CONNECTIONS THAT COUNT
<table>
<thead>
<tr>
<th>CONTENTS</th>
</tr>
</thead>
</table>

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## Financial highlights

### Revenue in m CHF

338.3

Revenue 2014: 270.0 – Growth rate: +25.3%

### Operating cashflow in m CHF

74.7

Operating cashflow 2014: 53.7 – Growth rate: 39.1%

### Equity ratio in %

64.2

Equity ratio 2014: 70.5

### Operating profit in m CHF

51.3

Operating profit 2014: 39.1 – Growth rate: 31.3%

### Net profit in m CHF

37.1

Net profit 2014: 34.4 – Growth rate: 7.9%

### Gross profit in %

45.8

Gross profit in % 2014: 45.4

### Revenue by geography / EBITDA in m CHF

<table>
<thead>
<tr>
<th>Year</th>
<th>APAC</th>
<th>Americas</th>
<th>EMEA</th>
<th>EBITDA</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>124.7</td>
<td>173.1</td>
<td>219.8</td>
<td>270.0</td>
</tr>
<tr>
<td>2012</td>
<td>141.2</td>
<td>189.3</td>
<td>251.1</td>
<td>305.2</td>
</tr>
<tr>
<td>2013</td>
<td>159.2</td>
<td>211.4</td>
<td>275.5</td>
<td>316.7</td>
</tr>
<tr>
<td>2014</td>
<td>165.8</td>
<td>223.0</td>
<td>281.0</td>
<td>320.2</td>
</tr>
<tr>
<td>2015</td>
<td>168.1</td>
<td>225.6</td>
<td>281.2</td>
<td>322.3</td>
</tr>
</tbody>
</table>

### Total equity and equity ratio in m CHF

<table>
<thead>
<tr>
<th>Year</th>
<th>Total equity</th>
<th>Equity ratio, % of total assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>138</td>
<td>84.3%</td>
</tr>
<tr>
<td>2012</td>
<td>151</td>
<td>78.7%</td>
</tr>
<tr>
<td>2013</td>
<td>180</td>
<td>78.7%</td>
</tr>
<tr>
<td>2014</td>
<td>213</td>
<td>70.5%</td>
</tr>
<tr>
<td>2015</td>
<td>248</td>
<td>64.2%</td>
</tr>
</tbody>
</table>

### Employee breakdown spread over 17 countries

- **Automotive**
- **Consumer**
- **Industrial**

75% of employees based outside Switzerland

Employee breakdown (end of 2015, FTE based)

- **Logistics, admin** 12% (87)
- **Sales, marketing, support** 19% (140)
- **Research & development** 69% (509)

Total: 736

Estimate
Acquisition of Lesswire

In 2015, we finalized the takeover of automotive-grade Bluetooth and Wi-Fi module products as well as a team of key engineers, from Lesswire AG, strengthening our position as a supplier to the fast-growing market for in-car and Vehicle-to-Vehicle (V2V) communications.

Partnerships

We joined the M2M Alliance and CAR 2 CAR Communication Consortium, where we will play a role in the development of next-generation M2M applications for the automotive and industrial markets and help improve road traffic safety and efficiency.

Cohda Wireless V2X module

In October, we took over the manufacture and marketing of the Cohda Wireless Vehicle-to-everything (V2X) module in a move to meet rapidly increasing demand for the modules for trial purposes, early deployments and infrastructure roll-outs.

New offices worldwide

As part of moves to expand our R&D team and make customer contact easier, we opened up new offices in Chongqing, Tampere, Berlin and Osaka, significantly increasing the workforce.

Strategic new products

The year saw the launch of 9 stand-out products in all three areas: cellular, short range and positioning. The new products cover the entire range from low-cost to expensive and significantly improve coverage, compatibility and functionality.

Revenue up strongly

We look back on another year in which both revenue and EBIT surged upward in all regions, meeting our top-level targets, and taking us another significant step towards our intermediate goal of half-billion-dollar annual revenues.
OUR TECHNOLOGIES

Cellular modules

Technologies:
- GSM/GPRS
- CDMA
- UMTS/HSPA
- LTE

Short range modules

Technologies:
- Bluetooth
- Bluetooth low energy
- Wi-Fi
- Multiradio

Positioning chips & modules

Technologies:
- GPS
- GLONASS
- BeiDou
- Galileo
- QZSS

OUR MARKETS

Industrial

Positioning & Wireless
- Fleet management
- Remote monitoring and control
- Automatic meter reading
- Point-of-sales
- Remote displays
- Remote security and surveillance

Automotive

Positioning & Wireless
- In-car navigation
- Stolen vehicle recovery
- Emergency call
- Mobile Internet
- Vehicle black-box

Consumer

Positioning & Wireless
- Smartphones
- Personal navigation devices
- Notebooks and mobile internet devices
- Cameras
- Person locators
- Drones
- Wearables
Fabless business model
Working with leading semiconductor fabrication and module assembly companies allows us to focus our resources on research and development in order to deliver the breakthrough technologies that our customers need to stay ahead of their competitors.

Comprehensive product lines and IP
Our success depends on our ability to deliver continuous innovation to our customers. We therefore direct our research and development efforts to the development of ever smaller, higher performance products. We have also amassed an extensive intellectual property portfolio.

Global presence
With physical presence in all the world’s main markets, we stay close to our customers to make sure our innovation cycles are in sync and to ensure our customers get their products to market fast.

Focus on quality
From product concept to final shipment, our quality systems ensure that every component we deliver is of the highest quality and reliability while supporting environmental sustainability.

Close customer relationships
We are a close and reliable partner to our customers, fully supporting them from prototype to final production. Providing the highest levels of local technical and customer support is essential for our customers to achieve fast time-to-market.
Dear Shareholders,

For u-blox, 2015 was another year in which all performance indicators progressed encouragingly. We further strengthened our positions in our strategic markets, posted significant increases in revenue, EBIT, customers and overall market share. We completed an important strategic acquisition at the beginning of the year. A 53% increase in our share value, bringing it to CHF 214.50 at year-end, was a positive indication of market sentiment.

The Board of Directors proposes a dividend payout of CHF 1.90 per share and will put the motion to shareholders for approval at the Annual General Meeting in Thalwil on April 26, 2016.

Ongoing rise in revenue and profit
In 2015, consolidated Group revenues rose to CHF 338.3 million, equal to a 25.3% increase over 2014, with progress across all regions. EBIT climbed even more strongly and CHF 51.3 million was at the upper end of our predicted range for the year, showing a 31.3% increase over the previous year.

Worldwide revenue growth of 25.3% over 2014 was achieved

Growth in the Americas remained strong, and revenues were up by 32.6%. Apart from macroeconomic factors, it was fueled mainly by the rise in demand for our range of sophisticated products for tracking applications and the exponential increase in the importance of Internet of Things solutions. There was great interest in our new LTE products, while expansion into new areas, with the emphasis on telematics, led to a gratifying rise in market share and a significant increase in new customers. Overall, the keen interest in our products and technologies bodes well for future operations.

Markets in Europe, the Middle East and Africa (EMEA) reported a growth of 15.3% with expansion in all geographical regions and application areas, especially asset tracking and automation.

Firmly on course for intermediate goal
Last year marked another significant step towards our strategic medium-term goal of half-billion-dollar annual revenues. With acquisitions made in 2014, we established the third pillar in our product offering: short range radio connectivity. In early 2015 we finalized a third acquisition in the short range sector with Lesswire, a German-based leading developer of automotive-grade short range radio system technology that supports Bluetooth and Wi-Fi. The technology enables superior-performance wireless applications and enhances in-vehicle connectivity between the telematics box and portable devices.

As in the past, we have taken steps to fully integrate the employees and assets of any companies acquired, significantly increasing our R&D capacity and widening our product offer for single-radio and multi-radio devices. Today, we offer a full selection of short range connectivity products that link devices to the Internet.

In the course of 2015, we expanded the R&D team and set up new offices in Berlin, Germany and Tampere, Finland to accommodate them. As part of a move to improve contacts with our customers and make it easier for them to connect with us when necessary, we also opened new sales offices in Chongqing, China, and Osaka in Japan.

Net cash generated from operating activities in m CHF

2014: 53.7 – Growth rate: 39.1%

We are pleased to report strong expansion in new business opportunities driven by lively demand for in-vehicle telematics and the trend towards increased internet connectivity in cars.

With their economies still buoyant and an ongoing positive climate, the Asian markets reported a more-than-satisfactory 26.3% growth. There was continued high demand for wearables and portable devices, as well as automotive applications.

Letter to the shareholders
Product highlights
Over the years, we have developed an extensive portfolio of easy-to-use products designed to adapt to any requirement. They include three core technologies – cellular, short range and positioning – that have made a significant contribution to the Internet of Things. In 2015 we launched significant additions to all three areas:
• Cellular
  Four cellular modules were released, all featuring high-speed data transfer and wider geographical coverage.
• Short range
  Of the four products launched last year, two are automotive grade for multi-radio standards and compatible with Wi-Fi, Bluetooth and NFC. The third and fourth were designed specifically for IoT applications needing advanced multi-radio capability.
• Positioning
  In 2015, we unveiled a small, low-profile GNSS plug-and-play positioning module with an integrated wideband chip antenna for reception across the entire L1 band. We also ramped up production of u-blox M8.

Our gateway to the future
A relatively new phenomenon, that we call “the Internet of Things that Really Matter,” has established itself as the de facto driving force of our business. An increasing number of customers are confronted with new business models and the need to connect more and more devices – using both high and low data rates – to the Internet in order to streamline the management of a virtually infinite range of applications. With our extensive product range, we are positioned to meet this need. We are further consolidating our leading role in the industry by contributing toward the definition of standards for next generation short range and cellular applications and to this end have teamed up with some of the industry’s big names, such as Intel, Huawei and Vodafone. Positioning also plays an increasingly important role and there are synergies from which all involved parties can benefit.

Challenges and risks
Wherever possible, we take active, practical steps to decrease the impact of risks that can threaten any business or operation, our customers included, at global, regional or national level. The first step is to ensure that we supply our customers with top-quality products that can be relied on to meet their needs and keep their own clients happy. The second is to circumvent the negative impact of currency exchange movements: to achieve this, we look for natural hedges and ensure that our production and operational costs are in line with the currencies in which our income is generated. Finally, we have a large and widening customer base of over 5'200 customers. Of these, no single customer accounts for more than 7% of revenue.
Board and management

In 2015, Hans-Ulrich Müller retired from u-blox Holding AG’s Board of Directors after serving as Vice-Chairman since 2007. Dr. Paul Van Iseghem, who was elected to the Board in 2011, has taken over his position, and André Müller has been appointed Board member.

Outlook

Billions of interconnected devices worldwide are changing the way we work, play and source our entertainment. The Internet of Things that Really Matter will transform our lives on a scale that would have been barely imaginable just a few years ago. Driverless cars lie in the not-too-distant future, but until then a plethora of telematic devices are making every aspect of driving easier, safer and more convenient than ever before. Management and tracking of vehicles, containers, fleets and assets provide transparency, making countless aspects of business more efficient and economical.

And finally, manufacturers can communicate continuously with their products while they are in the field, allowing new ways of doing business and consolidating relationships with their customers.

u-blox continues to invest in a vast range of innovative new devices that are driving the speed of change, bringing high-speed connectivity and access to unlimited cloud computing for an ever-growing global market. But we are not only at the forefront of technological development. We also play a key role in the establishment of industry standards that will define and delineate the way forward in the years ahead. With a strong customer base, our future growth potential stands on solid foundations. For the current year, we are targeting revenues of between CHF 395 million and CHF 405 million, with EBIT of between CHF 56 million and CHF 60 million. These expectations exclude unforeseen economic adversity and budgeted exchange rates (USD/CHF: 0.97; EUR/CHF: 1.08; GBP/CHF: 1.42).

On behalf of the Board of Directors and the Executive Committee, we would like to thank our growing team of highly skilled employees for their commitment and excellent performance in 2015. Our gratitude also goes to our shareholders for their trust and confidence in u-blox, and to our valued customers, suppliers and manufacturing partners.

We look forward to another exciting and successful year.

Fritz Fahrni
Chairman of the Board of Directors

Thomas Seiler
CEO

Roland Jud
CFO
Sehr geehrte Aktionärinnen und Aktionäre,


Anhaltendes Umsatz- und Gewinnwachstum


In den asiatischen Märkten erzielten wir ein mehr als zufriedenstellendes Wachstum von 26.3%, zu dem die weiterhin gute Konjunkturlage und positive Stimmung in den Ländern der Region beitrug. Es bestand eine anhaltend hohe Nachfrage nach tragbaren Geräten sowie nach Automobilanwendungen.

Fest auf Kurs zum Zwischenziel

Cashflow aus operativer Geschäftstätigkeit in M CHF

2014: 53.7 – Wachstumsrate: 39.1%

Im Jahresverlauf 2015 haben wir das F&E-Team erweitert und neue Standorte in Berlin (Deutschland) und Tampere (Finnland) eingerichtet. Um einen besseren Kontakt zu unseren Kunden zu halten und für sie einfacher erreichbar zu sein, wurden ausserdem neue Vertriebsbüros in Chongqing (China) und Osaka (Japan) eröffnet.

**Produkthighlights**

Im Laufe der Jahre haben wir ein umfangreiches Portfolio an einfach anzuwendenden Produkten entwickelt, die sich an jeden Bedarf anpassen lassen. Sie umfassen drei Kerntechnologien – Mobilfunk, Kurzstreckenfunk und Positionierung –, die einen massgeblichen Beitrag zum Internet der Dinge (Internet of Things, IoT) leisten. 2015 haben wir in allen drei Bereichen wichtige neue Produkte auf den Markt gebracht:

- **Mobilfunk**
  Es wurden vier Mobilfunkmodule eingeführt, die sich durch High-Speed-Datenübertragung und eine grössere geografische Reichweite auszeichnen.

- **Kurzstreckenfunk**
  Zu den drei Produkteinführungen im letzten Jahr gehörten zwei Mehrfunktions-Module für den Automobilmarkt, die mit Wi-Fi, Bluetooth und NFC kompatibel sind. Das dritte und vierte Modul wurde speziell für IoT-Anwendungen entwickelt, die eine Mehrnorm-Fähigkeit erfordern.

- **Positionierung**

**Unser Tor zur Zukunft**


**Herausforderungen und Risiken**


**Verwaltungsrat und Geschäftsführung**

Ausblick


Für 2016 erwartet u-blox einen Umsatz zwischen CHF 395 Millionen und CHF 405 Millionen bei einem EBIT zwischen CHF 56 Millionen und CHF 60 Millionen. Diese Prognose basiert auf der Annahme, dass keine unvorhergesehenen negativen wirtschaftlichen Entwicklungen eintreten und die Wechselkurse im Planbereich liegen (USD/CHF: 0.97; EUR/CHF: 1.08; GBP/CHF: 1.42).


Wir freuen uns auf eine Fortsetzung unseres Erfolgs in einem weiteren spannenden Geschäftsjahr.
Pelle is part of a team specializing in short range connectivity in Malmö, Sweden. Liaising closely with u-blox’s international sales network, the team defines product roadmaps for short range communication technologies for future Internet of Things applications. It is where everything begins. When building the roadmap, u-blox addresses the ever changing needs of customers and the markets we operate in.

As Pelle explains: “We add value by building customer software tools into our modules. It allows our customers to add specific functionalities and produce the IoT-compatible devices that are changing every aspect of our lives.”
CONNECTIONS THAT COUNT

Our world is becoming increasingly interconnected. Machines, medical apparatuses, vehicles and the devices we wear and carry around with us rely more and more on chips and modules that connect them with and establish their position relative to everything else.

In the Internet of Things, everything from washing machines and light switches to pacemakers and running shoes is smart and connected. Data that can make our lives better and easier is instantaneously available wherever it is needed.

u-blox plays a central role in making it happen. To help us consolidate our position and cement our success, we have a team of dedicated and talented specialists who are personally involved in developing the solutions that count and getting them to our customers.

Let’s meet some of them.
Focus story: Internet of Things

INDUSTRIAL MARKETS

CONNECTED CITIES

Fleet management

Asset tracking

Usage-based insurance
HANNA WINBERG

OUR OBJECTIVE IS CLEAR: ENABLE THINGS TO COMMUNICATE WITH EVERYTHING ELSE

Hanna is a senior engineer in u-blox’s software department in Malmö, developing short range radio technologies. As the rotating scrum master for her team, she oversees product development and has played a central role in the development of software for the connected city. She says that one of the greatest pleasures of her job is putting together complex input from many different sources to make things work for the customer.

Hanna is part of a team that develops and perfects components like NINA-B1, a short range module making cities more intelligent. Installed in streetlights that react automatically to traffic density and lighting up as frequency increases, NINA-B1 transmits a signal that activates the next lamp. As a result, energy costs can be significantly reduced.
JASNA MRCARICA

MY TEAM HELPS CAR MANUFACTURERS DELIVER OUTSTANDING CONNECTIVITY

Jasna is a Senior IC Design Engineer, developing multifunctional chipsets for a broad range of applications that target all three u-blox markets: consumer, industrial and automotive. Her team develops the integrated circuits used in automotive modules that bring multiple functions such as infotainment and telematics to cars.

Jasna is currently working on the powerful TOBY-L3, which is an in-vehicle LTE cellular communications gateway, enabling vehicles to connect to the Internet. TOBY-L3 is a platform for telematics applications such as eCall, diagnostics, concierge services, stolen vehicle tracking and many others.
CONNECTED CONSUMERS
ALEXANDER SOMIESKI

MY JOB IS TO ENSURE MAXIMUM PRECISION IN DEVICES WHERE ACCURACY IS KEY

Alex is a senior manager at headquarters in Thalwil and leads a navigation team specializing in positioning software. One focus project is the development of the high-precision chips and modules used in drones. As drones play an increasingly important role in a vast range of applications, accuracy is set to become a major priority. As Alex points out, customers can rely on u-blox products that have been tested thoroughly and offer unmatched functionality.

One of the products Alex had a hand in is the NEO-M8P. This is a small, affordable and easy-to-integrate navigational product that enables the down-to-the-centimeter precision required in unmanned aerial vehicle applications, such as infrastructure inspection and mapping, for which drones are the ideal solution.
Financial summary

Financial highlights

(CHF in million)

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>338.3</td>
<td>270.0</td>
<td>219.8</td>
</tr>
<tr>
<td>Growth rate over previous year</td>
<td>25.3%</td>
<td>22.9%</td>
<td>27.0%</td>
</tr>
<tr>
<td>Gross Profit</td>
<td>155.0</td>
<td>122.7</td>
<td>101.2</td>
</tr>
<tr>
<td>Growth rate over previous year</td>
<td>26.3%</td>
<td>21.3%</td>
<td>24.6%</td>
</tr>
<tr>
<td>Gross Profit in % of revenue</td>
<td>45.8%</td>
<td>45.4%</td>
<td>46.0%</td>
</tr>
<tr>
<td>EBITDA</td>
<td>78.7</td>
<td>58.6</td>
<td>46.2</td>
</tr>
<tr>
<td>Growth rate over previous year</td>
<td>34.3%</td>
<td>26.9%</td>
<td>31.3%</td>
</tr>
<tr>
<td>EBITDA in % of revenue</td>
<td>23.3%</td>
<td>21.7%</td>
<td>21.0%</td>
</tr>
<tr>
<td>EBIT</td>
<td>51.3</td>
<td>39.1</td>
<td>30.1</td>
</tr>
<tr>
<td>Growth rate over previous year</td>
<td>31.3%</td>
<td>30.0%</td>
<td>30.9%</td>
</tr>
<tr>
<td>EBIT in % of revenue</td>
<td>15.2%</td>
<td>14.5%</td>
<td>13.7%</td>
</tr>
<tr>
<td>Net Profit</td>
<td>37.1</td>
<td>34.4</td>
<td>24.6</td>
</tr>
<tr>
<td>Growth rate over previous year</td>
<td>7.9%</td>
<td>39.6%</td>
<td>44.3%</td>
</tr>
<tr>
<td>Net Profit in % of revenue</td>
<td>11.0%</td>
<td>12.7%</td>
<td>11.2%</td>
</tr>
<tr>
<td>Cash generated from operating activities</td>
<td>74.7</td>
<td>53.7</td>
<td>38.5</td>
</tr>
<tr>
<td>Growth rate over previous year</td>
<td>39.1%</td>
<td>39.5%</td>
<td>19.9%</td>
</tr>
<tr>
<td>in % of revenue</td>
<td>22.1%</td>
<td>19.9%</td>
<td>17.5%</td>
</tr>
<tr>
<td>Equity</td>
<td>248.3</td>
<td>212.9</td>
<td>180.4</td>
</tr>
<tr>
<td>in % of total assets</td>
<td>64.2%</td>
<td>70.5%</td>
<td>79.7%</td>
</tr>
<tr>
<td>Dividend per share</td>
<td>1.90*)</td>
<td>1.60</td>
<td>1.30</td>
</tr>
</tbody>
</table>

*) proposal of the Board of Directors to the AGM

Revenue breakdown

u-blox operates in two segments:

- **Positioning and Wireless products**
  u-blox develops and sells chips and modules for positioning and wireless connectivity that are used in automotive, industrial and consumer applications. Revenue was CHF 338.0 million for 2015 as compared to CHF 269.8 million in 2014.

- **Wireless services**
  u-blox also offers Wireless communication technology services in terms of reference designs and software. In 2015, revenue for Wireless services was CHF 26.1 million compared to CHF 24.1 million in 2014 (including intra-group revenue).

In 2015 based on billing location, Asia-Pacific generated 48.3%, EMEA 22.9% and Americas 28.8% of total revenue. u-blox was able to grow revenues in all areas. Revenue for Asia Pacific grew by 26.3% to CHF 163.5 million, EMEA grew by 15.3% to CHF 77.4 million and America increased its revenue by 32.6% to CHF 97.4 million.

In 2015, the company made about 80% of its total revenue from 65 customers. u-blox’s largest customer accounted for less than 7% of revenue. u-blox served over 5,200 customers and achieved global expansion into new regions and markets.
### Consolidated income statement

<table>
<thead>
<tr>
<th>(in CHF 000s)</th>
<th>For the year ended December 31, 2015</th>
<th>% revenue</th>
<th>For the year ended December 31, 2014</th>
<th>% revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td>338'341</td>
<td>100.0%</td>
<td>270'045</td>
<td>100.0%</td>
</tr>
<tr>
<td><strong>Cost of sales</strong></td>
<td>-183'323</td>
<td>-54.2%</td>
<td>-147'323</td>
<td>-54.6%</td>
</tr>
<tr>
<td><strong>Gross profit</strong></td>
<td>155'018</td>
<td>45.8%</td>
<td>122'722</td>
<td>45.4%</td>
</tr>
<tr>
<td>Distribution and marketing expenses</td>
<td>-27'659</td>
<td>-8.2%</td>
<td>-24'525</td>
<td>-9.1%</td>
</tr>
<tr>
<td>Research and development expenses</td>
<td>-65'033</td>
<td>-19.2%</td>
<td>-49'859</td>
<td>-18.5%</td>
</tr>
<tr>
<td>General and administrative expenses</td>
<td>-13'509</td>
<td>-4.0%</td>
<td>-10'131</td>
<td>-3.8%</td>
</tr>
<tr>
<td>Other income</td>
<td>2'474</td>
<td>0.7%</td>
<td>868</td>
<td>0.3%</td>
</tr>
<tr>
<td><strong>Operating profit (EBIT)</strong></td>
<td>51'291</td>
<td>15.2%</td>
<td>39'075</td>
<td>14.5%</td>
</tr>
<tr>
<td>Finance income</td>
<td>996</td>
<td>0.3%</td>
<td>4'546</td>
<td>1.7%</td>
</tr>
<tr>
<td>Finance costs</td>
<td>-4'674</td>
<td>-1.4%</td>
<td>-658</td>
<td>-0.2%</td>
</tr>
<tr>
<td><strong>Profit before income tax (EBT)</strong></td>
<td>47'613</td>
<td>14.1%</td>
<td>42'963</td>
<td>15.9%</td>
</tr>
<tr>
<td>Income tax expense</td>
<td>-10'515</td>
<td>-3.1%</td>
<td>-8'566</td>
<td>-3.2%</td>
</tr>
<tr>
<td><strong>Net profit, attributable to owners of the parent</strong></td>
<td>37'098</td>
<td>11.0%</td>
<td>34'397</td>
<td>12.7%</td>
</tr>
<tr>
<td>Operating profit (EBIT)</td>
<td>51'291</td>
<td>15.2%</td>
<td>39'075</td>
<td>14.5%</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>27'421</td>
<td>8.1%</td>
<td>19'529</td>
<td>7.2%</td>
</tr>
<tr>
<td><strong>EBITDA</strong></td>
<td>78'712</td>
<td>23.3%</td>
<td>58'604</td>
<td>21.7%</td>
</tr>
</tbody>
</table>

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.

**Increased gross profit**

Gross profit increased by 26.3% to CHF 155.0 million in 2015 from CHF 122.7 million in 2014. Gross profit margin was 45.8% for 2015, increasing from 45.4% in 2014 because of the changes in product mix.

**Distribution and marketing activities**

Distribution and marketing expenses increased in 2015 due to the expansion of the business. In 2015, distribution and marketing activities were CHF 27.7 million as compared to CHF 24.5 million in the previous year. As a percentage of revenue, distribution and marketing expenses were 8.2% in 2015 compared to 9.1% in 2014.

**Research and product development**

R&D expenses in 2015 were CHF 65.0 million as compared to CHF 49.9 million in 2014. As a percentage of revenue, R&D expenses in 2015 were 19.2% as compared to 18.5% in 2014. The percentage increase is due to an impairment of some capitalized R&D expenses.

With the acquisition of the assets of Lesswire, u-blox strengthens its position in the short range, Bluetooth/Wi-Fi based radio communications for automotive applications.
**Share based payment**
The share based payment expenses recognized in 2015 were CHF 4.4 million as compared to CHF 3.3 million in 2014.

**Growth of operating profit (EBIT)**
EBIT was CHF 51.3 million in 2015 as compared to CHF 39.1 million in the previous year. The growth rate from 2014 to 2015 was 31.3%. EBIT margin was 15.2% and EBITDA margin was 23.3% in 2015.

**Finance income and costs**
Finance income was CHF 1.0 million. Finance costs were CHF 4.7 million, mainly due to foreign exchange effects from the EUR/CHF drop at the beginning of the year and costs for the bond issue.

**Positive net cash generated from operating activities**
In 2015, u-blox generated cash from operating activities in the amount of CHF 74.7 million as compared to CHF 53.7 million in 2014. A strong growth of 39.1% compared to previous year. Inventory level and trade receivables have increased due to the expansion of the business and due to higher revenue.

**Main investing activities**
Investments in capitalized development costs were CHF 27.0 million as compared to CHF 20.7 million in 2014. CHF 8.4 million was invested in furniture, equipment, tools and test infrastructure for the further expansion of capacity along with approximately CHF 7.6 million in software, intellectual property rights and acquired technology.

**Financing activities**
u-blox paid in 2015 dividends of CHF 10.7 million and received proceeds from the issuance of ordinary shares connected with the employee share option plan of CHF 5.3 million. To profit from the good market conditions and to secure future operating flexibility u-blox issued on 27 April 2015 a CHF 60.0 million bond with duration of 6 years at an interest rate of 1.625% p.a.

**Strong financial position**
u-blox has a very strong balance sheet with an equity ratio of 64.2%. Cash and cash equivalents and marketable securities amounted to CHF 124.0 million at December 31, 2015, compared to CHF 59.4 million at December 31, 2014.

Despite the acquisition of Lesswire assets, goodwill decreased due to changes in EUR/CHF exchange rate from CHF 57.9 million in 2014 to CHF 56.7 million or 14.7% of total assets in 2015.

Due to this strong financial position and the positive outlook, the Board of Directors proposes at the Annual General Meeting to pay out dividends. For this year an increased dividend of CHF 1.90 per share is suggested, which represents a payout ratio of 34.6% of consolidated net profit, attributable to owners of the parent.
## Condensed consolidated statement of cash flows

(in CHF 000s)

<table>
<thead>
<tr>
<th></th>
<th>For the year ended December 31, 2015</th>
<th>For the year ended December 31, 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net cash generated from operating activities</td>
<td>74'659</td>
<td>53'686</td>
</tr>
<tr>
<td>Net cash used in investing activities</td>
<td>-33'367</td>
<td>-65'400</td>
</tr>
<tr>
<td>Net cash generated from/(used in) financing activities</td>
<td>33'776</td>
<td>14'991</td>
</tr>
<tr>
<td><strong>Net increase in cash and cash equivalents</strong></td>
<td>75'068</td>
<td>3'277</td>
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<tr>
<td>Cash and cash equivalents at beginning of the year</td>
<td>37'662</td>
<td>38'842</td>
</tr>
<tr>
<td>Exchange (losses)/gains on cash and cash equivalents</td>
<td>-343</td>
<td>1'222</td>
</tr>
<tr>
<td><strong>Cash and cash equivalents at end of year</strong></td>
<td>112'387</td>
<td>37'662</td>
</tr>
</tbody>
</table>

## Condensed consolidated statement of financial position

(in CHF 000s)

<table>
<thead>
<tr>
<th></th>
<th>At December 31, 2015</th>
<th>At December 31, 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Current assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>112'387</td>
<td>37'662</td>
</tr>
<tr>
<td>Marketable securities</td>
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<td>21'730</td>
</tr>
<tr>
<td>Trade accounts receivables</td>
<td>43'790</td>
<td>33'842</td>
</tr>
<tr>
<td>Other current assets</td>
<td>51'933</td>
<td>54'862</td>
</tr>
<tr>
<td><strong>Total current assets</strong></td>
<td>219'769</td>
<td>153'096</td>
</tr>
<tr>
<td><strong>Non-current assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property, plant and equipment</td>
<td>14'708</td>
<td>14'936</td>
</tr>
<tr>
<td>Goodwill</td>
<td>56'716</td>
<td>57'903</td>
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<tr>
<td>Other intangible assets</td>
<td>8'8042</td>
<td>70'502</td>
</tr>
<tr>
<td>Financial assets</td>
<td>678</td>
<td>584</td>
</tr>
<tr>
<td>Deferred tax assets</td>
<td>6'930</td>
<td>4'826</td>
</tr>
<tr>
<td><strong>Total non-current assets</strong></td>
<td>167'074</td>
<td>148'651</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>386'843</td>
<td>301'747</td>
</tr>
<tr>
<td><strong>Liabilities and equity</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current liabilities</td>
<td>55'405</td>
<td>70'860</td>
</tr>
<tr>
<td>Non-current liabilities</td>
<td>83'117</td>
<td>18'011</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td>138'522</td>
<td>88'871</td>
</tr>
<tr>
<td><strong>Shareholders’ equity</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Share capital</td>
<td>6'053</td>
<td>5'930</td>
</tr>
<tr>
<td>Share premium</td>
<td>84'006</td>
<td>89'531</td>
</tr>
<tr>
<td>Retained earnings</td>
<td>158'262</td>
<td>117'415</td>
</tr>
<tr>
<td><strong>Total equity, attributable to owners of the parent</strong></td>
<td>248'321</td>
<td>212'876</td>
</tr>
<tr>
<td><strong>Total liabilities and equity</strong></td>
<td>386'843</td>
<td>301'747</td>
</tr>
</tbody>
</table>
u-blox’s overarching strategy has proved its worth in the past and remained central in 2015. We aim to supply everything that automotive, industrial and consumer companies need to locate and communicate with their products. This we call the WHAT, WHERE and WHEN of the Internet of Things that Really Matter.

Delivering the WHAT, WHERE and WHEN

The rapid pace of change in data capture, processing and transmission has opened up new avenues in the way the world does business. The ability to connect and use information from widely disparate sources is the essence of the Internet of Things That Really Matter and is set to affect every area of our lives.

New, disruptive business models are appearing, in which product manufacturers offer their customers new ways to buy their product or the service that product provides. To do so they need to know WHAT, WHERE and WHEN information about the product; they need to control and manage their product remotely, taking that responsibility from their customer, as they deliver their service. This move from “product” to “service” is happening across all industries. So, u-blox continues to develop and extend a comprehensive portfolio of cellular and short range modules together with positioning chips and modules compatible with a vast range of applications. With inbuilt quality, reliability and robustness, they offer professional, industrial and automotive companies the solutions they need for business-critical applications in the IoT world.

Adapting to the needs of an exponentially growing market

According to analysts, the market for wireless and positioning chips and modules is growing at a rate of around 20% a year. u-blox itself is increasing both its workforce and operational base to accommodate that growth. As we make acquisitions, we invest in those organizations and set up R&D centers at locations worldwide.

In the course of 2015, we sharpened our focus on the development and production of high-quality, high-margin components for the Internet of Things That Really Matter, pinpointing specific areas where we can deploy u-blox’s strengths to best advantage. The automotive and industrial sectors in particular appreciate the unmatched quality of our products. These components are also ideally suited to a wide range of consumer applications, such as wearables, which generates additional revenue streams. Moreover, the development of components that can be used in so many applications enables us to increase production figures and profit from economies of scale.

Creating less dependence

A marked tendency towards consolidation in the component supply industry has reinforced a crucial element in our strategy. Our aim for the future, then, is to increasingly develop our expertise in the core technologies, thus reducing our reliance on component suppliers and enabling us to take control of our own future. This will inevitably involve substantial long-term investment, but we firmly believe that this is the right approach.

Supporting not competing with customers

We know that our customers add considerable value on top of our products; they build systems where we are a component. We intend that this should continue to be the case. u-blox does not intend to develop products or services that take revenue from markets that are better served by our customers, and their customers. This clarity avoids potential conflict and competition with customers, which can be damaging in an industry where partnerships are central to business development.

Strategic partnerships

As part of our commitment to our customers and their own customers, we have also worked with some of the industry’s big names.

In communications we have cooperated with Huawei and Vodafone in particular, to drive the creation of new standards for IoT communications within licensed spectrum. Over the years ahead, we expect this approach to be a major benefit for everyone involved.

In the automotive sector we have close R&D relationships with well-known car manufacturers, and their suppliers, as we bring to market positioning components that are essential to the autonomous car and its safe deployment.
WHAT? our customers can move their data
WHERE? from devices at known locations
WHEN? knowing exactly the time when the data was captured

U-BLOX: u-blox products move data from cars, trucks, point-of-sale terminals, medical equipment, sensors etc., into the wireless Internet so customers can gather and analyze their data.
In 2015, we maintained the strategic thrust outlined in previous annual reports and recorded another year of important milestones in both wireless communications and positioning technologies. We also expanded existing product lines, finalized an acquisition and strategic partnerships, and improved our operational excellence. Overall, the year was an encouraging and successful mix of innovation, groundbreaking products, market leadership and solid financial growth.
Goals
• Ongoing consolidation of our position in the automotive sector
• Address high-value markets in the IoTTRM* while ensuring that our components deliver outstanding performance in high-volume consumer applications

Achievements 2015
• Defined a significantly clearer vision of the IoTTRM*
• Extended our reach to the maker community with a variety of initiatives to help start-ups and small operations use our products in innovative ways, often through crowd funding

Outlook 2016
• Put our enlarged sales force to work to focus on specific market sectors and accelerate growth in specific markets
• Improve navigation technology and automotive quality products to consolidate our leading position in global automotive markets

Goals
• Maintain our benchmark-setting quality standards as we scale operations up to produce 100 million units p.a.
• Continue to implement EFQM** standards across the company

Achievements 2015
• Gateway product that gives customers embedded programming
• Small, easy-to-use, low-power, high-performance module with built-in antenna for easy integration in GPS and GLONASS, and suitable for positioning in wearables
• Cost-effective, 4G-compatible cellular module designed for IoT applications

Outlook 2016
• Enable customers to integrate their own IP and software in our modules
• Add value and performance by allowing customers to use several u-blox components side by side
• Adding new features with outstanding performance

Goals
• Cooperation with customers using two or more u-blox products
• Continue to improve Bluetooth- and Wi-Fi-based short range wireless communications, embedded high-speed 4G/LTE wireless connectivity and industry-leading GNSS precision timing products

Achievements 2015
• Gateway product that gives customers embedded programming
• Small, easy-to-use, low-power, high-performance module with built-in antenna for easy integration in GPS and GLONASS, and suitable for positioning in wearables
• Cost-effective, 4G-compatible cellular module designed for IoT applications

Outlook 2016
• Adoption of lean processes for the management of innovation and creativity (new products)
• Cost-effective ways of developing hardware and software compatible with international functional safety standards (ISO 26262)

Goals
• Maintain our benchmark-setting quality standards as we scale operations up to produce 100 million units p.a.
• Continue to implement EFQM** standards across the company

Achievements 2015
• Expanded our workforce by 125 in 25 locations worldwide. New offices in Berlin, Chongqing, Tampere and Osaka
• Completed integration of manufacture of all short range modules with our manufacturing partner Flextronics. Followed on with second year of EFQM** program implementation

Outlook 2016
• Enable customers to integrate their own IP and software in our modules
• Add value and performance by allowing customers to use several u-blox components side by side
• Adding new features with outstanding performance

Goals
• Establish further partnerships with cellular operators, infrastructure specialists and cloud service providers operating in our ecosystem
• Evaluate potential acquisition targets that will help us to strengthen our core business

Achievements 2015
• Acquisition of Lesswire provided access to short range automotive communications technology
• Joined CAR 2 CAR Communications Consortium which exists to improve V2V and V2I communications and harmonize standards
• Acquired rights to manufacture and supply Cohda Wireless V2X modules for V2V communications

Outlook 2016
• Establish partnerships with companies offering services that augment performance and add value to our components
• Review acquisition opportunities through which we can acquire technologies that broaden our existing portfolio

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* IoTTRM: Internet of Things That Really Matter
** EFQM: European Foundation for Quality Management
Drivers
Thanks to the Internet of Things, we stand at a crossroads in the way the world does business. Modules providing wireless communication in devices we use in our everyday lives, from photocopiers to coffee machines, are transforming mere products into services. And it is a win-win situation. For consumers, the changeover from product to service industries will mean greater convenience, positioning and recurring, predictable costs. For manufacturers, it means regular income streams rather than one-off purchases.

u-blox has developed a product portfolio geared specifically to the needs of the Internet of Things, but has another, greater objective: the company is committed to making products easier to integrate and use, both for its own customers and the end-consumer. These factors, together with u-blox’s aspiration to be the automotive sector’s leading supplier, mean the company is poised for even greater success and increasing profitability well into the future.

Achievements 2015
u-blox has a wide-ranging portfolio of customer-friendly, high-quality products that meet any conceivable need. The portfolio embraces three core technologies – cellular, short range and positioning.

u-blox combines smart, modular design with simple adaptability. This results in flexible components, such as the antenna-equipped CAM-M8C GNSS positioning module, which can be adapted for virtually any application, regardless of the customer’s own technical expertise. Combined with the expertise of our field application engineers, the myriad of simple-to-use features can be adapted to the needs of a customer base totalling around 5200.

In 2015 u-blox launched nine stand-out products: four cellular, four short range and one positioning. We also ramped up production of u-blox M8, a new GPS/GLONASS receiver platform for low-power devices.

Future focus
Looking forward, one of the most exciting prospects is the advent of the autonomous car, a development that will be fuelled by four discrete factors:

- High precision for positioning technology. This will have simple, practical benefits, such as being able to locate any device with the utmost precision, but is also a crucial stage in the process of developing the fully automated car.
- A broader range of products for addressing the specific needs of certain applications or simplifying their installation. Modules comprising sensors or specific platforms embedded in a new chip, will set the u-blox product offering apart from the competition.
- Major progress on the short range communication front. u-blox has purchased a license that will expedite realization of vehicle-to-vehicle (V2V) communication and is working steadily on the improvement of vehicle-to-infrastructure (V2I) systems. These components will help to reduce the number of accidents and save lives.
- Ultra low-cost cellular communications for the Internet of Things. This will make the entire concept more effective and applicable in many more use cases. u-blox is continuously working to ensure that in-vehicle electronics are safe against hacking and unwanted influence from the outside.

Quality and product grades
u-blox’s reputation stands on the foundation of its top-quality products. To guarantee that quality, u-blox has a simple, zero-defect policy. Effectively, it means that nothing is left to chance. We test every single module for its entire functionality. It inevitably costs more money, but guarantees top quality. Quality is integral to the u-blox philosophy: it is simply part of the genetic make-up of every single module we make.
The versatile, stand-alone ODIN-W262 module features an integrated antenna and is designed specifically for IoT applications that need advanced multi-radio capabilities. It interlinks with all Wi-Fi and Bluetooth standards. The acquisition of Berlin-based Lesswire’s operations at the beginning of the year also extended u-blox’s product range to include multi-mode automotive modules.

TOBY-L280 is the fastest 4G module in an ultra-small package and works in specific regions because it supports frequency band 28. Band 28 is used commercially in Taiwan, Australia and New Zealand, and u-blox has further rollouts planned throughout Asia Pacific, Brazil and Argentina.

TOBY-L201 is the world’s first 4G Cat 4 module with 3G WCDMA fallback and is massively important for the US market. It supports multiple carriers, which translates into its key selling point: seamless geographic coverage. In terms of performance, cost and footprint, it outperforms similar devices on the market and is ideal for a wide spectrum of applications ranging from infotainment and mobile terminals to remote security and video systems.

u-blox continues to supply design support in wireless applications and customized features for a select clientele. Our software team develops protocol-stack and test solutions, control of which is crucial to u-blox’s 4G-technology development and ability to set itself apart from the competition.

The CAM-M8C offers simultaneous GNSS operation for GPS/GLONASS, GPS/BeiDou or GLONASS/BeiDou and is thus able to pick up more satellites, even with restricted sky visibility. It delivers precise, jamming-resistant and reliable positioning anywhere in the world, and is ideal for urban situations with high-rise buildings. u-blox caters to a growing trend in the markets for positioning modules designed for base stations, for example, which not only pinpoint locations but also provide atomic time.

TOBY-R2 and LARA-R2 modules are two low-data-rate products with 4G technology. Designed for M2M and industrial/automotive applications, they have been optimized to replace the 2G system and require significantly less power.

u-blox continues to supply design support in wireless applications and customized features for a select clientele. Our software team develops protocol-stack and test solutions, control of which is crucial to u-blox’s 4G-technology development and ability to set itself apart from the competition.

THEO-P1 is a compact, automotive grade module that communicates between in-vehicle equipment and roadside infrastructure. Superior performance enables it to work with vehicles at speeds up to 250 km/h within a 1000-meter range and makes it ideal for V2X trials and early deployments.
u-blox maintains a process of continuous development for all chips and modules in the product range and for all three markets, adapting components to changing needs. R&D specialists from u-blox subsidiaries all over the world regularly meet in Thalwil to sustain process and draw up roadmaps for future products.

**A well-structured approach to innovation management**

When it comes to innovation and product development, u-blox leaves nothing to chance and actively promotes the process. Meetings twice a year bring our R&D specialists, senior salespeople and product managers to corporate headquarters in Thalwil where they discuss progress made, identify and define market demand, and draw up roadmaps for future innovation and development.

There are three defined sides to the product development process at u-blox: time-to-market, functionality improvement and cost optimization. In the case of new products, the main focus is on time to market: meeting the carefully thought out specifications and getting the product out into the marketplace as quickly as possible. Once a product has been launched, the emphasis switches to improving its functionality or lowering the cost, or both. TOBY-L280 (see Products, p. 31), for instance, now has enhanced functionality in the form of Band 28 compatibility, while other components feature multi-carrier capability. Other examples of the same thinking are positioning modules whose size and cost have been significantly reduced.

Another area that calls for a significant level of innovative thinking is the wearables and wrist-based market. Having pinpointed a rising trend in the West and the Far East toward health/fitness monitoring modules, personal tracking devices and running watches, u-blox has developed complex algorithms that combine extremely intricate electronics and GNSS functionality with one of the most pressing demands of such items: ultra-low power consumption. The company’s foresight in this area led to a significant increase in revenues in 2015.

**Laying the foundations for innovations of the future**

u-blox’s forward-looking innovation policy is well supported by the fact that the past year saw an increase in the (FTE-based) R&D engineering team, bringing it from 428 to 509. This was due to intensive recruiting and the addition of new R&D centers in Berlin.
and Tampere. Expenses on R&D in 2015 accounted for 19.2% of revenues. The growth process is ongoing, and we continue to recruit R&D talent for our locations in twelve different countries.

**All things to all players**

In its attitude to innovation, u-blox maintains a high degree of flexibility, adapting to changing market needs and demands. For all that, it never loses sight of a crucial factor in its success: the maximization of market coverage using the same products. In practice, this may mean integrating identical modules in positioning-based and wireless products as varied as drones and fitness trackers. Apart from saving enormous amounts in R&D, it boosts the company’s efficiency, cost-effectiveness and, ultimately, its profitability.

**Innovation and the Internet of Things**

u-blox is also a major player in the cellular market, where there is a lot of reliance on the establishment of standards and thus compatibility between different devices from different manufacturers. Two years ago, recognizing the need for a universal standard aimed directly at the Internet of Things, u-blox joined with Huawei and Vodafone. Over the past year, this has led to Huawei making the base stations, Vodafone assuming the role of operator and u-blox providing the modules. It seems very likely that this collaboration will result in the adoption of “Narrowband IoT (NB-IoT)”, as it is known in the industry, as a fully-fledged new standard in 2016.

The Internet of Things links countless devices to central data computers. This inevitably creates lots of ways that systems can be hacked or attached from a security perspective. u-blox has an overarching security philosophy to help customers secure their systems against malicious acts: ensure that only our software runs on our hardware; keep our test systems confidential and secure; encrypt the data as it is transferred; use smart techniques to spot spoofing and jamming of our products; and provide a means that allows the customer to program our products without impacting the software that we provide.
Markets

There was no significant shift in any of our three strategic markets in 2015, with Industrial remaining the largest focus. However, the growing demand for the Internet of Things-related devices drove the development, design and manufacture of products that enable customers in all three areas to meet market needs, and resulted in a 25% increase in revenues.

To better reflect our growing range of products we have redefined how items are categorized as: Industrial, Consumer or Automotive. More specifically, only products that are factory fitted by the car manufacturer are classified as automotive. This means that the distribution calculated and shown is not comparable with those in previous annual reports; we have therefore provided both the 2015 and 2014 sales distribution to enable year-on-year comparison.
Industrial markets

With increasing demand for more widespread connectivity across the entire industrial market, certain applications retained their prominent positions in 2015 while other new areas established themselves in the hierarchy of importance.

- Tracking using a combination of GNSS and cellular products remained the company’s number one market segment. Uses include fleet management, vehicle recovery, and asset tracking.
- Usage-based insurance (UBI) for cars and other vehicles has expanded rapidly in recent years and established itself as a significant market for our GNSS and cellular products.
- Timing solutions that deliver nanosecond precise synchronization of communication networks were in strong demand due to the ongoing expansion for networks capacities for the Internet of Things.
- Point-of-sale terminals and vending applications using embedded Bluetooth, Wi-Fi and cellular modules continued to grow in importance.

Automotive markets

Automotive sales grew faster than the market in 2015.

- Factory-fitted GNSS receivers continued to account for the majority of automotive revenue. Navigation is the prime application and is increasingly a standard feature on new cars. Here u-blox is a major player and we plan to maintain and consolidate our strong position.
- The connected car is moving into the mainstream. We continued to make a whole array of important applications available to drivers from emergency call through to infotainment and Wi-Fi hotspots.
- The move towards more automated driving and, ultimately, the autonomous car continues relentlessly, despite the fact that the necessary legal framework is lagging behind. In particular, we see customers now demanding lane-level accuracy as sensing systems combine to enable cars to understand and interact with their current location and, where necessary, take appropriate action to maintain safety.
- The benefits of car-to-car communication, referred to as V2V, continue to be appreciated through extensive trials for which u-blox provides leading edge technology.
- The European Union’s decision to make e-Call services mandatory in any new car sold within the EU from 2018 generated lots of traction for GNSS and cellular products, which provide this functionality.

Consumer markets

Embedded in a wide range of device including: sports watches, notebooks, personal trackers and recreational devices, our GNSS and cellular modems and wireless solutions do far more than guide users to their destinations. Although the consumer market accounts for the smallest part of total revenues, there was some notable progress in 2015.

- There was a marked rise in the number of devices used for locating children and pets, particularly in the Asian region.
- Drones, or unmanned autonomous vehicles (UAVs), are finding increasing use in many areas including consumer applications such as aerial photography. This is a new and exciting market for u-blox that made significant strides in 2015 and which we expect to see grow in the coming years, assuming sympathetic legislation is developed alongside the applications.
- Wearables, including watches quantifying sports performance remained a buoyant and fruitful market. Wearable technology is at the forefront of product innovation in mobile computing. Shipments of wearable devices are forecast to rise from 19 million units in 2014 to almost 112 million units in 2018, according to research from IDC.
U-BLOX SERVES CUSTOMERS OUT OF 25 LOCATIONS WORLDWIDE.

In 2015, u-blox reported growth in all markets and now has an expanding customer base in more than 66 countries worldwide. Our diversity is reflected in the fact 65 customers in 24 countries accounted for 80% of total revenues, with no single customer responsible for more than 7% of total sales.
One of the reasons for u-blox's on-going success is our approach to the market combined with a structured product portfolio and the ability to address the needs of a broad range of customers. We achieve this by focusing on five distinct areas.

### Technological expertise

u-blox has established a firm place at the forefront of R&D in its industry and offers products geared to the needs and expectation of companies of all sizes. Our products enable our customers to manufacture hybrid solutions that uniquely combine positioning and communication functionality. Among the company’s most recent achievements is untethered dead reckoning, which does away with the need for a connection to the car’s systems and sensors, and thus combines excellent positioning with extremely simple operation. We are also taking a leading role in the Narrowband IoT field and in 2015 continued to promote new standards for cellular products, including in one of our key sectors, automotive communications.

### Clearly defined role

u-blox takes a strictly defined role in its customers’ value chains: we do not compete with our customers; and we lay no claim to being systems integrators. Our aim is to add value by supplying the components that enable our customers to build systems of their own and in turn develop strong relationships with their own clients. In 2015, we took steps to extend our ecosystem to include several more major partners.

### Customer satisfaction

A three-tier support concept delivered by our R&D teams and field application engineers takes our customers from conceptual design and development through to evaluation, blueprint design and working prototypes. We package our products so that they are easy to use. And, finally, we have many years of experience in the same markets in which our customers operate.

### Manufacturing concept

Whether a customer decides to buy a chip or module will depend largely on volume and scalability. Customers who require a relatively small number of components will usually opt for modules while those foreseeing much larger volumes will go for chips. u-blox has the flexibility to accommodate both. Our infrastructure includes a multi-continent fabless manufacturing chain that includes chips made in Asia, modules made in Europe, along with stock points in America, Europe, and Asia to enable fast response to orders. In 2015, to boost quality, u-blox moved short range manufacture, including all products from acquisitions made in 2014, to our manufacturing partner in Austria.

### Quality

Quality is at the heart of everything u-blox does, and we offer products in three distinct grades: Standard (for consumer product applications), Professional (for industrial and professional applications) and Automotive (for equipment used in harsh environmental conditions). The factor that sets us apart from the competition, however, is our adherence to a quality assurance program that covers every aspect of R&D, module and IC manufacturing, testing and even the supply chain.
Shawn Aleman, Managing Partner and co-founder of Xirgo in 2005, sums up the biggest challenge that faces any company in his industry in one word: customization. “We might have two customers in the same business, but the chances are that they will want two totally different solutions and different functions. Our job is to design a product using the chips and modules available that will answer all their needs.” Doing it successfully means being nimble enough to adapt to changing market conditions and supplying the kind of quality that keeps customers coming back. And one of the suppliers helping Xirgo to achieve its ambitious targets is u-blox.

Xirgo is a hardware design and manufacturing company with a clear focus on IoT customized products for different vertical markets, different applications and different technologies. Its expertise lies in its ability to develop and manufacture devices that can be remotely attached to assets such as cars, trucks and containers, and ocean-going vessels. The information gathered can then be sent wirelessly to computers anywhere in the world. Applications cover the entire spectrum from vehicle telematics and transportation (mainly dry and refrigerated containers and trailers) to usage-based insurance (UBI), and involve a full range of products that includes positioning, short range and cellular.

u-blox solutions are used for various applications: In the transportation industry, Xirgo uses a u-blox global 3G module for the tracking, monitoring and control of containers for one of the world’s largest container shipping companies. In doing so, it worked closely to support AT&T’s deployment of a global 3G enabled service incorporating a device that can track, monitor and control various functions of refrigerated containers. For a large global transportation company, Xirgo used u-blox LTE and GPS modules in the design of a custom energy harvesting device to monitor the movement and precise location of trailers without a need for an external power source. And for some years, Xirgo has supplied Progressive Insurance, one of the largest providers of car insurance in the US, with a device that plugs into a vehicle’s existing OBD port and keeps a precise track of driving habits, including speed and distance travelled. The technology allows Progressive to offer personalized insurance rates to customers who enroll in their usage based insurance.

Xirgo’s customers demand speed, adaptability and quality, and that means the company has to rely on components suppliers who can deliver under the same pressures. “One of the reasons we work with u-blox is that they can meet our expectations regarding turnaround and supply us with products that are either already customized or easy to adapt to a particular customer’s needs,” explains Shawn Aleman. “Ultimately, u-blox meets all our selection criteria and supplies us with technology that meets all our expectations. They’re easy to work with, get things done and come up with top-quality products that are suitable for different verticals. We’re more than satisfied.”

Xirgo Technologies, Inc. in Camarillo, California, is a leading provider of innovative, application-specific products for machine-to-machine vertical markets. Its solutions are used in a range of devices designed for automotive applications, mobile monitoring and control, fleet management, and container and trailer tracking. Xirgo works closely with some of the biggest names in their respective markets to create significant time-to-market advantages, enabling its customers and partners to realize powerful and highly differentiated solutions for their own customers and markets.

Tracking box for usage based car insurance

High-performance solutions for client specific needs
Xirgo has supplied Progressive Insurance, one of the largest providers of car insurance in the US, with a device that plugs into a vehicle’s existing OBD port and keeps a precise track of driving habits, including speed and distance travelled. The technology allows Progressive to offer personalized insurance rates to customers who enroll in their usage based insurance.

u-blox solutions are used for various applications
Everything we do is underpinned by our corporate values and they are reflected in the day-to-day behavior of our company. They are crucial to sustainable growth and provide our entire workforce with guidelines showing how they can help the company achieve its goals. These values are not just words on paper: they are part of our DNA.

### Our values

u-blox continues to expand at an exponential rate, and our ambitious growth plans demand all we can give. In this scenario, it is essential that we hold fundamental principles that determine how we act and do business. We have identified five core values that define responsible and ethical corporate behavior.

**Customer focus**

All our activities must bring value to and earn the trust of our customers. By building positive partnerships, cooperating closely, and listening carefully, we aim to exceed our customers’ expectations.

**Passion**

Passion is the lifeblood of our company. We are continuously moving forward and seeking ways to improve our products and services, either by ourselves or through partners and acquisitions.

**All round reliability**

The way we do things is precise. From initial contact, through design in, and on to prototypes and production, our customers can depend on us for technical and logistical support and excellence every step of the way.

**Unmatched quality**

Only by conforming to the industry’s most demanding quality standards can we maintain the trust we have built with our customers.

**Ethical standards**

We commit to conduct ourselves in an ethical manner and act as a good corporate citizen in all environments in which our company operates. We listen to others, work together to achieve shared goals, treat each other with respect and dignity, and maintain high ethical standards.

### Global brand recognition

u-blox pursues a single brand strategy formulated to strengthen our leading market position and set us apart from the competition. We project a consistent image that fosters brand recognition worldwide. Our brand is also our pledge to provide our customers with innovative, versatile, high-quality solutions tailored precisely to their needs.

In 2015, we continued to build brand awareness among others by maintaining our presence at international trade shows. It was also the year that saw the introduction of an entirely overhauled, new-look website with substantially enhanced user-friendly navigation. The site was designed to meet all existing and potential customers’ and stakeholders’ needs and to make it easier for them find the products they are looking for.

### Brand protection

Our brand is protected worldwide by copyrights and trademarks, and we leave no stone unturned in our efforts to prevent its abuse. We continuously strengthen our brand’s presence with richer content and dynamic visuals, and by placing it in an ever-wider range of media.
New website: www.u-blox.com

Direct access to investor information

Quick product summaries and PDFs with more data

u-blox Forum

u-blox Online-Shop
## Risk management

Assessing and controlling risk is crucial to sustainable business success. u-blox employs strategies that effectively mitigate risk and prevent losses.

<table>
<thead>
<tr>
<th>RISKS</th>
<th>RISK MITIGATION</th>
</tr>
</thead>
</table>
| Markets and customers | • Customer diversification: No single customer accounts for more than 7% of u-blox’s turnover.  
• Continual expansion of the customer base.  
• Continuous monitoring and assessment of market developments and needs.  
• Expansion with a third technology category (Short range radio). |
| Competition | • 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. |
| IP | • 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. |
| Product quality | • 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. |
| Innovation | • Continual stream of new products launched yearly with targeted features to several markets.  
• Invested CHF 65.0 million, or 19.2% of revenues in R&D in 2015.  
• Expand range in key technologies, acquired short range radio know-how. |
Risks

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.
- Develop and increase management talent pipeline.
- 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 shortage of supply 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.

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 from 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 on a quarterly basis.
- Successfully raised CH 60.0 million fixed rate bond to increase u-blox’s financial flexibility.
- Cash flow program to optimize liquidity and cash flow management.
- Efficient use of available cash through cash pooling.
When it comes to the implementation of strategy, policy and every other aspect of our operations, one factor is at the heart of everything we do: corporate social responsibility.

1 Business ethics

Strict compliance with ethical principles
We communicate openly with internal and external stakeholders, informing them of our commitment to moral and ethical principles in every aspect and at every level of our business. We support the policies and principles set out by the UN Global Compact, which unites us with other companies prepared to align their operations and strategies with universally accepted principles on human rights, labor, the environment and corruption. We report yearly on progress made in implementing the ten principles. The Communication on Progress (COP) can be viewed at www.unglobalcompact.com.

Overarching Code of Conduct
Our employees come from widely differing backgrounds. Such diversity makes the importance of a set of common values even more important. Our Code of Conduct is based on the UN Global Compact and, together with other related information, can be found on the corporate intranet in seven languages. It clearly defines the standards, business ethics and behavior we expect of our employees and others acting on our behalf. In 2015, we initiated an e-learning course on our Code of Conduct and Anti-bribery Guidelines, which employees are obliged to take every year.

Anti-corruption
The anti-bribery guidelines are a vital component in our efforts to stamp out corruption in any form. The international nature of our operations inevitably means that we are present in certain countries where corruption is rife, so it is vital that we provide our people with clear, objective instructions on how to deal with corruption should they be confronted with it. In 2015 u-blox was not affected by investigations or legal procedures relating to corruption or human rights.

Insider trading
u-blox has implemented a policy for all employees prohibiting the trade with u-blox shares in case of insider knowledge of facts which could have an impact on the share price if they were publicly known. Under the policy, employees are prohibited from trading with u-blox shares in case of insider know-how.

Political organizations
No political parties enjoy funding or subsidies from u-blox.

Strict confidentiality and data protection
As part of its compliance with all relevant data protection legislation, u-blox makes every effort to ensure that its employees’ personal data is treated in the strictest confidence.
The keyword in u-blox’s recruitment policy is diversity. We can maintain our strong position only by employing the very best people at locations all over the world. At the end of 2015, we had 750 employees, 25.2% of them at Thalwil headquarters in Switzerland. The remaining 74.8% were employed at 14 R&D centers and 15 sales and marketing offices around the globe. Our expanding market activities necessitated an increase in the number of employees from 117 to 140 FTEs in sales, marketing and support. R&D saw numbers grow from 428 to 509, while Logistics and Administration FTEs increased from 69 to 87.

**u-blox: creating a place people want to work**

Our ambitious growth and development plans call for the best people. u-blox is prepared to find and, more importantly, to retain them. We have a vested interest in fostering a culture that encourages employees to develop their professional and leadership skills. We have an annual appraisal process that helps our employees define and stay on track towards their personal goals, and our policy of filling vacant management posts with our own people opens up attractive promotion prospects. Last year, our salaries and social benefits spend amounted to CHF 59.0 million (compared with CHF 48.0 million in 2014).

Despite a fair and non-discriminatory employment policy, u-blox’s workforce at the end of 2015 comprised 13.7% women (2014: 14.6%). There are no women in Executive Management and the Board of Directors comprises one woman and six men. The main reason for the discrepancy lies in the predominance within the company of engineering positions, for which only a relatively small pool of women is suitably qualified. Recruitment potential is thus limited. In non-product functions like logistics, administration, HR, etc, the ratio of women exceeds 70%. We support various activities to attract women to engineering education at high school level.

We gather feedback on employee satisfaction through annual performance review meetings. Performance and compensation are assessed using both Group and individual targets. Every other year, we also conduct a detailed employee satisfaction survey. The next one is scheduled for 2016.

u-blox has a set of guidelines relating to compensation and promotion that are based on clearly defined individual and corporate goals. Assessments of employee performance are carried out once a year. u-blox’s reputation as an attractive employer is well known and the company is regularly cited as one of Switzerland’s top 100 employers. Staff turnover in 2015 stood at 8.7% (2014 8.6%).

**Life and work: getting the balance right**

The quality of our employees’ lives is all-important to their well-being. We actively strive to achieve this balance by offering flexible working hours and specially tailored work/ pay/ vacation programs. Our people are also entitled to a sabbatical after five years’ employment with the company. Interactive, real-time internal communications are accessible to employees worldwide and the workforce receives regular updates on the state of the company.

<table>
<thead>
<tr>
<th>Performance indicators</th>
<th>2014</th>
<th>2015</th>
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</thead>
<tbody>
<tr>
<td>Total headcount (end of the year)</td>
<td>625</td>
<td>750</td>
</tr>
<tr>
<td>Jobs created</td>
<td>80</td>
<td>126</td>
</tr>
<tr>
<td>Women in overall workforce</td>
<td>14.6%</td>
<td>13.7%</td>
</tr>
<tr>
<td>Part-time employees</td>
<td>7.2%</td>
<td>7.3%</td>
</tr>
<tr>
<td>Fluctuation</td>
<td>8.9%</td>
<td>8.7%</td>
</tr>
</tbody>
</table>

**Employees per region (end of 2015, FTE based)**

- APAC: 20% (148)
- Switzerland: 25% (185)
- Americas: 7% (53)
- Rest of EMEA: 48% (350)

**Employees per function (end of 2015, FTE based)**

- Logistics, admin: 12% (87)
- Sales, marketing, support: 19% (140)
- Research & development: 69% (509)
u-blox has a presence in many countries around the globe. One of our main concerns is to demonstrate our commitment to the regions where we have commercial interests by giving something back. We harness the human, financial and technical resources at our disposal to make significant, tangible changes that makes communities stronger and less dependent. As in previous years, we have continued to support health and educational programs, but in 2015 extended our range to support employees who are involved in charity work as a means of eliminating some of the problems facing the people in the communities to which they belong.

Doing our best to ease the refugee crisis
In a concrete push to support the Slovenian Red Cross in its efforts to handle the thousands of refugees straining its resources, u-blox’s office in Italy organized a donation and clothing collection. With winter approaching, refugees were in dire need of suitable garments to keep out the cold. Our colleagues quickly collected funds and used clothing, and participated at a second-hand winter market.

An employee summer event with a difference
In 2015, u-blox’s team in Greece organized their annual summer event at the community home run by the Smile of the Child welfare organization. As their way of contributing, our people in Greece donated the money they had saved for their summer event, contributed money out of their own pockets and gave personal gifts, mainly books, to the children.

A busy October for San Diego
u-blox employees in San Diego were involved in two separate volunteer and corporate events to help local people. One group teamed up with Ronald McDonald House Charities to provide a home-cooked meal for more than 150 seriously ill children and their family members. A few days later, employees represented the company in the 2015 Bike the Coast century ride (100 miles, to be precise) that took them along Highway 101 from Oceanside to Del Mar.

A global effort for children at Christmas
Unlike their more fortunate counterparts, thousands of financially disadvantaged children and orphans worldwide do not receive gifts at Christmas. To alleviate the problem, u-blox ran a global campaign embracing Italy, Greece, Singapore, Korea, Sweden, Pakistan and Switzerland that encouraged employees to donate Christmas presents such as toys, games and food for distribution to children in need. Site managers gave employees precise information about local projects, specifying the organization(s) receiving assistance and the kind of gifts that could be donated. Thanks to our people, scores of children around the world got a surprise visit from Santa Claus for Christmas 2015.
Ensuring the safety of the supply chain
Since initiating its Sustainable Supplier Program in 2012, u-blox has spared no effort to maximize the safety of working conditions in the supply chain, ensure that workers worldwide are treated with respect and consideration, and minimize the impact of its operations on the environment. u-blox’s in-house program is based on the Electronic Industry Citizenship Coalition (EICC) Code of Conduct, which applies to labor and human rights, health and safety, environmental factors, ethics and management systems. The sustainable auditing of our supply chain is done internally. Each year we inspect a subset of chosen suppliers’ factories. In 2015 we defined improvement actions together with suppliers. No evidence was found that made a formal audit necessary.

Taking responsibility for the world we live in
As part of its efforts to ensure effective control of our environment and sustainability objectives, u-blox works closely with key contract manufacturers and suppliers to tighten up and improve an already impressive set of measures. We expect the same exacting sustainability standards from all our suppliers as we impose on ourselves. Over the years, we have closely supervised potentially harmful materials used at all stages of the manufacturing cycle. Conflict minerals from any source are absolutely prohibited. We liaise closely with our partners to identify the provenance of all the metals used in our products and to ensure that tantalum, tin, tungsten and gold come from acceptable sources.

As a fabless semiconductor company, we insist that all our key manufacturing partners comply fully with legal, industrial and customer-specific environmental requirements. Ensuring that these standards are met and maintained is a complex and laborious process. We therefore make ongoing efforts to improve the collection and storage of all essential data while monitoring compliance.

Carbon dioxide emissions
Our contribution to reducing CO₂ emission starts at headquarters in Thalwil and manifests itself the entire way along the value-added chain and in our products. In Switzerland, we cover the cost of our employees’ journeys to and from work by public transport, thus discouraging the use of their own vehicles. We have taken further steps to reduce our CO₂ footprint by introducing a video-conferencing system at all our major offices worldwide, thus reducing the need for employees to travel to meetings. And we have a manufacturing model that lowers our own CO₂ output by outsourcing production to third-party manufacturing partners with ISO 14001 certification. In compliance with our strict environmental requirements, they too have their own CO₂-reduction programs in place.

Finally, the actual products we make can lead to a significant reduction in CO₂ emissions. Sensors used in vending machines, for example, eliminate unnecessary journeys to replenish stocks. In cars and trucks, they cut fuel use and emissions by calculating the shortest and quickest routes from A to B. Used by utility companies, they remove the need for visits to read meters. Sensor-activated street lighting systems massively cut the power bill for municipalities. Every day, new ways of using our products contribute to this global effort.
Share price performance
The share price increased by approximately 53% during this year going from CHF 140.60 to CHF 214.50.

At December 31, 2015, u-blox had 4’130 shareholders. Information on our major shareholders can be found in the Corporate Governance section of the Financial Report.

Dividend
In light of the positive future business outlook and the good cash situation of the company, the Board of Directors has proposed a dividend for 2015 of CHF 1.90 per share, equivalent to a total dividend payment of approximately CHF 13.0 million. The proposed dividend will be put to shareholders for approval at the Annual General Meeting of the company which will be held at 4 PM, April 26, 2016.

Share information (at December 31, 2015)
Stock Exchange       SIX Swiss Exchange
Swiss Security Number / ISIN  3336167 / CH0033361673
Ticker              UBXN
Nominal value       CHF 0.90
Shares issued       6’725’736
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 analysts and press conference. It is also available online at: www.u-blox.com/en/investor-relations-section.html. The half-year report is published in September.

April 15, 2016:
Closing of share register for the Annual General Meeting

April 26, 2016:
Annual General Meeting

April 28, 2016:
Proposed ex-dividend trading day

May 2, 2016:
Proposed dividend payout date

August 26, 2016:
Publication of half-year results 2016

<table>
<thead>
<tr>
<th>Share price (in CHF)</th>
<th>2015</th>
<th>2014</th>
<th>2013</th>
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<tbody>
<tr>
<td>Highest</td>
<td>220.00</td>
<td>143.00</td>
<td>98.00</td>
</tr>
<tr>
<td>Lowest</td>
<td>115.40</td>
<td>99.25</td>
<td>39.90</td>
</tr>
<tr>
<td>Closing at December 31,</td>
<td>214.50</td>
<td>137.40</td>
<td>96.15</td>
</tr>
<tr>
<td>Market capitalization at</td>
<td>1’443</td>
<td>905</td>
<td>621</td>
</tr>
<tr>
<td>December 31, (Mio CHF)</td>
<td></td>
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<table>
<thead>
<tr>
<th>Key Figures</th>
<th>2015</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Registered shares with a</td>
<td>6’725’736</td>
<td>6’588’681</td>
<td>6’455’496</td>
</tr>
<tr>
<td>nominal value of CHF 0.90</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Nominal share capital (in</td>
<td>6’053</td>
<td>5’930</td>
<td>5’810</td>
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<tr>
<td>TCHF)</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Basic earnings per share (in</td>
<td>5.55</td>
<td>5.27</td>
<td>3.86</td>
</tr>
<tr>
<td>CHF)</td>
<td></td>
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</tbody>
</table>

Market capitalization end 2015, Mio CHF

1’443

Basic earnings per share (in CHF)

5.55
Investor contact

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