



HALF YEAR REPORT **2017**



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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	895 (June 30, 2017, FTE based); 836 (December 31, 2016, FTE based)
Revenue	H1/2017: CHF 193.9 million; 2016: CHF 360.2 million
EBIT	H1/2017: CHF 29.5 million; 2016: CHF 59.0 million
Net profit	H1/2017: CHF 18.0 million; 2016: CHF 46.2 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

193.9

Revenue H1/2016: 179.7 – Growth rate: 7.9%

Operating cashflow in m CHF

22.1

Operating cashflow H1/2016: 26.3 – Growth rate: -16.0%

Equity ratio in %

58.1

Equity ratio 2016: 67.0%

Operating profit in m CHF

29.5

Operating profit H1/2016: 27.8 – Growth rate: 6.1%

Net profit in m CHF

18.0

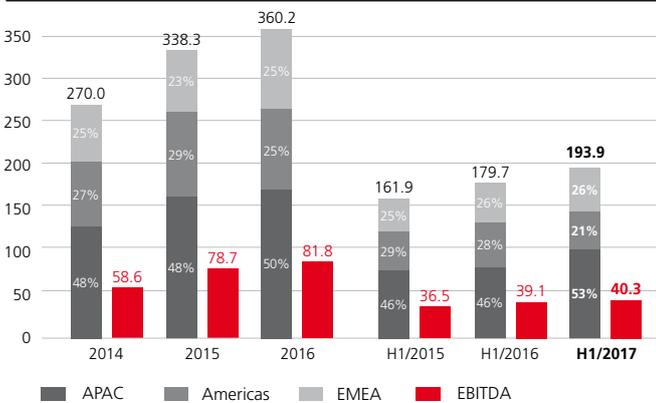
Net profit H1/2016: 18.5 – Growth rate: -2.6%

Gross profit in %

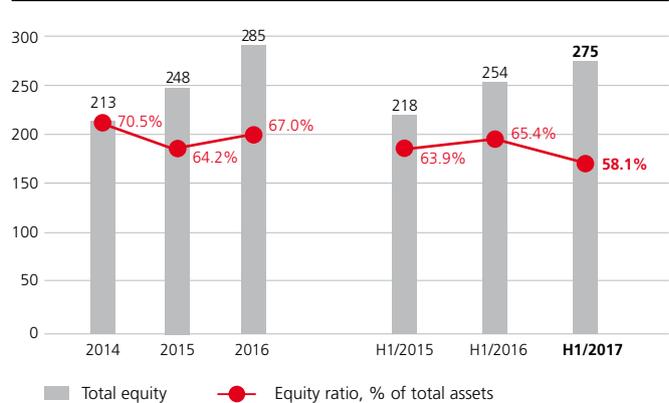
45.1

Gross profit in % H1/2016: 45.9

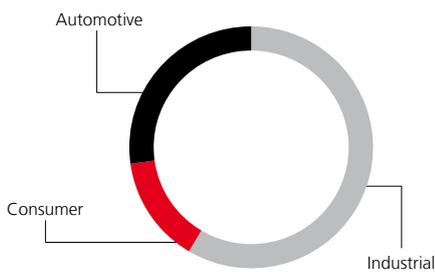
Revenue by geography / EBITDA in m CHF



Total equity and equity ratio in m CHF



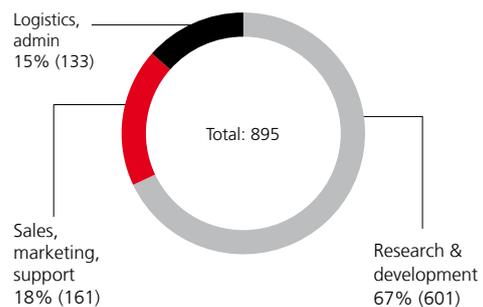
u-blox revenue split per market



(Estimate)

Employee breakdown spread over 17 countries

75% of employees based outside Switzerland



(End of H1/2017, FTE based)

This is u-blox

OUR TECHNOLOGIES



Cellular modules

Technologies

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



Short range modules

Technologies

- Bluetooth
- Bluetooth low energy
- Wi-Fi
- Multiradio



Positioning chips & modules

Technologies

- GPS
- GLONASS
- BeiDou
- Galileo
- QZSS

OUR MARKETS



Industrial

Positioning & Wireless

- Fleet management
- Remote monitoring and control
- Automatic meter reading
- Point-of-sales
- Remote displays
- Remote security and surveillance
- Unmanned Aerial Vehicles



Automotive

Positioning & Wireless

- In-car navigation
- Stolen vehicle recovery
- Emergency call
- Car connectivity telematics
- Vehicle black-box



Consumer

Positioning & Wireless

- Wearables
- Personal navigation devices
- Notebooks and mobile internet devices
- Cameras
- Person locators

Half year report as of June 30, 2017

u-blox firmly on track for sustained growth and profitability

2017 half-year highlights

- **u-blox posted an encouraging 7.9% increase in revenues from CHF 179.7 million to CHF 193.9 million.**
- **EBIT rose by 6.1% to CHF 29.5 million, representing a margin of 15.2%.**
- **Operating activities generated a cash flow of CHF 22.1 million, 11.4% of revenue.**
- **Net profit saw a 2.6% decrease to CHF 18.0 million, a net profit margin of 9.3% (H1 2016: 10.3%).**
- **u-blox finalized a CHF 60 million bond issue (6 years, interest 1.375%) supporting the continued strategic development of the company.**
- **A surge of new and prospective products consolidates u-blox's leading position in the industry.**
- **Full-year revenue and EBIT expectations remain unchanged.**

Remark: All numbers in this report are IFRS based. Adjusted numbers are provided in the last table to this report.

Thalwil, Switzerland – August 24, 2017 – u-blox (SIX:UBXN), a global leader in wireless and positioning modules and chips, today announced results for the first half year. The company maintained a strong financial performance, posting a 7.9% increase in revenues, which, combined with the effectiveness of u-blox's strategic approach, helped to further solidify profitability. During the first half of 2017, consolidated revenues stood at CHF 193.9 million.

u-blox registered another increase in gross profit from CHF 82.5 million to CHF 87.4 million, with gross profit margin remaining high at 45.1%. Operating profit (EBIT) was up from CHF 27.8 to CHF 29.5 million, representing an improvement of 6.1% over the same period last year, while the EBITDA margin stood at 20.8%. There was a 2.6% decrease in net profit, which declined from CHF 18.5 million in 2016 to CHF 18.0 million, due to foreign exchange impact. Net cash flow from operations was CHF 22.1 million, which represented 11.4% of revenue. The balance sheet remained solid, with a healthy equity ratio of 58.1%.

All these figures underscore u-blox's ability to meet medium to long-term revenue and profit targets. A full pipeline of new products and developments is likewise a firm indication of potential future growth.

Revenue development and breakdown

The first half of 2017 showed continued growth in u-blox's positioning & wireless products segment.

Consolidated revenues from chips and modules for positioning and wireless connectivity rose by 7.9% from CHF 179.5 million in the first half of 2016 to CHF 193.8 million during the first half of 2017. Revenue growth was slightly negatively impacted by -0.3% foreign exchange decay. Wireless services (including intra-Group sales) generated CHF 12.3 million in revenues compared with CHF 15.1 million for the same period last year.

During the first half of 2017, u-blox reported an overall increase of revenues of 7.9%, with Asia-Pacific accounting for 53.4%, EMEA for 25.7% and the Americas for 20.9%. Asia Pacific

reported 25.3% growth over first half year 2016 to CHF 103.4 million, EMEA by 8.5% to CHF 49.9 million and Americas revenues decreased by 20.7% to CHF 40.6 million. When compared to second half year 2016, the growth rates amounted to 8.0% for Asia-Pacific, 9.1% for EMEA and 3.9% for Americas.

Strong growth in Asia

In Asia, the economic environment was strong, with production capacity in the electronics industry running at limits. Our revenues grew by 25.3%, driven by strong product sales in all categories. Several customers reported large-scale operational expansion, while new applications, such as wearables and the smart bike also boosted our revenues.

In the Americas, business declined by 20.7% as a direct result of the slowdown in 2016, which led to lower business activity at the beginning of the year. Compared with the second half of 2016, however, revenue increased again. The migration to new LTE-based cellular standards generated new traction as the industry has now opted for the M1 standard for M2M applications. There was a strong increase in sales of LTE-based modules, with sales of CDMA-based products declining. Demand in the automotive sector remained buoyant.

The EMEA region delivered a 8.5% growth in revenues over the first half of 2016. Strong demand in the industrial and automotive sectors drove business forward. In-car communication and navigation, smart meters, industrial controls, road pricing and asset tracking guaranteed expanding business.

u-blox maintained a wide customer base during the first half of 2017, generating around 80% of its total revenue from 74 customers, with the largest accounting for 5.3%. The company extended its operations to various new markets and regions, and supplied products and services to 5'700 customers.

In all regions, u-blox pursued a record number of new business opportunities, driven by general interest in the Internet of Things (IoT).

Increased gross profit

Gross profit saw a 5.9% improvement during the first six months, taking it from CHF 82.5 million in the same period last year to CHF 87.4 million. Gross profit margin stood at 45.1%, a small decline over first half year 2016.

Research and product development

In the first half of 2017, R&D expenses stood at CHF 32.0 million, or 16.5% of revenue. These figures compare with CHF 32.1 million and 17.9%, respectively, during the same period in 2016.

Distribution and marketing activities

Wide-ranging expansion in our operations drove distribution and marketing expenses up from CHF 15.9 million to CHF 17.2 million. This figure is equivalent to 8.8% of revenue, compared with 8.8% during the same period last year.

Further increase in profit

u-blox posted EBIT of CHF 29.5 million, or 15.2% during the first half of 2017, which compares favorably with the CHF 27.8 million or 15.5%, in 2016. The EBITDA margin was 20.8%.

Finance income and costs

Finance income totaled CHF 0.3 million, while finance costs

amounted to CHF 7.0 million, due mainly to negative unrealized foreign currency impacts, and interest on the bonds issued in 2015 and 2017.

Strong financial position

u-blox maintained a strong balance sheet during the first half of 2017, the equity ratio amounted to 58.1% influenced by the purchase of treasury shares during the period. Cash, cash equivalents and marketable securities totaled CHF 168.6 million as of June 30, 2017, compared with CHF 157.1 million on December 31, 2016. Also u-blox carries treasury shares in the amount of CHF 24.4 million; shares that will serve the employee stock options program. In 2017, u-blox placed a fixed-rate domestic straight bond worth CHF 60 million. The issue will further increase the company's financial flexibility and ability for strategic action.

Strategic highlights and initiatives

u-blox is pleased to report that u-blox remains on course for sustained growth and profitability thanks to a time-tested strategy that is founded on four discrete pillars: ongoing strengthening of our leading market position; continuing technological development and innovation; outstanding operational performance, and strategic partnerships. During the first half of 2017, u-blox made significant advances in all three of its key strategic technology areas: positioning, cellular, and short range.

In February, the company announced the launch of a groundbreaking, super-low-power GNSS receiver chip for wearable applications. The new super-efficient chip offers a unique balance of performance and ultra-low power use, cutting power consumption by two-thirds to just 20 mW, while supplying one positional update every second with virtually no loss of accuracy.

This was followed in May by the world's smallest quad-band LTE Cat M1 module. M1 is one of the new LTE standards for M2M solutions. Carriers in the US have selected this standard and are now expanding coverage on a broad scale.

Finally, in June, u-blox announced it was accelerating deployment of its VERA-P1 series V2X communication modules for Advanced Driver Assistance Systems, which are designed to make vehicles safer and increase the level of automation. All major car OEMs put considerable effort in this new functionality.

In addition to product news, in the beginning of the second half of 2017, u-blox announced a new strategic initiative with Sapcorda Services GmbH. Later in 2017, Sapcorda will be entering into a joint venture with Bosch, Geo++ and Mitsubishi which will bring high precision GNSS positioning services to mass market applications and facilitate the establishment of a worldwide available and affordable solution for system integrators, OEMs and receiver manufacturers.

New product rundown

In the first six months, u-blox released several new products designed to meet its customers' wide-ranging and continuously evolving needs. These products are vital in our range of offerings developed, designed and produced to keep the company at the forefront of existing markets, while enabling u-blox to make inroads into future markets. Below follow details of some of the first six months' new product highlights.

The ultra-small, multi-GNSS ZOE-M8G module launched in January is an ideal location sensor for wearables, drones and asset trackers.

Table 1: consolidated income statement

(in CHF 000s)	Jan. - June 2017 (unaudited) % revenue		Jan. - June 2016 (unaudited) % revenue		Jan. - Dec. 2016 (audited) % revenue	
Revenue	193'908	100.0%	179'688	100.0%	360'230	100.0%
Cost of sales	-106'518	-54.9%	-97'205	-54.1%	-193'123	-53.6%
Gross profit	87'390	45.1%	82'483	45.9%	167'107	46.4%
Distribution and marketing expenses	-17'157	-8.8%	-15'886	-8.8%	-32'032	-8.9%
Research and development expenses	-31'957	-16.5%	-32'092	-17.9%	-63'490	-17.6%
General and administrative expenses	-9'593	-4.9%	-7'878	-4.4%	-14'614	-4.1%
Other income	845	0.4%	1'216	0.7%	2'033	0.6%
Operating profit (EBIT)	29'528	15.2%	27'843	15.5%	59'004	16.4%
Financial income	309	0.2%	123	0.1%	4'337	1.2%
Finance costs	-6'979	-3.6%	-3'016	-1.7%	-1'653	-0.5%
Profit before income tax (EBT)	22'858	11.8%	24'950	13.9%	61'688	17.1%
Income tax expense	-4'846	-2.5%	-6'453	-3.6%	-15'488	-4.3%
Net profit, attributable to owners of the parent	18'012	9.3%	18'497	10.3%	46'200	12.8%
Operating profit (EBIT)	29'528	15.2%	27'843	15.5%	59'004	16.4%
Depreciation and amortization	10'730	5.5%	11'301	6.3%	22'762	6.3%
EBITDA¹⁾	40'258	20.8%	39'144	21.8%	81'766	22.7%

¹⁾ Management calculates EBITDA (earnings before interest, taxes, depreciation and amortization) by adding back depreciation and amortization to operating profit (EBIT), in each case determined in accordance with IFRS.

Table 2: consolidated statement of cash flows (condensed)

(in CHF 000s)	Jan. - June 2017 (unaudited)	Jan. - June 2016 (unaudited)	Jan. - Dec. 2016 (audited)
Net cash provided by operating activities	22'061	26'256	93'559
Net cash used in investing activities	-27'914	-19'622	-45'711
Net cash provided by financing activities	26'021	-11'581	-10'515
Net increase/(decrease) in cash and cash equivalents	20'168	-4'947	37'333
Cash and cash equivalents at beginning of period	149'545	112'387	112'387
Effect of exchange rate fluctuations on cash and cash equivalents	-5'928	-175	-175
Cash and cash equivalents at end of period	163'785	107'265	149'545

It offers exceptionally high performance and was designed for markets where very small size, minimal weight and high location precision are essential. It simplifies product design because it can be used with passive antennas, eliminating the need for additional components.

In January, u-blox announced the launch of JODY-W1, a host-based automotive Wi-Fi and Bluetooth module with Real Simultaneous Dual Band (RSDB) support that is ideal for in-vehicle infotainment

and telematics applications requiring high data rates and concurrent connectivity.

The two NINA-W1 Wi-Fi modules introduced in March comply with all the latest security standards and are the most advanced of their kind for industrial markets. With ultra-low power consumption they are ideal for Wi Fi applications including telematics, low-power sensors, connected buildings, points of sale, and health devices.

Table 3: consolidated statement of financial position (condensed)

(in CHF 000s)	At June 30, 2017 (unaudited)	At December 31, 2016 (audited)
ASSETS		
Current assets		
Cash and cash equivalents	163'785	149'545
Marketable securities	4'831	7'573
Other assets	98'186	82'462
Total current assets	266'802	239'580
Non-current assets		
Property, plant and equipment	15'570	15'774
Intangible assets	186'790	166'009
Financial assets	1'139	1'074
Deferred tax assets	2'458	2'435
Total non-current assets	205'957	185'292
Total assets	472'759	424'872
LIABILITIES AND EQUITY		
Current liabilities	57'307	59'098
Non-current liabilities	140'676	81'047
Total liabilities	197'983	140'145
Shareholders' equity		
Share capital	6'238	6'152
Share premium	65'180	74'387
Retained earnings	203'358	204'188
Total equity, attributable to owners of the parent	274'776	284'727
Total liabilities and equity	472'759	424'872

Table 4: Consolidated Income Statement (adjusted)

Adjusted numbers are provided below for allowing comparison with industry peers.

(in CHF 000s)	Jan. - June 2017		Adjustments				Jan. - June 2017		Jan. - June 2016	
	(IFRS)	% revenue	Share based payments	Pension impact based on IAS-19	Non-recurring expenses	Amortization intangible assets acquired	(adjusted)	% revenue	(adjusted)	% revenue
Revenue	193'908	100.0%					193'908	100.0%	179'688	100.0%
Cost of sales	-106'518	-54.9%	387				-106'131	-54.7%	-96'873	-53.9%
Gross Profit	87'390	45.1%	387	0	0	0	87'777	45.3%	82'815	46.1%
Distribution and marketing expenses	-17'157	-8.8%	509			272	-16'376	-8.4%	-14'775	-8.2%
Research and development expenses	-31'957	-16.5%	2'683		264	946	-28'064	-14.5%	-29'155	-16.2%
General and administrative expenses	-9'593	-4.9%	478	666	563		-7'886	-4.1%	-5'775	-3.2%
Other income	845	0.4%					845	0.4%	1'216	0.7%
Operating Profit (EBIT)	29'528	15.2%	4'057	666	827	1'218	36'296	18.7%	34'326	19.1%
Financial income	309	0.2%					309	0.2%	123	0.1%
Finance costs	-6'979	-3.6%					-6'979	-3.6%	-3'016	-1.7%
Profit before income tax (EBT)	22'858	11.8%	4'057	666	827	1'218	29'626	15.3%	31'433	17.5%
Income tax expense	-4'846	-2.5%	-1'079				-5'925	-3.1%	-6'287	-3.5%
Net profit, attributable to owners of the parent	18'012	9.3%	2'978	666	827	1'218	23'701	12.2%	25'146	14.0%
Earnings per share in CHF	2.61						3.44		3.72	
Diluted earnings per share in CHF	2.57						3.39		3.62	
Operating Profit (EBIT)	29'528	15.2%	4'057	666	827	1'218	36'296	18.7%	34'326	19.1%
Depreciation and amortization	10'730	5.5%				-1'218	9'512	4.9%	10'022	5.6%
EBITDA ¹⁾	40'258	20.8%	4'057	666	827	0	45'808	23.6%	44'348	24.7%

¹⁾ Management calculates EBITDA (earnings before interest, taxes, depreciation and amortization) by adding back depreciation and amortization to operating profit (EBIT), in each case determined in accordance with IFRS.

In June, u-blox announced its TOBY-L4 LTE modules, a new series of secure, advanced automotive telematics modules with powerful embedded CPU that provide fully integrated gateway solution for automotive OEMs enabling data, voice, positioning, eCall and advanced telematics. They meet all current industry and carrier requirements for high data transmission capacity.

Revenue by reporting segments

u-blox operates in two segments:

- Positioning and wireless products
u-blox develops and sells chips and modules for positioning and wireless connectivity that are used in automotive, industrial and consumer applications. Revenue was CHF 193.8 million for the first half of 2017 compared with CHF 179.5 million during the same period last year.
- Wireless services
u-blox also offers wireless communication technology services in the form of reference designs and software. In the first semester, revenue for wireless services was CHF 12.3 million compared with CHF 15.1 million in the first half of 2016 (including intra-group revenue, recorded on newly defined basis).

Board and management members

There were no changes in the board and management during the period under review.

Outlook

For 2017, u-blox anticipates EBIT as before of between CHF 60 million and CHF 65 million, based on revenue predictions of between CHF 410 million and CHF 425 million, with unchanged assumptions for foreign exchange rates. Medium to long-term perspectives expect continued growth.



Fritz Fahrni
Chairman of the Board of Directors



Thomas Seiler
CEO

u-blox Holding AG, Thalwil

Condensed consolidated interim
financial statements

June 30, 2017

Consolidated statement of financial position

(in CHF 000s)	Note	June 30, 2017 (unaudited)	December 31, 2016 (audited)
Assets			
Current assets			
Cash and cash equivalents		163'785	149'545
Marketable securities		4'831	7'573
Trade accounts receivables		46'084	39'792
Other receivables		10'710	8'065
Current tax assets		811	640
Inventories		37'916	31'571
Prepaid expenses and accrued income		2'665	2'394
Total current assets		266'802	239'580
Non-current assets			
Property, plant and equipment		15'570	15'774
Goodwill		54'621	54'104
Other intangible assets		132'169	111'905
Financial assets		1'139	1'074
Deferred tax assets		2'458	2'435
Total non-current assets		205'957	185'292
Total assets		472'759	424'872
Liabilities and equity			
Current liabilities			
Trade accounts payables		17'748	19'435
Other payables		4'665	5'970
Current tax liabilities		15'430	11'461
Provisions		813	1'611
Accrued expenses		18'645	20'621
Derivative financial liabilities		6	0
Total current liabilities		57'307	59'098
Non-current liabilities			
Non-derivative financial liabilities		118'787	59'414
Other payables		494	833
Provisions		7'333	4'887
Pension liability		12'778	13'717
Deferred tax liabilities		1'284	2'196
Total non-current liabilities		140'676	81'047
Total liabilities		197'983	140'145
Shareholders' equity			
Share capital		6'238	6'152
Share premium		65'180	74'387
Treasury shares		-24'422	0
Cumulative translation differences		-15'130	-15'018
Retained earnings		242'910	219'206
Total equity, attributable to owners of the parent		274'776	284'727
Total liabilities and equity		472'759	424'872

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

Consolidated income statement

(in CHF 000s)	Notes	Jan. - June 2017 (unaudited)	Jan. - June 2016 (unaudited)
Revenue		193'908	179'688
Cost of sales		-106'518	-97'205
Gross profit		87'390	82'483
Distribution and marketing expenses		-17'157	-15'886
Research and development expenses		-31'957	-32'092
General and administrative expenses		-9'593	-7'878
Other income		845	1'216
Operating profit (EBIT)		29'528	27'843
Financial income		309	123
Finance costs		-6'979	-3'016
Profit before income tax (EBT)		22'858	24'950
Income tax expense		-4'846	-6'453
Net profit		18'012	18'497
Basic earnings per share (in CHF)		2.61	2.73
Diluted earnings per share (in CHF)		2.57	2.67

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

Consolidated statement of comprehensive income

(in CHF 000s)	Jan. - June 2017 (unaudited)	Jan. - June 2016 (unaudited)
Net profit for the period	18'012	18'497
Other comprehensive income:		
Remeasurements on net pension liability	1'566	-2'306
Income tax on remeasurements on net pension liability	-305	479
Items that will not be reclassified to income statement	1'261	-1'827
Currency translation differences	-112	-2'947
Items that are or may be reclassified subsequently to income statement	-112	-2'947
Other comprehensive income for the period, net of taxes	1'149	-4'774
Total comprehensive income, attributable to owners of the parent	19'161	13'723

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 owners of the parent
Balance at January 1, 2016	6'053	84'006	0	-10'665	168'927	248'321
Net profit for the period	0	0	0	0	18'497	18'497
Other comprehensive income for the period, net of taxes	0	0	0	-2'947	-1'827	-4'774
<i>Total comprehensive income</i>	0	0	0	-2'947	16'670	13'723
Share-based payments ¹⁾	0	0	0	0	2'549	2'549
Dividend out of share premium	0	-12'903	0	0	0	-12'903
Options exercised during the year, net of transaction costs	72	2'242	0	0	0	2'314
<i>Total transactions with owners of the parent</i>	72	-10'661	0	0	2'549	-8'040
Balance at June 30, 2016	6'125	73'345	0	-13'612	188'146	254'004
Balance at January 1, 2017	6'152	74'387	0	-15'018	219'206	284'727
Net profit for the period	0	0	0	0	18'012	18'012
Other comprehensive income for the period, net of taxes	0	0	0	-112	1'261	1'149
<i>Total comprehensive income</i>	0	0	0	-112	19'273	19'161
Share-based payments ¹⁾	0	0	0	0	4'431	4'431
Purchase of treasury shares ²⁾	0	0	-24'422	0	0	-24'422
Dividend out of share premium	0	-14'526	0	0	0	-14'526
Options exercised during the year, net of transaction costs	86	5'319	0	0	0	5'405
<i>Total transactions with owners of the parent</i>	86	-9'207	-24'422	0	4'431	-29'112
Balance at June 30, 2017	6'238	65'180	-24'422	-15'130	242'910	274'776

¹⁾ Represents the amount of stock option expense of CHF 4.1 million (2016: CHF 3.5 million) including respective tax effects of CHF 0.3 million (2016: CHF -1.0 million) recognized per June 30, 2017 and 2016 respectively.

²⁾ Represents 125'000 treasury shares at the average purchase price of CHF 195.38 per share.

Condensed consolidated statement of cash flows

(in CHF 000s)	Jan. - June 2017 (unaudited)	Jan. - June 2016 (unaudited)
Net cash generated from operating activities	22'061	26'256
Net cash used in investing activities	-27'914 ¹⁾	-19'622 ¹⁾
Net cash generated from/(used in) financing activities	26'021 ²⁾	-11'581 ²⁾
Net increase/(decrease) in cash and cash equivalents	20'168	-4'947
Cash and cash equivalents at beginning of period	149'545	112'387
Effect of exchange rate fluctuations on cash and cash equivalents	-5'928	-175
Cash and cash equivalents at end of period	163'785	107'265

¹⁾ Net cash used in investing activities consists of investments into property, plant and equipment of CHF 4.3 million (June 30, 2016 CHF 3.3 million) and investments into intangible assets of CHF 26.7 million (June 30, 2016 CHF 17.8 million) in the first half year 2017.

²⁾ Net cash provided by financing activities contains proceeds from issuance of a bond of 59.3 million net cash inflow (see Note 4 on page 17) and the exercise of employee stock options of CHF 5.4 million (June 30, 2016 CHF 2.3 million), the dividend payment out of reserves from capital contributions of CHF 14.5 million (June 30, 2016 CHF 12.9 million) and the purchase of treasury shares of CHF 24.4 million (June 30, 2016: none) for the employee share option program.

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, 2016.

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

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, 2016.

Income taxes are recognized based on best estimate of the weighted average annual tax rate for 2017.

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

For the condensed consolidated interim financial statements, a EUR/CHF exchange rate of 1.095 and a USD/CHF exchange rate of 0.959 was applied at the end-of-period (December 31, 2016 EUR/CHF 1.0727, USD/CHF 1.0194). For the period an average exchange rate of EUR/CHF 1.076 and USD/CHF 0.994 was applied (previous period: EUR/CHF 1.105, USD/CHF 0.997).

Changes in accounting policies

In 2017, u-blox has not adopted any new International Financial Reporting Standards (IFRS).

The accounting policies applied in the condensed consolidated interim financial statements are consistent with those used in the consolidated financial statements for the year ended December 31, 2016.

The year end assessment for IFRS 15 has changed from mainly additional disclosures to no or no significant impacts expected on the consolidated financial statements of u-blox.

In 2017, u-blox acquired an interest rate swap which is initially measured at fair value; directly attributable transaction costs are recognized in profit and loss as incurred. Subsequent to initial recognition, the derivative is recognized in profit and loss.

As of January 1, 2016, u-blox adopted various amended International Financial Reporting Standards (IFRS), none of which have a material impact on the consolidated financial statements of u-blox.

2 Segment information

(in CHF 000s)	Positioning and Wireless products		Wireless services		Total segments		Non-allocated/ eliminations		Group	
	January – June		January – June		January – June		January – June		January – June	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Revenue third	193'815	179'546	93	142	193'908	179'688	0	0	193'908	179'688
Revenue intragroup	0	0	12'172	14'944	12'172	14'944	-12'172	-14'944	0	0
Total revenue	193'815	179'546	12'265	15'086	206'080	194'632	-12'172	-14'944	193'908	179'688
EBITDA	39'728	36'098	367	3'244	40'095	39'342	163	-198	40'258	39'144
Depreciation	-3'397	-3'063	-1'056	-923	-4'453	-3'986	0	0	-4'453	-3'986
Amortization	-6'253	-7'292	-24	-23	6'277	-7'315	0	0	-6'277	-7'315
EBIT	30'078	25'743	-713	2'298	29'365	28'041	163	-198	29'528	27'843
Financial income									309	123
Finance costs									-6'979	-3'016
EBT									22'858	24'950
	June 30, 2017	Dec 31, 2016	June 30, 2017	Dec 31, 2016	June 30, 2017	Dec 31, 2016	June 30, 2017	Dec 31, 2016	June 30, 2017	Dec 31, 2016
Assets	273'901	242'879	26'644	21'366	300'546	264'245	172'213	160'627	472'759	424'872

3 Acquisition of subsidiary

No business combination took place during the six month period that ended June 30, 2017. u-blox and SIM Technology Group terminated the asset purchase agreement and technology assignment contract per May 22, 2017. This asset deal was disclosed as a post balance sheet event in the financial report 2016. In 2016 no business combination took place.

4 Non- and derivative financial liabilities

On April 18, 2017, u-blox issued a bond for CHF 60.0 million (net cash inflow of CHF 59.3 million) with a coupon of 1.375% p.a. and a 6 year term to maturity. On the same date, u-blox entered into an interest swap contract over CHF 30.0 million with a maturity of 6 years.

5 Finance cost

As in the previous year, the main part of the finance cost consists of interest expenses for the bond and foreign exchange losses.

6 Financial instruments

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".

(in CHF 000s)	Carrying amount June 30, 2017	Carrying amount Dec 31, 2016
Cash and cash equivalents	163'785	149'545
Trade accounts receivable	46'084	39'792
Other receivables	10'710	8'065
Accrued income	4	1'544
Financial assets	1'139	1'074
Loans and receivables	57'937	50'475
Marketable securities	4'831	7'573
Financial assets at fair value through profit or loss	4'831	7'573
Trade accounts payable	17'748	19'435
Other payables	4'172	4'739
Accrued expenses	9'129	7'663
Non-derivative financial liabilities	118'787	59'414
Liabilities at amortized costs	149'836	91'251
Other payables - contingent consideration	343	751
Derivative financial liabilities	6	0
Liabilities at fair value through profit and loss	349	751

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, 2017 (in CHF 000s)	Carrying amounts	Fair value		
	Total	Level 1	Level 2	Level 3
Marketable securities	4'831	4'831	0	0
Total assets	4'831	4'831	0	0
Other payables - contingent consideration	343	0	0	343
Non-derivative financial liabilities	118'787	123'690	0	0
Derivative financial liabilities	6	0	6	0
Total liabilities	119'130	123'690	6	343
December 31, 2016 (in CHF 000s)				
	Total	Level 1	Level 2	Level 3
Marketable securities	7'573	7'573	0	0
Total assets	7'573	7'573	0	0
Other payables - contingent consideration	751	0	0	751
Financial liabilities	59'414	61'650	0	0
Total liabilities	60'165	61'650	0	751

7 Dividend

On April 25, 2017 the Annual General Meeting of u-blox Holding AG approved a gross dividend of CHF 2.10 per share. A total dividend amount of CHF 14.5 million was paid out on May 3, 2017.

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

At June 30, 2017 and December 31, 2016 there were no guarantees in favour 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.

9 Subsequent events

There have been no events between June 30, 2017 and the date of authorization of these condensed consolidated interim financial statements that would lead to an adjustment of the carrying amounts of assets and liabilities presented as of June 30, 2017 or would otherwise have to be disclosed.

The Board of Directors authorized on August 24, 2017 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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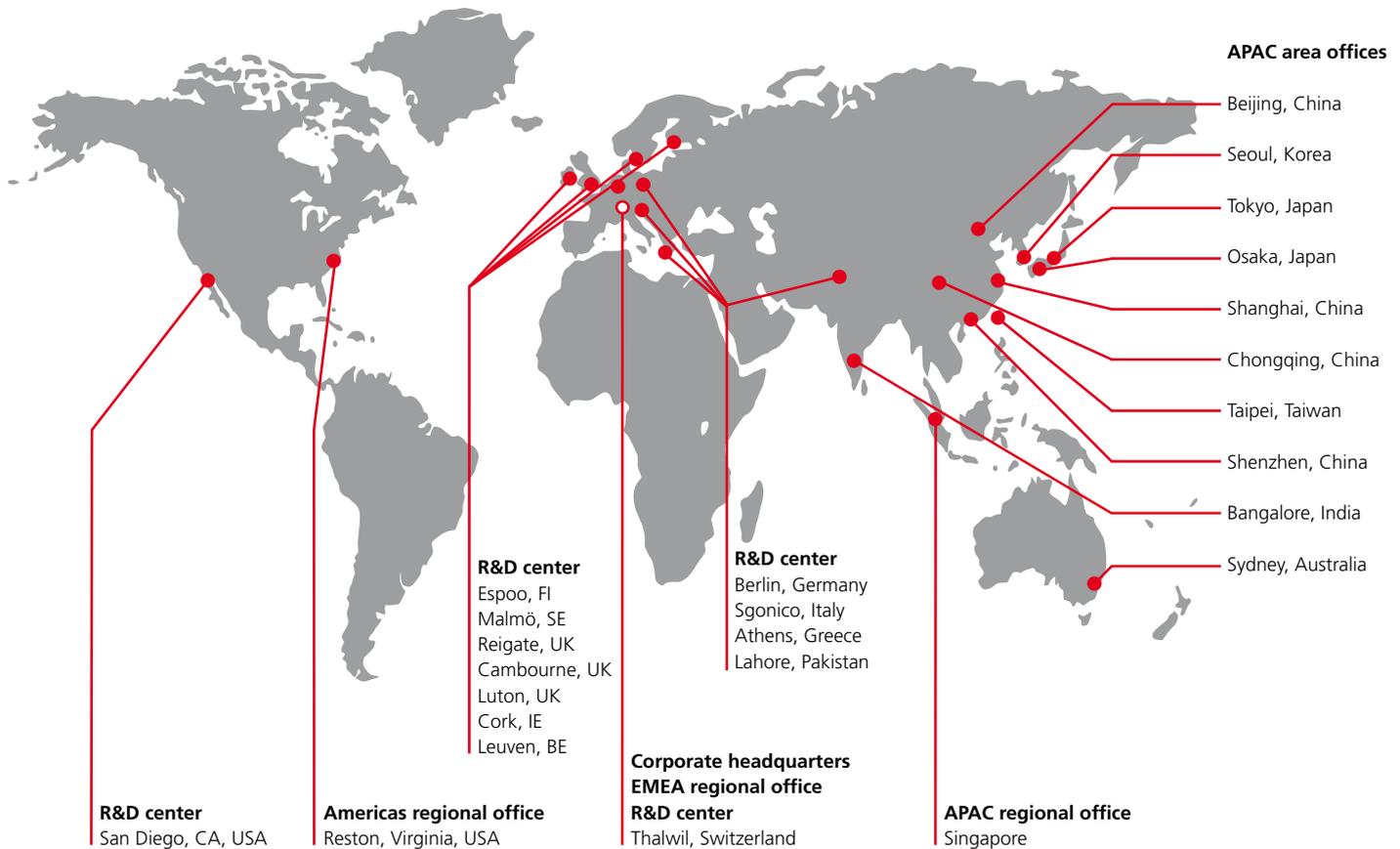
Website

www.u-blox.com

Financial calendar

- Full year results 2017 March 15, 2018
- Annual General Meeting April 24, 2018

Worldwide presence



Disclaimer

This document 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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