

## Invitation to the Annual General Meeting of u-blox Holding AG

Dear Shareholder,

We are pleased to invite you to the

### 10th ordinary General Meeting

The general meeting will be held on April 25, 2017, at 16:00 at Seminarhotel Bocken, Bockenweg 4, 8810 Horgen, Switzerland.

### Agenda and proposals of the Board of Directors

#### 1. Annual Report, financial statements and consolidated financial statements for 2016

*Proposal*

The Board proposes the approval of the 2016 annual report, the financial statements and consolidated financial statements.

#### 2. Appropriation of available profit and dividends

##### 2.1 Appropriation of available profit

*Proposal*

The Board proposes to carry forward the available profit 2016 to the accounts 2017.

##### 2.2. Dividend

*Proposal*

The Board proposes to pay the total amount of dividends of CHF 2.10 per share from released reserves from capital contributions. No dividend is paid on shares owned by a u-blox group company.

*Explanation*

Available profit:

Profit brought forward from 2015	CHF 44'036'601
Net profit for the year 2016	CHF 6'301'281
Total available profit/ Balance to be carried forward	CHF 50'337'882

Release of reserves from capital contributions	CHF 14'353'697
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Dividend out of reserves from capital contributions of CHF 2.10 per share on 6'835'094 shares <sup>1</sup>	CHF -14'353'697
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<sup>1</sup>Depending on the number of shares issued on the last trading day with entitlement to receive dividend.

In the previous fiscal year a dividend of CHF 1.90 per share was paid.

The shares will be traded ex-dividend as of April 27, 2017. The dividend will be payable as from May 3, 2017.

Dividends from the capital contribution reserve can be paid out without deduction of Swiss withholding tax of 35%.

The Board of Directors proposes to pay the dividend from the capital contribution reserves (proposal 2.2). Therefore, the balance 2016 should be carried forward (proposal 2.1).

#### 3. Discharge of the Board of Directors and the Executive Committee

*Proposal*

The Board proposes to discharge the members of the Board of Directors (BoD) and the Executive Committee (EC) for fiscal year 2016.

## **4. Change to Articles of Association**

### **4.1 Art. 3a (Conditional share capital)**

#### *Proposal*

The Board proposes the replacement of the first sentence of article 3a by the following sentence:

The share capital of the Company will be increased by a maximum amount of CHF 301'996.80 by the issuance of no more than 335'552 registered shares that are to be fully paid-in and have a nominal value of CHF 0.90 each and which are granted to the members of the boards of directors and to the employees of the Company and its subsidiaries in accordance with one or more equity investment plans.

#### *Explanation*

The Board proposes to increase the conditional capital by 2% of the registered share capital to facilitate the maintenance of the employee stock option plan.

### **4.2 Art. 3b (Authorized share capital)**

#### *Proposal*

The Board request the replacement of the first sentence of article 3b by the following sentence:

The board of directors is authorized to increase the share capital at any time but no later than by April 30, 2019, by way of issuance of no more than 1'018'000 registered shares that are to be fully paid in with a nominal value of CHF 0.90 each, by a maximum nominal amount of CHF 916'200.

#### *Explanation*

The Board proposes to extend the authorized capital for two years.

The total number of shares which can be issued pursuant to the proposed changes of the authorized capital and conditional capital is limited to 20% of the share capital registered in the commercial register.

## **5. Election of Directors and Chairman**

#### *Proposal*

Re-election of Fritz Fahrni and re-election as Chairman of the Board until the end of the next annual general meeting.

#### *Proposal*

Re-election of Paul Van Iseghem until the end of the next annual general meeting.

#### *Proposal*

Re-election of Gerhard Tröster until the end of the next annual general meeting.

#### *Proposal*

Re-election of André Müller until the end of the next annual general meeting.

#### *Proposal*

Re-election of Gina Domanig until the end of the next annual general meeting.

#### *Proposal*

Re-election of Thomas Seiler until the end of the next annual general meeting.

#### *Proposal*

Re-election of Jean-Pierre Wyss until the end of the next annual general meeting.

## **6. Election to the Nomination and Compensation Committee (NCC)**

#### *Proposal*

Re-election of Gerhard Tröster until the end of the next annual general meeting.

#### *Proposal*

Election of Gina Domanig until the end of the next annual general meeting.

## 7. Advisory Vote on the Compensation FY 2016

### 7.1 Advisory Vote on Board of Directors compensation

#### Proposal

The Board of Directors proposes to consent in a non-binding vote to the total compensation granted to the Board of Directors for 2016 (i.e. CHF 586'000).

#### Explanation

For further details please see the annual report under section Compensation Report. The table below shows the maximum compensation which was approved at the General Meeting in 2015 and the compensation which the BoD received for fiscal year 2016.

<b>Maximum Compensation approved at AGM 2015<sup>*)</sup></b>	<b>Allocation FY 2016<sup>*)</sup></b>	
	Million CHF	Million CHF
Compensation	0.600	0.586

\*) Including contributions to pension scheme and social insurance

### 7.2 Advisory Vote on Executive Committee compensation.

#### Proposal

The Board of Directors proposes to consent in a non-binding vote to the total compensation granted to the Executive Committee for 2016 (i.e. CHF 4'753'000).

#### Explanation

For further details please see the annual report under section Compensation Report. The table below shows the maximum compensation which was approved at the General Meeting in 2015 and the compensation which the EC received for fiscal year 2016.

<b>Maximum Compensation approved at AGM 2015<sup>*)</sup></b>	<b>Allocation FY 2016<sup>*)</sup></b>	
	Million CHF	Million CHF
Base salary	2.000	1.999
Variable Bonus	2.100	1.176
Long-term Incentive Stock Option Plan	2.000	1.578
<b>TOTAL</b>	<b>6.200</b>	<b>4.753</b>

\*) Including contributions to pension scheme and social insurance

## 8. Compensation 2017/2018

### 8.1 Board of Directors

#### Proposal

The Board requests the approval of the total maximum compensation of the Board in an amount of CHF 600'000 for the term of office from the ordinary general meeting 2017 until the ordinary general meeting 2018.

#### Explanation

According to the compensation policy and compared with the benchmark, the Board requests the same compensation amount as in the previous fiscal year in order to ensure that the members of the Board are compensated in conformity with market conditions.

The compensation of the Board is paid in cash pursuant to the compensation policy. Only non-executive Board members (currently 5 non-executive members) are paid compensation.

Employer's social security and pension contributions were taken into account and where possible estimated.

## 8.2 Executive Committee

### *Proposal*

The Board requests the approval of the total maximum compensation of the executive committee in the amount of CHF 7'000'000 for the fiscal year 2018.

### *Explanation*

The compensation is composed of a base salary, a variable compensation and a Long-term Incentive employee stock option plan (LTI-ESOP). The above proposed amount corresponds to the maximum which could be achieved in case of exceptional growth of the business. The amount includes employer's social security and pension contributions and was, as far as possible, estimated. Currently, the Executive Committee consists of five members.

a) *Base salary*: CHF 2'300'000.

The proposed base salary is slightly increased over previous year to reflect a more accurate allocation of social charges to each element of total compensation. The nominal base salary remains unchanged.

b) *Variable bonus*: CHF 2'400'000.

The variable compensation can be a value between zero and the proposed maximum amount. The variable compensation was calculated with the maximum amounts according to the respective employment agreements (CEO: 150% of base salary, other EC members: 100% of base salary). The bonus scheme as described in the compensation policy of the annual report 2016 remains the same as the previous year.

c) *Long-term Incentive Stock Option Plan*: CHF 2'300'000.

The Long-term Incentive Stock Option Plan has been modified and is fully described in the attached notice.

## 9. Election of the independent proxy

### *Proposal*

Re-election of KBT Treuhand AG, Zürich as independent proxy until the end of the next annual general meeting.

## 10. Election of the statutory auditor

### *Proposal*

Re-election of KPMG AG, Luzern for the fiscal year 2017.

## Annual Report

The complete Annual Report 2016 is available 20 days prior to the general meeting for inspection at the registered offices of the company, Zürcherstrasse 68, CH-8800 Thalwil. The Annual Report can be ordered as of March 31, 2017 by sending the enclosed reply/instruction form in the enclosed envelope or on <https://netvote.ch/ublox> by using the login data in the reply/instruction form. The Annual Report is also available on our website ([www.u-blox.com](http://www.u-blox.com)).

## Admission cards

Shareholders with voting rights can order admission cards on <https://netvote.ch/ublox> by using the login data in the reply/instruction form or by sending the enclosed reply/instruction form in the enclosed envelope, preferably no later than April 18, 2017.

Shareholders with voting rights are shareholders registered in the share register with voting rights on April 18, 2017 at 17:00.

## Proxies

Shareholders can be represented by a third party or by the independent proxy.

### Independent Proxy

The Board has appointed Mr. Walter Boss, trustee, KBT Treuhand Zürich, as independent proxy.

Shareholders who wish to appoint Mr. Walter Boss as their representative, may either

- send the signed instruction form to Mr. Walter Boss, KBT Treuhand Zürich, Zimmergasse 16, Postfach 1523, 8032 Zürich (with enclosed envelope) no later than April 20, 2017,  
or
- give Mr. Walter Boss voting instructions electronically on <https://netvote.ch/ublox> by using the login data in the reply/instruction form not later than April 23, 2017 (23:59 CET).

### Third Party

Shareholders who wish to appoint a third party representative have to order the admission card and submit the admission card to the representative. The third party representative will be authorized to vote at the general assembly if he/she presents the admission card signed by the shareholder and the voting material at the general assembly.

This invitation is a free translation of the prevailing German invitation.

Yours sincerely,

Thalwil, March 30, 2017

u-blox Holding AG  
The Board of Directors

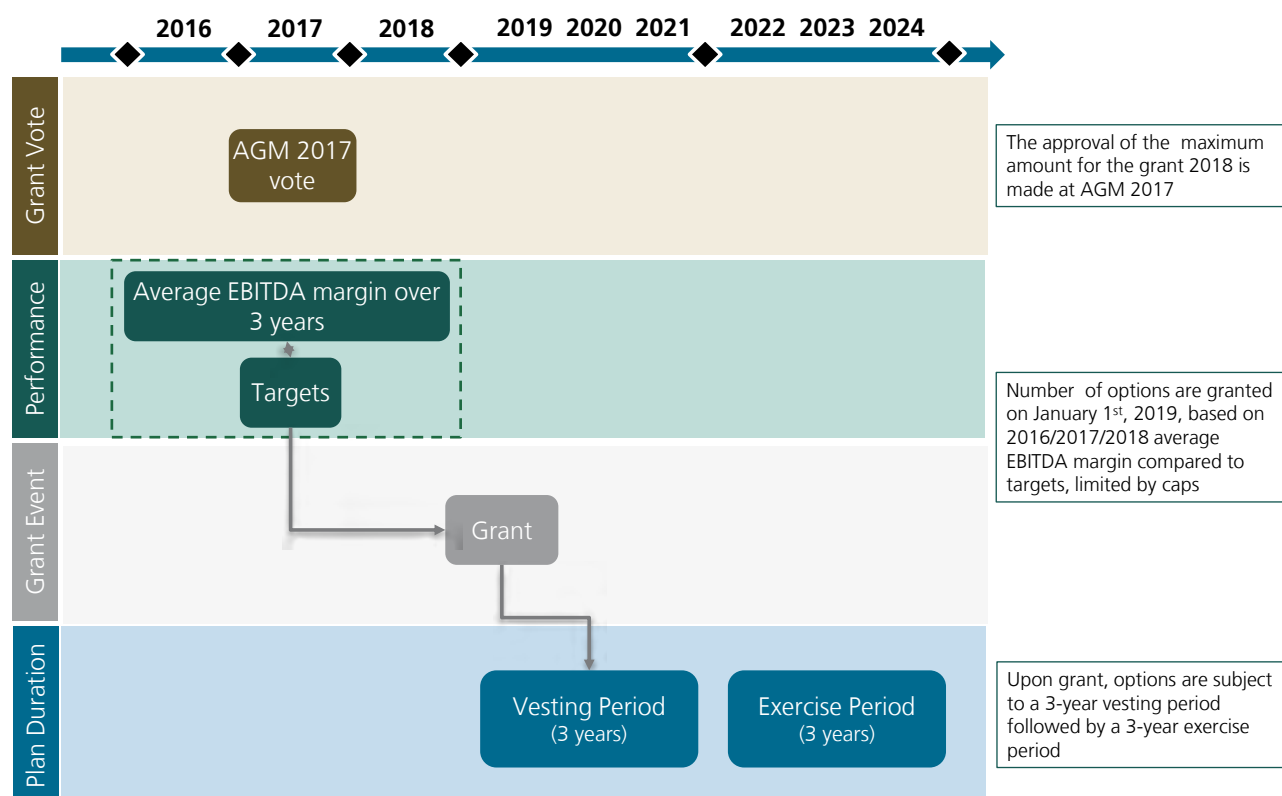
Attachment:

- Explanatory Notice LTI -ESOP
- Reply/instruction form

## Explanatory Notice about Long-term Incentive Plan (LTI-ESOP) 2018

The LTI-ESOP plan was revised: new robust goals were set, a maximum cap defined, and a minimum performance threshold must be met to receive an incentive. Specifically the LTI-ESOP plan has been extended with a long-term observation of the key performance indicator EBITDA margin, the earnings before interest, tax depreciation, and amortization, in relation to revenues. The nature of the business is long-term: Product development takes years to generate significant results and customers utilize u-blox products for many years in their applications. EBITDA margin measures the value generated by the operations throughout the year and is a key metric to compare market capitalization within a peer group. The EBITDA margin was first introduced in fiscal year 2017 as LTI-ESOP metric.

The allocation of options for any fiscal year will depend on performance as measured by the average EBITDA margin achieved in the preceding three year period compared to set targets, as shown below for FY 2018:



The metric was chosen as it best reflects the financial performance of the company's operations and undistorted by accounting practices, in particular capitalization of R&D. Taking a three years average ensures a long-term view in a business where long-term commitments are expected. The targets are defined by the BoD at the beginning of the relevant performance period, based on the recommendation of the NCC and reflect the company's ongoing business expectations and financial goals.

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.

The total amount of granted options for the EC is limited by certain maximum thresholds as defined below:

- 40'000 options maximum
- Fair value of grant not exceeding 100% of Base Salary

The proposals of the NCC for the Minimum, Objective and Maximum target values for the EBITDA margin are reviewed and approved by the Board. The Board proposes the corresponding maximum remuneration amounts to the General Assembly for approval.

After a fiscal year has elapsed, the NCC:

- i) defines the level of actual achievement;
- ii) defines the Fair Value of an option at grant date;
- iii) calculates the number of options to be granted based on i) and ii), limited by the applicable maximum thresholds; and
- iv) grants each member of the EC an equal number of options.

If the actual achievement lies between e.g. the Objective and Maximum, the corresponding number of options will be calculated on a linear pro rata basis.

Each option grants the owner the right to purchase one share at a certain price (exercise price). The option can be exercised earliest three years and latest six years after the grant date and expires six years after the grant date. The unvested options expire on the day following the last day of employment of the EC member. Unvested options may be exercised in case of death, invalidity and retirement (accelerated vesting).

The exercise price is 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.

Malus and clawback provisions apply to forfeit or recover payments made for bonus and under the LTI-ESOP, which covers situations where the company is required to restate its accounts due to noncompliance 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, taking into account the restated financial results, and to 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.