Corporate Governance 2019
The u-blox Annual Report 2019
Content

05 Corporate Governance

29 Report of the Statutory Auditor on the compensation report
Corporate Governance

The report describes the management structure, organization and control within the u-blox group at December 31, 2019. 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: Zürcherstrasse 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, 2019 was CHF 696 million based on the outstanding ordinary 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, 2019, u-blox had 6’265 registered shareholders. According to the disclosures of shareholders, the largest shareholders (> 3%) were:

- Baillie Gifford & Co, Edinburgh, UK: 5.53%
- Credit Suisse Fund Management S.A.: 5.16%
- Atlantic Value General Partner Limited, London, UK: 4.73%

The shareholders reduced or increased their shareholding progressively.

For further detail see: www.six-swiss-exchange.com under “Market Data – Overview – Significant Shareholders.”

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, 2019 the outstanding ordinary share capital of u-blox was CHF 109’568’521 fully paid in and divided into 7’114’839 shares of CHF 15.40 nominal value each. There are no preferential voting shares. All shares have equal voting rights. No participation certificates, nonvoting equity securities (Genusscheine) 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 3’636’663.80 by the issuance of no more than 236’147 registered shares that are to be fully paid-in and have a nominal value of CHF 15.40 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 3’636’663.80 corresponds to 3.3% 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, 2021, 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 15.40 each, by a maximum nominal amount of CHF 10’780’000. 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 10’780’000 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 2019.

Changes in share capital
On 1 January 2019, the outstanding ordinary share capital amounted to 7’099’857 registered shares. As a result of the exercise of options in 2019 the outstanding ordinary share capital has increased to 7’114’839 registered shares. Accordingly, the conditional share capital amounted to 235’245 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 Committee) at December 31, 2019 was 811’943 (11.4% of the outstanding ordinary share capital).

<table>
<thead>
<tr>
<th>Grant</th>
<th>Vesting date</th>
<th>Expiry date</th>
<th>Exercise price in CHF</th>
<th>Options outstanding at Dec. 31, 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>January 1, 2018</td>
<td>January 1, 2021</td>
<td>136.72</td>
<td>74’375</td>
</tr>
<tr>
<td>2015</td>
<td>January 1, 2018</td>
<td>January 1, 2021</td>
<td>137.40*</td>
<td>9’742</td>
</tr>
<tr>
<td>2016</td>
<td>January 1, 2019</td>
<td>January 1, 2022</td>
<td>210.28</td>
<td>130’132</td>
</tr>
<tr>
<td>2016</td>
<td>January 1, 2019</td>
<td>January 1, 2022</td>
<td>214.50**</td>
<td>27’432</td>
</tr>
<tr>
<td>2017</td>
<td>January 1, 2020</td>
<td>January 1, 2023</td>
<td>187.09</td>
<td>155’623</td>
</tr>
<tr>
<td>2017</td>
<td>January 1, 2020</td>
<td>January 1, 2023</td>
<td>191.20**</td>
<td>26’059</td>
</tr>
<tr>
<td>2018</td>
<td>January 1, 2021</td>
<td>January 1, 2024</td>
<td>191.55</td>
<td>149’110</td>
</tr>
<tr>
<td>2018</td>
<td>January 1, 2021</td>
<td>January 1, 2024</td>
<td>191.80**</td>
<td>30’078</td>
</tr>
<tr>
<td>2019</td>
<td>January 1, 2022</td>
<td>January 1, 2025</td>
<td>78.95</td>
<td>178’207</td>
</tr>
<tr>
<td>2019</td>
<td>January 1, 2022</td>
<td>January 1, 2025</td>
<td>78.95**</td>
<td>31’185</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>January 1, 2022</strong></td>
<td><strong>January 1, 2025</strong></td>
<td><strong>78.95</strong></td>
<td><strong>311’843</strong></td>
</tr>
</tbody>
</table>

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 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, 2019:

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 Essemtec 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. Gina 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). Gina Domanig is managing partner at Emerald Technology Ventures AG since 2000. From 1991 to 1999, she held various positions at Sulzer AG prior to becoming Senior Vice President, Head of strategic planning and acquisitions. She held different positions in the finance industry from 1988 to 1991.

Other positions or consultancy agreements
Gina Domanig is a Board member of Die Mobiliar Genossenschaft (Switzerland), Solarpack Corporación Tecnológica SA (Spain), GeoDigital International Inc (Canada), TaKaDu Inc (Israel), Spear Power Systems Inc (USA), Urgent.ly Inc (USA) and Emerald Technology Ventures AG (Switzerland).
Mr. 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 economics from the University of St. Gallen.

**Other positions or consultancy agreements**
Mr. Looser is a board member of three listed companies (Kardex Group, Straumann Group and LEM) and the following non-listed companies Bachofen Holding, Spross Entsorgungs-Holding, Baitella AG, Bless Art, Mestex.

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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**
Dr. 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, Dr. Annette Rinck was EMEA Vice President Strategic Marketing & Key Account Management at Eaton Electrical Industries, and GM 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**
She is a member of the management of Honeywell Building Management Systems.
5 Board of Directors (cont.)

Markus Borchert

Function at u-blox
Mr. 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 the European operations of Nokia. Earlier leadership positions with Nokia and Siemens include roles in global sales, strategy, marketing, portfolio management, business unit management and key account management.

Other positions or consultancy agreements
Mr. Borchert is the CEO of Nokia Shanghai Bell. He is the chairman of TD Tech Ltd and a member of Advisory Board of RFS Radio Frequency Systems. He is the president of DIGITALEUROPE (industry 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
Thomas Seiler is a member of the Board of Artum AG, Switzerland.
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.

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 24 of the articles of association available on u-blox’s website under Investors / 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-year term as defined in article 16 and 17 of the articles of association available on u-blox’s website under Investors / Corporate Governance / Articles of Association.
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.

The Board of Directors convened 13 times in 2019. The duration of each meeting was typically between 1 and 3 hours. No external consultants advised the Board of Directors. Each Board of Directors member attended the meetings, with the exception of four meetings, where the attendance rate was 85%.

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 Investors / 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.

The audit committee has no authority to take decisions.

The Committee convened four (4) times. The auditors, the members of the audit committee, the CFO, each Board member and the General Counsel participated in the meetings for the half year and annual report. At the other meetings, the members of the audit committee, the Chairman of Board, the CEO and the CFO participated. The duration of each meeting was about 1 hour. No external consultants advised the Audit Committee.

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.

The Committee convened five (5) times. The members of the Committee and the CEO participated at each, except one, meeting. The chairman of the Board participated at three meetings. The duration of each meeting was typically one to two hours. Two external consultants advised the Committee particularly with regard to compensation benchmarking.

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 Investors / 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 Vice President 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.

8 Management of the group

The members of the Executive Committee are:

<table>
<thead>
<tr>
<th>Position</th>
<th>Name</th>
<th>Age</th>
</tr>
</thead>
<tbody>
<tr>
<td>CEO</td>
<td>Thomas Seiler</td>
<td>64</td>
</tr>
<tr>
<td>CFO</td>
<td>Roland Jud</td>
<td>53</td>
</tr>
<tr>
<td>ED Production and Quality</td>
<td>Jean-Pierre Wyss</td>
<td>51</td>
</tr>
<tr>
<td>ED Sales and Marketing</td>
<td>Markus Schäfer</td>
<td>50</td>
</tr>
<tr>
<td>ED Product Centers</td>
<td>Andreas Thiel</td>
<td>53</td>
</tr>
</tbody>
</table>

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 24 of the articles of association available on u-blox’s website under Investors / Corporate Governance / Articles of Association.
9 Executive Committee

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
Thomas Seiler is a member of the Board of Artum AG, Switzerland.

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.
Markus Schäfer, German

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, Swiss

**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.

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**10 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, 2019 (including holdings of “persons closely linked”*) is shown in the tables below.

**Non-executive members of the Board**

<table>
<thead>
<tr>
<th>Name</th>
<th>Number of shares</th>
</tr>
</thead>
<tbody>
<tr>
<td>André Müller</td>
<td>2'000</td>
</tr>
<tr>
<td>Ulrich Looser</td>
<td>2'330</td>
</tr>
<tr>
<td>Gina Domanig</td>
<td>400</td>
</tr>
<tr>
<td>Annette Rinck</td>
<td>200</td>
</tr>
<tr>
<td>Markus Borchert</td>
<td>650</td>
</tr>
</tbody>
</table>

**Executive Committee**

<table>
<thead>
<tr>
<th>Name</th>
<th>Number of shares</th>
</tr>
</thead>
<tbody>
<tr>
<td>Thomas Seiler</td>
<td>137'254</td>
</tr>
<tr>
<td>Andreas Thiel</td>
<td>40'510</td>
</tr>
<tr>
<td>Jean-Pierre Wyss</td>
<td>18'087</td>
</tr>
<tr>
<td>Roland Jud</td>
<td>4'363</td>
</tr>
<tr>
<td>Markus Schäfer</td>
<td>0</td>
</tr>
</tbody>
</table>

* “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, 2019 is shown in the tables below.

**Executive Committee**

<table>
<thead>
<tr>
<th>Name</th>
<th>Number of vested Options*</th>
<th>Number of non vested Options**</th>
</tr>
</thead>
<tbody>
<tr>
<td>Thomas Seiler</td>
<td>10'976</td>
<td>19'867</td>
</tr>
<tr>
<td>Andreas Thiel</td>
<td>14'476</td>
<td>19'867</td>
</tr>
<tr>
<td>Jean-Pierre Wyss</td>
<td>14'476</td>
<td></td>
</tr>
<tr>
<td>Roland Jud</td>
<td>14'115</td>
<td>19'371</td>
</tr>
<tr>
<td>Markus Schäfer</td>
<td>0</td>
<td>2'000</td>
</tr>
</tbody>
</table>

* Stock option grants in 2015, 2016

With respect to options with a grant date on or after January 1, 2015, 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).
11 Auditors

**Duration of the mandate and term of office of the lead auditor**
In 2019, 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 2019 amount to CHF 530'000 (excl. VAT).

**Additional fees**
Additional fees charged by KPMG during the financial year 2019 amounted to CHF 145'000 (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 two Audit Committee meetings in 2019.

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.

12 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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E-mail: info@u-blox.com

u-blox Communications
Gitte Jensen
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Dear Shareholder,

As Chair of the Nomination and Compensation Committee, I am pleased to present the 2019 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 complies 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.

2019 Company Performance

In 2019 we reached important goals and significantly expanded our product offer. Although on the revenue side we did not reach the initial growth expectations, EBITDA margins were maintained at a similar level as the prior year. We experienced growth in APAC by 5% in both of our automotive and industrial segments. On the other hand, the Sino-US trade conflict continued to have a negative impact on the EMEA and in the US markets and the late availability of the LTE-M network in the US delayed expected ramp-ups to the last quarter. Despite the stagnating market in 2019 we maintained a largely stable business in Automotive where we sold more value in this market and will continue to do so. In the Industrial market, even with the slow demand in EMEA we stabilized volume by gaining new customers in micro-mobility and infrastructure. The Consumer market declined by some 27%. A special highlight in 2019 was the sale of our 500 millionth GNSS receiver.

Throughout the year, we saw strong interest and first good design activities on newly launched products. In cellular we announced the SARA-R5, our own new LTE-M platform based on our new differentiated chipset which enables secure connectivity. NINA-B40 and BMD-360, the latter from our very successful acquisition from Rigado, are highly versatile short range modules utilizing the latest technologies. The ZED-F9K is a dead reckoning module which caters for the automotive market’s increasing need for high-precision navigation.

Nomination and Compensation Committee Activities

In the past year the Nomination and Compensation Committee met five times. The focus was on assessing 2018 performance, setting targets for 2019, hiring our new Head of Sales and Marketing, compensation benchmarking, as well 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.

Key changes made to the Compensation Policy include the following:

• We acquired Rigardo’s Bluetooth modules business – to broaden our short-range product portfolio and enlarge our access to the Consumer market;
• We hired Markus Schäfer as a member of the Executive Team to lead the Sales and Marketing organization on a global scale;
• We continued to invest strongly in R&D so that we can provide the products of the future; and
• We launched a number of new products and services including new chipsets.

We laid a solid foundation in 2019 to expand our capabilities for the future which will allow us to leverage and utilize more complete solutions across our three product areas thereby creating additional value for our customers. Key achievements were as follows:

Inclusion of Environmental, Social and Governance criteria in Executive Committee Compensation:

In keeping with the growing interests of our stakeholders in environmental, social and governance (ESG) objectives, the board has decided to implement an ESG component into the short-term incentive system for the Executive Committee (EC). We are confident that the additional ESG reporting will serve to keep our stakeholders apprised of our continued achievements and progress in pursuing our ESG goals and the link to compensation is an important step in this process.
Adaptation of Executive Committee Shareholding Requirement:

During the search for a new EC member and in anticipation of any future EC-level organizational development, we recognized that the EC shareholding requirement was made at a time when all EC members already owned a substantial number of shares, often dating back to the founding of the company. For new EC members, a more flexible approach was needed to allow u-blox to retain the most qualified candidates. To this end, we have not changed the level of shareholding required but rather modified the period of time in which such shareholding must be attained.

Adaptation of the Board of Directors Compensation:

The tri-annual compensation benchmarking for both the EC and the Board of Directors (BoD) revealed a substantial deviation of BoD compensation from the median of Swiss small and mid-cap companies per HCM's Compensation Study for Swiss Boards of Directors June 2019. In particular, the chairman compensation is 50% of the median and the other directors’ compensation is 75%. Given the last change to board compensation was in 2016, we propose to gradually increase the compensation in a phased approach over several years to get closer to the median.

At the 2020 Annual General Meeting, we will seek your approval of the total maximum compensation amount for the Board of Directors for the period until the 2021 Annual General Meeting and for the Executive Committee for the financial year 2021. Further, you will have the opportunity to participate in the consultative vote on the 2019 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 2020 Annual General Meeting and the actual compensation awarded to the Executive Committee in 2019 are within the limits approved at the Annual General Meetings 2018.

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. We will also continue to engage constructively with regulators, 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
13.1 Compensation Policy

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”, should be avoided. The achievement of Key Performance Indicators should be 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
• Review of compliance with the relevant policies

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

<table>
<thead>
<tr>
<th>Area</th>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
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<tbody>
<tr>
<td>EC and BoD succession planning</td>
<td>NCC, BoD</td>
<td>NCC, BoD</td>
<td>NCC, BoD</td>
<td>NCC, BoD</td>
</tr>
<tr>
<td>Compensation policy review and compensation principles for next financial year</td>
<td>NCC, BoD</td>
<td>NCC, BoD</td>
<td>NCC, BoD</td>
<td>NCC, BoD</td>
</tr>
<tr>
<td>Compensation benchmarking, plans, budget and share award plan design</td>
<td>CEO*, NCC, BoD</td>
<td>CEO*, NCC, BoD</td>
<td>CEO*, NCC, BoD</td>
<td>CEO*, NCC, BoD</td>
</tr>
<tr>
<td>Target compensation of EC members for next financial year</td>
<td>NCC, BoD</td>
<td>NCC, BoD</td>
<td>NCC, BoD</td>
<td>NCC, BoD</td>
</tr>
<tr>
<td>Annual Performance Assessment and Calculation of Variable Bonus for EC members for previous financial year</td>
<td>CEO*, NCC, BoD</td>
<td>CEO*, NCC, BoD</td>
<td>CEO*, NCC, BoD</td>
<td>CEO*, NCC, BoD</td>
</tr>
<tr>
<td>Option grant proposal for EC members for previous financial year</td>
<td>CEO*, NCC, BoD</td>
<td>CEO*, NCC, BoD</td>
<td>CEO*, NCC, BoD</td>
<td>CEO*, NCC, BoD</td>
</tr>
<tr>
<td>Maximum aggregate compensation amount of the EC for next compensation period</td>
<td>NCC, BoD</td>
<td>AGM</td>
<td>AGM</td>
<td>AGM</td>
</tr>
<tr>
<td>Compensation of Board of Directors for next compensation period</td>
<td>NCC, BoD</td>
<td>AGM</td>
<td>AGM</td>
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</tr>
<tr>
<td>Compensation Policy and Report (consultative vote)</td>
<td>NCC, BoD</td>
<td>AGM</td>
<td>AGM</td>
<td>AGM</td>
</tr>
</tbody>
</table>

* CEO is not present when discussing his assessment or compensation

BoD = Board of Directors  
NCC = Nomination and Compensation Committee  
CEO = Chief Executive Officer  
body which recommends  
body which decides to propose to AGM  
body which approves
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 approves 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. The total compensation is based on a discretionary decision of the Board of Directors based the salary structure of the Executive Committee and periodic benchmarking.

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. The peer group consists of the following companies, hereinafter the “Benchmark”):

- 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
- Lnm, 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 are necessary.

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 is proposed to gradually increase the board compensation over several years to get closer to the median. Note that the last adjustment was made in 2016.

During the year, an external consultant also advised the NCC on best practices and evolving regulatory framework in the area 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), stock options (long term incentive), 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 Benchmark 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 Benchmark. In 2019, the Executive Committee salaries were adjusted in line with inflation and the general workforce salary increase. As roles and responsibilities change, the NCC will review salaries accordingly.

**Variable Bonus**
The bonus is designed to reward the achievement of Key Performance Indicators (KPIs) which reflect the interest of shareholders.

As a rule, KPIs are measurable against objective criteria and, wherever reasonable, identical for each EC member. For the year 2021, an environmental, social and governance (ESG) component will be added to the Variable Bonus system, which includes goals which are both relevant for the company and important for its stakeholders. The ESG performance will be included as a factor of the base bonus calculation whereby the effect can reduce the actual bonus to 93% or increase it to 107% of the base bonus.

The base bonus depends on two value-driving KPIs:

1. increase in EBIT margin, and
2. revenue growth rate.

For the CEO, the percentage of base salary for the KPI related bonus is higher than for other members of the Executive Committee. The bonus of the CEO considers both the revenue growth and the EBIT growth, whereby a linear model applies to the revenue growth and an exponential model for the EBIT growth. The base bonus for the CEO is defined as a multiplier of the base salary as follows:

\[
3 + 0.7 \times (\text{revenue growth rate} - 0.15) \times e^{(\text{EBIT margin} - 0.4) \times 5}
\]

For example: a 20% revenue growth rate and a 10% EBIT margin results in a base bonus of 67.7% of the base salary; while a 20% increase in revenue and a 15% EBIT margin results in a base bonus of 87%.

The CEO has a maximum bonus of 150% of the base salary. For other Executive Committee members, the impact of KPI related bonus on overall compensation is lower and considers both the revenue growth and the EBIT growth with a linear model. The base bonus rate as a multiplier of the base salary is defined as follows for the other EC members:

\[
1 + 0.4 \times (\text{revenue growth rate} - 0.15) + 2.1 \times (\text{EBIT margin} - 0.4)
\]

For example: a 20% revenue growth rate and a 10% EBIT margin results in a base bonus of 39% of base salary; while a 20% revenue increase and a 15% EBIT margin would result in a 49.5% base bonus.

The bonus of the other Executive Committee members is limited to 100% of the base salary.

For both cases, no bonus is paid out if the EBIT margin is zero or negative. The bonus is paid out in cash after the Annual General Assembly.

Note that maximum bonus levels have not increased despite the inclusion of ESG criteria.

**Long Term Incentive Stock Option Plan 2019**
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 defined by IFRS accounting standards) 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 shareholder interests. To ensure the long-term component, the grant is based on the 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 NCC proposes the target EBITDA margins to be used in the LTI-ESOP plan for the following fiscal year taking into consideration the EBITDA margins of the relevant industry peer group, the company’s ongoing business expectations and the financial goals. The Board of Directors approves the minimum, target and maximum goals and payout. Approval is sought from the
AGM for the maximum compensation including the fair value of the maximum option grant 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 NCC is of the opinion that the performance targets for the LTI-ESOP are commercially sensitive and that 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 NCC
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 prorated 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.

Malus and claw-back provisions
Malus and claw-back provisions apply to forfeit or recover payments made as bonus and under the LTI-ESOP. Such provisions cover situations where the company is required to restate its accounts due to non-compliance with financial reporting requirements under the securities laws at the time of disclosure. In such cases, the Board of Directors is empowered to recalculate the respective payout according to the restated financial results and seek reimbursement of any bonus amount or LTI-ESOP grant allocated in excess of the newly calculated amount. The claw-back clause is applicable for three years after the payment or grant of the respective compensation.

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 base salary.

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

**Share Ownership Requirements**
Executive share ownership guidelines were introduced for the Executive Committee in 2018 at a time when all EC members held substantial shareholdings, often dating back to the founding of the company. The guideline stipulated that the members will acquire and hold u-blox shares equivalent to 250% of base salary for the CEO and 200% for the other Executive Committee members. The minimum levels were to be achieved within four years, and such achievement would not be altered by later share price variation. Unexercised options do not count towards the ownership requirement.

Due to recent changes in the Executive Committee, it was necessary to adapt this requirement to allow for a more flexible period of time to achieve the shareholding requirement. Therefore, the new policy is as follows:

The members will acquire and hold u-blox shares equivalent to 250% of base salary for the CEO and 200% for the other Executive Committee 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**
On hiring a new Executive Committee member, the NCC would align the proposed remuneration package with the policy in place for Executive Committee at the time of the appointment. In determining the actual remuneration for a new Executive Committee member, the NCC would consider the package in totality, taking into account elements such as the skills and experience of the individual, local market benchmarks, remuneration practice, and the expected contribution of the individual. The NCC would ensure any arrangements agreed would be in the best interests of u-blox and its shareholders and would aim 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 paid and the timeframe of awards would be 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 could be 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 revealed that the board compensation is well below the median of Swiss small and mid-cap public companies. To date, the compensation has been as follows:

<table>
<thead>
<tr>
<th>Board compensation including social insurance</th>
<th>Period AGM 2019 through AGM 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Base Compensation for chairman of the Board</td>
<td>CHF 158'000</td>
</tr>
<tr>
<td>Base Compensation for member of the Board</td>
<td>CHF 90'000</td>
</tr>
<tr>
<td>Additional compensation for committee membership</td>
<td>CHF 15'000</td>
</tr>
<tr>
<td>Additional compensation for committee chairman</td>
<td>CHF 25'000</td>
</tr>
</tbody>
</table>

To gradually get closer to the median, it is proposed to increase the overall board compensation for the period AGM 2020 – AGM 2021 from CHF 600’000 to CHF 660’000. The resulting compensation breakdown would be as follows:

<table>
<thead>
<tr>
<th>Board compensation including social insurance</th>
<th>Period AGM 2020 through AGM 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Base Compensation for chairman of the Board</td>
<td>CHF 180'000</td>
</tr>
<tr>
<td>Base Compensation for member of the Board</td>
<td>CHF 98'000</td>
</tr>
<tr>
<td>Additional compensation for committee membership</td>
<td>CHF 17'000</td>
</tr>
<tr>
<td>Additional compensation for committee chairman</td>
<td>CHF 27'000</td>
</tr>
</tbody>
</table>

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.

In 2019, a new formal board evaluation system was implemented to identify areas of improvement. The evaluation is 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 2019

13.2.1 Board of Directors
The total amount of compensation of the Board of Directors remained unchanged from 2018. However, individual compensation amounts varied to reflect committee membership changes. The total compensation stayed within the limits as approved by the shareholder meeting (TCHF 600).

Compensation for the members of the Board of Directors 2019¹

<table>
<thead>
<tr>
<th>Name</th>
<th>Fee (CHF)</th>
<th>Social insurance² (CHF)</th>
<th>Total Compensation (CHF)</th>
</tr>
</thead>
<tbody>
<tr>
<td>André Müller (Chairman)</td>
<td>147'334</td>
<td>10'815</td>
<td>158'149</td>
</tr>
<tr>
<td>Paul Van Iseghem (Chairman Audit Committee)</td>
<td>36'000</td>
<td>2'700</td>
<td>38'700</td>
</tr>
<tr>
<td>Ulrich Looser (Chairman Audit Committee)</td>
<td>103'667</td>
<td>7'775</td>
<td>111'442</td>
</tr>
<tr>
<td>Gerhard Tröster (Member NCC)</td>
<td>32'333</td>
<td>2'425</td>
<td>34'758</td>
</tr>
<tr>
<td>Gina Domanig (Chairman NCC)</td>
<td>107'333</td>
<td>8'050</td>
<td>115'383</td>
</tr>
<tr>
<td>Annette Rinck (Member Audit Committee)</td>
<td>64'667</td>
<td>4'850</td>
<td>69'517</td>
</tr>
<tr>
<td>Markus Borchert (Member NCC)</td>
<td>64'667</td>
<td>4'850</td>
<td>69'517</td>
</tr>
<tr>
<td>Thomas Seiler</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Jean-Pierre Wyss</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>556'001</td>
<td>41'465</td>
<td>597'466</td>
</tr>
</tbody>
</table>

¹ The compensation is shown for fiscal year 2019, whereas the approved budget covers the period AGM 2019 to AGM 2020.

² Mandatory social insurance.

³ Resigned AGM 2019.

⁴ Elected at AGM 2019.

Compensation for the members of the Board of Directors 2018

<table>
<thead>
<tr>
<th>Name</th>
<th>Fee (CHF)</th>
<th>Social insurance² (CHF)</th>
<th>Total Compensation (CHF)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fritz Fahrni (Chairman)</td>
<td>49'334</td>
<td>3'157</td>
<td>52'491</td>
</tr>
<tr>
<td>André Müller (Chairman)</td>
<td>131'000</td>
<td>9'770</td>
<td>140'770</td>
</tr>
<tr>
<td>Paul Van Iseghem (Chairman Audit Committee)</td>
<td>108'000</td>
<td>6'912</td>
<td>114'912</td>
</tr>
<tr>
<td>Gerhard Tröster (Member NCC)</td>
<td>100'667</td>
<td>7'550</td>
<td>108'217</td>
</tr>
<tr>
<td>Gina Domanig (Chairman NCC)</td>
<td>104'333</td>
<td>7'825</td>
<td>112'158</td>
</tr>
<tr>
<td>Ulrich Looser (Chairman Audit Committee)</td>
<td>64'667</td>
<td>4'139</td>
<td>68'806</td>
</tr>
<tr>
<td>Thomas Seiler</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Jean-Pierre Wyss</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>558'001</td>
<td>39'353</td>
<td>597'354</td>
</tr>
</tbody>
</table>

¹ The compensation is shown for fiscal year 2018, whereas the approved budget covers the period AGM 2018 to AGM 2019.

² Mandatory social insurance.

³ Resigned AGM 2018.

⁴ Elected at AGM 2018.

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 2019 increased by 1.1%.

Variable Bonus
CEO:
For 2019, the bonus of the CEO amounted to 51.75% of the base salary. For the CEO, the bonus amount has decreased due to lower achieved EBIT margin and declining revenue growth rate.

**Input data**
- Revenue growth rate: –2.1%
- EBIT margin: 5.7%

**Output**
- Bonus rate: 51.75%

Other Executive Committee members:
For 2019, the bonus of the other Executive Committee members amounted to 21.06% of the base salary. Compared to 2018, the bonus amount for the Executive Committee members has decreased due to lower revenue growth and lower EBIT margins.

**Input data**
- Revenue growth rate: –2.1%
- EBIT margin: 5.7%

**Output**
- Bonus rate: 21.06%

The KPIs and formula for determining the variable bonus amount remained unchanged 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. Furthermore, over the last decade, the KPIs have remained unchanged.
13.2.3 Compensation paid to the members of the Executive Committee 2019

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

<table>
<thead>
<tr>
<th>Base Salary</th>
<th>Number of Options</th>
<th>Value of Options</th>
<th>Bonus</th>
<th>Pension and Social insurance funds</th>
<th>Other benefits</th>
<th>Total Compensation</th>
</tr>
</thead>
<tbody>
<tr>
<td>CHF</td>
<td>CHF</td>
<td>CHF</td>
<td>CHF</td>
<td>CHF</td>
<td>CHF</td>
<td>CHF</td>
</tr>
<tr>
<td>Thomas Seiler, CEO</td>
<td>471'886</td>
<td>5'111</td>
<td>143'772</td>
<td>244'182</td>
<td>199'978</td>
<td>7'911</td>
</tr>
<tr>
<td>Jean-Pierre Wyss</td>
<td>321'741</td>
<td>5'111</td>
<td>143'772</td>
<td>67'773</td>
<td>176'413</td>
<td>7'200</td>
</tr>
<tr>
<td>Andreas Thiel</td>
<td>321'741</td>
<td>5'111</td>
<td>143'772</td>
<td>67'773</td>
<td>175'865</td>
<td>0</td>
</tr>
<tr>
<td>Daniel Ammann</td>
<td>123'272</td>
<td>0</td>
<td>0</td>
<td>28'947</td>
<td>45'818</td>
<td>0</td>
</tr>
<tr>
<td>Roland Jud</td>
<td>5'111</td>
<td>143'772</td>
<td>67'773</td>
<td>174'838</td>
<td>0</td>
<td>694'786</td>
</tr>
<tr>
<td>Markus Schäfer</td>
<td>107'247</td>
<td>1'704</td>
<td>47'934</td>
<td>29'499</td>
<td>0</td>
<td>207'271</td>
</tr>
<tr>
<td>Total</td>
<td>1'659'584</td>
<td>22'020</td>
<td>619'422</td>
<td>497'345</td>
<td>802'411</td>
<td>15'111</td>
</tr>
</tbody>
</table>

1) Options granted in 2020 for performance of 2019. The fair value of the options is CHF 28.13 per option at grant date. Strike price: CHF 91.87, Vesting date: January 1, 2023; Expiry date: January 1, 2026.
3) Mandatory social insurance paid on the base salary, bonus and on the fair value of options when granted.
4) Company car and child and education allowance.
5) Mr. Jud has a 97.5% working time contract.
6) Joined September 1, 2019.

Pursuant to the Group’s compensation policy, on September 1, 2019 Markus Schäfer received a grant of 2,000 options with a fair value of CHF 17.03 per option to compensate him for remuneration he forfeited upon leaving his previous employer.

Compensation for the members of the Executive Committee 2018

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

<table>
<thead>
<tr>
<th>Base Salary</th>
<th>Number of Options</th>
<th>Value of Options</th>
<th>Bonus</th>
<th>Pension and Social insurance funds</th>
<th>Other benefits</th>
<th>Total Compensation</th>
</tr>
</thead>
<tbody>
<tr>
<td>CHF</td>
<td>CHF</td>
<td>CHF</td>
<td>CHF</td>
<td>CHF</td>
<td>CHF</td>
<td>CHF</td>
</tr>
<tr>
<td>Thomas Seiler, CEO</td>
<td>466'752</td>
<td>6'366</td>
<td>108'413</td>
<td>332'082</td>
<td>204'108</td>
<td>7'977</td>
</tr>
<tr>
<td>Jean-Pierre Wyss</td>
<td>318'240</td>
<td>6'366</td>
<td>108'413</td>
<td>109'374</td>
<td>175'032</td>
<td>7'200</td>
</tr>
<tr>
<td>Andreas Thiel</td>
<td>318'240</td>
<td>6'366</td>
<td>108'413</td>
<td>109'374</td>
<td>174'477</td>
<td>0</td>
</tr>
<tr>
<td>Daniel Ammann</td>
<td>318'240</td>
<td>6'366</td>
<td>108'413</td>
<td>109'374</td>
<td>174'532</td>
<td>0</td>
</tr>
<tr>
<td>Roland Jud</td>
<td>5'111</td>
<td>143'772</td>
<td>67'773</td>
<td>174'838</td>
<td>0</td>
<td>694'786</td>
</tr>
<tr>
<td>Total</td>
<td>1'731'756</td>
<td>31'671</td>
<td>539'357</td>
<td>766'844</td>
<td>886'730</td>
<td>15'177</td>
</tr>
</tbody>
</table>

1) Options granted in 2019 for performance of 2018. The fair value of the options is CHF 17.03 per option at grant date. Strike price: CHF 78.95, Vesting date: January 1, 2022; Expiry date: January 1, 2025.
3) Mandatory social insurance paid on the base salary, bonus and on the fair value of options when granted.
4) Company car 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 2019.

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 2019.

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, 2019.

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 2019. 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, 2019. 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 2019 on pages 26 to 28.

Responsibility of the Board of Directors

The Board of Directors is responsible for the preparation and overall fair presentation of the compensation 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 compensation 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 compensation 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 compensation 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 compensation report for the year ended December 31, 2019 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

Sandro Rohrer
Licensed Audit Expert

Lucerne, March 12, 2020