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## This is u-blox

Foundation	1997
Business	Fabless semiconductor provider of embedded wireless and positioning communication solutions
Headquarter	Thalwil, Switzerland
Offices	Australia, Belgium, China, Finland, Germany, Greece, India, Ireland, Italy, Japan, Korea, Pakistan, Singapore, Sweden, Taiwan, United Kingdom and USA
Listed	SIX Swiss Exchange (UBXN)
Employees	1'021 (June 30, 2019, FTE based); 1'020 (December 31, 2018, FTE based)
Revenue	H1.2019: CHF 190.6 million; H1.2018: CHF 199.0 million
EBIT (adjusted)	H1.2019: CHF 19.7 million; H1.2018: CHF 34.9 million
Net profit (adjusted)	H1.2019: CHF 13.6 million; H1.2018: CHF 30.2 million
Markets	Industrial, Automotive and Consumer
Mission	u-blox aims to be the leading provider of embedded wireless communication and positioning solutions to the global electronics industry

# Financial highlights

Revenue in m CHF

## 190.6

Revenue H1.2018: 199.0 – Growth rate: -4%

Operating cashflow in m CHF

## 33.1

Operating cashflow H1.2018: 13.7 – Growth rate: 141%

Equity ratio in %

## 60.5%

Equity ratio 2018: 63.1%

Operating profit (adjusted) in m CHF

## 19.7

Operating profit H1.2018 (adjusted): 34.9 – Growth rate: -44%

Net profit (adjusted) in m CHF

## 13.6

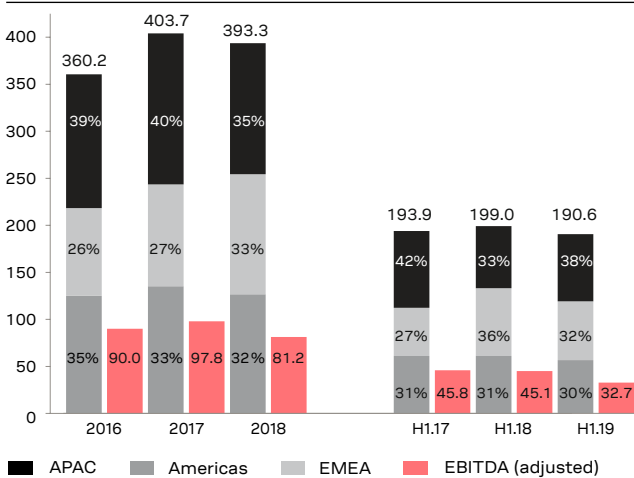
Net profit H1.2018 (adjusted): 30.1 – Growth rate: -55%

Gross profit (adjusted) in %

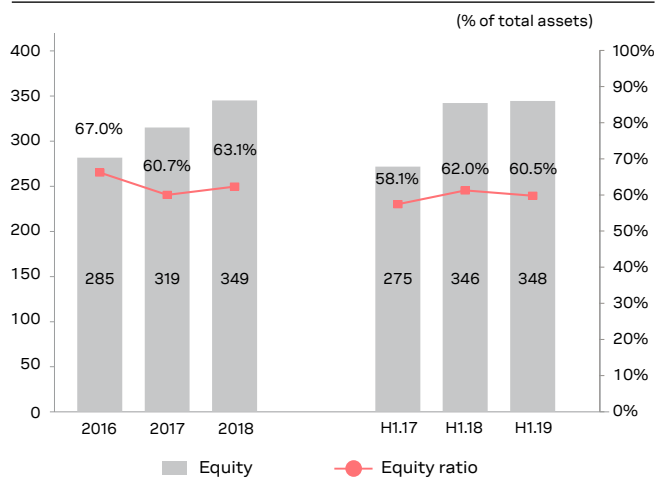
## 45.2%

Gross profit H1.2018 (adjusted): 47.2%

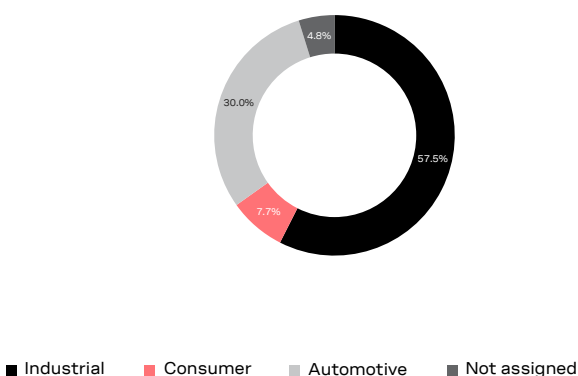
Revenue by geography / EBITDA (adjusted) in m CHF



Total equity and equity ratio in m CHF

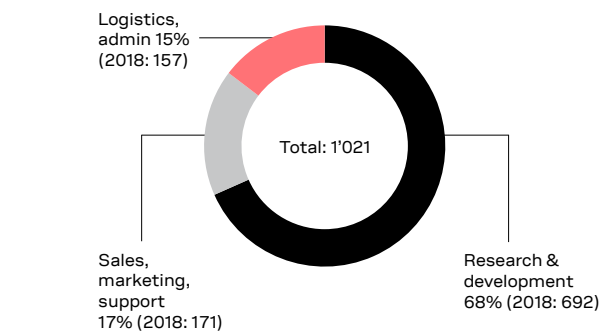


u-blox revenue split per market



Employee breakdown spread over 18 countries

75% of employees based outside Switzerland



(H1.2019, FTE based)

# u-blox reports first half 2019 financial results

## 2019 half-year highlights

**Thalwil, Switzerland – August 23, 2019** – u-blox (SIX:UBXN), a global provider of leading positioning and wireless communication technologies, today announced results for the first half year.

- Revenues of CHF 190.6 million compared to H1.2018 revenues of CHF 199.0 million, a decline of 4.2%
- APAC returned to growth and increased revenue by 8% compared to H1.2018; China saw growth of 14%
- Gross profit (adjusted) was CHF 86.1 million compared to CHF 94.0 million in H1.2018, a decline of 8.4% and gross margin (adjusted) decreased to 45.2% compared to 47.2% in H1.2018 (45.2% for FY 2018)
- EBIT (adjusted) fell to CHF 19.7 million compared to CHF 34.9 million in H1.2018
- EBITDA (adjusted) declined to CHF 32.7 million compared to CHF 45.1 million in H1.2018
- Operating activities generated a cash flow increase to CHF 33.1 million compared to CHF 13.7 million in H1.2018
- Positive free cash flow (before acquisitions) of CHF 3.9 million
- Net profits (adjusted) were CHF 13.6 million compared to CHF 30.2 million in H1.2018
- Strong growth in number of customers compared to H1.2018
- Important product launches – new chip platform and modules
- R&D pipeline expanded – significant product launches ahead
- Full year revenue, EBITDA, and EBIT guidance have been adjusted reflecting macro-economic uncertainties

Remark: All numbers in this report are adjusted. IFRS numbers are provided in the first table of this press release.

In the first half of 2019, u-blox reached revenues of CHF 190.6 million compared to H1.2018 revenues of CHF 199 million, a decline of 4.2%. The company saw a resurgence in the APAC region with growth of 8% and growth of 14% in China against H1.2018.

The effect of this resurgence was attenuated by a reduction in revenues in EMEA of 12% against H1.2018, which had been a particularly strong half year, and in the Americas by a decline of 7% compared to H1.2018 due to a slower than expected migration and ramp up to LTE-based connectivity.

u-blox posted gross profits (adjusted) of CHF 86.1 million compared to CHF 94.0 million in H1.2018, and gross margin (adjusted) decreased by 2% to 45.2% compared to 47.2% in H1.2018 (45.2% in FY 2018).

EBIT (adjusted) fell to CHF 19.7 million compared to CHF 34.9 million in H1.2018, affected by lower revenues and an increase in R&D expenses, which, in addition to new products that have already been announced, will deliver more important additions to the portfolio this year.

## Regional development

In Asia, there has been strong progress in the automotive and industrial segments, with particular growth in Japan for automotive solutions and a 14% growth in China driven by increased domestic investment in technology for infrastructure as well as growth in industrial IoT, with China accounting for about one quarter of the IoT market globally. In Taiwan, however, we saw our growth decline due to the elimination of one large customer for lack of compliance with our terms and conditions.

In the Americas, while there was a slight decline in sales, some customer segments had to further delay migration to LTE-based connectivity. Moving into H2, with this hesitation disappearing, customers are ramping up their production with Cat M-based modems.

In the EMEA region individual projects contributed to an exceptionally good result in H1.2018 which could not be repeated in this year. In the first half of 2019, growth was achieved above all in sustainability projects such as EV charging or solar converters. Against second half year 2018 revenues grew by 10%.

## Research and product development

In the first half of 2019, R&D expenses (adjusted) stood at CHF 39.8 million compared to CHF 33.1 million during the same period in 2018, an increase of 20.3% which includes increased amortization for capitalized projects of CHF 5.6 million from CHF 4.4 million in H1.2018 and a lower capitalization rate of 43.3% (H1.2018: 48.9%). R&D expenses (adjusted) represent 20.9% of revenue compared to 16.6% in the same period last year.

## Distribution and marketing activities

Distribution and marketing expenses (adjusted) remained stable at CHF 17.8 million (CHF 17.7 million in the same period last year).

## Finance income and costs

Finance income was CHF 1.8 million compared to CHF 5.4 million in H1.2018, a decline of 67% mainly due to less favorable currency development. Financial costs were CHF 3.2 million against CHF 1.0 million in H1.2018. They consist mainly of the interest for the two bonds, interest for lease liabilities, and foreign exchange losses. The financial result also contains the loss from at-equity accounted investees (Sapcorda GmbH) net of tax of CHF 2.0 million against CHF 1.4 million in H1.2018.

## Positive free cash flow

Cash flow from operating strongly increased to CHF 33.1 million (H1.2018: CHF 13.7 million) and free cash flow (before acquisitions) achieved CHF 3.9 million. Investments were lower in this period than in H1.2018 and working capital decreased. Dividend payment and interest payments required cash resulting in a decreased cash position of CHF 121.0 million (31.12.2018: CHF 136.3 million).

## Stable and strong financial position

u-blox maintained a strong balance sheet during the first half of 2019; the equity ratio amounted to 60.5%. Cash, cash equivalents, and marketable securities totaled CHF 122.4 million as of June 30, 2019, compared with CHF 137.7 million at end of 2018.

### Changes in accounting standard IFRS-16

With the introduction of IFRS-16 the accounting treatment of long term rental contracts changed. The impact of the change in H1.2019 onto EBITDA was CHF 2.6 million and on EBIT CHF 0.4 million. There is no impact on net profit. In the balance sheet end of June 2019 there is a new right-of-use assets in the amount of CHF 19.5 million and accordingly there are additional financial lease liabilities of CHF 19.5 million. In the cash flow statement the introduction of IFRS-16 results in a CHF 2.6 million increase of cash generated from operating activities and additional cash used in financing activities in the same amount.

### Strategic highlights and initiatives

Designed to deliver sustainable, profitable growth across market cycles, u-blox's strategy is founded on four discrete pillars: ongoing strengthening of our leading market position; continuing technological development and innovation; outstanding operational performance; and strategic partnerships. Despite a challenging environment in some of our core markets during the first half of 2019, u-blox made advances in these key strategic areas: u-blox announced the SARA R5 series of LTE M and NB IoT modules for low power wide area (LPWA) applications, its most advanced, secure, and highly integrated cellular product. The module, built on the u-blox UBX R5 cellular chipset and the u-blox M8 GNSS receiver chip, offers unmatched end to end security and long product availability, making it ideal for IoT applications with long term device deployments.

Earlier in the year, u-blox announced the u-blox ZED F9K high precision multi band GNSS (Global Navigation Satellite System) module with built in inertial sensors.

The module combines the latest generation of GNSS receiver technology, signal processing algorithms, and correction services to deliver down to decimeter level accuracy within seconds, addressing the evolving needs of ADAS (Advanced Driver Assistance Systems) and automated driving markets. Siemens has integrated the u-blox ZED F9K high precision dead reckoning module into its Toyota Prius V2X (vehicle to everything) test fleet.

On July 31, 2019, u-blox announced that it acquired the wireless modules business from Rigado's portfolio in an asset purchase agreement. Founded in 2010, Rigado is a custom electronics design company in low power, wireless products with a focus on the Internet of Things (IoT) and consumer wearables. This agreement allowed u-blox to extend the range of its products in the area of Bluetooth® low energy, Zigbee, and Thread, as well as to access new market segments and channels. The acquisition was closed on July 31, 2019.

### New customer engagements

In the first half of 2019, we saw a strong growth in our customer numbers, growing from 5'900 to 6'700 served accounts.

Treon offered a disruptive Treon Node and Gateway platform for smart building applications earlier this year. Their platform uses the u-blox NINA Bluetooth module series to connect nodes distributed across a building in a wireless mesh network. An IoT edge gateway featuring a u-blox SARA-R4 cellular module and a u-blox NINA-B1 Bluetooth low energy module links the network to the cloud.

**Table 1: Consolidated income statement (adjusted)**

(in CHF 000s)	Jan. - June 2019 (IFRS)	% revenue	Adjust- ments <sup>2)</sup>	Jan. - June 2019 (adjusted)	% revenue	Jan. - Dec. 2018 (adjusted)	% revenue
<b>Revenue</b>	<b>190'554</b>	100.0%		<b>190'554</b>	100.0%	<b>198'983</b>	100.0%
Cost of sales	-104'772	-55.0%	306	-104'466	-54.8%	-105'013	-52.8%
<b>Gross profit</b>	<b>85'782</b>	45.0%	<b>306</b>	<b>86'088</b>	45.2%	<b>93'970</b>	47.2%
Distribution and marketing expenses	-18'556	-9.7%	798	-17'758	-9.3%	-17'671	-8.9%
Research and development expenses	-42'368	-22.2%	2'591	-39'777	-20.9%	-33'072	-16.6%
General and administrative expenses	-11'320	-5.9%	1'065	-10'255	-5.4%	-9'387	-4.7%
Other income	1'368	0.7%		1'368	0.7%	1'063	0.5%
<b>Operating profit (EBIT)</b>	<b>14'906</b>	7.8%	<b>4'760</b>	<b>19'666</b>	10.3%	<b>34'903</b>	17.5%
Financial income	1'762	0.9%		1'762	0.9%	5'364	2.7%
Finance costs	-3'157	-1.7%		-3'157	-1.7%	-1'042	-0.5%
Share of profit of equity-accounted investees, net of taxes	-1'989	-1.0%		-1'989	-1.0%	-1'443	-0.7%
<b>Profit before income tax (EBT)</b>	<b>11'522</b>	6.0%	<b>4'760</b>	<b>16'282</b>	8.5%	<b>37'782</b>	19.0%
Income tax expense	-1'872	-1.0%	-773	-2'645	-1.4%	-7'622	-3.8%
<b>Net profit, attributable to owners of the parent</b>	<b>9'650</b>	5.1%	<b>3'987</b>	<b>13'637</b>	7.2%	<b>30'160</b>	15.2%
Earnings per share in CHF	1.39			1.96		4.32	
Diluted earnings per share in CHF	1.39			1.96		4.31	
Operating profit (EBIT)	14'906	7.8%	4'760	19'666	10.3%	34'903	17.5%
Depreciation and amortization	14'164	7.4%	-1'092	13'072	6.9%	10'229	5.1%
<b>EBITDA<sup>1)</sup></b>	<b>29'070</b>	15.3%	<b>3'668</b>	<b>32'738</b>	17.2%	<b>45'132</b>	22.7%

<sup>1)</sup> 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.

<sup>2)</sup> Adjustments are impacts of share based payments, Pension calculation according to IAS-19, Non-recurring expenses and amortization of intangible assets acquired.

**Table 2: Consolidated statement of cash flows (condensed)**

(in CHF 000s)	For the period ended June 30, 2019	For the period ended June 30, 2018
Net profit	9'650	25'083
Depreciation & Amortization	14'164	11'510
Other non-cash transactions	2'547	6'093
Financial income & Financial expense	3'384	-2'879
Income tax expense	1'872	6'339
Change in Networking Capital and provision	7'900	-21'457
Income tax paid	-6'406	-10'953
<b>Net cash generated from operating activities</b>	<b>33'111</b>	<b>13'736</b>
Net investment into property, plant and equipment	-3'409	-4'345
Net investment into intangibles	-26'408	-27'623
Net investment into financial assets	612	918
Participation in capital increase	-3'386	-4'108
<b>Net cash used in investing activities</b>	<b>-32'591</b>	<b>-35'158</b>
<b>Free Cash Flow (before Participation in capital increase)</b>	<b>3'906</b>	<b>-17'314</b>
<b>Free Cash Flow</b>	<b>520</b>	<b>-21'422</b>
Proceeds from issuance of ordinary shares	91	13'599
Dividends paid to owners of the parent	-11'077	-15'440
Repayment of financial liabilities	-2'192	0
Purchase of treasury shares	0	0
Interest paid	-2'182	-1'813
<b>Net cash provided by / used in financial activities</b>	<b>-15'360</b>	<b>-3'354</b>
<b>Net decrease in cash and cash equivalents</b>	<b>-14'840</b>	<b>-25'076</b>
Cash and cash equivalents at beginning of year	136'296	169'624
Exchange gains/(losses) on cash and cash equivalents	-481	3'291
<b>Cash and cash equivalents at the end of the period</b>	<b>120'975</b>	<b>147'839</b>

u-blox, in partnership with Arvento Mobile Systems, a global pioneer in vehicle telematics and fleet management technology, announced the launch of the new imt.x1 vehicle tracking system. The imt.x1 sets itself apart from other vehicle tracking devices on the market thanks to its 6 axis gyro sensor that can sense 3 dimensional movement caused by emergency acceleration, panic braking, and directional yaw and drift. With connectivity options including dual CANBus and Bluetooth, the system is also eCall compatible and captures and provides data for accident analysis and other vehicle tracking functions. The system also uses a powerful, next-generation ARM®-based microcontroller.

#### Board and management

To allow CEO Thomas Seiler to focus more on corporate strategy, the company's innovation agenda, and acquisition strategy, u-blox named Markus Schaefer as new Executive Director for Global Marketing and Sales. Schaefer, a veteran of the semiconductor industry with a solid track record in growing market share in his previous positions, will complete u-blox's executive leadership team. Markus Schaefer will define and implement the company's sales and marketing strategy in the Americas, EMEA, and APAC sales regions.

#### Outlook

Thomas Seiler, CEO of u-blox, commented: "While the first half of 2019 has overall developed below our initial expectations, we are greatly encouraged by the return to growth in APAC and the strong expansion in China where nearly one quarter of our revenues are generated. The second half of 2019 will continue to remain impacted by macro-economic uncertainties, reflecting wider global trends in the industry, impacted by a number of factors such as the U.S.-China trade dispute and political quarrels resulting in slower growth in the major applications."

We expect the remaining months of 2019 to remain challenging but we are confident that we are making the right investments for the future. We continue to believe the Internet of Things will change every aspect of our societies, our businesses, and our everyday lives. Investments into chips, modules and services for industrial wireless technology are long term: and while development takes time and money, harvesting is possible for a decade. From an innovation point of view, during H2, we expect to launch more innovative products and solutions. Important new platforms are close to market launch.

**Table 3: Consolidated statement of financial position (condensed)**

(in CHF 000s)	At June 30, 2019 (unaudited)	At December 31, 2018 (audited)
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	120'975	136'296
Marketable securities	1'404	1'401
Trade accounts receivables	52'607	60'802
Other assets	83'097	78'415
<b>Total current assets</b>	<b>258'083</b>	<b>276'914</b>
<b>Non-current assets</b>		
Property, plant and equipment	13'707	14'829
Right-of-use assets	19'460	0
Goodwill	54'068	55'231
Intangible assets	212'113	193'445
Financial assets (incl. equity accounted investees)	11'094	9'041
Deferred tax assets	6'987	3'570
<b>Total non-current assets</b>	<b>317'429</b>	<b>276'116</b>
<b>Total assets</b>	<b>575'512</b>	<b>553'030</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Current liabilities</b>		
Current liabilities	53'696	55'476
<b>Non-current liabilities</b>		
Non-current liabilities	173'450	148'677
<b>Total liabilities</b>	<b>227'146</b>	<b>204'153</b>
<b>Shareholders' equity</b>		
Share capital	6'391	6'390
Share premium	55'309	66'296
Retained earnings	286'666	276'191
<b>Total equity, attributable to owners of the parent</b>	<b>348'366</b>	<b>348'877</b>
<b>Total liabilities and equity</b>	<b>575'512</b>	<b>553'030</b>

In the Americas, we are seeing signs of growth in the industrial sector, and following our acquisition of Rigado's wireless modules, we are well-placed to leverage the consumer sector with now a strong footprint in the consumer health and sports sectors. We're also seeing a speeding up of customers migrating to LTE Cat M technologies and the emergence of new products at our customers.

In EMEA, the second half year will only slightly grow. Despite strong progress in industrial IoT the overall negative sentiment in the industry and the decline in automotive production make growth hard to achieve.

In APAC, we will see in H2 continued growth mainly driven from China and Japan where new projects continue to ramp up. In China domestic demand remains solid mainly in the industrial domain whereas automotive lacks basic

volume growth and only the trend to more electronics in the car provides for expansion."

u-blox is adopting a cautious but positive outlook for this period and remains confident that the fundamentals of our company are in place for healthy future growth and bottom-line results, and that we will meet the following new guidance:

- Revenues of CHF 380 million to 400 million, a growth of 0% to 5% over 2018
- EBITDA of between CHF 50 million to 60 million
- EBIT of between CHF 15 million to 27 million
- Based on average foreign exchange rates as of 2018.



André Müller  
Chairman of the Board of Directors



Thomas Seiler  
CEO

# u-blox Holding AG, Thalwil

## Condensed consolidated interim financial statements

June 30, 2019



# Consolidated statement of financial position

(in CHF 000s)	June 30, 2019 (unaudited)	December 31, 2018
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	120'975	136'296
Marketable securities	1'404	1'401
Trade accounts receivables	52'607	60'802
Other receivables	13'816	11'197
Current tax assets	3'090	1'574
Inventories	58'172	57'486
Prepaid expenses and accrued income	7'335	7'685
Derivative financial assets	684	473
<b>Total current assets</b>	<b>258'083</b>	<b>276'914</b>
<b>Non-current assets</b>		
Property, plant and equipment	13'707	14'829
Right-of-use assets	19'460	0
Goodwill	54'068	55'231
Intangible assets	212'113	193'445
Financial assets	1'055	1'063
Equity-accounted investees	10'039	7'978
Deferred tax assets	6'987	3'570
<b>Total non-current assets</b>	<b>317'429</b>	<b>276'116</b>
<b>Total assets</b>	<b>575'512</b>	<b>553'030</b>
<b>Liabilities and equity</b>		
<b>Current liabilities</b>		
Trade accounts payable	23'372	21'562
Other payables	6'969	7'206
Current tax liabilities	0	3'200
Provisions	75	0
Accrued expenses	23'280	23'508
<b>Total current liabilities</b>	<b>53'696</b>	<b>55'476</b>
<b>Non-current liabilities</b>		
Financial liabilities	119'292	119'165
Other payables	53	56
Provisions	8'000	6'948
Pension liabilities	18'339	17'958
Lease liabilities	19'506	0
Deferred tax liabilities	8'260	4'472
Non-current tax liabilities	0	78
<b>Total non-current liabilities</b>	<b>173'450</b>	<b>148'677</b>
<b>Total liabilities</b>	<b>227'146</b>	<b>204'153</b>
<b>Shareholders' equity</b>		
Share capital	6'391	6'390
Share premium	55'309	66'296
Treasury shares	-32'031	-32'031
Cumulative translation differences	-16'604	-14'225
Retained earnings	335'301	322'447
<b>Total equity, attributable to equity holders of the parent</b>	<b>348'366</b>	<b>348'877</b>
<b>Total liabilities and equity</b>	<b>575'512</b>	<b>553'030</b>

These condensed interim financial statements should be read in conjunction with the accompanying notes.

# Consolidated income statement

(in CHF 000s)	Jan. – June 30, 2019 (unaudited)	Jan. – June 30, 2018 (unaudited)
<b>Revenue</b>	<b>190'554</b>	<b>198'983</b>
Cost of sales	-104'772	-105'395
<b>Gross profit</b>	<b>85'782</b>	<b>93'588</b>
Distribution and marketing expenses	-18'556	-18'829
Research and development expenses	-42'368	-36'717
General and administrative expenses	-11'320	-10'562
Other income	1'368	1'063
<b>Operating profit</b>	<b>14'906</b>	<b>28'543</b>
Finance income	1'762	5'364
Finance costs	-3'157	-1'042
Share of loss of equity-accounted investees, net of taxes	-1'989	-1'443
<b>Profit before income tax (EBT)</b>	<b>11'522</b>	<b>31'422</b>
Income tax expense	-1'872	-6'339
<b>Net profit</b>	<b>9'650</b>	<b>25'083</b>
Basic earnings per share (in CHF)	1.39	3.59
Diluted earnings per share (in CHF)	1.39	3.58

These condensed interim financial statements should be read in conjunction with the accompanying notes.

# Consolidated statement of comprehensive income

(in CHF 000s)	Jan. – June 30, 2019 (unaudited)	Jan. – June 30, 2018 (unaudited)
<b>Net profit for the period</b>	<b>9'650</b>	<b>25'083</b>
<b>Other comprehensive income</b>		
Remeasurements on pension liability	407	927
Income tax on remeasurements on pension liability	-79	-181
<b>Items that will not be reclassified to income statement</b>	<b>328</b>	<b>746</b>
Currency translation differences	-2'379	-1'924
<b>Items that are or may be reclassified subsequently to income statement</b>	<b>-2'379</b>	<b>-1'924</b>
<b>Other comprehensive income for the period, net of taxes</b>	<b>-2'051</b>	<b>-1'178</b>
<b>Total comprehensive income, attributable to owners of the parent</b>	<b>7'599</b>	<b>23'905</b>

These condensed interim financial statements should be read in conjunction with the accompanying notes.

# Consolidated statement of changes in equity

(in CHF 000s)	Share capital	Share premium	Treasury shares	Cumulative translation differences	Retained earnings	Total equity, attributable to equity holders of the parent
<b>Balance at January 1, 2018</b>	<b>6'261</b>	<b>66'579</b>	<b>-24'422</b>	<b>-10'204</b>	<b>280'298</b>	<b>318'512</b>
Net profit for the period	0	0	0	0	25'083	25'083
Other comprehensive income for the period, net of taxes	0	0	0	-1'924	746	-1'178
<i>Total comprehensive income</i>	0	0	0	-1'924	25'829	23'905
Share-based payments <sup>1)</sup>	0	0	0	0	5'399	5'399
Dividend out of share premium	0	-15'441	0	0	0	-15'441
Options exercised during the year, net of transaction costs	114	13'486	0	0	0	13'600
<i>Total transactions with equity holders of the parent</i>	114	-1'955	0	0	5'399	3'558
<b>Balance at June 30, 2018 (unaudited)</b>	<b>6'375</b>	<b>64'624</b>	<b>-24'422</b>	<b>-12'128</b>	<b>311'526</b>	<b>345'975</b>
<b>Balance at January 1, 2019</b>	<b>6'390</b>	<b>66'296</b>	<b>-32'031</b>	<b>-14'225</b>	<b>322'447</b>	<b>348'877</b>
Net profit for the period	0	0	0	0	9'650	9'650
Other comprehensive income for the period, net of taxes	0	0	0	-2'379	328	-2'051
<i>Total comprehensive income</i>	0	0	0	-2'379	9'978	7'599
Share-based payments <sup>1)</sup>	0	0	0	0	2'876	2'876
Dividend out of share premium	0	-11'077	0	0	0	-11'077
Options exercised during the year, net of transaction costs	1	90	0	0	0	91
<i>Total transactions with equity holders of the parent</i>	1	-10'987	0	0	2'876	-8'110
<b>Balance at June 30, 2018 (unaudited)</b>	<b>6'391</b>	<b>55'309</b>	<b>-32'031</b>	<b>-16'604</b>	<b>335'301</b>	<b>348'366</b>

<sup>1)</sup> Represents the amount of stock option expense of CHF 2.3 million (2018: CHF 4.3 million) including respective tax effects of CHF 0.6 million (2018: CHF 1.1 million) recognized for 2019 and 2018 respectively.

These condensed interim financial statements should be read in conjunction with the accompanying notes.

# Consolidated statement of cash flows

(in CHF 000s)	Jan. - June 2019 (unaudited)	Jan. - June 2018 (unaudited)
Net cash generated from operating activities	33'111	13'736
Net cash used in investing activities	-32'591 <sup>1)</sup>	-35'158 <sup>1)</sup>
Net cash generated from/(used in) financing activities	-15'360 <sup>2)</sup>	-3'654 <sup>2)</sup>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>-14'840</b>	<b>-25'076</b>
Cash and cash equivalents at beginning of period	136'296	169'624
Effect of exchange rate fluctuations on cash and cash equivalents	-481	3'291
<b>Cash and cash equivalents at end of period</b>	<b>120'975</b>	<b>147'839</b>

<sup>1)</sup> Net cash used in investing activities consists of investments into property, plant and equipment of CHF 3.4 million (June 30, 2018 CHF 4.3 million) and investments into intangible assets of CHF 26.4 million (June 30, 2018 CHF 27.6 million) in the first half year 2019.

<sup>2)</sup> Net cash provided by financing activities contains the exercise of employee stock options of CHF 91 thousand (June 30, 2018 CHF 13.6 million), the dividend payment out of reserves from capital contributions of CHF 11.1 million (June 30, 2018 CHF 15.4 million).

# Notes to the condensed consolidated interim financial statements

## 1 Basis of preparation of the condensed consolidated interim financial statements

The condensed consolidated interim financial statements of u-blox Holding AG ('u-blox' or the 'Group') were prepared in accordance with IAS 34 "Interim Financial Reporting". These condensed consolidated interim financial statements do not include all the notes contained in the consolidated annual financial statements, and for that reason should be read in conjunction with the consolidated annual financial statements for the year ended December 31, 2018.

The condensed consolidated interim financial statements have been prepared in Swiss francs (CHF), rounded to the nearest thousand, except for per share amounts.

The preparation of the condensed consolidated interim financial statements requires management judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses as well as disclosure of contingent assets and liabilities.

Although these judgments, estimates and assumptions are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

In these condensed consolidated interim financial statements significant estimates and assumptions made by management are not different from those disclosed in the consolidated financial statements for the year ended December 31, 2018.

Income taxes are recognized based on best estimate of the weighted average annual tax rate for 2019.

The Group operates in markets where no significant seasonal or cyclical variations in revenue are experienced during the financial year.

The following rates were used to translate the financial statements of the Group's entities into CHF for consolidation purposes:

	June 30, 2019		December 31, 2018	
	Average rate	Closing rate	Average rate	Closing rate
EUR	1.12928	1.11213	1.15493	1.12874
USD	0.99950	0.97848	0.97809	0.98370
GBP	1.29332	1.24248	1.30535	1.25284

### Changes in accounting policies

Except as described below, the accounting policies applied in these interim financial statements are the same as those described in the Group's consolidated financial statements for the year ended December 31, 2018. The changes in accounting policies are also expected to be reflected in the Group's consolidated financial statements for the year ended December 31, 2019.

#### IFRS 16 Leasing

The Group has adopted IFRS 16 Leases as of January 1, 2019 using the modified retrospective approach. IFRS 16 introduces a single, on-balance-sheet lease accounting model for lessees. A lessee recognizes a right-of-asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments.

#### Definiton of a lease

Previously, the Group determined at contract inception whether an arrangement was or contained a lease under IFRIC 4 Determining Whether an Arrangement contains a Lease. The Group now assesses whether a contract is or contains a lease based on the new definition of a lease. Under IFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

On transition to IFRS 16, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. It applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed. Therefore, the definition of a lease under IFRS 16 has been applied only to contracts entered into or changed on or after January 1, 2019.

#### As a lessee

The Group leases mainly properties and cars.

As a lessee, the Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred substantially all of the risks and rewards of ownership. Under IFRS 16, The Group recognizes right-of-use assets and lease liabilities for most leases – i.e. these leases are on-balance sheet.

However, the Group has elected not to recognize right-of-use assets and lease liabilities for some leases of low-value assets. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The Group presents right-of-use assets that do not meet the definition of investment property in “property, plant and equipment”, the same line item as it presents underlying assets of the same nature that it owns. The carrying amounts of right-of-use assets are as below:

(in CHF 000s)	Right-of-use assets
Balance at January 1, 2019	21'710
Balance at June 30, 2019	19'460

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses the incremental borrowing rate as the discount rate.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

The Group has applied judgement to determine the lease term for some lease contracts in which it is a lessee that include renewal options. The assessment of whether the Group is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognized.

The Group used the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17:

- Applied the exemption not to recognize right-of-use assets and liabilities for leases with less than 12 months of lease term.
- Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

The adjustment to opening retained earnings as of January 1, 2019 was CHF zero and the impact on the statement of financial position at June 30, 2019 was as follows:

(in CHF 000s)	<b>June 30, 2019 (unaudited)</b>
Right-of-use assets	19'460
<b>Total assets</b>	<b>19'460</b>
Equity	-46
Lease liabilities	19'506
<b>Total liabilities</b>	<b>19'460</b>

The impact on the statement of profit or loss (increase/(decrease)) for the six months ended June 30, 2019 was:

(in CHF 000s)	<b>January 1, 2019</b>
Operating lease commitment at December 31, 2018 as disclosed in the group's consolidated financial statements	25'426
Discounted using the incremental borrowing rate at January 1, 2019	24'229
Finance lease liabilities recognized as at December 31, 2018	0
Recognition exemption for leases of low-value assets and leases with less than 12 months of lease term at transition	-2'654
Extension options reasonably certain to be exercised	135
Lease liability recognized as at January 1, 2019	21'710

The impact on the statement of cash flows (increase/(decrease)) for the six months ended June 30, 2019 was:

(in CHF 000s)	<b>June 30, 2019 (unaudited)</b>
Net cash flows from operating activities	2'605
Net cash flows from financing activities	2'605



## 2 Segment information

In accordance with the management structure and the reporting made to the Board of Directors (the Group's Chief Operating Decision Maker, which is the Board of Directors of u-blox Holding AG), the reportable segments are the two operating Corporate Groups 'Positioning and Wireless products' and 'Wireless services'. Segment accounting is prepared up to the level of Operating Profit (EBIT) because this is the key figure used for management purposes. All operating assets and liabilities that are directly attributable or can be allocated on a reasonable basis are reported in the respective Corporate Groups. No distinction is made between the accounting policies of segment reporting and those of the consolidated financial statements. No operating segments were aggregated.

The following reportable segments were identified.

### Positioning and Wireless products

The Group develops and distributes GPS/GNSS positioning receivers and wireless communication modules which are mainly used in automotive, industrial and consumer applications. Products are marketed and sold by the u-blox worldwide sales organization. The products are manufactured by third parties. The Group coordinates the whole supply chain and manages the world-wide production and distribution of the products.

### Wireless services

Since the acquisitions of u-blox Italia S.p.A. and u-blox San Diego, Inc., u-blox offers also services in the wireless communication technology which forms a separate business segment as these products consist of delivery of reference designs and software.

	Positioning and Wireless products		Wireless services		Total segments		Non-allocated/ Eliminations		Group	
	January – June		January – June		January – June		January – June		January – June	
(in CHF 000s)	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Revenue third	190'433	198'877	121	106	190'554	198'983	0	0	190'554	198'983
Revenue intragroup	0	0	15'871	16'043	15'871	16'043	-15'871	-16'043	0	0
<b>Total revenue</b>	<b>190'433</b>	<b>198'877</b>	<b>15'992</b>	<b>16'149</b>	<b>206'425</b>	<b>215'026</b>	<b>-15'871</b>	<b>-16'043</b>	<b>190'554</b>	<b>198'983</b>
EBITDA	25'933	39'623	3'137	430	29'070	40'053	0	0	29'070	40'053
Depreciation	-4'945	-3'392	-1'570	-1'252	-6'515	-4'644	0	0	-6'515	-4'644
Amortization	-7'638	-6'851	-11	-15	-7'649	-6'866	0	0	-7'649	-6'866
<b>Operating profit</b>	<b>13'350</b>	<b>29'380</b>	<b>1'556</b>	<b>-837</b>	<b>14'906</b>	<b>28'543</b>	<b>0</b>	<b>0</b>	<b>14'906</b>	<b>28'543</b>
Financial income									1'762	5'364
Finance costs									-3'157	-1'042
Share of loss of equity-accounted investees, net of taxes									-1'989	-1'443
<b>Profit before income tax</b>									<b>11'522</b>	<b>31'422</b>

### 3 Revenue recognition

<b>Revenue by market</b> (in CHF 000s)	<b>Jan. - June 2019</b> <b>(unaudited)</b>	<b>Jan. - June 2018</b> <b>(unaudited)</b>
Automotive	57'230	57'530
Consumer	14'635	20'797
Industrial	109'529	109'673
Others	9'160	10'983
<b>Total</b>	<b>190'554</b>	<b>198'983</b>

<b>Revenue by product type</b> (in CHF 000s)	<b>Jan. - June 2019</b> <b>(unaudited)</b>	<b>Jan. - June 2018</b> <b>(unaudited)</b>
Module	143'574	146'170
Chips	46'784	47'972
Others	196	4'841
<b>Total</b>	<b>190'554</b>	<b>198'983</b>

<b>Revenue by region (based on billing location)</b> (in CHF 000s)	<b>Jan. - June 2019</b> <b>(unaudited)</b>	<b>Jan. - June 2018</b> <b>(unaudited)</b>
EMEA	61'045	70'237
<i>thereof: Switzerland</i>	1'510	1'033
<i>Germany</i>	16'189	17'187
America	40'037	42'449
<i>thereof: United States of America</i>	34'052	36'536
Asia Pacific	89'472	86'297
<i>thereof: China</i>	43'622	38'141
<b>Total</b>	<b>190'554</b>	<b>198'983</b>

## 4 Financial instruments

(in CHF 000s)	Carrying amount June 30, 2019	Carrying amount Dec 31, 2018
Cash and cash equivalents	120'975	136'296
Trade accounts receivable	52'607	60'802
Other receivables	1'379	352
Accrued income	743	769
Financial assets	1'055	1'063
<b>Financial assets at amortized costs</b>	<b>55'784</b>	<b>62'986</b>
Marketable securities	1'404	1'401
Derivative financial assets	684	473
<b>Financial assets at fair value through profit or loss</b>	<b>2'088</b>	<b>1'874</b>
Trade accounts payable	23'372	21'562
Other payables	5'553	6'556
Accrued expenses	11'779	11'952
Non-derivative financial liabilities	119'292	119'165
<b>Liabilities at amortized cost</b>	<b>159'996</b>	<b>159'235</b>
Other payables - contingent consideration	55	56
<b>Liabilities at fair value through profit and loss</b>	<b>55</b>	<b>56</b>

The following table shows the carrying amount of all financial instruments per category. With the exception of financial liabilities, they correspond, approximately, to the fair values in accordance with IFRS. The fair value of financial liabilities is disclosed in the table “Fair value hierarchy”.

### Fair value hierarchy

The different levels of financial instruments carried at fair value or for which the fair value is disclosed have been defined as follows in the table below:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or the liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for assets or liabilities that are not based on observable market data (unobservable inputs).

June 30, 2019 (in CHF 000s)	Carrying amounts		Fair value		
	Total	Level 1	Level 2	Level 3	
Marketable securities	1'404	1'404	0	0	
Derivative financial assets	684	0	684	0	
<b>Total assets</b>	<b>2'088</b>	<b>1'404</b>	<b>684</b>	<b>0</b>	
Other payables – contingent consideration	55	0	0	55	
Non-derivative financial liabilities	119'292	122'280	0	0	
<b>Total liabilities</b>	<b>119'347</b>	<b>122'280</b>	<b>0</b>	<b>55</b>	
<b>December 31, 2018</b> (in CHF 000s)	<b>Total</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	
Marketable securities	1'401	1'401	0	0	
Derivative financial assets	473	0	473	0	
<b>Total assets</b>	<b>1'874</b>	<b>1'401</b>	<b>473</b>	<b>0</b>	
Other payables – contingent consideration	56	0	0	56	
Non-derivative financial liabilities	119'165	118'140	0	0	
<b>Total liabilities</b>	<b>119'221</b>	<b>118'140</b>	<b>0</b>	<b>56</b>	

## 5 Dividend

On April 25, 2019 the Annual General Meeting of u-blox Holding AG approved a gross dividend of CHF 1.60 per share. A total dividend amount of CH 11.1 million was paid out on May 3, 2019.

## 6 Guarantees, pledges in favor of third parties and other contingent liabilities

At June 30, 2019 and December 31, 2018 there were no guarantees in favor of third parties. The group is not exposed to any significant other contingent liabilities. There is no known threatened or pending litigation against any group company.

## 7 Events after the balance sheet date

On July 31, 2019, the Group acquired Rigado Inc.'s Bluetooth module business in an agreement, which is a business combination according to IFRS 3.

The purchase price is USD 7.4 million. The company will perform the purchase price allocation in the second half of 2019. The Board of Directors authorized on August 22, 2019 these condensed consolidated interim financial statements for publication.

# Information for Investors

## u-blox Holding AG

### Ticker details for u-blox shares

- Listing SIX Swiss Exchange
- Ticker symbol UBXN
- ISIN-No. CH0033361673
- Swiss Security-No. 3336167
- Reuters UBXN.S
- Bloomberg UBXN:SW

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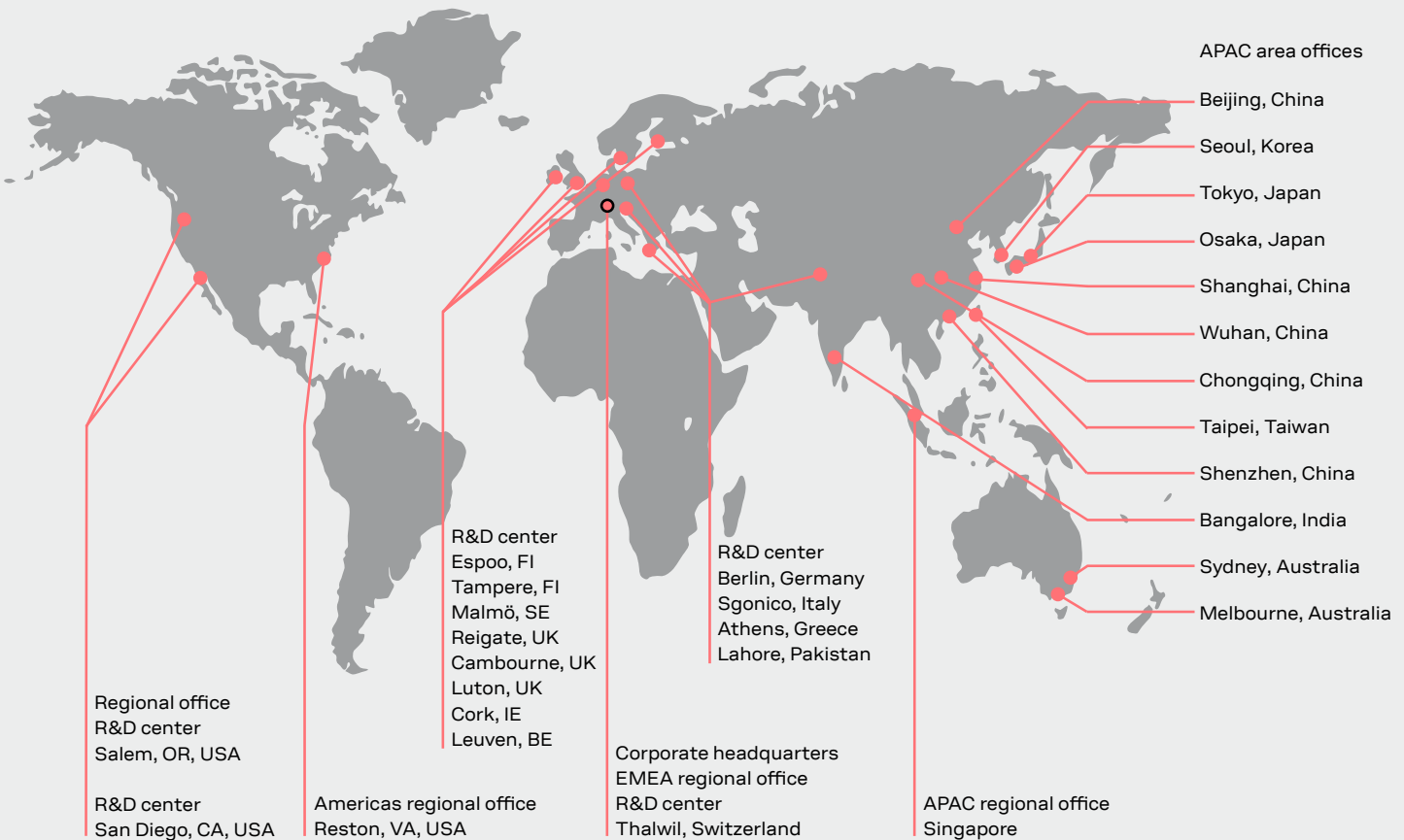
## Website

[www.u-blox.com](http://www.u-blox.com)

## Financial calendar

- Analyst day November 20, 2019
- Full year results 2019 March 12, 2020
- Annual General Meeting April 23, 2020

# Worldwide presence



## Disclaimer

This release contains certain forward looking statements. Such forward looking statements reflect the current views of management and are subject to known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements of the u-blox Group to differ materially from those expressed or implied. These include risks related to the success of and demand for the Group's products, the potential for the Group's products to become obsolete, the Group's ability to defend its intellectual property, the Group's ability to develop and commercialize new products in a timely manner, the dynamic and competitive environment in which the Group operates, the regulatory environment, changes in currency exchange rates, the Group's ability to generate revenues and profitability, and the Group's ability to realize its expansion projects in a timely manner. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in this report. u-blox is providing the information in this release as of this date and does not undertake any obligation to update any forward looking statements contained in it as a result of new information, future events or otherwise.

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## Imprint

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