for fleet management and micromobility applications that require reliable meter-level positioning accuracy, even in challenging GNSS signal environments such as urban canyons.

MQTT Flex "Bring Your Own SIM"

The u-blox MQTT Flex service provides IoT sensor network developers the flexibility to combine any cellular connectivity with all the benefits of MQTT communication, a lightweight, publish-subscribe network protocol.

MQTT Flex expands the addressable market by allowing users to bring their existing cellular connectivity together with u-blox's IoT Communication-as-a-Service.

A key benefit of the u-blox MQTT Flex service is that it offers a "Bring Your Own SIM" strategy that enables users to utilize MQTT communication without the operational, logistical, or cost impact of changing their mobile network operator. MQTT Flex enables compliance to IoT project requirements where government or local municipalities might mandate the use of a local network operator.



AWS IoT ExpressLink

u-blox AWS IoT ExpressLink modules pave the way for rapid design-ins with no complex software to run and maintain on the device side - ideal for small to medium-sized businesses targeting consumer and industrial markets.

The modules, featuring a simplified and highly abstracted command set, can be configured without requiring specialized competencies in IoT product development, networking, and cryptography.

Pre-provisioned to communicate with AWS IoT Core, they can connect to AWS securely, out of the box, with a few commands and integrate with services in the AWS ecosystem with speed and simplicity.

ANNA-B4 and ANNA-B412 Bluetooth low energy SiPs

The ultra-compact ANNA-B4 and ANNA-B412 (Bluetooth long range, Thread, and Zigbee) 5.1 system-in-package (SiP) modules target applications in harsh environments such as smart lighting networks and industrial circuit breakers as well as indoor positioning use cases in manufacturing sites, warehouses, hospitals, and smart cities in operation conditions up to 105 °C.

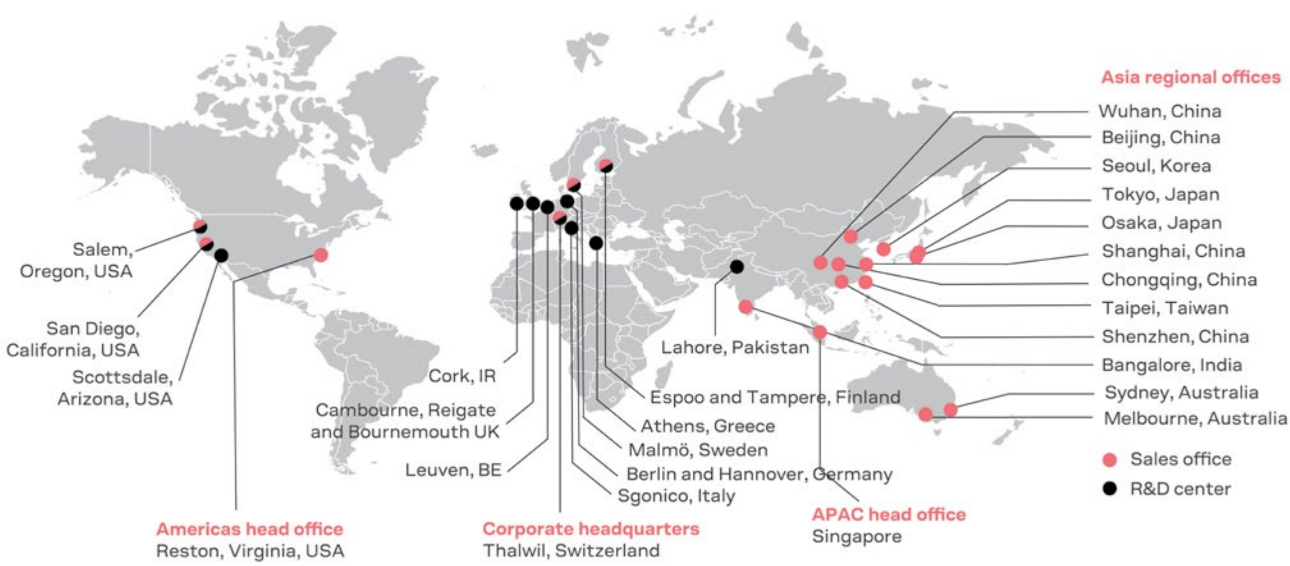
The ANNA-B412, is delivered with the easy-to-use u-connectXpress command API and the ANNA-B402, features a powerful open CPU architecture for custom applications.

Competitiveness

Nearby, engaged and staying ahead

Our 31 locations encompassing 17 R&D facilities and 18 sales and marketing operations spread over five continents means 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 all along the decision-making journey and can be highly responsive with proximity.

Furthermore, we can draw from a diverse, global talent pool helping u-blox stay ahead of the global IoT innovation curve.

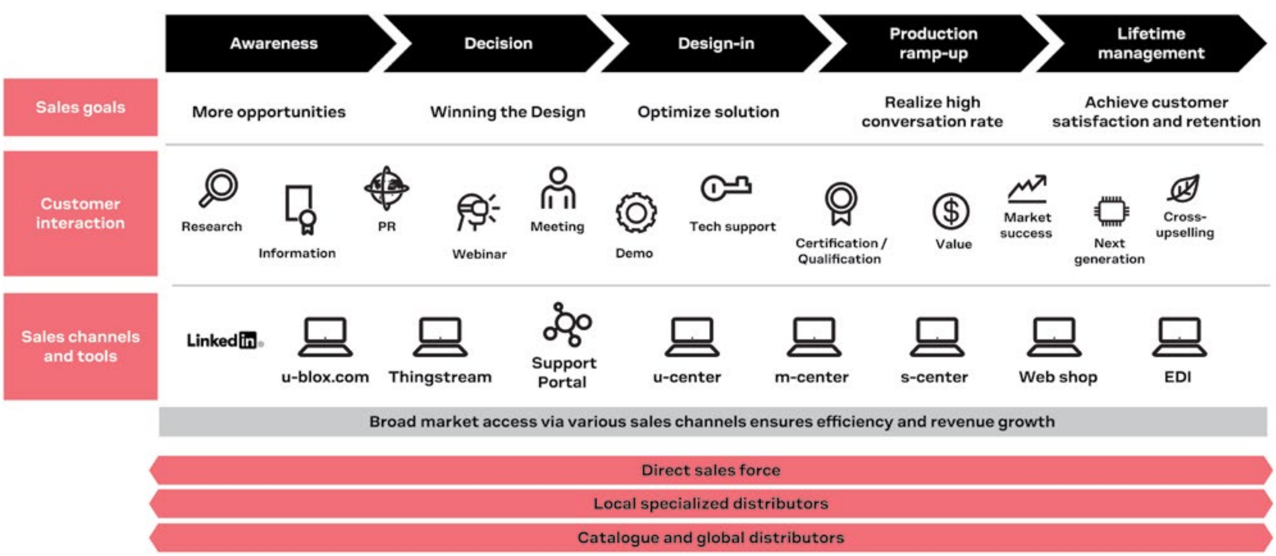


Rewarding customer journeys

u-blox customers can expect a high level of interaction as they have multiple channels and opportunities to access u-blox's expert product, services, and solutions support.

"Our customers benefit from decades of experience in problem solving and our ability to leverage our core intellectual property to their benefit."

Broad market access through the u-blox direct sales force and our network of local and global distributors ensures customers can get the expert support they need and find the u-blox customer journey as rewarding as possible.



Helping our customers stay ahead

We continuously develop chips, modules, and solutions that deliver the right balance of capability, form factor, energy consumption, and a robust life span. And we are now one of the few companies able to offer the essential connectivity technologies (positioning, cellular, short range) optimized with services from one company.

This compelling and competitive offer helps our customers:

- Reduce time to market
- Drive innovation and product differentiation
- Enhance functionality
- Reduce implementation risk
- Improve their cost/performance ratio
- Scale more easily
- Stay ahead of their competition

Our customers benefit from decades of experience in problem solving and our ability to leverage our core intellectual property for their benefit.

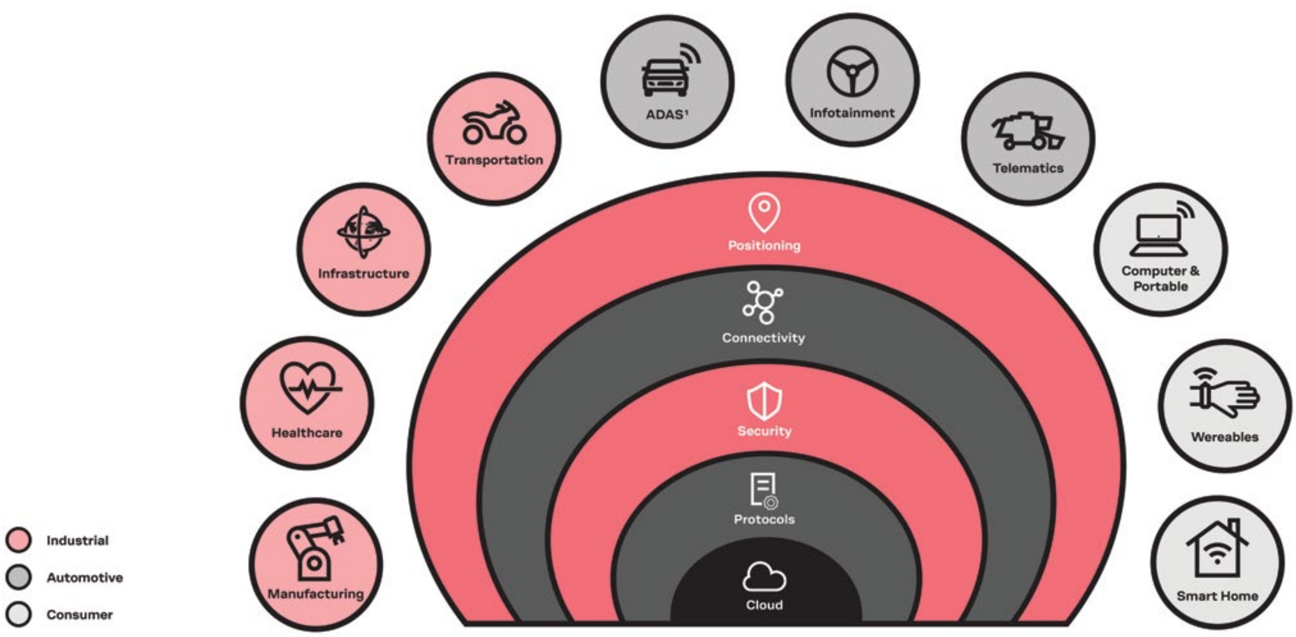
Our markets

High IoT density and demand

Our smart and highly reliable products, services, and solutions make it possible for people, vehicles, and machines to determine their **precise position** and connect wirelessly over **cellular** and **short range** protocols to the **cloud**.

Wireless communication and location information is in high demand across our key markets: industrial, automotive, and consumer, where we see a significant increase in the density of IoT technology across our customers' application landscape.

"Wireless communication and location information is in high demand across our key markets: industrial, automotive, and consumer where we see a significant increase in the density of IoT technology across the application landscape."



Industrial Autonomy from farms to factories across the world

2021 brought a considerable push for autonomy across all sectors across the globe. Autonomous robots, autonomous delivery, autonomous lawnmowers, autonomous agriculture with no or very little human interaction as fast and efficiently as possible was the trend. Devices that were previously stand-alone have been connected, with new services being offered via the cloud, which requires robust connectivity and cybersecurity. Positioning proves essential, as autonomous systems move people, things, and data around the planet. And evolving standards within the wireless domain have empowered new applications.

With digital twinning expected to become mainstream over the next few years, the industrial market will demand even more from IoT in sensors, synchronization, and environmental data transmission.

Automotive leaving combustion behind

Inside the automotive market, there were two major trends in 2021. The first was a rapid move to electric vehicles. Each non-combustion-powered vehicle means more software, semiconductors, and electronic components. In the past, you might have had a few microcontroller units (MCU). The change to the electric power train increases the number of chips and processors per car.

Assisted driving has arrived

The second major trend in 2021 within the automotive sector was that vehicles are becoming more and more connected. Assisted driving systems are not on the horizon anymore - they are already here. Vehicles are continually evolving to Level 5 fully autonomous driving, with positioning solving ever higher requirements.

In December 2021, Mercedes-Benz became the first automotive company in the world to meet the demanding legal requirements of UN-R157 for a Level 3 system. The German Federal Motor Transport Authority (KBA) has granted system approval for this based on the technical approval regulation UN-R157, thus paving the way for offering such a system internationally, provided that national legislation allows it.

Mercedes-Benz is initially offering DRIVE PILOT on 13,191 kilometers of motorway in Germany. As soon as there is a national legal framework for conditionally automated operation in additional markets, the technology will be rolled out step by step.

With the relentless digitization of the car, electronics are taking a much higher share of vehicle production costs, and we are experiencing strong growth in demand for our products, services, and solutions.

“With the relentless digitization of the car, electronics are taking a much higher share of vehicle production costs, and we are experiencing strong growth in demand for our products, services, and solutions.”

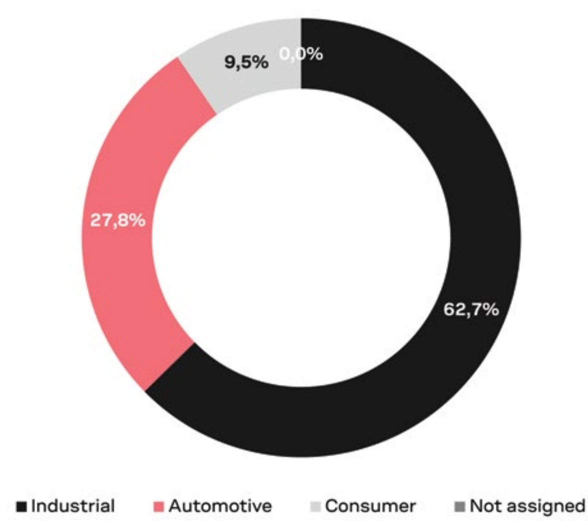
The Internet of every Thing

Driven by the pandemic, the industry adapted quickly to make things more connected as access to things suddenly became a major problem. People also invested in multiple wearable devices to stay more connected, healthy, entertained, or informed.

More technology, smaller technology, and better technology results in high density IoT, as more and more technology is packed into each device. “The Internet of Things” is now “The Internet of every Thing” as many more devices become smart and connected with high performance technology, attracting a much larger global market and driving continued expansion across all markets.

“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 split per market for 2021



Our customers

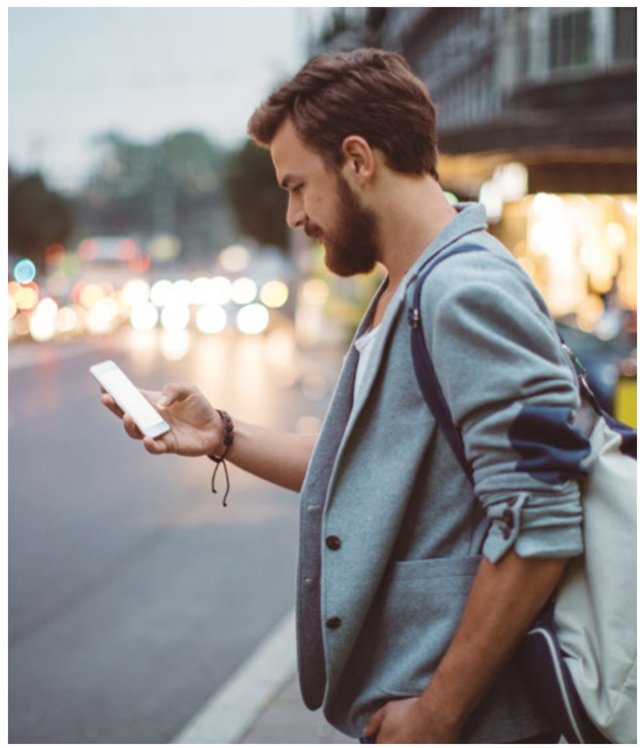
Some of the world’s most innovative thinkers

We are very proud of our global customer base of over 12,200 companies and feel fortunate to partner with some of the world’s most innovative thinkers. Our 269 largest customers are based in 78 countries across 15 industries - a widely diversified business base. In 2021 we continued to expand our distribution and sales network, adding trusted channel partners to grow our reach worldwide.

u-blox customers from EMEA, AMER, and APAC are revolutionizing the global automotive industry and completely transforming the way we are transported from one location to another. Micromobility is adding a further dimension to human transport in cities on several continents. On our roads, across our oceans, in the air and by rail, u-blox technology is accompanying precious cargo to its destination.

From farms to factories, industries are automating both simple and complex tasks. Hospitals and overstretched healthcare systems continue to find unique ways to implement IoT to provide vital remote care during the pandemic. Municipalities continue to find innovative ways to reduce their CO2 footprint through optimization, in part possible thanks to IoT.

And to help us stay more connected, healthy, entertained, and informed, there is a constant stream of invention for new wearable devices.



Customer story

Micromobility

Bird and u-blox co-develop sidewalk safety module

A unique version of the ZED-F9R GNSS module tailored specifically to meet the needs of the world's largest shared micro-electric mobility provider and cities around the world

If you live in one of the world's major cities, chances are you've either already downloaded the Bird app and had an opportunity to ride on one of their eco-friendly electric scooters or bikes, or you've seen the sleek, intuitive vehicles gliding by.

Bird is a leader in environmentally friendly electric transportation that provides a diverse fleet of eco-friendly vehicles for both shared operations and private ownership. Their shared services span 4 continents, more than 350 cities, and have helped riders take more than 100 million trips in just a few years, while their personal micro-electric vehicles are available for purchase on shop.bird.co, or via leading retailers and distribution partners.

Partnering is big at Bird

Since its founding in 2017, Bird has partnered closely with the cities in which it operates. By listening carefully to community leaders and the people who live and work in these communities, Bird provides reliable and affordable transportation while continuously evolving its products.

" 'If we were going to bring something cost effective to scale, we needed to partner with one of the world's best companies to do this,' explains Scott Rushforth, Chief Vehicle Officer, Bird."

Protecting community access

Cities want to keep pedestrian access areas, like sidewalks, clear and safe for their communities. Geofencing helps but isn't precise enough to effectively detect when a vehicle is ridden onto a sidewalk, and once there, stop the vehicle safely for both rider and pedestrians.

Why the u-blox ZED-F9R?

The ZED-F9R is a dual-band multi-constellation GNSS receiver that supports up to 8 times more satellite signal types and 4 times more constellations (GPS, Galileo, GLONASS, and BeiDou) than standard solutions. In addition, this module processes real-time vehicle data, including wheel speed, inertial sensor data, including acceleration and spatial orientation, and real-time kinematic data that correct for ionospheric interference.

Through our partnership with Bird, we optimized our technology for e-scooters by applying dynamic models matching the movements of the vehicle. This allows for the system to monitor if the e-scooter is on the sidewalk and other indications of unsafe operation.

A smart, precise solution for sidewalk protection

Utilizing Bird's sidewalk map data, u-blox and Bird co-developed a sensor-fusion module that combines multiple data streams into a single, highly accurate location measurement.

The result is a precise centimeter level system that's far more accurate than traditional GPS receivers delivering meter level accuracies, incorporated in a module that can easily be built into micromobility vehicles and doesn't require additional external hardware.

City micromobility administrators, pedestrians and Bird riders are comforted knowing the Bird Smart Sidewalk Protection system stops the vehicle almost instantly when it enters a footpath or sidewalk area and prevents vehicle drift.

Bird's Smart Sidewalk Protection system, far more accurate than camera-based solutions, is now being implemented at scale without the risk of damage caused by weather or vandalism, unlike expensive and power inefficient, externally mounted cameras.

Sustainability

With renewed commitment and sustainable progress

Throughout these challenging times, our commitment to doing business sustainably remains steadfast. u-blox employees across the world, together with our shareholders, innovative customers, manufacturing, and other partners, continue to progress to a more sustainable future.

"We serve society by providing life-enhancing products, many of which optimize resource consumption and reduce CO2 emissions, improve efficiency, extend access to healthcare, empower the disabled, and reduce social isolation for older people and those who are ill."

In 2021, we renewed our Global Reporting Initiative (GRI) Materiality Analysis to identify and prioritize the areas where u-blox can make a meaningful economic, environmental, and social impact - areas that are important to and highly influence the decision-making of u-blox and our stakeholders. Coupled with the United Nations SDGs, the results shaped our sustainability strategy.

"Implemented by our innovative customers and partners around the world across thousands of applications and millions of devices – together, we are making a meaningful contribution to a more sustainable future."

Making a meaningful contribution together

We believe it is critical that we do business with integrity, care for our employees, protect the environment, contribute to communities, and work closely with manufacturing and supply chain partners who respect our ESG values and operate within international regulatory frameworks with sustainability best practices.

Thus, the u-blox sustainability strategy is based on five pillars that guide our culture, behavior, and decision-making: **Business Ethics, Employees, Environmental Responsibility, Supply Chain Responsibility, and Community.**

Responsible products produced responsibly

We serve society by providing life-enhancing products, many of which optimize resource consumption and reduce CO_2 emissions, improve efficiency, extend access to healthcare, empower the disabled, and reduce social isolation for older people and those who are ill.

Implemented by our innovative customers and partners around the world across thousands of applications and millions of devices – together, we are making a meaningful contribution to a more sustainable future.

Building sustainable communities around the world

As a business, we have a footprint in communities all around the world. They provide our workforce. They educate and nurture future generations. They supply the components that make up our products. And they are home to our family of partners and customers.

u-blox is contributing to communities in various ways: we donate our technology, make financial contributions, encourage and incentivize employees to offer their expertise, and work with educational establishments to support learning.

A key focus of our work with communities is to inspire the next generation around science, technology, engineering, and mathematics (STEM) and ultimately encourage more people to pursue careers in this area.

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 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 your 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 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
- ISO 15408 Common Criteria and other product security certifications
- Security collaboration with critical supplier partners

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 CHF 102.2 million, or 24.7% of revenues in R&D in 2021
- 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 • 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 • 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 price performance

The share price increased by approximately 20% during this year going from CHF 58.85 to CHF 70.45.

On December 31, 2021, u-blox had 5'677 shareholders. Information on our major shareholders can be found in the Corporate Governance section of the Financial Report.

Dividend

Based on the Company's very good results in 2021, with the high free cashflow and strong outlook, the Board of Directors will propose at the Annual General Meeting to pay a dividend in form of a par value reduction in the amount of CHF 1.30 per share.

Share information (on December 31, 2021) Stock Exchange SIX Swiss Exchange Swiss Security Number / ISIN 3336167 / CH0033361673 Ticker UBXN Nominal value CHF 14.80 Shares issued 7,114,839 Reuters UBXN S Bloomberg UBXN SW.

Share information (on December 31, 2021)

Stock Exchange	SIX Swiss Exchange Swiss Security Number / ISIN 3336167 / CH0033361673
Ticker	UBXN
Nominal value	CHF 14.80
Shares issued	7'114'839
Reuters	UBXN S
Bloomberg	UBXN SW

Publications and calendar

u-blox pursues an open and ongoing information policy with the general public and the capital markets. The company also meets investors regularly throughout the year, presents its financial results at analyst meetings and road shows, hosts an analyst day, and keeps its shareholders regularly informed about its business through press releases.

The annual report is published in March and presented at the press conference. It is also available online at: www.u-blox.com/en/investor-relations. The half year report is published in August.

April 15, 2022:
Closing of share register for the Annual General Meeting

April 20, 2022:
Virtual Annual General Meeting

August 19, 2022:
Publication of half year results 2022

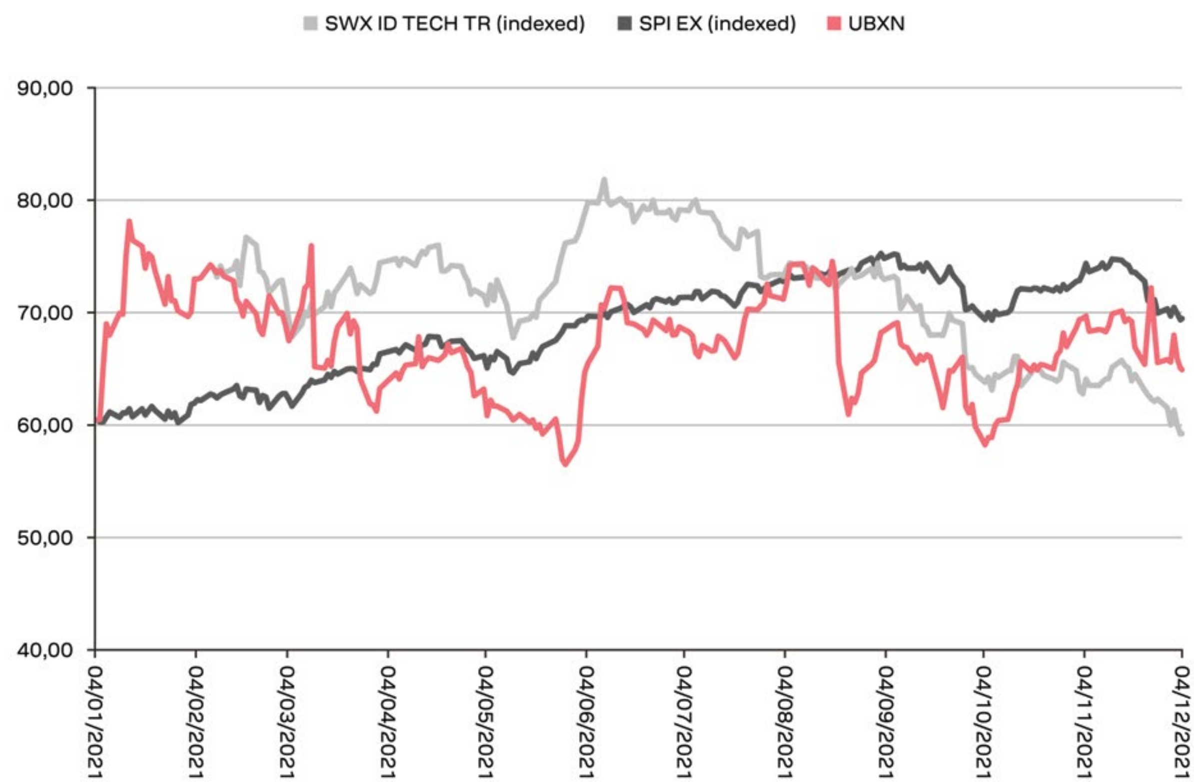
Share price (in CHF)	**2021**	**2020**	**2019**
Highest	78.15	97.05	100.30
Lowest	56.50	45.12	62.40
Closing on December 31	70.45	58.85	97.80
Market capitalization on December 31, (Mio CHF)	**501**	**419**	**696**

Key Figures	**2021**	**2020**	**2019**
Registered shares with a nominal value of CHF 14.80 (resp. CHF 15.40, CHF 0.90)	7'114'893	7'114'839	7'114'839
Nominal share capital (in thousand CHF)	105'300	105'300	109'569
Basic earnings per share (in CHF)	**2.21**	**-9.32**	**1.89**

501.24

Market capitalization on
December 31, 2021 in Mio CHF

u-blox share price (CHF per share):



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CORPORATE GOVERNANCE 2021

Contents

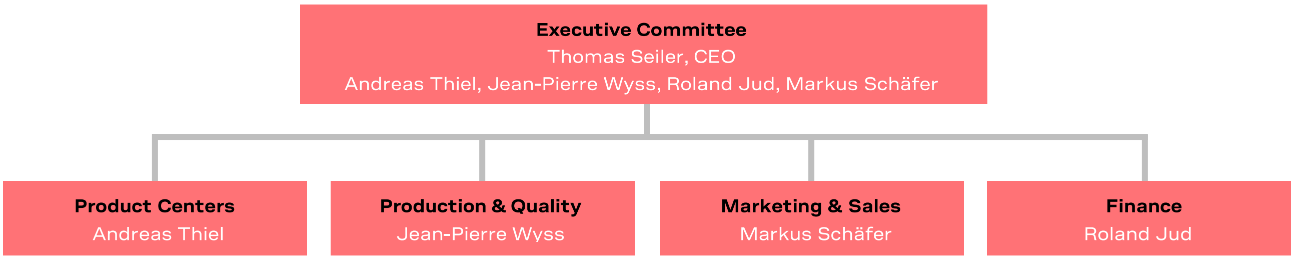
Corporate Governance

The report describes the management structure, organization and control within the u-blox group at December 31, 2021. 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.



The market capitalization at December 31, 2021 was CHF 501.2 million based on the outstandingordinary share capital (7’114’839 shares).

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, 2021, u-blox had 5’677 registered shareholders and none has a controlling interest. According to the disclosures of shareholders, the largest shareholders (> 3%) were:

BlackRock Inc.	3.02%
Atlantic Value General Partner Limited, London, UK	4.73%

The shareholders reduced or increased their shareholding progressively.

For further details see “https://www.ser-ag.com/de/resources/notifications-market-participants/significant-shareholders.html#/”.

Cross shareholdings

u-blox has no cross shareholdings in any company.

3 Capital structure

Share capital of u-blox

Ordinary share capital
On December 31, 2021 the outstanding ordinary share capital of u-blox was CHF 105’299’617.20 fully paid in and divided into 7’114’839 shares of CHF 14.80 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 article 3a of the articles of association, the share capital of u-blox may be increased by a maximum amount of CHF 5'263'546 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 14.80 each; this increase being the result of the exercise of option 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 of CHF 5'263'546 corresponds to 4,99 % of the outstanding ordinary share capital.

Authorized share capital
According to article 3b of 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 14.80 each, by a maximum nominal amount of CHF 10’360’000. 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 of CHF 10’360’000 corresponds to 9.8% of the outstanding ordinary share capital. The Board of Directors has not increased the share capital on the basis of article 3b of the articles of association in 2021.

Changes in share capital
On 1 January 2021, the outstanding ordinary share capital amounted to 7’114’839 registered shares. No options were exercised in 2021. Accordingly, the conditional share capital remained at 355'645 registered shares. 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 Commit-tee) at December 31, 2021 was 1'007'685 (14.2% of the outstanding ordinary share capital).

Grant	Vesting date	Expiry date	Exercise price in CHF	Options outstanding at Dec. 31, 2021
2016	January 1, 2019	January 1, 2022	210.28	108'077
2016	January 1, 2019	January 1, 2022	214.50*	23'985
2017	January 1, 2020	January 1, 2023	187.09	128'162
2017	January 1, 2020	January 1, 2023	191.20*	20'941
2018	January 1, 2021	January 1, 2024	191.55	122'954
2018	January 1, 2021	January 1, 2024	191.80*	23'318
2019	January 1, 2022	January 1, 2025	78.95	146'074
2019	January 1, 2022	January 1, 2025	78.95*	23'261
2020	January 1, 2023	January 1, 2026	91.87	162'295
2020	January 1, 2023	January 1, 2026	97.80*	28'256
2021	January 1, 2024	January 1, 2027	58.85	184'729
2021	January 1, 2024	January 1, 2027	58.85**	35'633
Total				**1'007'685**

* 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.

One option grants the right to purchase one share.

4 Shareholder rights

Each registered share entitles the holder to one vote at general meetings. Shareholders representing at least 10% of the share capital may request that an extraordinary general meeting of shareholders be convened. 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.

Such requests must be made in writing at least 45 days before the date of the general meeting, specify the item and contain the proposal on which the shareholder requests a vote. Shareholders have the right to receive dividends, appoint a proxy and other rights as are granted under the Swiss Code of Obligations.

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 (www.u-blox.com).

No restriction on transfer of shares

No restrictions apply to the transfer of shares.

5 Board of Directors

Composition of the Board of Directors at December 31, 2021:

Name	Member since	Age	Position	Position Committee
André Müller	2015	69	Chairman	
Gina Domanig	2016	58	Member/Deputy	Chairman NCC
Ulrich Looser	2018	64	Member	Chairman AC
Annette Rinck	2019	56	Member	Member AC
Markus Borchert	2019	56	Member	Member NCC
Thomas Seiler	2007	66	Member	
Jean-Pierre Wyss	2007	53	Member	

AC: Audit Committee NCC: Nomination and Compensation Committee

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 Company/ Corporate Governance / Articles of Association.

Election and term of office
The members of the Board are elected annually at the ordinary general assembly and for a one-yearterm as defined in article 16 of the articles of association available on u-blox's website under Company / Corporate Governance / Articles of Association.

André Müller, Swiss and Italian

André Müller

Function at u-blox
André Müller acts as chairman of the Board of Directors of u-blox Holding AG and u-blox AG since 2018. He is a Non-Executive Director.

Professional background
André Müller holds a master degree in mechanical engineering from the Swiss Federal Institute of Technology Zurich (ETH). 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
Mr. André 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).

Gina Domanig, Swiss and French

Gina Domanig

Function at u-blox
Gina Domanig has served as a member of the Board of Directors of u-blox Holding AG and u-blox AG since her appointment in 2016. She chairs the nomination and compensation committee of u-blox Holding AG.
She is a Non-Executive Director.

Professional background
Mrs. Domanig holds a bachelor's degree in Finance and Economics (Arizona State University) and two MBA degrees (Thunderbird School of Management, USA and ESADE, Spain). From 1991 to 1999, she heldvarious positions at Sulzer AG prior to becoming senior vice president, headof strategic planning and acquisitions. She held different positions in the finance industry from 1988 to 1991.

Other positions or consultancy agreements
Mrs. Domanig is managing partner at Emerald Technology Ventures AG since 2000. Mrs. Domanig is a board member of Die Mobiliar Genossenschaft (Switzerland), GeoDigitalInternational Inc (Canada), Urgent.ly Inc(USA) and Emerald Technology Ventures AG (Switzerland).

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 audit committee. He is a Non-Executive Director.

Professional background
Mr. Looser holds a master's degree (dipl.) 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 private equity investments 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 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. He is a board member of the following listed swiss companies: Kardex (vice chairman, member audit committee), LEM (vice chairman, member audit committee). He is a member of the finance committee at the private hospital Universitätsklinik Balgrist. He is a board member of the following non-listed swiss companies: Bachofen Holding (chairman), Fostag AG, Balgrist Beteiligungs AG.


Annette Rinck, Swiss and German

Annette Rinck

Function at u-blox

Dr. Annette Rinck was elected member of the Board of Directors of u-blox Holding AG and u-blox AG in 2019. She is a member of the audit committee. She is a Non-Executive Director.

Professional background

Mrs. Rinck holds a PhD in Applied Economics and Communications Science from the University of Leipzig, a master's degree in Communications Science from the Ludwig Maximilian's University in Munich, Germany, and a diploma in medical technical science. Since 2014, she has held various positions at Honeywell, most recently in Process Solutions / Smart Energy and Automotive units. From 2011 to 2014, Mrs. Rinck was EMEA vice president strategic marketing & key account management at Eaton Electrical Industries, and general manager for the German subsidiary. From 1995 to 2011, she held management positions in sales, marketing and strategic planning at Caterpillar, DHL and BMW Group.

Other positions or consultancy agreements

Mrs. Rinck is President & CEO of Leica Microsystems (Global and Leica Microsystems Switzerland AG. She is a member of the supervisory board of one listed company(Aalberts N.V.).

Markus Borchert, German

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 and compensation committee. He is a Non-Executive Director.

Professional background

Mr. Borchert holds a master's degree in Electrical Engineering from the Technical University of Munich and an MBA from the Massachusetts Institute of Technology.
From 2015 to 2018, Mr. Borchert was leading theEuropean operations of Nokia. 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

Mr. Borchert acts as president of Nokia Greater China and CEO of Nokia Shanghai Bell Mr. Borchert serves as chairman of TD Tech Ltd and is a member ofthe 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 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.

Professional background
Thomas 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
None.

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

Mr. Wyss is a member of the board of Ardo Medical AG, Switzerland.

6 Internal organization of the Board of Directors

Decisions are made by the Board of Directors as a whole, with the support of the Nomination and Compensation 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.
- Approving acquisitions.
- Reviewing and approving the annual financial statements and results.
- Preparing matters to be presented at General Meetings.
- Reviewing the Risk Management System.
- Appointment and removal of, as well as the structure of remuneration / compensation payable to members of the Executive Committee and of the Board of Directors.

Further detail is provided under the Rules of Procedure available under the Investors / Corporate Governance / Rules of Procedure section of the company website.

Attendance
The Board of Directors convened 12 times in 2021. The duration of each meeting was typically between 1 and 4 hours. No external consultants advised the Board of Directors. At each meeting, the members of the executive committee and the general counsel participated.
Each Board of Directors member attended the meetings, with the exception of one meeting, where one member could not attend.

Role and functioning of the Board Committees
Each Committee member and its chairperson are elected by the Board with the exception of the members of the Nomination and Compensation Committee, which are elected by the General Meeting. For further detail see the Rules of Procedure available under the Company/ Corporate Governance / Rules of Procedure section of the company website.

Audit Committee
The Audit Committee is composed of Ulrich Looser (chair) and Annette Rinck. 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 to the public.
- The functionality and effectiveness of external and internal control systems including risk management and compliance.
- The quality of audit services rendered by the external and internal auditors.
- Direct the implementation of cyber security measures, audits continual hardening

The Audit Committee has no authority to take decisions.

Attendance
The Committee convened six (6) times. The duration of each meeting was typically between 1 and 2 hours. No external consultants advised the Audit Committee.
At each meeting the members of the Audit Committee, the auditors, the CFO, the chairman of the Board, the CFO and the CEO participated (except at one meeting, where the CEO and the chairman of the Board did not participate).
The Executive Director Production and Quality and the General Counsel participated at one meeting.

Nomination and Compensation Committee
The Nomination and Compensation Committee is currently composed of Gina Domanig (chair) and Markus Borchert. 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 personnel planning, compensation policy, appointment and removal of members of the Board of Directors;
- It structures the remuneration and compensation payable to members of the Board of Directors and of the Executive Committee;
- It drafts the compensation policy, the shareholding requirement policy and LTI stock options program;
- It proposes the allotment of options within the scope of the LTI stock options program.
- It ensures compliance with the policies.

The Nomination and Compensation Committee has no authority to take decisions.

Environmental Social Governance (ESG)
At the board level, the NCC is responsible for ESG. The NCC is independent in the advice it provides to the Board. The Board decides which recommendations of the NCC to adopt.
The ESG policy is available under:
https://www.u-blox.com/en/its-exponential-our-sustainability-potential.

In order to ensure that ESG targets are met, the NCC proposed to include an ESG based compensation in the compensation policy, which was adopted by the Board. For further information on the targets, the evaluation process and the impact on total compensation, see the compensation policy section of this report.

Attendance
The Committee convened twelve (12) times. The duration of each meeting was typically between 30 minutes and one hour. At each meeting the members of the Committee, the chairman of the Board and the CEO participated.

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.

7 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:

- The CEO and the Executive Director Production and Quality are members of the Board of u-blox. 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. The minutes of meetings are made available to all Board Members.
- The Chairman 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 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. He is a member of the Board of Directors.
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.

8 Management of the group

The members of the Executive Committee are:

Position	Name	Age
CEO	Thomas Seiler	66
CFO	Roland Jud	55
ED Production and Quality	Jean-Pierre Wyss	53
ED Sales and Marketing	Markus Schäfer	52
ED Product Centers	Andreas Thiel	55

The Board has delegated to the Executive Committee the coordination of the group's day-to-day business operations. 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 Company / Corporate Governance / Articles of Association.

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.

Professional background

Thomas 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

None.

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
He 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
Jean-Pierre Wyss is a member of the board of Ardo Medical AG, Switzerland.

Andreas Thiel, German and Swiss

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 since 2019.

Professional background

He 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 Vice President Sales and Marketing since 2019.

Professional background
He holds a 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 sales director and global head of 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
He 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
Roland Jud is a member of the advisory board of c-crowd AG, Zürich.

9 Shareholdings

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, 2021 (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
Gina Domanig	1000
Annette Rinck	1'552
Markus Borchert	1320

Executive Committee

	Number of shares
Thomas Seiler	138'854
Andreas Thiel	40'510
Jean-Pierre Wyss	11'087
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

Board member do not own options. The total number of u-blox options owned by members of the Executive Committee at December 31, 2021 is shown in the table below.

Executive Committee	Number of vested Options*	Number of non vested Options**
Thomas Seiler	20'173	15'215
Andreas Thiel	20'173	15'215
Jean-Pierre Wyss	20'173	15'215
Roland Jud	19'670	14'835
Markus Schäfer	0	7'440

* Stock option grants in 2016, 2017, 2018
** Stock option grants in 2021, 2020, 2019

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).

10 Auditors

Duration of the mandate and term of office of the lead auditor
In 2021, KPMG AG, Lucerne was re-appointed as Statutory Auditor of u-blox. KPMG Lucerne has been appointed each year since incorporation of u-blox in 2007. 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 2021 amount to CHF 540‘000 (excl. VAT).

Additional fees
Additional fees charged by KPMG during the financial year 2021 amounted to CHF 135'000 (excl. VAT) for tax advice and consulting.

Supervisory and control instruments
The External Auditor presents 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. The External Auditors were present at all Audit Committee meetings in 2021.

The Board of Directors monitors the work and audit results of the External Auditors through the Audit Committee. The Audit Committee reviews annually the selection of auditors as well as the level of the external audit fees. In its review, the Audit Committee takes into account the External Auditor’s quality of service, the expenses compared to other auditing companies and the fees for non-audit related services.

11 Information policy

In addition to the annual report, u-blox publishes an interim financial report. u-blox provides stock-price-sensitive information in accordance with the ad hoc publicity requirements of the Listing Rules of the SIX Swiss Exchange and on its website under:
https://www.u-blox.com/de/investor-relations.

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. All of this information as well as the registration form for the e-mail distribution service, general corporate information and company publications can be found on the Investor Relations section of u-blox’ website: https://www.u-blox.com/en.

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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 periods of trade prohibition are :
- between December 15th and the day of the public release of annual financial results
- between June 15th and the day of the public release of half year financial results

(including the 15th December/15th June and the day of the public release) under the condition that the publication is made in the morning. If the publication is made in the evening (after trading hours), the trade prohibition extends until the end of the next calendar day.

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** policy and report 2021

13.1 Compensation Policy

Dear Shareholder

As Chair of the Nomination and Compensation Committee, I am pleased to present the 2021 Compensation Policy and Report which provide an overview of u-blox's policy and the compensation for the Board of Directors and Executive Committee for the year under review. The policy and report include important information to be considered by the shareholders and comply with the Articles 14-16 of the Ordinance against Excessive Compensation in Listed Stock Corporations, Article 633c of the Swiss Code of Obligations, the SIX Swiss Exchange's Directive on Information relating to Corporate Governance, as well as the Swiss Code of Best Practice for Corporate Governance of economiesuisse.

2021 Company Performance
On the heels of a difficult 2020, u-blox achieved record bookings and revenues in 2021. The company was well positioned to capture growing demand across all business segments, end markets and geographies and finished the year with an order book increase which will provide a basis for strong revenue growth in 2022 and beyond. The ongoing components shortage throughout the industry presents a challenging situation which requires continued skillful management to best serve our customers. Nevertheless, the underlying drivers for our innovative products, namely IoT and connectivity, remain strong and thus we are confident that we will continue our growth trajectory.

Nomination and Compensation Committee Activities
In the past year, the Nomination and Compensation Committee formally met twelve times. The focus was on assessing 2020 performance, setting targets for 2021, annual succession planning, adapting the Long-Term Incentive (LTI) system and further development of ESG elements, aswell as reviewing and ensuring compliance with regulatory and corporate governance developments. During the year, we engaged in dialogue with our major shareholders and proxy advisors to gather feedback on our compensation systems and disclosures, and we considered their feedback when taking decisions.

At the 2022 Annual General Meeting, we will seek your approval of the total maximum compensation amount for the Board of Directors for the period until the 2023 Annual General Meeting and for the Executive Committee for the financial year 2023. Further, you will have the opportunity to participate in the consultative vote on the 2021 Compensation Report. In the Compensation Report, you will find that the actual compensation awarded to the Board of Directors for the compensation period ending with the 2022 Annual General Meeting and the actual compensation awarded to the Executive Committee in 2021 are within the limits approved at the Annual General Meetings 2020.

Looking ahead, we will continue to regularly review our compensation policy to ensure it promotes and rewards performance in alignment with the long-term interests of our shareholders and compliance with the evolving regulatory framework and industry standards. We will also continue to engage constructively withregulators, shareholders and other stakeholders and value the insight these discussions provide.

We trust that you will find this report informative.

Gina Domanig

Chair of the Nomination and Compensation Committee u-blox AG

Executive Committee

Compensation Objectives
The compensation policy for the u-blox Executive Committee is designed to achieve the following objectives:

- Competitive
  Total remuneration 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 management 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 Executive Committee members. Remuneration that is independent of performance, guaranteed or discretionary, and in particular "pay for failure", are 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.

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

Determination of Compensation

Nomination and Compensation Committee

In accordance with the Articles of Incorporation and the Organizational Regulations of u-blox, the Nomination and Compensation Committee (NCC) supports the Board of Directors in fulfilling its duties and responsibilities regarding compensation, including

- Preparation of personnel-related decisions including personnel planning,
- Periodic review and structuring of the compensation policy and principles,
- Periodic benchmarking of the levels of compensation to ensure market conformity and competitiveness,
- Annual review of performance metrics: KPI selection and targets,
- Annual assessment of the performance of the CEO and the Executive Committee members,
- Annual review of the compensation of the CEO and the Executive Committee members,
- Review of compliance with the relevant policies.

Going forward, the board has decided that Environmental, Social and Governance (ESG) duties will be integrated into the scope of the NCC's role and thus the Rules of Procedure are being updated accordingly. It is foreseen that the NCC will meet four times per annum to address ESG topics including the setting of targets, status reports and review of the Sustainability Report. With this change, the NCC will be renamed Nomination, Compensation and Sustainability Committee (NCSC).

Annual Process and Responsibilities for Compensation of Executive Committee and Board of Directors

	Q1	Q2	Q3	Q4
EC and BoD succession planning		NCC BoD		
Compensation policy review and compensation principles for next financial year			NCC BoD	
Compensation benchmarking, plans, budget and share award plan design				CEO*, NCC BoD
Target compensation of EC members for next financial year	NCC BoD			
Annual Performance Assessment and Calculation of Variable Bonus for EC members for previous financial year	CEO*, NCC BoD			
Option grant proposal for EC members for previous financial year	CEO*, NCC BoD			
Maximum aggregate compensation amount of the EC for next compensation period	NCC **BoD**	AGM		
Compensation of Board of Directors for next compensation period	NCC **BoD**	AGM		
Compensation Policy and Report (consultative vote)	NCC **BoD**	AGM		
* CEO is not present when discussing his assessment or compensation	☒ body which recommends ☒ body which decidesto propose to AGM ☒ body which approves		BoD = Board of Directors NCC = Nomination and Compensation Committee CEO = Chief Executive Officer	

The members of the NCC are exclusively independent, non-executive members of the Board of Directors and are elected annually by the General Assembly. The NCC is chaired by a member nominated by the Board of Directors. Since the 2019 Annual General Meeting, the NCC consists of Gina Domanig (chair) and Markus Borchert. The NCC meets on an as-needed basis but no less than twice per annum. The CEO, CFO, other members of the Board of Directors, the auditors or external consultants may, at the request of the chairman of the NCC, attend the meetings in an advisory capacity. Minutes of the meetings are distributed to the Board of Directors. The NCC Chair reports on the activities of the NCC at the following meeting of the Board of Directors.

Annual Process and Responsibilities for Compensation of Executive Committee and Board of Directors

Process of Determining Compensation

To assess the competitiveness of the total remuneration for Group Executive Management, the NCC conducts a periodic compensation policy review which is supported by external consultants considering market and regulatory developments. Proposed changes to the policy are submitted to the Board of Directors for approval.

The Board of Directors uses its discretion in approving the compensation policy and proposes the total maximum compensation of the members of the Executive Committee and for the members of the Board of Directors to the annual General Assembly for approval. Only non-executive members of the Board of Directors have voting rights on the compensation policy and the total compensation. Further, the Board of Directors may exercise discretion to adjust formulaic results to ensure outcomes are aligned to, and are reflective of, the underlying business performance of the Company aswell as exceptional/extraordinary circumstances.

The NCC reviews the actual compensation of members of the Board of Directors and the Executive Committee members annually. On a tri-annual basis, the Executive Committee total compensation is benchmarked against a peer group chosen to reflect relevant industry, size and geographic considerations. Given that the company competes for talent on a regional basis, geographic considerations are given more weight in this benchmarking exercise. The peer group consists of the following companies, hereinafter the "Compensation Peer Group"):

Company	**Place of business**	**Business activity**
Jenoptik	Germany	Electronic Equipment and Instruments
Kudelski	Switzerland	Electronic Equipment and Instruments
Melexis	Belgium	Semiconductors
X Fab Silicon Foundries	Belgium	Semiconductors
ADVA Optical Networking	Germany	Communications Equipment
Soitec	France	Semiconductors
Comet	Switzerland	Electronic Equipment and Instruments
Telit Communications	United Kingdom	Communications Equipment
Inficon	Switzerland	Electronic Equipment and Instruments
Euromicron	Germany	Communications Equipment
Lem	Switzerland	Electronic Equipment and Instruments
Gigaset	Germany	Communications Equipment
Elmos Semiconductor	Germany	Semiconductors
Nordic Semiconductor	Norway	Semiconductors
IQE	United Kingdom	Semiconductors
Sensirion	Switzerland	Electronic Equipment and Instruments
First Sensor	Germany	Semiconductors
Isra Vision	Germany	Electronic Equipment and Instruments
Basler	Germany	Electronic Equipment and Instruments

In 2019, a thorough benchmarking exercise was undertaken with the support of an external consultant for the Executive Committee. As a reference point, median compensation points are targeted. The results of the exercise confirmed that no material changes to the level of compensation are necessary beyond inflation adjustments.

On a tri-annual basis the Board of Directors' compensation is benchmarked against similar-sized Swiss public companies. In 2019 a benchmarking of the Board of Directors compensation was undertaken based on HCM's Compensation Study for Swiss Boards of Directors (June 2019). The results were that the u-blox board compensation is well below the median of small and mid-cap public companies in Switzerland. Specifically, the u-blox chairman compensation is 50% of the median, and the other board of directors' compensation is 75% of the median. Therefore, it was proposed to increase the board compensation to the median within the following years. Note that a partial adjustment was made in 2020 and the remaining adjustment is proposed in 2022 for the NCC, the Audit Committee and non-chair members and in two steps for the chairman.

During the year, an external consultant also advised the NCC on best practices and evolving regulatory framework in the areas of corporate governance and executive remuneration. No other mandate was given to the consultant.

Compensation System for the Executive Committee

The remuneration of the Executive Committee members consists of a base salary, variable bonus (short term incentive or STI), stock options (long term incentive or LTI), contributions to pension funds and social insurance.

The compensation system is a combination of fixed and variable components based on short and long-term performance. 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. Executive Committee members are not remunerated for Board of Director membership or other executive positions held within the Group.

Base Salary
The base salary of the CEO is determined to ensure a competitive base salary compared to base salaries offered by other companies in the Compensation Peer Group and considering the tasks, responsibilities and experience.

The base salary of the other Executive Committee members is defined to achieve both a competitive base salary compared to base salaries offered by other companies in the Compensation Peer Group. For 2021, no adjustments were made nor are they proposed for 2022 beyond inflation adjustments. As roles and responsibilities change, the NCC will review salaries accordingly.

Variable Bonus 2021
The STI is designed to reward the achievement of Key Performance Indicators (KPIs)which reflect the interest of shareholders and thus focus on growth, profitability and sustainability. In 2021, we launch the inclusion of specific environmental, social and governance (ESG) targets into the STI and we will increasingly improve our sustainability strategy, metrics and targets over time. For 2021, the targets we defined as follows:

Revenue Growth (40% weight)
The revenue growth must be 15% for 75% achievement for this component. 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 Margin (40% weight)
The ability of a company to achieve operating cash flow is strongly influenced by the sector in which it operates. Thus, a Performance Benchmarking peer group has been defined which is primarily based on sector but also considers size and geography. The targets for OCF margin are set considering the peer group as well as historical achievement levels, 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. The peer group was updated to replace Telit and Dialog Semiconductor, who are no longer available for comparison, with Melexis and Elmos Semiconductor.

Performance Peer Group

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

ESG Goals (20% weight)
The company has embarked upon a comprehensive ESG assessment and will be issuing its second Sustainability Report in 2022. Each year, key initiatives are defined, which are linked to the Sustainable Development Goals, and quantifiable goals are defined for each initiative. The quantifiable goals are proposed by the NCSC to theBoD and, 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 are working to make a difference where we can and supporting like-minded organizations, so that collectively our impact on humanity and our 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, will reach net zero by 2022.

Do business the right way

- We ensure that our partners meet our high standards on ethics and labor rights. 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 believing such initiatives are the solution to recruiting more women in technical roles. We are broadening our engagement in orientation events for young students to communicate the positive aspects of and future career possibilities in STEM.

For 2021, the quantifiable goals were related to the following initiatives:

- Sustainable products: Implementation of our technology for socially responsible projects.
- Do business the right way: Increased audit capacity and intensity, particularly related to human and labor rights.
- STEM education: Co-operation with organizations delivering STEM education.
- Protect the environment: Commitments to achieve net zero emissions goals in the medium term.
- Respect our people: Diversity, equality and inclusion training.

Notwithstanding the above, should both the Revenue Growth and the OCF Margin result in negative numbers, even if the ESG component would be positive, no bonus would be paid. In addition, the CEO has a maximum bonus of 150% of the base salary while the EC bonus is multiplied by a factor of 0.5to bring the resulting bonus in line with the benchmark and is limited to 100% of the base salary.

Examples:

For the CEO:
A 20% revenue growth rate, a 10% OCF Margin and a 50% achievement of ESG goals results in

0.4*100% + 0.4*41.7% + 0.2*50% = 66.7% payout

And a 20% revenue growth rate, a 15% OCF Margin and a 50% achievement of ESG goals results in

0.4*100% + 0.4*62.5% + 0.2*50% = 75% payout

For the EC members:
A 20% revenue growth rate, a 10% OCF Margin and a 50% achievement of ESG goals results in

0.5(0.4*100% + 0.4*41.7% + 0.2*50%) = 33.3% payout

And a 20% revenue growth rate, a 15% OCF Margin and a 50% achievement of ESG goals results in

0.5(0.4*100% + 0.4*62.5% + 0.2*50%) = 37.5% payout

Variable Bonus 2022
The system for 2022 will remain the same compared to 2021.

The ESG goals are updated to reflect the increased of visibility on our ESG performance and continued progress planned during the coming year.

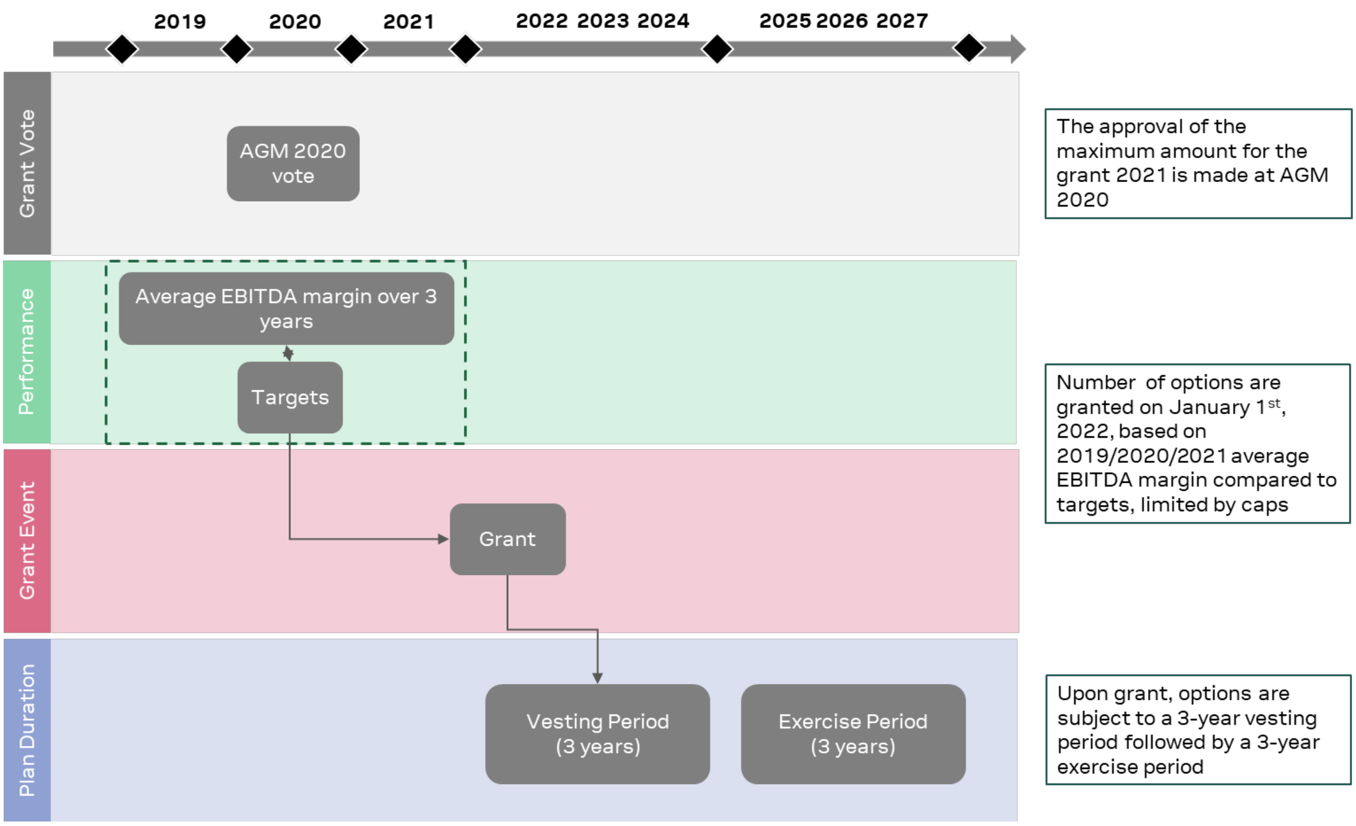
a) Sustainable products: Implementation of framework to measure environmental impact of our products.
b) Do business the right way: Increased audit capacity and intensity, particularly related tohuman and labor rights.
c) STEM education: Co-operation with organizations delivering STEM education.
d) Protect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

Long Term Incentive Stock Option Plan 2021
The goal of the long-term incentive stock option plan (LTI-ESOP) is three-fold: encourage the long-term commitment of management to u-blox; ensure that both shareholders and management have aligned long term interests; and foster team spirit. Each Executive Committee member receives the same number of options.

The Long-Term Incentive Stock Option Plan focuses on EBITDA margins as it best reflects the financial performance of the company's operations, is a main indicator for comparing market capitalization within a peer group and is aligned with shareholderinterests. To ensure the long-term component, the grant is based on the achieved historic three-year average EBITDA margin relative to a target. The plan includes a defined maximum allocation and a minimum performance threshold below which no allocations are made.

At the beginning of each fiscal year, the NCSC proposes the target EBITDA margins to be used in the LTI-ESOP plan for the following fiscal year taking into consideration the past EBITDA margins of therelevant industry peer group (Performance Peer Group as under Variable Bonus section above), the company's ongoing business expectations and the financial goals.

The Board of Directors approves the minimum, target and maximum goals and payout based on achievement level. Approval is sought from the AGM for the maximum compensation including the fair value of the maximum number of options that could be awarded if the maximum were achieved. The fair value is based on a set of assumptions regarding the anticipated business development within the timeframes covered by the proposal and the possible market performance of the u-blox share within those timeframes.



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.

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 Executive Committee 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 General Assembly
iv. proposes to the Board the grant for each member of the Executive Committee.

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

Each option grants the owner the right to purchase one share at a defined price (exercise price). The option can be exercised within the earliest of three years and the latest six years after the grant date. If not exercised, options expire six years after the grant date. In the case of termination of employment, any unvested options expire on the day following the last day of employment of the Executive Committee member. Vesting is accelerated in case of death or disability and, with respect to options granted as from 2014, upon retirement. There are no special provisions (e.g. vesting acceleration) in case of a change of control. However, the compensation committee will strive to apply a fair approach, i.e. no more will be paid than is warranted in each individual case and that for good leavers, and in case of change-in-control, LTI-ESOP awards will be pro-rated for time and performance, if and where possible and appropriate.

The exercise price is defined as the lower 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 LTI-ESOP amount can represent a significant portion of the total compensation and thus achieves the objectives of ensuring long-term commitment and incentivizing sustainable increase in shareholder value.

Long Term Incentive Stock Option Plan 2023

The Board of Directors is of the opinion that the current LTI is ambitious and directly performance related. Nevertheless, as market standards evolve, in the course of 2022 we will be reviewing our current LTI.

Malus and claw-back provisions

Malus and claw-back provisions apply to forfeit or recover payments made as 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 or any act or failure to act which violates the law. 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. In case of an act or failure to act which violates the law, the BOD defines the amount to be reimbursed 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 payment or grant of the respective compensation.

Pension funds and social insurance benefits
The aim is to provide the Executive Committee 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 Executive Committee, 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.

Other Benefits
The CEO is entitled to the use of a company car.

Employment contracts
The employment contracts of the members of the Executive Committee 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. Executive Committee 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 Executive Committee member terminates the employment contract, the company may trigger the non-compete obligation in exchange for a fee limited to 50% of the Executive Committee member's annual cashcompensation.

Loans
No guarantees or loans are granted to members of the Board of Directors or Executive Committee.

Share Ownership Requirements
The members of the Executive Committee will acquire and hold u-blox shares equivalent to 250% of base salary for the CEO and 200% for the other EC members. Until this shareholding level is met, the CEO and other EC members are expected to hold shares (net of tax) acquired under the LTI-ESOP. Achievement will not be altered by later share price variation. Unexercised options do not count towards the ownership requirement.

Approach to recruitment remuneration
The NCC 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 remuneration 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 remuneration being forfeited and would be capped to reflect the value being forfeited. The maximum level of variable pay, which couldbe awarded to a new Executive Committee member, excluding any buyouts, would be in line with the Policy set out. If an Executive Committee member is appointed following u-blox's acquisition of, or merger with, another company, legacy terms and conditions may be honored.

Board of Directors

Compensation System for the Board of Directors
To ensure the independence of the Board of Directors in its supervisory capacity of the Executive Committee, members of the Board of Directors only receive a fixed remuneration and do not participate in the share option scheme, pension scheme and/or performance related pay. In addition to the base director fees, an additional fixed fee is paid for positions of chairman, committee chairman and committee member. The Chairman of the Board is not eligible for additional compensation for participation in committees.

As explained above, the compensation benchmarking conducted in 2019 revealed that the board compensation is well below the median of Swiss small and mid-cap public companies. No increase was proposed for the period AGM 2021-2022 due to the economic environment.

The resulting AGM 2021-2022 compensation breakdown was as follows:

Board compensation including social insurance	Period AGM 2021 through AGM 2022
Base Compensation for chairman of the Board	CHF 180'000
Base Compensation for member of the Board	CHF 98'000
Additional compensation for committee membership	CHF 17'000
Additional compensation for committee chairman	CHF 27'000

For the period AGM 2022-2023, it is proposed to continue the adjustment to the median of the benchmarking done in 2019 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 audit committee chairman	CHF 30'000
Additional compensation for audit committee membership	CHF 20'000
Additional compensation for NCSC committee chairman	CHF 30'000
Additional compensation for NCSC committee membership	CHF 20'000

The remuneration is paid out in the form of cash only and on a pro-rata basis, twice per annum. Board of Directors compensation does not include any performance or profit-related components such as shares or options.

Actual expenses incurred are reimbursed, according to the company policy, for travel arising out of duties performed on behalf of the Board of Directors. No pension, social insurance contributions or benefits are granted to the Board members, except where compulsory under Swiss law.

Since 2020 the BOD has performed two annual self-evaluations covering BOD competencies and BOD efficiency. In 2021, a formal board evaluation with support of an external consultant was kicked off for 2022. The primary goal is to identify areas of improvement. The evaluations are led by the Chairman and discussed with the entire Board of Directors.

Share Ownership Requirements
Board of Director share ownership guidelines were introduced for the Board of Directors 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.

13.2 Compensation report 2021

13.2.1 Board of Directors

The total amount of compensation of the Board of Directors for the election period 2021/2022 has not changed from 2020/2021. The totalcompensation stayed within the limits as approved by the shareholder meeting (TCHF 660).

Compensation for the members of the Board of Directors 2021[1]

	Fee CHF	Social insurance[2] CHF	Total Compensation CHF
André Müller (Chairman)	168'000	12'348	180'348
Ulrich Looser (Chairman Audit Committee)	115'000	8'769	123'769
Gina Domanig (Chairman 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.

Compensation for the members of the Board of Directors 2020[1]

	Fee CHF	Social insurance[2] CHF	Total Compensation CHF
André Müller (Chairman)	162'000	11'957	173'957
Ulrich Looser (Chairman Audit Committee)	113'333	8'642	121'975
Gina Domanig (Chairman NCC)	113'333	8'642	121'975
Annette Rinck (Member Audit Committee)	102'333	7'803	110'136
Markus Borchert (Member NCC)	102'333	7'803	110'136
Thomas Seiler	0	0	0
Jean-Pierre Wyss	0	0	0
Total	**593'332**	**44'847**	**638'179**

1) The compensation is shown for fiscal year 2020, whereas the approved budget covers the period AGM 2020 to AGM 2021.
2) Mandatory social insurance.

13.2.2 Executive Committee

In fiscal year 2016 a review of the total compensation including base salary, bonus, and stock options of EC members was performed by the NCC and adjustments were made in 2017. A compensation review has taken place in 2019. The results of the review confirmed that no material changes are necessary.

Base Salary

The Base Salaries in 2021 do not increase.

Variable Bonus

The variable Bonus formula has changed in 2021 as explained in the compensation policy in 2020.

CEO:

For 2021, the bonus of the CEO amounted to 119.7 % of the base salary. For the CEO, the bonus amount has increased due to positive revenue growth and an increased operating cashflow margin.

Input data

Revenue growth rate	24.2 %
Operating cashflow margin	25.1 %
ESG	148.0 %

Output

Bonus rate	119.7 %

Other Executive Committee members:

For 2021, the bonus of the other Executive Committee members amounted to 59.9 % of the base salary. Compared to 2020, the bonus amount for the Executive Committee members has increased due to positive revenue growth and an increased operating cashflow margin.

Input data

Revenue growth rate	24.2 %
Operating cashflow margin	25.1 %
ESG	148.0 %

Output

Bonus rate	59.9%

The KPIs and formula for determining the variable bonus amount has changed compared to the previous years because the long development times for products (several years), together with the long adoption period of u-blox products by relevant customers, make the selected KPIs most appropriate in this business environment. The long market cycles reward only a long-term strategy and engagement and continual effort by the Executive Committee. For 2021 the following targets are applied:

Target description	*Weight*	*Target*	***Payout***	*Target*	***Payout***	***Maximum payout***
Revenue growth	40%	0%	**0%**	15%	**75%**	200%
Operating Cashflow margin	40%	0%	**0%**	18%	**75%**	200%
ESG	20%	0%	**0%**	100%	**100%**	150%

Long Term Incentive Stock Option Plan
For 2021, the Board of Directors approved the proposal by the NCC, in accordance with the LTI Stock Option Plan 2015, 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% compared to the targets. 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).

13.2.3 Compensation paid to the members of the Executive Committee 2021

The total compensation stayed within the limits as approved by the shareholder meeting (TCHF 7'000).

	Base Salary	Number of Options	Value of Options[1]	Bonus[2]	Pension and Social insurance funds[3]	Other benefits[4]	Total Compen-sation
	CHF		CHF	CHF	CHF	CHF	CHF
Thomas Seiler, CEO	476'605	3'857	83'080	570'683	218'093	8'071	1'356'532
Jean-Pierre Wyss	324'958	3'857	83'080	194'551	172'781	7'800	783'170
Andreas Thiel	324'958	3'857	83'080	194'551	172'183	0	774'772
Roland Jud[5]	316'834	3'761	81'012	189'687	169'454	0	756'987
Markus Schäfer	324'958	3'857	83'080	194'551	100'982	0	703'571
Total	**1'768'313**	**19'189**	**413'332**	**1'344'023**	**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.

Compensation for the members of the Executive Committee 2020

The total compensation stayed within the limits as approved by the shareholder meeting (TCHF 7'000).

	Base Salary	Number of Options	Value of Options[1]	Bonus[2]	Pension and Social insurance funds[3]	Other benefits[4]	Total Compen-sation
	CHF		CHF	CHF	CHF	CHF	CHF
Thomas Seiler, CEO	476'605	3'728	66'582	68'379	184'171	7'938	803'675
Jean-Pierre Wyss	324'958	3'728	66'582	0	164'975	7'300	563'815
Andreas Thiel	324'958	3'728	66'582	0	164'086	0	555'626
Roland Jud[5]	316'834	3'635	64'921	0	161'844	0	543'599
Markus Schäfer	324'958	3'728	66'582	0	85'152	28'000	504'692
Total	**1'768'313**	**18'547**	**331'249**	**68'379**	**760'228**	**43'238**	**2'971'407**

[1]) Options granted in 2021 for performance of 2020. The fair value of the options is CHF 17.86 per option at grant date. Strike price: CHF 58.85, Vesting date: January 1, 2024; Expiry date: January 1, 2027.
[2]) Bonus paid out in 2021 for performance of 2020.
[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.

13.2.4 Other Compensations

Share allotment
No shares were allocated to the members of the Board of Directors or Executive Committee in 2021.

Additional fees, remunerations, guarantees and loans
No additional fee or remuneration was paid to the members or former members of the Board of Directors or Executive Committee in 2021.

No guarantees or loans were granted by a group company to the members of the Board of Directors or Executive Committee or were outstanding on December 31, 2021.

Persons closely linked
No remuneration, fees or loans were paid, respectively granted, to persons closely linked to members of the Board of Directors or Executive Committee in 2021. 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

We have audited the accompanying compensation report of u-blox Holding AG for the year ended December 31, 2021. The audit was limited to the information according to articles 14 - 16 of the Ordinance against Excessive compensation in Stock Exchange Listed Companies contained in paragraph 13.2 of the compensation report 2021on pages 40 to 44.

Responsibility of the Board of Directors
The Board of Directors is responsible for the preparation and overall fair presentation of the remuneration report in accordance with Swiss law and the Ordinance against Excessive compensation in Stock Exchange Listed Companies (Ordinance). The Board of Directors is also responsible for designing the remuneration system and defining individual remuneration packages.

Auditor's Responsibility
Our responsibility is to express an opinion on the accompanying remuneration report. We conducted our audit in accordance with Swiss Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the compensation report complies with Swiss law and articles 14 – 16 of the Ordinance.

An audit involves performing procedures to obtain audit evidence on the disclosures made in the remuneration report with regard to compensation, loans and credits in accordance with articles 14 – 16 of the Ordinance. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatements in the remuneration report, whether due to fraud or error. This audit also includes evaluating the reasonableness of the methods applied to value components of remuneration, as well as assessing the overall presentation of the compensation report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion
In our opinion, the remuneration report for the year ended December 31, 2021 of u-blox Holding AG complies with Swiss law and articles 14 – 16 of the Ordinance.

KPMG AG

Silvan Jurt
Licensed Audit Expert
Auditor in Charge

Raphael Gähwiler
Licensed Audit Expert

Lucerne, March 10, 2022

Enclosure:
- Remuneration report

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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Website

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Financial calendar

• Annual General Meeting	April 20, 2022
• Half year results 2022	August 19, 2022
• Analyst day	November 22, 2022

FINANCIAL REPORT 2021

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Consolidated financial statements u-blox Group

Consolidated statement of financial position

(in CHF 000s)	Note	At December 31, 2021	At December 31, 2020
Assets			
Current assets			
Cash and cash equivalents	6	83’245	93’874
Marketable securities	7	500	498
Trade accounts receivable	8	51’063	33’959
Other receivables		14’114	30’087
Current tax assets		9’441	14’475
Inventories	9	31’446	33’570
Prepaid expenses and accrued income		11’269	10’876
Derivative financial assets		409	619
Total current assets		**201’487**	**217’958**
Non-current assets			
Property, plant and equipment	10	11’328	10’024
Right-of-use assets	27	31’962	32’499
Goodwill	11	58’216	59’910
Intangible assets	11	190’440	176’829
Other financial assets		1’074	1’189
Equity-accounted investees	12	777	7’822
Deferred tax assets	24	9’188	11’671
Total non-current assets		**302’985**	**299’944**
Total assets		**504’472**	**517’902**
Liabilities and equity			
Current liabilities			
Trade accounts payable	13	25’001	17’774
Other payables		10’115	7’533
Lease liabilities	27	5’387	4’728
Current tax liabilities		1’852	882
Accrued expenses	14	37’137	21’228
Financial liabilities	15	0	59’962
Total current liabilities		**79’492**	**112’107**
Non-current liabilities			
Financial liabilities	15	59’844	60’716
Other payables		5’313	800
Provisions	16	7’685	7’203
Pension liabilities	17	21’266	24’574
Lease liabilities	27	27’402	28’262
Deferred tax liabilities	24	1’462	1’555
Non-current tax liabilities		0	0
Total non-current liabilities		**122’972**	**123’110**
Total liabilities		**202’464**	**235’217**
Shareholders’ equity			
Share capital	18	105’300	105’300
Share premium	18	16’600	16’600
Treasury shares		-31’924	-31’924
Cumulative translation differences		-22’720	-19’765
Retained earnings		234’752	212’334
Total equity, attributable to equity holders of the parent		**302’008**	**282’545**
Non-controlling interest		**0**	**140**
Total equity		**302’008**	**282’685**
Total liabilities and equity		**504’472**	**517’902**

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

Consolidated income statement

(in CHF 000s)	Note	For the year ended December 31, 2021	For the year ended December 31, 2020
Revenue	5	**414'057**	**333'513**
Cost of sales		-220'496	-183'080
Gross profit		**193'561**	**150'433**
Distribution and marketing expenses		-40'381	-33'602
Research and development expenses	21	-106'238	-160'333
General and administrative expenses		-26'198	-22'976
Other income		5'139	1'665
Operating profit/loss		**25'883**	**-64'813**
Finance income	23	3'947	226
Finance costs	23	-6'936	-10'299
Share of loss of equity-accounted investees, net of taxes	12	-1'819	-4'164
Profit/loss before income tax (EBT)		**21'075**	**-79'050**
Income tax expense/benefit	24	-5'725	14'187
Net profit/loss		**15'350**	**-64'863**
Net profit/loss attributable to non-controlling interest		21	-238
Net profit/loss attributable to equity holders of the parent		15'329	-64'625
Basic earnings per share (in CHF)	19	2.21	-9.32
Diluted earnings per share (in CHF)	19	2.21	-9.32

Consolidated statement of comprehensive income

(in CHF 000s)	Note	For the year ended December 31, 2021	For the year ended December 31, 2020
Net profit/loss		**15'350**	**-64'863**
Other comprehensive income			
Remeasurements on pension liabilities	17	4'648	-1'298
Income tax on remeasurements on pension liabilities	24	-774	238
Items that will not be reclassified to income statement		**3'874**	**-1'060**
Currency translation differences		-2'955	-2'102
Items that are or may be reclassified subsequently to income statement		**-2'955**	**-2'102**
Other comprehensive income, net of taxes		**919**	**-3'162**
Total comprehensive income		**16'268**	**-68'025**
Comprehensive income attributable to non-controlling interest		21	-238
Total comprehensive income, attributable to equity holders of the parent		16'247	-67'787

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

Consolidated statement of changes in equity

(in CHF 000s)	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, 2020		**109'569**	**16'600**	**-32'031**	**-17'663**	**274'989**	**351'464**	**135**	**351'599**
Net profit for the period		0	0	0	0	-64'625	-64'625	-238	-64'863
Other comprehensive income for the period, net of taxes		0	0	0	-2'102	-1'060	-3'162	0	-3'162
Total comprehensive income		0	0	0	-2'102	-65'685	-67'787	-238	-68'025
Share-based payments[1]	20/24	0	0	0	0	3'030	3'030	0	3'030
Purchase of treasury shares		0	0	0	0	0	0	0	0
Dividend out of share premium		0	0	0	0	0	0	0	0
Decrease in par value	18	-4'269	0	107	0		-4'162	0	-4'162
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		-4'269	0	107	0	3'030	-1'132	0	-1'132
Changes in non-controlling interest		0	0	0	0	0	0	243	243
Balance at December 31, 2020		**105'300**	**16'600**	**-31'924**	**-19'765**	**212'334**	**282'545**	**140**	**282'685**
Net profit/loss 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**

1) Represents the amount of stock option expense of CHF 3.3 million (2020: CHF 4.76 million) including respective tax effects of CHF -108 thousand (2020: CHF -1.7 million) recognized for 2021 and 2020 respectively.

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

Consolidated statement of cash flows

(in CHF 000s)	Note	For the year ended December 31, 2021	For the year ended December 31, 2020
Net profit/loss		**15’350**	**-64’863**
Adjustments for:			
Depreciation	10, 27	11’450	12’228
Amortization	11	28’495	13’902
Impairment of intangible assets	11	67	74’120
Share-based payment transactions	20	3’323	4’761
Change of pension liability		1’089	2’039
Other non-cash transactions		-1’165	826
Change of allowance for doubtful receivables		131	-20
Finance income	23	-3’947	-226
Finance costs	23	6’936	10’299
Share of loss of equity accounted investees		1’819	4’164
Income tax expense/(benefit)	24	5’725	-14’187
Change in trade and other receivables, prepaid expenses and accrued income		-1’007	-2’881
Change in inventories	9	1’554	18’015
Change in trade and other payables and accrued expenses		26’682	-10’678
Change in provisions		481	-1’086
Income tax received/(paid)		707	-6’894
Net cash generated from operating activities		**97’690**	**39’519**
Acquisition of property, plant and equipment	10	-6’194	-4’347
Acquisition of intangible assets	11	-36’923	-38’441
Proceeds from disposal of property, plant and equipment	10	17	69
Acquisition of businesses (net of cash acquired)	30	1’831	-9’308
Proceeds from sale of marketable securities		0	400
Acquisition of financial assets		-36	-388
Proceeds from disposal of financial assets		65	3
Acquisition of marketable securities		0	0
Participation in a capital increase in an associate	12	-740	-4’209
Interest received		259	226
Net cash used in investing activities		**-41’721**	**-55’995**
Proceeds from exercise of options		0	0
Dividends paid to owners of the company		0	0
Par value reduction		0	-4’269
Par value reduction on treasury shares		0	107
Payments of lease liabilities	27	-5’018	-5’726
Proceeds from financial liabilities	15	25’038	1’046
Repayment of financial liabilities	15	-85’024	0
Interest paid		-2’787	-2’678
Changes in non-controlling interest		-18	243
Net cash generated (used in)/from financing activities		**-67’809**	**-11’277**
Net decrease in cash and cash equivalents		**-11’840**	**-27’753**
Cash and cash equivalents at beginning of year		93’874	127’424
Exchange gains/(losses) on cash and cash equivalents		1’211	-5’797
Cash and cash equivalents at end of year	6	**83’245**	**93’874**

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 historical 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 localcurrency.

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 new standards are effective from January 1, 2021 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, 2021 and 2020:

Company	Share capital (million)	Ownership interest Dec. 31, 2021	Ownership interest Dec. 31, 2020	Function
u-blox AG, CH-Thalwil	CHF 4.23	100%	100%	E
u-blox Europe Ltd., UK-Charing (3)	GBP 0.10	0%	100%	I
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%	E
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 (formerly Fastrax)	EUR 0.05	100%	100%	E
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 (formerly connectBlue)	SEK 0.83	100%	100%	E
u-blox Athens S.A., GR-Athens (formerly Antcor)	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%	42.96%	D
u-blox Wireless Technology (Shanghai) Ltd.	RMB 1.45	100%	100%	D
u-blox Electronics (Shanghai) (2)	RMB 0.13	0%	100%	D
Tashang Semiconductor (Shanghai) Co., Ltd. (4)	RMB 25.00	0%	70%	E
Tashang Holding (HK) Ltd. (4)	RMB 0.00	0%	70%	S
Thingstream Invest AG, CH-Zug	CHF 0.50	100%	100%	E
Thingstream AG, CH-Thalwil (1)	CHF 1.79	0%	100%	E
Thingstream Ltd., UK-Bournemouth	GBP 0.00	100%	100%	E
Thingstream Inc., US-San Diego 5)	USD 0.00	0%	100%	D
Robok Ltd., UK-Cambridge 6)	GBP0.02	11.4%	0%	D
Zero Point Motion Ltd., UK- London 6)	GBP0.02	10.93%	0%	D

E = Engineering, Logistics, Marketing, Sales and Support. | S = Sales and Support. | M = Marketing. | D = Engineering. | I = Inactive. (1) Thingstream AG was merged into Thingstream Invest AG during 2021 (2) u-blox Electronics (Shanghai) was liquidated in 2021 (3) u-blox Europe Ltd. was liquidated during 2021 (4) the Tashang entities were sold during 2021 5) Thingstream Inc. was merged into u-blox San Diego Inc. during 2021 6) although ownership 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 thefair 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, 2021		December 31, 2020	
	Average rate	Closing rate	Average rate	Closing rate
EUR	1.08129	1.03697	1.07053	1.08247
USD	0.91407	0.91170	0.93872	0.88629
GBP	1.25743	1.23367	1.20418	1.21335
HKD	0.11760	0.11694	0.12102	0.11430
SGD	0.68026	0.67601	0.68045	0.67079
CNY	0.14168	0.14344	0.13601	0.13567
JPY	0.00833	0.00792	0.00879	0.00858
PKR	0.00562	0.00511	0.00581	0.00553
SEK	0.10656	0.10074	0.10209	0.10770

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 or in the case of intellectual property rights, technology and customer relationships acquired in a business combination initially at fair value less related 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 has chosen to apply this policy also for trade receivables with 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 Group maintains pension plans for employees located in Switzerland, the United Kingdom (UK), Italy, Japan, Sweden, Greece, Belgium, Ireland, Finland, the United States of America (USA), Singapore, Pakistan and China. These plans comply with the respective legislation in each country and are financially independent of the Group. The funds are generally financed by employer and employee contributions.

The plans in the UK, partly in Italy, Belgium, Ireland, Sweden, the USA, Pakistan, China and Singapore qualify as defined contribution plans since the Group has no further payment obligations once the fixed contributions have been paid. Employer contributions paid or due are recognized in the income statement as incurred. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

The Swiss plan is contracted with an insurance company and qualifies as a defined benefit plan. The part of the Italian TFR *(Trattamento di fine rapporto)* which has vested before December 31, 2006 and the Greek plan also qualify as defined benefit plans.

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 expectedrefunds 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 withrespect 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 customersmay 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 associatedwith 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.

New IFRSs issued but not yet effective in 2021
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:

Standard/Interpretation	Impact	Effective date	Planned application by u-blox
New Standards and Interpretations			
Onerous Contracts — Cost of Fulfilling a Contract (Amendments to IAS 37)	[1])	January 1, 2022	Reporting year 2022
Reference to the Conceptual Framework (Amendments to IFRS 3)	[1])	January 1, 2022	Reporting year 2022

[1]) No significant impacts are expected on the consolidated financial statements of u-blox.

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 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.

In 2020 u-blox acquired 100% of Thingstream Invest AG, Thingstream AG, Thingstream Ltd and Thingstream 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 000s)	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**
Revenue third	413'463	333'158	594	355	414'057	333'513	0	0	414'057	333'513
Revenue Intra-Group	0	0	35'216	31'099	35'216	31'099	-35'216	-31'099	0	0
Total Revenue	**413'463**	**333'158**	**35'810**	**31'454**	**449'273**	**364'612**	**-35'216**	**-31'099**	**414'057**	**333'513**
EBITDA	63'862	33'898	2'034	1'539	65'896	35'437	0	0	65'896	35'437
Depreciation	-8'446	-9'309	-3'005	-2'919	-11'451	-12'228	0	0	-11'451	-12'228
Amortization	-25'393	-12'758	-3'102	-1'144	-28'495	-13'902	0	0	-28'495	-13'902
Impairment of intangible assets	-67	-74'120	0	0	- 67	-74'120	0	0	- 67	-74'120
Operating profit/(loss) (EBIT)	**29'956**	**-62'289**	**-4'073**	**-2'524**	**25'883**	**-64'813**	**0**	**0**	**25'883**	**-64'813**
Finance income									3'947	226
Finance costs									-6'936	-10'299
Share of loss of equity-accounted investees, net of taxes									-1'819	-4'164
EBT									**21'075**	**-79'050**

Revenues are derived from:

(in CHF 000s)	For the year ended December 31, 2021	For the year ended December 31, 2020
Sale of goods	413'463	333'105
Services rendered	594	387
License fees	0	21
Revenue from contracts with customers	**414'057**	**333'513**
Other revenues	0	0
Total	**414'057**	**333'513**

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 customers' location:

	For the year ended December 31, 2021		For the year ended December 31, 2020	
	in CHF 000s	% share	in CHF 000s	% share
EMEA	108'920	26.3	91'073	27.3
thereof: Switzerland	1'746	0.4	1'867	0.6
Germany	17'795	4.3	14'732	4.4
America	87'249	21.1	71'270	21.4
thereof: United States of America	66'652	16.1	59'767	17.9
Asia Pacific	217'888	52.6	171'170	51.3
thereof: China	105'963	25.6	92'809	27.8
Total	**414'057**	**100.0**	**333'513**	**100.0**

The following table summarizes Property, plant and equipment, Right-of-use assets, Intangible assets and Goodwill by geographic region as allocated:

	For the year ended December 31, 2021		For the year ended December 31, 2020	
	in CHF 000s	% share	in CHF 000s	% share
EMEA	285'242	97.71	272'494	97.58
thereof: Switzerland	218'628	74.89	195'068	69.85
UK	14'097	4.83	14'748	5.28
Italy	13'784	4.72	15'342	5.49
Sweden	12'530	4.29	13'833	4.95
Finland	10'413	3.57	11'158	4.00
Germany	9'275	3.18	4'370	1.56
America	4'730	1.62	3'863	1.38
Asia Pacific	1'970	0.67	2'905	1.04
Total	**291'942**	**100.0**	**279'262**	**100.0**

Revenue by market
(in CHF 000s)

	For the year ended December 31, 2021	For the year ended December 31, 2020
Automotive	115’116	81’616
Consumer	39’455	26’195
Industrial	258’624	210’051
Others	862	15’651
Total revenue from contracts with customers	**414’057**	**333’513**

Revenue by product type
(in CHF 000s)

	For the year ended December 31, 2021	For the year ended December 31, 2020
Module	334’420	262’169
Chips	74’390	67’538
Others	5’247	3’806
Total revenue from contracts with customers	**414’057**	**333’513**

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. The increase in other income in 2021 is due to debt forgiveness (see Note 15) and increased research & development credits.

6 Cash and cash equivalents

(in CHF 000s)	At December 31, 2021	At December 31, 2020
Petty cash	9	10
Cash at banks	49’502	50’436
Call and fixed-term deposits	33’733	43’428
Total	**83’245**	**93’874**
Composition of cash and cash equivalents by currency (in CHF 000s)		
CHF	23’043	22’865
USD	46’652	57’408
EUR	6’815	7’709
Other	6’735	5’892

7 Marketable securities

In November 2009, u-blox entered into an asset management agreement with Zürcher Kantonalbank to invest in CHF bonds. This amount is increased or decreased at least on an annual basis, based on the cash requirements of the Group.

The interest received on the investments is reinvested. The rating of the debtors of the bonds in which u-blox invest meet highest credit ratings at purchase date, see Note 25. The agreement can be terminated with immediate effect.

8 Trade accounts receivable

(in CHF 000s)	At December 31, 2021	At December 31, 2020
Gross amount	51’456	34’236
Loss allowance	-393	-277
Total	**51’063**	**33’959**
Composition by currency (in CHF 000s)		
USD	44’341	28’476
EUR	6’998	5’593
JPY	83	157
Other	34	10
Composition by regions (in CHF 000s)		
EMEA	14’478	9’960
Americas	21’540	13’203
Asia Pacific	15’438	11’073

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

9 Inventories

(in CHF 000s)	At December 31, 2021	At December 31, 2020
Raw material (components)	15’560	21’413
Work in progress	6’715	3’374
Finished products	9’171	8’783
Total	**31’446**	**33’570**

Components and changes in finished products recognized as cost of sales amounted to CHF 201.1 million (2020: CHF 171.3 million).

In addition, inventories have been reduced by CHF 1’146 thousand (2020: CHF 4’205 thousand) 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 000s)	**Furniture, equipment and vehicles**	**IT infra-structure**	**Tools and test infra-structure**	**Total**
Balance at January 1, 2020	**19’329**	**4’376**	**53’147**	**76’852**
Additions	785	642	2’920	4’347
Disposals	-80	-100	-44	- 224
Change in scope of consolidation	-2	4	5	7
Translation differences	-220	-95	-436	- 751
Balance at December 31, 2020	**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**

Accumulated depreciation (in CHF 000s)	**Furniture, equipment and vehicles**	**IT infra-structure**	**Tools and test infra-structure**	**Total**
Balance at January 1, 2020	**16’453**	**3’192**	**44’500**	**64’145**
Depreciation	1’182	735	4’866	6’783
Disposals	-69	-81	-44	- 194
Change in scope of consolidation	0	-18	0	- 18
Translation differences	-168	-67	-274	- 509
Balance at December 31, 2020	**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**
Net carrying amount at January 1, 2020	**2’876**	**1’184**	**8’647**	**12’707**
Net carrying amount at December 31, 2020	**2’414**	**1’066**	**6’544**	**10’024**
Net carrying amount at December 31, 2021	**1’931**	**1’484**	**7'912**	**11’327**

The Group did not have any capital commitments at December 31, 2021 (December 31, 2020: none). Depreciation for the year is recorded in the following income statement positions:

(in CHF 000s)	**2021**	**2020**
Cost of sales	1’749	1’605
Distribution and marketing expenses	92	94
Research and development expenses	3’745	4’707
General and administrative expenses	374	377
Total depreciation	**5’960**	**6’783**

11 Goodwill and intangible assets

Cost (in CHF 000s)	**Goodwill**	Intellectual property rights/ acquired technology	Software	Capitalized develop- ment costs	Customer relation- ships/other intangible assets	**Total intangible assets**
Balance at January 1, 2020	**56'027**	**55'536**	**12'534**	**283'307**	**7'823**	**359'200**
Additions	0	1'000	663	36'772 [1)]	6	38'441
Disposals	0	-11'157	-12	-79'661	0	-90'830
Change in scope of consolidation	4'241	6'799	0	0	677	7'476
Reclassification within the Group	0	0	0	0	0	0
Translation differences	-358	-133	-18	16	-2	- 137
Balance at December 31, 2020	**59'910**	**52'045**	**13'167**	**240'434**	**8'504**	**314'150**
Additions	0	0	550	36'373 [1)]	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**

Accumulated amortization and impairment losses (in CHF 000s)	**Goodwill**	Intellectual property rights/ acquired technology	Software	Capitalized develop- ment costs	Customer relation- ships/other intangible assets	**Total intangible assets**
Balance at January 1, 2020	**0**	**38'888**	**11'935**	**83'439**	**5'744**	**140'006**
Amortization	0	2'195	402	10'395	910	13'902
Disposals	0	-11'157	-12	-79'661	0	-90'830
Impairment	0	11'157	0	62'963	0	74'120
Change in scope of consolidation	0	0	0	0	0	0
Reclassification within the Group	0	0	0	0	0	0
Translation differences	0	120	-12	16	-1	123
Balance at December 31, 2020	**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**	**12'897**	**101'684**	**7'451**	**163'640**
Net carrying amount at January 1, 2020	**56'027**	**16'648**	**599**	**199'868**	**2'079**	**219'194**
Net carrying amount at December 31, 2020	**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**

The capitalized development costs consist primarily of internally developed costs.

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

(in CHF 000s)	2021	2020
Cost of sales	833	54
Distribution and marketing expenses	939	905
Research and development expenses	26’621	12’652
General and administrative expenses	101	291
Total amortization	**28'494**	**13’902**

During 2020 the Group recognized CHF 74.1 million of impairment losses on intangible assets. The impairment in 2020 was due to current market conditions mainly in automotive, changes in business plan expectations and refocusing of development projects. Each of those development projects was deemed an individual cash generating unit (‘CGU’). The impairment charge in 2020 was recognized in ‘research and development expenses’. The charge relates to intangible assets in the positioningand wireless products segment. The respective CGU’s were fully written off as the recoverable amount was deemed to be zero.

The Group did not have any capital commitments at December 31, 2021 (December 31, 2020: none).

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 000s)	At December 31, 2021	At December 31, 2020
Positioning and Wireless products	53’057	54’833
Wireless services	5’159	5’077
Total goodwill	**58’216**	**59’910**

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	2021 Growth rate (residual value)	Pre tax discount rate	Post tax discount rate	2020 Growth rate (residual value)
Positioning and Wireless products	8.63%	7.79%	3%	10.45%	9.33%	3%
Wireless services	10.77%	9.79%	3%	13.37%	11.49%	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 1'435 million for the Positioning and Wireless products (2020: CHF 286 million) and CHF 16 million for the Wireless services (2020: CHF 351 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 2021	Rate required for carrying amount to equal recoverable amount 2020
Discount rate	30.18%	5.44%
Growth rate (residual value)	Not meaningful %	-9.51%

Wireless services

	Rate required for carrying amount to equal recoverable amount 2021	Rate required for carrying amount to equal recoverable amount 2020
Discount rate	12.01%	58.76%
Growth rate (residual value)	0.29 %	Not meaningful %

12 Equity accounted investees

u-blox and three other partners created Sapcorda Services GmbH to bring high precision GNSS positioning services to mass market applications. The four parties recognized that existing solutions for GNSS positioning services do not meet the needs of emerging high precision GNSS mass markets. See Note 30 for explanation of u-blox' acquisition of 100% of Sapcorda Services GmbH in March 2021.

u-blox has also invested in various start-up companies, which develop products and services supporting GPS/ GNSS satellite positioning systems.

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

(in CHF 000s)	2021	2020
Balance at January 1	**7'822**	**7'777**
Capital increase[1]	1'141	4'209
Share of net results	-1'819	-4'164
Step-acquisition of Sapcorda [(2)]	-6'367	
Balance at December 31	**777**	**7'822**

1) Cash outflow amounted to CHF 740 thousand (2020: CHF 4'209 thousand)

2) In the 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. See Note 30 for further information.

13 Trade accounts payable

(in CHF 000s)	At December 31, 2021	At December 31, 2020
Trade accounts payable	25'001	17'774
Total	**25'001**	**17'774**
Composition by currency (in CHF 000s)		
CHF	1'225	124
USD	20'680	15'431
EUR	2'491	1'674
Other	605	545

14 Accrued expenses

(in CHF 000s)	At December 31, 2021	At December 31, 2020
Personnel related	28’065	12’475
Other accruals	9’072	8’754
Total	**37’137**	**21’228**
Thereof classified as financial instruments (Note 25)	8’966	8’685

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 23, 2015, u-blox issued a bond for CHF 60.0 million (net cash inflow of CHF 59.2 million) with a coupon of 1.625% p.a. and a term to maturity of 6 years. This bond matured on April 22, 2021 and is presented in the 2020 balance sheet under Current liabilities, 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 is presented in the balance sheet under Non-current liabilities.

In addition, during 2020 u-blox obtained a loan from the Government of the United States of America relative to the COVID-19 pandemic in the amount of CHF 987 thousand. This amount is presented in the 2020 balance sheet under Non-current liabilities, financial liabilities and includes accrued interest of CHF 7 thousand. During 2021 CHF 940 thousand was forgiven by the Government of the United States of America (recognized in Other income) and u-blox repaid CHF76 thousand.

The following table shows the reconciliation of movements of liabilities to cash flows arising from financing activities.

(in CHF 000s)	Liabilities 2021	Liabilities 2020
Balance at January 1	**120’678**	**119’422**
Changes from financing cash flows		
Proceeds from loans and borrowings	25’038	1’046
Repayments	-85’024	0
Total changes from financing cash flows	**-59’986**	**1’046**
Other changes		
Interest accretion	166	262
Debt forgiveness	-940	0
Other changes	-74	-52
Balance at December 31	**59’844**	**120’678**

16 Provisions

(in CHF 000s)	Royalties	Other	Total non-current provisions	Total provisions
At January 1, 2020	8’068	224	8’292	8’292
Used	-1’815	0	-1’815	-1’815
Additions	742	0	742	742
Release	0	-16	-16	-16
At December 31, 2020	**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
At December 31, 2021	**7’471**	**213**	**7’685**	**7’685**

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 Italy and defined contribution plans in the United Kingdom (UK), in the United States of America (USA), Italy, Sweden, Belgium, Ireland, Finland, 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 2021 the minimum interest was 1.0% (2020: 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 providesbenefits 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 contributions 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.

(in CHF 000s)	Defined benefit obligation 2021	2020	Fair value of plan assets 2021	2020	Net defined benefit liability 2021	2020
Balance at January 1	95'070	85'472	-70'496	-64'162	24'574	21'310
Included in income statement						
Current service cost	4'429	4'950	0	0	4'429	4'950
Plan amendments	0	0	0	0	0	0
Interest cost / (income)	185	300	-141	-233	44	67
Administration cost	0	0	48	52	48	52
	4'614	**5'250**	**-93**	**-181**	**4'521**	**5'069**
Included in other comprehensive income						
Remeasurements loss / (gain): - Actuarial loss / (gain) arising from:						
- financial assumptions	-186	1'238	0	0	-186	1'238
- experience adjustments	4'321	2'556	0	0	4'321	2'556
- demographic assumptions	-3'026	-1'161	0	0	-3'026	-1'161
- return on plan assets excluding interest income	0	0	-5'482	-1'335	-5'482	-1'335
	1'109	**2'633**	**-5'482**	**-1'335**	**-4'373**	**1'298**
Other						
Other	-266				-262	
Contributions by employer	0	0	-3'174	-3'067	-3'174	-3'067
Plan participants' contributions	1'961	1'930	-1'961	-1'930	0	0
Benefits received, net	-5'133	-244	5'133	179	0	-65
Exchange rate differences	-20	29	0	0	-20	29
	-3'458	**1'715**	**-2**	**-4'818**	**-3'456**	**-3'103**
Balance at December 31	**97'335**	**95'070**	**-76'073**	**-70'496**	**21'266**	**24'574**
thereof: funded					**20'801**	**23'821**
unfunded (refers to the Italian and Greek pension plans)					**465**	**753**

The expected contribution of the Group for defined benefit plans for the financial year 2022 amounts to CHF 3'086 thousand (2021: 3'135 thousand).

Principal actuarial assumptions (Swiss plan only)

Calculation of defined benefit obligations	At December 31, 2021	At December 31, 2020
Discount rate	0.31%	0.20%
Future pension indexations	0.00%	0.00%
Mortality table	BVG 2020G	BVG 2015G

At December 31, 2021, the weighted-average duration of the defined benefit obligation for the Swiss plan was 19.5 years (2020: 21.2 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:

	2021	**2020**	**2021**	**2020**
Change	+0.25%	+0.25%	-0.25%	-0.25%
(in CHF 000s)				
Change of the discount rate	-2'943	-3'241	3'195	3'538
Pension growth	1'505	1'621	-1'441	-1'548
	-1 Year	-1 Year	+1 Year	+1 Year
Life expectancy	-1'338	-1'457	1'340	1'452

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)

Fair value of plan assets (CHF 000s)	**2021**	**2020**
Equities	31'619	27'110
Bonds	22'364	22'547
Real estate	5'049	4'852
Investment funds	12'531	11'413
Non-traditional funds (e.g. hedge funds)	2'084	3'095
Other	1'429	23
Cash	996	1'456
Total fair value of plan assets	**76'073**	**70'496**

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 2021, Group contributions recognized as an expense for defined contribution plans were CHF 4'588 thousand (2020: CHF 4'320 thousand).

18 Share capital and share premium

	Number of shares	Ordinary share capital CHF 000s	Share premium CHF 000s
At January 1, 2020	**7’114’839**	**109’569**	**16’600**
Decrease in par value		-4’269	0
Options exercised during the year	0	0	0
Increase in par value of shares		0	0
At December 31, 2020	**7’114’839**	**105’300**	**16’600**
Decrease in par value		0	
Options exercised during the year	0	0	0
At December 31, 2021	**7’114’839**	**105’300**	**16’600**

Ordinary share capital
The company’s ordinary share capital at December 31, 2021 consists of 7’114’839 registered shares with a nominal value of CHF 14.80 (2020: 7’114’839 registered shares with a nominal value of CHF 14.80) each. During 2020 the group made a nominal share repayment of CHF 0.60 per share.

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 2021 amounted to CHF 0 thousand (2020: CHF 0 thousand).

Approximately CHF 23.2 million (2020: 23.2 million) of the share premium and retained earnings is not available for distribution due to legal restrictions.

The reserve for the Group’s treasury shares comprises the cost of u-blox shares held by the Group at December 31, 2021. The Group held 178’000 shares at December 31 2021 and December 31, 2020.

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 14.80 each in an aggregate amount not to exceed CHF 10’360’000.

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 a maximum aggregate amount of CHF 5'263'546 by issuing no more than 355'645 fully paid-in registered shares witha nominal value of CHF 14.80. The conditional share capital is used for the exercise of option rightsthat are and will be granted to the employees of the company and its subsidiaries according to any employee share option plans (ESOP) as approved by the Board of Directors. In 2021, 0 options wereexercised out of the conditional share capital (2020: 0).

During 2021 and 2020 no new shares were issued. At December 31, 2020 the conditional share capital amount was CHF3'481'626 (235'245 shares with a nominal value of CHF 14.80).

Treasury shares
In 2021 u-blox purchased 0 treasury shares (2020: 0).

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.

	For the year ended December 31, 2021	For the year ended December 31, 2020
Net profit/loss attributable to equity holders of the parent (in CHF 000s)	**15'329**	**-64'625**
Weighted average number of outstanding shares (basic)	**6'936'839**	**6'936'639**
Effect of share options on issue	0	0
Weighted average number of outstanding shares (diluted)	**6'936'839**	**6'936'639**
Basic earnings per share (in CHF)	**2.21**	**-9.32**
Diluted earnings per share (in CHF)	**2.21**	**-9.32**

At December 31, 2021 the Group had 1'007'685 outstanding options (December 31, 2020: 956'954 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 000s)	For the year ended December 31, 2021	For the year ended December 31, 2020
Salaries	79’256	65’147
Share-based payments	3’326	4’761
Social taxes	14’258	11’477
Pension cost	9’114	9’389
Other personnel related expenses	4’927	4’741
Total personnel expenses	**110’881**	**95’515**

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 priceis 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 HoldingAG share.

In 2021, 234’624 options were granted to certain members of the Executive Committee members and employees at an exercise price of CHF 58.85.

In 2020, 188’644 options were granted to certain members of the Executive Committee members and employees at an exercise price of CHF 91.87 and 37’453 employee stock options at an exercise price of CHF 97.80.

In 2021 and 2020, no options were exercised.

The following table details the movements of outstanding employee stock options:

	For the year ended December 31, 2021		For the year ended December 31, 2020	
	Weighted average exercise price in CHF	Number of options	Weighted average exercise price in CHF	Number of options
Opening balance	**144.68**	**956’954**	**159.66**	**811’943**
Granted	58.85	234’624	92.85	226’097
Exercised	0	0	0	0
Forfeited	132.55	-183’893	150.16	-81’086
Ending balance	**126.91**	**1’007’685**	**144.68**	**956’954**
Thereof vested and exercisable	196.23	427’237	185.91	389’023

The following table summarizes the employee stock options outstanding at December 31, 2021 and December 31, 2020 respectively:

Expiry date	**Exercise Price CHF**	**Options outstanding at December 31, 2021**	**Options outstanding at December 31, 2020**
2022	210.28	108'077	117'156
2022	214.50	23'985	26'321
2023	187.09	128'162	141'940
2023	191.20	20'941	24'163
2024	191.55	122'954	135'771
2024	191.80	23'318	26'816
2025	78.95	146'074	162'933
2025	78.95	23'261	27'183
2026	91.87	162'295	182'020
2026	97.80	28'256	33'208
2027	58.85	184'729	
2027	58.85	35'633	
Total	126.91	**1'007'685**	**956'954**
Weighted average remaining expected life at December 31		2.40 years	1.43 years
Weighted average remaining contractual life at December 31		2.79 years	2.93 years

The weighted average fair value of the outstanding options was CHF 31.59 (2020: CHF 34.91). 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, 2021 and 2020 respectively:

	2021	2020
Dividend yield	0%	1.13%
Expected volatility	40.80%	38.50%
Risk-free interest rate	-0.57%	-0.44%
Expected life of option	4.50 years	4.50 years
Expected exit rate after vesting	12.40%	10.30%
Weighted average share price	CHF 58.85	CHF 92.85

For 2021 and 2020 the expected volatility was based on the historical volatility of the u-blox share.

The expense for employee services received is recognized over the vesting period. The expense from the employee stock option plan recognized in 2021 was TCHF 3’326 (2020: TCHF 4’761).

21 Research and development

(in CHF 000s)	2021	2020
Research and development expenditures	72’141	65’262
Depreciation and amortization	34’030	20’951
Impairment[1])	67	74’120
Total research and development expenses	**106’238**	**160’333**

1) See Note 11.

22 Operating expenses by nature

(in CHF 000s)	Note	2021	2020
Material costs	9	201’106	171’251
Personnel expenses	20	110’881	95’515
Depreciation	10, 27	11’450	12’228
Amortization and impairment	11	28’561	88’022
Travel- and representation expenses		1’044	1’695
Administration expenses		12’405	10’031
Marketing expenses		2’513	3’298
Rent expenses		581	382
Other expenses		24’772	17’569
Total		**393’313**	**399’991**

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

23 Finance income / finance costs

(in CHF 000s)	2021	2020
Interest income	91	88
Foreign exchange gain	3’856	0
Other finance income	0	138
Finance income	**3’947**	**226**
Losses on financial instruments at fair value	-38	-53
Financial liabilities measured at amortized costs-interest expenses	-2’739	-3’628
Losses on disposals (see Note 30) [1]	-4’159	
Foreign exchange loss	0	-6’618
Finance costs	**-6’936**	**-10’299**
Total, net	**-2’989**	**-10’073**

[1] Loss on disposal of Tashang was CHF 1.5 million.

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 000s)	2021	2020
Current income taxes	4’167	-1’075
Deferred income taxes	1’558	-13’112
Total income tax expense/benefit	**5’725**	**-14’187**

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:

		2021		2020
	in %	in CHF 000s	in %	in CHF 000s
Profit/loss before income tax		**21’075**		**-79’050**
Income tax rate of u-blox AG, Thalwil [1]	18.1		19.4	
Expected income tax expense/benefit		3’821		-14’642
Effect of different tax rates		-761		654
Effect of non-tax-deductible expenses and non-taxable income		1’069		810
Prior year adjustments		-278		-341
R&D tax credits		-124		-1’541
Tax loss carry forwards not recognized or derecognized in current year		2’134		1’186
Utilization of previously unrecognized tax losses		-1		-220
Other		-135		-93
Effective income tax expense/benefit		**5’725**		**-14’187**

1) The expected tax rate decrease is due to a tax rate change in Switzerland in 2021.

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 000s)	At December 31, 2021 Deferred tax assets	At December 31, 2021 Deferred tax liabilities	At December 31, 2020 Deferred tax assets	At December 31, 2020 Deferred tax liabilities	Change 2021
Trade accounts receivable (net)	0	1'855	1	1'237	-619
Inventory	0	1'487	0	2'786	299
Property Plant and Equipment	419	94	191	117	251
Intangible assets	13	1'446	0	1'550	116
Other assets	0	243	0	465	222
Pension	3'816	0	4'432	0	-615
Accrued expenses personnel	1'320	0	444	0	876
Other liabilities	550	566	571	388	-198
Provision	257	0	34	0	223
Tax loss carry forwards	7'042	0	9'986	0	-2'944
Deferred tax assets/liabilities (gross)	**13'417**	**5'691**	**15'659**	**5'543**	**-2'391**
Netting	-4'230	-4'230	-3'988	-3'988	0
Deferred tax assets/liabilities (net)[1]	**9'188**	**1'462**	**11'671**	**1'555**	**-2'391**

1) The deferred tax assets/liabilities are calculated at the respective closing date rate whereas the changes in temporary differences are calculated at the average rate for the respective year.

Management assessed the recoverability of the deferred tax assets recognized during 2020 primarily for u-blox AG. 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 4.8 million, which do not expire.

In 2021, the cumulative remuneration expenses from share-based payments exceeds the amount of the tax deduction resulting from share-based payments. The subsequent reduction in the excess in the amount of CHF 108 thousand was recognized directly in equity (2020: CHF 1.7 million).
In 2021, deferred income taxes in the amount CHF -774 thousand (2020: CHF 238 thousand) were recognized in other comprehensive income relating to the remeasurement of the pension liability.

25 Financial risk management

Financial instruments

The following table shows the carrying amount of all financial instruments per category.

(in CHF 000s)	For the year ended December 31, 2021	For the year ended December 31, 2020
Cash and cash equivalents	83'245	93'874
Trade accounts receivable	51'062	33'959
Other receivables	1'330	5'205
Accrued income	701	680
Other financial assets	1'073	1'189
Financial assets at amortized cost	**137'411**	**134'905**
Marketable securities	500	498
Derivative financial assets	409	619
Financial assets at fair value through profit or loss	**909**	**1'117**
Trade accounts payable	25'001	17'774
Other payables	7'181	4'686
Accrued expenses	8'966	8'685
Lease liabilities	32'789	32'990
Financial liabilities	59'844	120'678
Liabilities at amortized cost	**133'782**	**184'813**
Other payables – contingent consideration	5'513	800
Liabilities at fair value through profit or loss	**5'513**	**800**

With the exception of financial liabilities and lease liabilities the carrying amounts above are a reasonable approximation of the fair values.

The carrying amount of the marketable securities recognized at their fair value is determined on the basis of the bond prices at the balance sheet date. The contingent consideration at December 31, 2021 contains a holdback of CHF 800 thousand from the Thingstream acquisition, with CHF 600 thousand classified as non-current liabilities and CHF 200 thousand 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, 2021 contains a non-current liability of 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, 2021

(in CHF 000s)	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**
Other payables – 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**

For the year ended December 31, 2020

(in CHF 000s)	Total	Level 1	Level 2	Level 3
Marketable securities	498	498	0	0
Derivative financial assets	619	0	619	0
Total assets	**1’117**	**497**	**619**	**0**
Other payables-contingent consideration	800	0	0	800
Financial liabilities	120’678	119’220	995	0
Total liabilities	**121’478**	**119’220**	**995**	**800**

There were no reclassifications between the various levels in 2021 and 2020. 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 000s)	2021	2020
Balance at January 1	800	0
Business combination	4’713	800
Total gains for the period recognized in income statement	0	0
Balance at December 31	**5’513**	**800**

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.

The Group Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. Internal reviews by Group Accounting assist the Group Audit Committee in its oversight role. Internally both regular and ad hoc reviews of risk management controls and procedures are performed.

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 000s)	2021	2020
Balance at January 1	**277**	**295**
Amounts written off	-38	0
Net remeasurement of loss allowance	154	-18
Balance at December 31	**393**	**277**

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

December 31, 2021 (in CHF 000s)	**Weight-ed-average loss rate**	**Gross carrying amount**	**Loss allowance**	**Credit-impaired**
Current (not past due)	0.10%	42’911	-43	No
1–30 days past due	0.39%	6’546	-25	No
31–90 days past due	2.24%	1’246	-28	No
91–180 days past due	6.28%	326	-21	No
More than 180 days past due	65.08%	424	-276	Yes
Total		**51’455**	**-393**	

December 31, 2020 (in CHF 000s)	**Weight-ed-average loss rate**	**Gross carrying amount**	**Loss allowance**	**Credit-impaired**
Current (not past due)	0.01%	24’777	-2	No
1–30 days past due	0.04%	7’343	-3	No
31–90 days past due	0.28%	1’023	-3	No
91–180 days past due	0.85%	473	-4	No
More than 180 days past due	42.7%	620	-265	Yes
Total		**34’236**	**-277**	

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 at bank of TCHF 49’503 at December 31, 2021 (2020: TCHF 50’436). The major part of the Cash at bank is held in Switzerland with banks and financial institutions counter-parties 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, 2021 no guarantees were outstanding (December 31, 2020: 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 000s)	For the year ended December 31, 2021	For the year ended December 31, 2020
Total cash and cash equivalents	83'245	93'874
Marketable securities	500	498
Derivative financial assets	409	619
Total trade accounts receivable (net)	51'062	33'959
Total other receivables	1'330	5'205
Accrued income	701	680
Other financial assets	1'073	1'189
Total	**138'320**	**136'024**

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 the rate of 3% per annum plus a commission of 0.25% per quarter. The bank may adjust the interest rate in line with the 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:

For the year ended December 31, 2021 (in CHF 000s)	**Carrying amounts**	**Contractual cash flows**	up to 6 months	6 – 12 months	1 – 5 years	more than 5 years
Total trade accounts payable	25'001	25'001	25'001	0	0	0
Other payables	7'181	7'181	7'181	0	0	0
Contingent consideration	5'513	5'770	0	200	5'570	0
Accrued expenses	8'966	8'966	8'966	0	0	0
Lease liabilities	32'789	35'743	2'994	2'834	14'893	15'022
Financial liabilities	59'844	61'707	825	0	60'882	0
Total	**139'295**	**144'368**	**44'968**	**3'034**	**81'345**	**15'022**

For the year ended December 31, 2020 (in CHF 000s)	**Carrying amounts**	**Contractual cash flows**	up to 6 months	6 – 12 months	1 – 5 years	more than 5 years
Total trade accounts payable	17'774	17'774	17'774	0	0	0
Other payables	4'686	4'686	4'686	0	0	0
Contingent consideration	800	800			800	
Accrued expenses	8'685	8'685	8'685	0	0	0
Lease liabilities	32'990	35'636	2'730	2'626	14'827	15'453
Financial liabilities	120'678	124'486	61'792	0	62'694	0
Total	**185'613**	**192'067**	**95'667**	**2'626**	**78'321**	**15'453**

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 LIBOR. 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 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.

For 2020, an increase of the Swiss Franc interest rate of 0.25% would decrease the value of the marketable securities by 0.12% 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 125 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:

	For the year ended December 31, 2021		For the year ended December 31, 2020	
(in CHF 000s)	**USD**	**EUR**	**USD**	**EUR**
Cash and cash equivalents	46'651	6'815	57'408	7'709
Trade accounts receivable	44'340	6'998	28'476	5'592
Receivables from subsidiaries	45'514	23'998	35'036	18'577
Other receivables	717	366	4'598	99
Trade accounts payable	-20'680	-2'491	-15'431	-1'674
Other payables – other	-1'721	-1'920	-1'711	-1'195
Payables to subsidiaries	-45'179	-23'997	-34'704	-18'542
Accrued expenses	-1'322	-1'460	-1'105	-1'854
Lease liabilities	-2'043	-5'421	-1'011	-6'794
Total currency exposure	**66'277**	**2'888**	**71'556**	**1'918**

A 10% change in exchange rates at December 31, 2021 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	**2021**	**2020**	**2021**	**2020**
	USD/CHF	**USD/CHF**	**EUR/CHF**	**EUR/CHF**
Change	10%	10%	10%	10%
(in CHF 000s)				
Impact on income statement and equity for positive change	5'342	5'767	233	155
Impact on income statement and equity for negative change	-5'342	-5'767	-233	-155

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 5.1% in 2021 (2020: -22.9%). 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 91% 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 000s	**2021**	**2020**
Short-term lease expenses	32	50
Depreciation of right-of-use assets	5'483	5'445
Interest expense on lease liabilities	708	485

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

In CHF 000s	**Leasehold 2021**	**Leasehold 2020**	**Other 2021**	**Other 2020**	**Total ROU 2021**	**Total ROU 2020**
Balance at January 1	31'996	21'350	503	474	32'499	21'824
Depreciation charge of the year	-5'086	-5'246	-396	-199	-5'483	-5'445
Modifications and re-assessments	-400	12'879	-12	-2	-413	12'877
New contracts	1'501	3'430	58	230	3'746	3'660
Change in consolidation	867		2'879		1'559	
FX rate difference (gain or loss)	50	-417	4	0	54	-417
Balance at December 31	28'927	31'996	3'035	503	31'962	32'499

Lease liabilities

(in CHF 000s)	Liabilities 2021	Liabilities 2020
Balance at January 1	**32'990**	**22'179**
Changes from financing cash flows Payment of lease liabilities Interest paid for leases	 -5'018 -708	 -5'726 -485
Total changes from financing cash flows	-5'726	-6'211
Modifications and re-assessments New contracts Change in consolidation Interest expense FX rate difference (gain or loss)	-409 1'559 3'746 708 -79	12'877 3'660 85
Balance at December 31	**32'789**	**32'990**

Amounts recognized in the Consolidated statement of cash flows

(in CHF 000s)	For the year ended December 31, 2021	For the year ended December 31, 2020
Payment of lease liabilities	5'018	5'726
Short-term lease payments	32	50
Interest paid for leases	708	485
Total cash outflows for leases	**5'758**	**6'261**

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

At December 31, 2021 and 2020 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 000s)	For the year ended December 31, 2021	For the year ended December 31, 2020
Salaries	3'720	2'432
Share-based payments	468	557
Social taxes	314	226
Employee benefit costs	560	578
Other cash benefits	8	35
Other non-cash benefits	8	8
Total compensation	**5'078**	**3'836**

Refer to Note 12 for related party transactions with respect to Sapcorda Services GmbH.

There were no other significant transactions with related parties during the years ended December 31, 2021 and 2020. 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

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.

	CHF 000's
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.

2020

Thingstream

On April 1, 2020 the Group acquired IoT Communication-as-a-Service Provider Thingstream in an agreement, which is a business combination according to IFRS 3. Four entities were purchased 100%: Thingstream Invest AG, Thingstream AG, Thingstream Ltd. and Thingstream Inc. This acquisition bolsters u-blox's services portfolio with the addition of a complete and comprehensive IoT connectivity solution for customers. The total purchase price was CHF 11.2 million, of which CHF 10.4 was paid in cash and CHF 800 thousand is contingent consideration.

For the nine months ended December 31, 2020 the acquisition contributed revenue of CHF 329 thousand and a net loss of CHF 3'503 thousand to the Group's results. If the acquisition had occurred on January 1, 2020, management estimate the acquisition's effect on consolidated revenue would have been CHF 418 thousand and consolidated loss for the year CHF 4'744 thousand. In determining these amounts, management has assumed the fair value adjustments as determined, which arose on the acquisition date would have been the same if the acquisition had occurred on January 1, 2020.

Acquisition costs were negligible and included in General and administrative expenses.

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

	CHF 000's
Cash	1'085
Inventory	14
Property, plant and equipment	7
Acquired technology	6'799
Customer relationships	677
Liabilities assumed	-1'631
Total identifiable net assets acquired	**6'951**
Goodwill	4'241
Purchase price	**11'192**

Liabilities assumed include deferred taxes of CHF 1.411 million, liabilities for employee social taxes of CHF 109 thousand, trade payables of CHF 31 thousand and vacation accrual of CHF 52 thousand. The valuation techniques used to measure the fair value of assets acquired were as follows: acquired technology: relief from royalty approach wherein a conservative estimate of what a third party would be likely willing to pay for utilization of the software is made; and customer relationships: the multi-period excess earnings method utilizing the existing customer base at the purchase date employing conservative attrition assumptions.

31 Subsequent events after the balance sheet date

The Board of Directors authorized these consolidated financial statements on March 10, 2022 for issuance. In January 2022 u-blox granted 195’776 employee stock options at an exercise price of CHF 69.25 and 37’484 employee stock options at an exercise price of CHF 70.45 under a new stock option plan to the Executive Committee members and the employees.

There have been no other events between December 31, 2021 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, 2021.

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 December 31, 2021 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 December 31, 2021, 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 Auditing Standards. 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 and 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 goodwill, acquired technology and intellectual property rights

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 2021, the Group capitalized development costs of TCHF 36,373 (2020: TCHF 36,772), while R&D expenditure in the amount of TCHF 72,141 (2020: TCHF 65,262) 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.

In addition, 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 at December 31, 2021, the carrying amount of capitalized development costs was TCHF 175,364 (2020: TCHF 163,282).

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:
- evaluating the reasonableness of current forecasts - including a trend analysis of margins, sales and development costs against those achieved historically;
- using our valuations specialists to independently develop expectations for the discount rate and comparing the expectations to those used by management;
- assessing the accuracy of the Group's budgeting process by comparing historical sales with the original forecasts;
- for products not yet in use - considering the internal operational reports that address the development status of each product;
- for products in use - challenging management's assessment of indicators for impairment; and
- assessing 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 judgments and estimates
- Note 11 to the consolidated financial statements: Goodwill and other intangible assets

Valuation of goodwill, acquired technology and intellectual property rights

Key Audit Matter

Goodwill, acquired technology and intellectual property rights form a significant part of the Group's assets. As at December 31, 2021, the carrying amount of goodwill was TCHF 58,216 (2020: TCHF 59,910) and of acquired technology and intellectual property rights TCHF 12,478 (2020: TCHF 10,842).

Management's assessment of the potential impairment of these assets requires estimates concerning the future cash flows of each cash-generating unit, associated discount rates and growth rates based on management's view of future business prospects.

The risk is that the targets of the business plans are not met and that consequently these balances are overstated.

Our response

Our work focused on challenging the assumptions used by management in their assessment of potential impairment.

This included:

— assessing management's key assumptions relating to the estimated future cash flows, growth rates and the discount rates applied to the separate cash-generating units including consideration of our understanding of the future prospects of the business;

— challenging the reasonableness of forecasted cash flows with reference to historical performance and benchmarking assumptions such as growth rates and discount rates to macroeconomic and market data;

— using our valuation specialists to independently develop expectations for the discount rates and comparing the expectations to those used by management; and

— comparing applied long-term growth rates included in the terminal value to historical results as well as to economic and industry forecasts using publicly available sources.

We have 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 goodwill, acquired technology and intellectual property rights technology refer to the following:

— Note 2 to the consolidated financial statements: Accounting policies

— Note 3 to the consolidated financial statements: Critical accounting judgments and estimates

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

KPMG

Other Information in the Annual Report

The Board of Directors is responsible for the other information in the annual report. The other information comprises all information included in the annual report, but does not include the consolidated financial statements, the stand-alone financial statements of the company, the remuneration report and our auditor's reports thereon.

Our opinion on the consolidated financial statements does not cover the other information in the annual report 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 in the annual report 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.

Responsibility of the Board of Directors 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 Swiss Auditing Standards 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 Swiss Auditing Standards, 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 the Swiss Auditing Standard 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, March 10, 2022

Financial statements u-blox Holding AG

Statement of financial position

(in CHF)	Note	At December 31, 2021	At December 31, 2020
Assets			
Current assets			
Cash at bank		13'939'952	12'940'917
Marketable securities		500'075	497'400
Other receivables – third parties		12'283	9'297
- companies in which the entity holds an investment		4'663'622	23'282'558
Prepaid expenses and accrued income		144'850	193'750
Derivative financial assets		409'045	619'285
Total current assets		**19'669'827**	**37'543'207**
Non-current assets			
Prepaid expenses and accrued income		31'030	149'591
Loans granted to companies in which the entity holds an investment		266'492'669	243'210'111
Investment	2.1	14'697'917	14'697'917
Total non-current assets		**281'221'616**	**258'057'619**
Total assets		**300'891'443**	**295'600'826**
Liabilities and shareholders' equity			
Current liabilities			
Other payables – companies in which the entity holds an investment		67'360'297	2'274'390
Accrued expenses		1'074'745	1'795'437
Short-term interest-bearing liabilities		0	60'000'000
Total current liabilities		**68'435'042**	**64'069'827**
Non-current liabilities			
Long-term interest-bearing liabilities	2.2	60'000'000	60'000'000
Total non-current liabilities		**60'000'000**	**60'000'000**
Total liabilities		**128'435'042**	**124'069'827**
Shareholders' equity			
Share capital	2.3	105'299'617	105'299'617
Legal capital reserve			
- Reserves from capital contributions	2.4	16'599'548	16'599'548
Legal retained earnings			
- general legal retained earning		6'527'778	6'527'778
Voluntary retained earnings			
Available earnings			
- profit brought forward		75'027'821	69'190'632
- profit for the year		925'402	5'837'189
Treasury shares	2.5	-31'923'765	-31'923'765
Total shareholders' equity		**172'456'401**	**171'530'999**
Total liabilities and shareholders' equity		**300'891'443**	**295'600'826**

Income statement

(in CHF)	Note	For the year ended December 31, 2021	For the year ended December 31, 2020
Income			
Dividend income	2.6	0	6’000’000
Other financial income	2.7	4’922’210	4’360’146
Total income		**4’922’210**	**10’360’146**
Expenses			
Financial expenses	2.8	-2’729’466	-3’433’776
Other operating expenses		-1’167’958	-1’047’686
Direct taxes		-99’384	-41’495
Total expenses		**-3’996’808**	**-4’522’957**
Profit for the year		**925’402**	**5’837’189**

Notes to the financial statements

1 Principles

u-blox Holding AG was incorporated on September 21, 2007 in Thalwil, Switzerland by exchange of 100% of the shares obtained by the shareholders of u-blox AG. On October 25, 2007, u-blox Holding AG offered in an initial public offering some of its shares to the public.

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.

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, 2021	Dec. 31, 2020	Dec. 31, 2021	Dec. 31, 2020
u-blox AG, CH-Thalwil	CHF 4.23	CHF 4.23	100%	100% directly held
u-blox Europe Ltd., UK-Charing		GBP 0.10	0%	100% indirectly 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 (formerly Fastrax)	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 (formerly connectBlue)	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%	42.96% indirectly held
u-blox Wireless Technology (Shanghai) Ltd.	RMB 1.45	RMB 0.98	100%	100% indirectly held
u-blox Electronics (Shanghai)		RMB 0.13	0%	100% indirectly held
Tashang Semiconductor (Shanghai) Co., Ltd.	RMB 25.00	RMB 25.00	0%	70% directly held
Tashang Holding (HK) Ltd.	RMB 0.00	RMB 0.00	0%	70% indirectly held
Thingstream Invest AG, CH-Zug	CHF 0.50	CHF 0.50	100%	100% indirectly held
Thingstream AG, CH-Thalwil		CHF 1.79	0%	100% indirectly held
Thingstream Ltd., UK-Bournemouth	GBP 0.00	GBP 0.00	100%	100% indirectly held
Thingstream Inc., US-San Diego	USD 0.00	USD 0.00	0%	100% indirectly held
Robok Ltd., UK-Cambridge	GBP0.02	GBP0.02	11.4%	0% indirectly held
Zero Point Motion Ltd, UK-London	GBP 0.02	GBP 0.02	10.93%	0% indirectly held

2.2 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, classified as a long-term interest-bearing liability.

2.3 Share capital

The share capital consists of 7’114’839 (2020: 7’114’839) registered shares with a nominal value of CHF14.80 (2020: 14.80) each.

During 2020 u-blox executed a capital reduction of CHF 0.60 per share with a payment to share-holders totaling CHF 4’269 thousand.

Authorized share capital

	At December 31, 2021	At December 31, 2020
Number of registered shares	700'000	700'000
With a nominal value of CHF 14.80 (2020: CHF 14.80) each	CHF 10'360'000	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 with a nominal value of CHF 14.80 each in an aggregate amount not to exceed CHF 10'360'000.

Conditional share capital

	At December 31, 2021	At December 31, 2020
Number of registered shares	355'645	235'245
With a nominal value of CHF 14.80 (2020: CHF 14.80) each	CHF 5'263'546	CHF 3'481'626

In 2021 and 2020 no options were exercised.

In 2019, 14'982 options were exercised out of the conditional share capital. At the annual general meeting held on April 25, 2019 new share amounting to 142'000 were issued. The conditional share capital amount available increased in 2019 accordingly to CHF 3'622'733 (235'245 share with a nominal value of CHF 15.40). At December 31, 2020 the amount was CHF 3'481'626 (235'245 shares with a nominal value of CHF 14.80). See Note 2.3 for information on capital reduction.

At December 31, 2021 there were 1'007'685 options on u-blox Holding AG share outstanding (at December 31, 2020: 956'954 options).

2.4 Reserves from capital contributions

The reserves from capital contributions include the premium from capital increases less the dividends distributed to date.

From a fiscal point of view, any distributions made from reserves from capital contributions are treated as a repayment of share capital. With regard to the amendments of the capital contribution principle in connection with the Swiss Tax Reform and AHV Financing (TRAF), companies listed on Swiss stock exchanges can only repay reserves from capital contributions tax-free to shareholders if they distribute taxable dividends to at least the same extent. The Swiss Federal Tax Administration (SFTA) has confirmed that it will recognize disclosed reserves from capital contributions as a capital contribution as per article 5 paragraph 1bis Withholding Tax Act and that they confirm the reclassification of CHF 103'152'087 capital contribution reserves into share capital.

2.5 Treasury shares

In 2021 and 2020 u-blox purchased 0 treasury shares. See Note 2.3 for information on capital reduction.

In 2018 u-blox purchased 53'000 treasury shares at the average purchase price of CHF 143.55 per share.

In 2017 u-blox purchased 125'000 treasury shares at the average purchase price of CHF 195.38 per share.

	Number of transactions	Lowest rate in CHF	Highest rate in CHF	Average rate of transaction in CHF	Quantity
Inventory as at January 1, 2020					**178'000**
Acquisitions	0	0	0	0	0
Sales	0	0	0	0	0
Allocation to board members	0	0	0	0	0
Inventory as at December 31, 2020					**178'000**
Acquisitions	0	0	0	0	0
Sales	0	0	0	0	0
Allocation to board members	0	0	0	0	0
Inventory as at December 31, 2021					**178'000**

2.6 Dividend income

In the reporting year, dividend income amounted to CHF 0 (year ended December 31, 2020: CHF 6'000'000) from u-blox AG.

2.7 Other financial income

The other financial income mostly consists of interest income from u-blox AG of CHF 4.9 million (previous year: CHF 4.2 million).

2.8 Financial expenses

CHF 1'000	At December 31, 2021	At December 31, 2020
Securities expenses	248	235
Interest on bonds	1'795	1'942
Intercompany interest expense	678	0
Provision for investment in Tashang	0	1'249
Amortization of discounts and issue costs	8	8
Total	**2'729**	**3'434**

3 Other information

3.1 Full-time equivalents

u-blox Holding AG does not have any employees.

3.2 Significant shareholders

According to the disclosures of shareholders, the largest shareholders of u-blox Holding AG held the following percentages at:

	Voting rights as at December 31, 2021	Voting rights as at December 31, 2020
BlackRock Inc.	3.02%	n.a.
Credit Suisse Funds AG, Zurich, Switzerland	n.a.	5.16%
Atlantic Value General Partner Limited, London, UK	4.73%	4.73%
Norges Bank	n.a.	3.03%

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

3.3 Shareholding 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 of Non-Executive members of the Board of Directors

	Number of u-blox Holding AG shares at December 31, 2021	**Number of u-blox Holding AG shares at December 31, 2020**
André Müller Chairman of the Board of Directors[1])	2’000	2’000
Annette Rinck[2]) Member of the Audit Committee	1’552	1’552
Gina Domanig[1]) Chairwoman of the nomination and compensation committee[2])	1’000	400
Markus Borchert[2]) Member of the nomination and compensation committee	1’320	840
Ulrich Looser[1]) Chairman of the Audit Committee	2’330	2’330
Total Non-Executive members of the Board of Directors	**8’202**	**7’122**

1) Elected at the AGM 2018. 2) Elected at the AGM 2019.

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

	Number of u-blox Holding AG shares at December 31, 2021	**Number of u-blox Holding AG shares at December 31, 2020**
Thomas Seiler Member of the Board of Directors CEO	138’854	137’854
Jean-Pierre Wyss Member of the Board of Directors Executive Vice President (Production/Logistics)	11’087	8’087
Andreas Thiel Executive Vice President (R&D Wireless Products)	40’510	40’510
Roland Jud CFO	4’363	4’363
Markus Schäfer Executive Vice President Sales and Marketing	0	0
Total Executive Committee (incl. Executive members of the Board of Directors)	**194’814**	**190’814**

Options Executive Committee (including Executive members of the Board of Directors)

	Number of u-blox Holding AG options at December 31, 2021	Number of u-blox Holding AG options at December 31, 2020
Thomas Seiler Member of the Board of Directors CEO	35’388	35’964
Jean-Pierre Wyss Member of the Board of Directors Executive Vice President (Production/Logistics)	35’388	39’464
Andreas Thiel Executive Vice President (R&D Wireless Products)	35’388	39’464
Roland Jud CFO	34’505	38’479
Markus Schäfer Executive Vice President Sales and Marketing	7’440	3’712
Total Executive Committee (incl. Executive members of the Board of Directors)	**148’109**	**157’083**

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

	2021		2020	
	Quantity	Value CHF 1’000	Quantity	Value CHF 1’000
Allocated to members of the Board	0	0	0	0
Allocated to Executive Committee	18’547	331	22’068	621

3.5 Significant events after the balance sheet date

There have been no events between December 31, 2021 and March 11, 2022 that would lead to an adjustment of the carrying amounts of assets and liabilities presented at December 31, 2021 or would otherwise require disclosure.

Proposal of the Board of Directors for appropriation of available earnings and the use of reserves from capital contributions

The Board of Directors proposes to the Annual General meeting the following appropriation of available earnings and the use of reserves from capital contributions at December 31, 2021.

(in CHF)	2021	2020
Profit for the year	925’402	5’837’189
Brought forward from previous year	75’027’821	69’190’632
Available earnings before appropriation	**75’953’223**	**75’027’821**

The Board of Directors is proposing to the General Meeting, to be held on April 20, 2022, to carry forward the available earnings 2021 of CHF75’953’223.

Thalwil, March 10, 2022

For the Board of Directors
The Chairman André Müller

KPMG

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, which comprise the balance sheet as at 31 December 2021, 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 67) for the year ended 31 December 2021 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 Auditing Standards. 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 entity 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.

Report on Key Audit Matters based on the circular 1/2015 of the Federal Audit Oversight Authority

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.

Responsibility of the Board of Directors 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 entity'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 entity 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 Swiss Auditing Standards 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 Swiss Auditing Standards, 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 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 entity'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 entity 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 the Swiss Auditing Standard 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, 10 March 2022

Three-year overview

Condensed consolidated income statement

(in CHF 000s)	For the year ended December 31, 2021	2020	2019
Revenue	**414'057**	**333'513**	**385'099**
% growth	24,2%	-13.4%	-2.1%
Cost of sales	-220'496	-183'080	-210'606
Gross profit	**193'561**	**150'433**	**174'493**
% gross profit margin	46,7%	45.1%	45.3%
Operating expenses	-172'817	-216'911	-156'171
Other income	5'139	1'665	3'732
Operating profit/loss (EBIT)	**25'883**	**-64'813**	**22'054**
% operating profit (EBIT) margin	6,3%	-19.4%	5.7%
Finance income	3'947	266	547
Finance costs	-6'936	-10'299	-4'133
Share of profit of equity-accounted investees, net of taxes	-1'819	-4'164	-4'249
Profit/loss before income tax (EBT)	**21'075**	**-79'050**	**14'219**
% operating profit (EBIT) margin	5,1%	-23.7%	3.7%
Income tax expense/benefit	-5'725	14'187	-1'306
Net profit before minority interests	**15'350**	**-64'863**	**12'913**
Minority interest	21	-238	149
Net profit/loss, attributable to owners of the parent	**15'329**	**-64'625**	**13'062**
% net profit margin	3,7%	-19.4%	3.4%
Depreciation and amortization	40'012	100'250	43'189
EBITDA*)	**65'895**	**35'437**	**65'243**
% EBITDA margin	15,9%	10.6%	16.9%

*) 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.

Condensed consolidated statement of financial position

(in CHF 000s)	At December 31, 2021	At December 31, 2020	At December 31, 2019
Assets			
Current assets			
Cash and cash equivalents	83’245	93’874	127’424
Marketable securities	500	498	898
Trade accounts receivable	51’063	35’969	48’469
Other current assets	66’679	89’627	83’670
Total current assets	**201’487**	**217’958**	**260’461**
Non-current assets			
Property, plant and equipment	11’328	10’024	12’707
Right-of-use assets	31’962	32’499	21’824
Goodwill	58’216	59’910	56’027
Other intangible assets	190’440	176’829	219’194
Other financial assets	1’074	1’189	1’067
Equity-accounted investees	777	7’822	7’777
Deferred tax assets	9’188	11’671	6’886
Total non-current assets	**302’985**	**299’944**	**325’482**
Total assets	**504’472**	**517’902**	**585’943**
Liabilities and equity			
Current liabilities	79’492	112’107	61’431
Non-current liabilities	122’972	123’110	172’913
Total liabilities	**202’464**	**235’217**	**234’344**
Shareholders’ equity			
Share capital	105’300	105’300	109’569
Share premium	16’600	16’600	16’600
Treasury shares	-31’924	-31’924	-32’031
Retained earnings	212’032	192’569	257’326
Total equity, attributable to owners of the parent	**302’008**	**282’545**	**351’464**
Non-controlling interest	0	140	135
Total liabilities and equity	**504’472**	**517’902**	**585’943**

Condensed consolidated statement of cash flows

	For the year ended December 31,		
(in CHF 000s)	**2021**	**2020**	**2019**
Net cash generated from operating activities	97’690	39’519	77’291
Net cash used in investing activities	-41’721	-55’995	-66’760
Net cash provided by/used in financing activities	-67’809	-11’277	-17’656
Net increase/decrease in cash and cash equivalents	**-11’840**	**-27’753**	**-7’125**
Cash and cash equivalents at beginning of year	93’874	127’424	136’296
Exchange gains/(losses) on cash and cash equivalents	1’211	-5’797	-1’747
Cash and cash equivalents at end of year	**83’245**	**93’874**	**127’424**

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Reliable. Smart. Secure.

u-blox.com