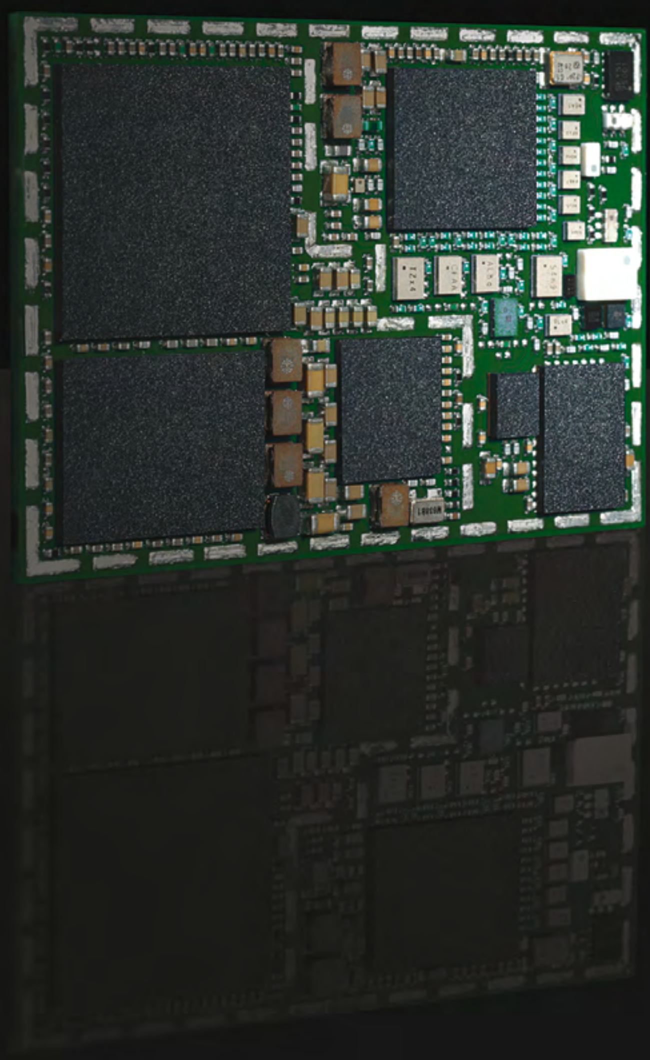
HALF YEAR REPORT 2018



Contents

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	1'010 (June 30, 2018, FTE based); 947 (December 31, 2017, FTE based)
Revenue	H1/2018: CHF 199.0 million; H1/2017: CHF 193.9 million
EBIT	H1/2018: CHF 28.5 million; H1/2017: CHF 29.5 million
Net profit	H1/2018: CHF 25.1 million; H1/2017: CHF 18.0 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

199.0

Revenue H1/2017: 193.9 – Growth rate: 2.6%

Operating profit in m CHF

28.5

Operating profit H1/2017: 29.5 – Growth rate: -3.3%

Operating cashflow in m CHF

13.7

Operating cashflow H1/2017: 22.1 – Growth rate: -37.7%

Net profit in m CHF

25.1

Net profit H1/2017: 18.0 – Growth rate: 39.3%

Equity ratio in %

62.0

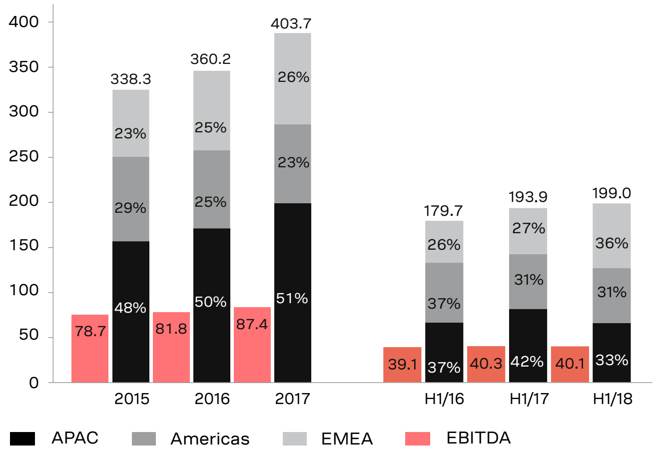
Equity ratio 2017: 60.7%

Gross profit in %

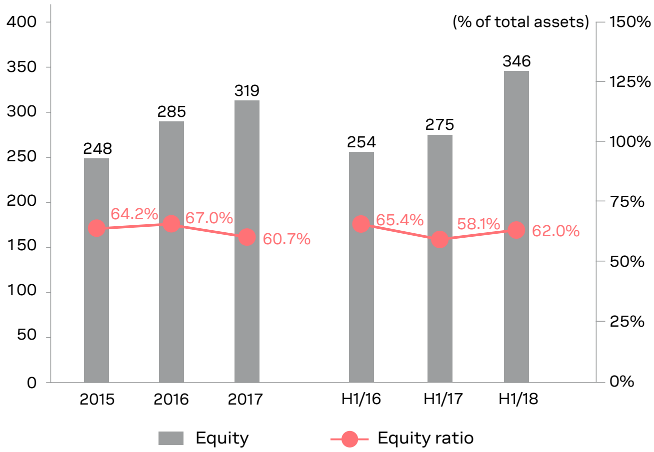
47.0

Gross profit in % H1/2017: 45.1

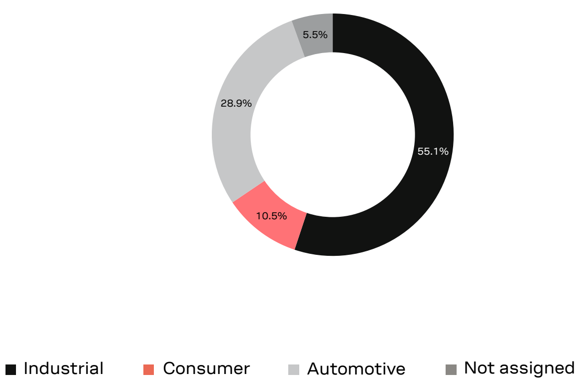
Revenue by geography / EBITDA in m CHF



Total equity and equity ratio in m CHF

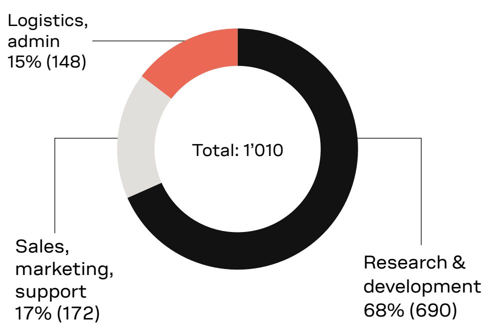


u-blox revenue split per market



Employee breakdown spread over 17 countries

75% of employees based outside Switzerland



(H1/2018, FTE based)

Half year report as of June 30, 2018

u-blox firmly on track for expanded market position in IoT

2018 half-year highlights

Thalwil, Switzerland – August 24, 2018 – u-blox (SIX:UBXN), a global provider of leading positioning and wireless communication technologies, today announced results for the first half year.

- Reflecting a soft China business, u-blox posted a 2.6% increase in revenues from CHF 193.9 million to CHF 199.0 million.
- Gross profit increased compared to H1/2017 by 7.1% to CHF 93.6 million in H1/2018 and gross margin increased compared to H1/2017 to 47.0% in H1/2018 due to favorable changes in the product mix.
- EBIT fell by 3.3% to CHF 28.5 million, representing a margin of 14.3% as guided for this fiscal year.
- Operating activities generated a cash flow of CHF 13.7 million, 6.9% of revenue.
- Net profit saw a 39.3% increase to CHF 25.1 million, a net profit margin of 12.6% (H1/2017: 9.3%).
- A surge of new and prospective products consolidated u-blox's leading position in the industry.
- Full-year revenue, EBITDA and EBIT guidance have been slightly reduced.

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

For more information, please refer to the online versions at:
- Half year report (PDF): https://www.u-blox.com/en/investor-relations/reports
- Presentation: https://www.u-blox.com/en/investor-relations/presentations

In the first half of 2018, we have seen a strong growth in our customer numbers and in the market for car connectivity devices (Telematic Control Units). At the same time, shrinking business with key Chinese customers as well as the delaying effect on our customers of their long lead times for receiving other components resulted in overall slow revenue growth of 2.6% compared to the same period in 2017, with consolidated revenues standing at CHF 199.0 million during the first half of 2018.

u-blox registered another increase in gross profit from CHF 87.4 million to CHF 93.6 million, with gross profit margin remaining high at 47.0%. Operating profit (EBIT) was down from CHF 29.5 to CHF 28.5 million as the company continued to expand its R&D capacity, representing an EBIT margin of 14.3% as guided, while the EBITDA margin stood at 20.1%. There was a 39.3% increase in net profit, which increased from CHF 18.0 million in 2017 to CHF 25.1 million mainly due to foreign exchange impacts. Net cash flow from operations was CHF 13.7 million, which represented 6.9% of revenue. The balance sheet remained solid, with a healthy equity ratio of 62.0%.

The company has focused relentlessly on increasing its continued growth potential with the announcement of two new core product platforms and several new modules. Executing its time-tested strategy, u-blox is in a strong position to benefit from continually growing markets, and a full pipeline of new product developments remains a firm indication of potential future growth.

Revenue development and breakdown
The first half of 2018 showed continued growth in u-blox's positioning & wireless products segment.

Consolidated revenues from chips and modules for positioning and wireless connectivity rose by 2.6% from CHF 193.8 million in the first half of 2017 to CHF 198.9 million during the first half of 2018. Revenue growth was slightly negatively impacted by -0.5% foreign exchange decay. Wireless services (including intra-Group sales) generated CHF 16.1 million in revenues compared with CHF 12.3 million for the same period last year.

During the first half of 2018, u-blox reported an overall increase of revenues of 2.6%, with Asia-Pacific accounting for 33.1%, EMEA for 35.1%, and the Americas for 30.7%, EMEA grew rapidly by 35.4% to CHF 69.8 million, revenues in Americas were stable with CHF 61.1 million and Asia-Pacific reported a 19.2% decline over first half year 2017 to CHF 65.9 million. When compared to second half year 2017, the growth rates amounted to 31.3% for EMEA, -17.6% for Americas and -16.2% for Asia-Pacific. These splits are based on reporting area.

Influence of Chinese economy and network readiness
In Asia, there has been strong progress in wearables, in-car navigation, and after-market car electronics, and a slow-down in timing and shared devices. However, the overarching theme in our Asian markets was set by generally weaker business of many of our customers in China, also affected by trade war implications, which led to lower revenues than anticipated.

In the Americas, business activities in metering, medical devices, wearables, and point-of-sales were particularly strong, while fleet management showed a slowdown in the first half of 2018 due to delays in the adoption of the new Cat M1 and NB-IoT networks.

Our business in the EMEA region continues to impress with strong growth, driven by a constant flow of new projects in various markets going into mass production as well as strong progress in solar energy, telematic control units (TCUs), automation, fleet management, and road pricing. Europe in particular benefited from a notable upturn in demand for connected devices destined for the IoT, as well as good demand from the automotive sector, stimulated by the need for in-vehicle connectivity.

The company has taken the necessary actions to respond strategically to the current environment. Above all, it changed the management structure in China, and re-focused the sales team to cope with emerging application sectors. 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 7.1% improvement during the first six months of the year of 2018, taking it from CHF 87.4 million in the same period last year to CHF 93.6 million. Gross profit margin stood at 47.0%, an increase over first half year 2017.

Research and product development
In the first half of 2018, R&D expenses stood at CHF 36.7 million, or 18.5% of revenue. These figures compare with CHF 32.0 million and 16.5%, respectively, during the same period in 2017.

Distribution and marketing activities
Wide-ranging expansion in our operations drove distribution and marketing expenses up from CHF 17.2 million to CHF 18.8 million. This figure is equivalent to 9.5% of revenue, compared with 8.8% during the same period last year.

Operating profit
u-blox posted EBIT of CHF 28.5 million, or 14.3% during the first half of 2018, which compares with the CHF 29.5 million or 15.2% in the same period in 2017. The EBITDA margin was 20.1%.

Finance income and costs
Finance income totaled CHF 5.4 million due mainly to positive unrealized foreign currency gains, while finance costs amounted to CHF 1.0 million due to interest on the bonds issued in 2015 and 2017. The financial result also contains the result from the equity-accounted investee Sapcorda GmbH.

Stable strong financial position
u-blox maintained a strong balance sheet during the first half of 2018, the equity ratio amounted to 62.0%. Cash, cash equivalents, and marketable securities totaled CHF 150.2 million as of June 30, 2018, compared with CHF 172.4 million on December 31, 2017. Cash was used for working capital needs because of the on-going tight supply chain situation.
u-blox carries treasury shares in the amount of CHF 24.4 million; shares that will serve the employee stock options program.

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 2018, u-blox made advances in all three of its key strategic areas.

For instance, strengthening its market and technology leadership, u-blox has partnered with the Kudelski Group, the leader in digital security, to bring premium security to IoT devices. As the IoT takes hold across u-blox's key markets, the importance of dependable connectivity and location awareness is at an all-time high. The collaboration with Kudelski is taking advantage of this opportunity and will result in high-quality products and services that meet both current and future needs.

New product rundown
u-blox's strategy remains to provide a coherent range of products and services that are secure, easy to use, and of high quality. It is also an ongoing aim to continually increase the number of products that are built on its own silicon.

Table 1: consolidated income statement

(in CHF 000s)	Jan. - June 2018 (unaudited)	% revenue	Jan. - June 2017 (unaudited)	% revenue	Jan. - Dec. 2017 (audited)	% revenue
Revenue	**198'983**	100.0%	**193'908**	100.0%	**403'712**	100.0%
Cost of sales	-105'395	-53.0%	-106'518	-54.9%	-219'695	-54.4%
Gross profit	**93'588**	47.0%	**87'390**	45.1%	**184'017**	45.6%
Distribution and marketing expenses	-18'829	-9.5%	-17'157	-8.8%	-36'173	-9.0%
Research and development expenses	-36'717	-18.5%	-31'957	-16.5%	-65'554	-16.2%
General and administrative expenses	-10'562	-5.3%	-9'593	-4.9%	-19'125	-4.7%
Other income	1'063	0.5%	845	0.4%	1'921	0.5%
Operating profit (EBIT)	**28'543**	14.3%	**29'528**	15.2%	**65'086**	16.1%
Financial income	5'364	2.7%	309	0.2%	5'668	1.4%
Finance costs	-1'042	-0.5%	-6'979	-3.6%	-5'652	-1.4%
Share of profit of equity-accounted investees, net of taxes	-1'443	-0.7%	0	0.0%	-400	-0.1%
Profit before income tax (EBT)	**31'422**	15.8%	**22'858**	11.8%	**64'702**	16.0%
Income tax expense	-6'339	-3.2%	-4'846	-2.5%	-13'442	-3.3%
Net profit, attributable to owners of the parent	**25'083**	12.6%	**18'012**	9.3%	**51'260**	12.7%
Operating profit (EBIT)	28'543	14.3%	29'528	15.2%	65'086	16.1%
Depreciation and amortization	11'510	5.8%	10'730	5.5%	22'290	5.5%
EBITDA[1)]	**40'053**	20.1%	**40'258**	20.8%	**87'376**	21.6%

[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 2018 (unaudited)	Jan. - June 2017 (unaudited)	Jan. - Dec. 2017 (audited)
Net cash provided by operating activities	13’736	22‘061	60‘504
Net cash used in investing activities	-35’158	-27’914	-63’511
Net cash provided by financing activities	-3’654	26’021	26’012
Net increase/(decrease) in cash and cash equivalents	**-25’076**	**20‘168**	**23‘005**
Cash and cash equivalents at beginning of period	169’624	149’545	149’545
Effect of exchange rate fluctuations on cash and cash equivalents	3’291	-5’928	-2’926
Cash and cash equivalents at end of period	**147‘839**	**163‘785**	**169‘624**

In our solution portfolio, we saw good growth in the area of cellular and short range products: LTE modules performed very strongly across the first six months of 2018, and we have seen continued growth in sales for Wi-Fi modules. By contrast, sales of positioning chipsets have slowed.

In keeping with its strategy, u-blox launched a variety of significant new products in 2018. Highlights include the u-blox F9 technology platform, which delivers high precision positioning solutions for mass market industrial and automotive applications; the UBX-P3 chip for vehicle to everything (V2X) wireless communication, and a new cellular technology called LTE Cat M1, specifically designed for the needs of applications targeting the Internet of Things (IoT) or machine-to-machine (M2M) communications.

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 198.9 million for the first half of 2018 compared with CHF 193.8 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 16.1 million compared with CHF 12.3 million in the first half of 2017 (including intra-group revenue).

Table 3: consolidated statement of financial position (condensed)

(in CHF 000s)	At June 30, 2018 (unaudited)	At December 31, 2017 (audited)
ASSETS **Current assets**		
Cash and cash equivalents	147’839	169’624
Marketable securities	2’404	2’813
Other assets	141’859	110’877
Total current assets	**292’102**	**283’314**
Non-current assets		
Property, plant and equipment	17’013	17’494
Intangible assets	230’942	211’614
Financial assets	11’010	8’351
Deferred tax assets	7’116	3’739
Total non-current assets	**266’081**	**241’198**
Total assets	**558’183**	**524’512**
LIABILITIES AND EQUITY		
Current liabilities	63’104	58’946
Non-current liabilities	149’104	147’054
Total liabilities	**212’208**	**206’000**
Shareholders’ equity		
Share capital	6’375	6’261
Share premium	64’624	66’579
Retained earnings	274’976	245’672
Total equity, attributable to owners of the parent	**345’975**	**318’512**
Total liabilities and equity	**558’183**	**524’512**

Table 4: Consolidated Income Statement (adjusted)

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

	Jan. - June 2018 (unaudited)		Adjustments				Jan. - June 2018 (unaudited)		Jan. - June 2017 (unaudited)	
(in CHF 000s)	(IFRS)	% revenue	Share based pay-ments	Pension impacts based on IAS-19	Non-recurring expenses	Amorti-zation intangible assets acquired	(adjusted)	% revenue	(adjusted)	% revenue
Revenue	**198'983**	100.0%					**198'983**	100.0%	**193'908**	100.0%
Cost of sales	-105'395	-53.0%	382				-105'013	-52.8%	-106'131	-54.7%
Gross Profit	**93'588**	47.0%	**382**	**0**	**0**	**0**	**93'970**	47.2%	**87'777**	45.3%
Distribution and marketing expenses	-18'829	-9.5%	875			283	-17'671	-8.9%	-16'376	-8.4%
Research and development expenses	-36'717	-18.5%	2'647			998	-33'072	-16.6%	-28'064	-14.5%
General and administrative expenses	-10'562	-5.3%	417	758			-9'387	-4.7%	-7'886	-4.1%
Other income	1'063	0.5%					1'063	0.5%	845	0.4%
Operating Profit (EBIT)	**28'543**	14.3%	**4'321**	**758**	**0**	**1'281**	**34'903**	17.5%	**36'296**	18.7%
Financial income	5'364	2.7%					5'364	2.7%	309	0.2%
Financial costs	-1'042	-0.5%					-1'042	-0.5%	-6'979	-3.6%
Share of profit of equity-accounted investees, net of taxes	-1'443	-0.7%					-1'443	-0.7%	0	0%
Profit before income tax (EBT)	**31'422**	15.8%	**4'321**	**758**	**0**	**1'281**	**37'782**	19.0%	**29'626**	15.3%
Income tax expense	-6'339	-3.2%	-872	-153		-258	-7'622	-3.8%	-5'925	-3.1%
Net profit, attributable to owners of the parent	**25'083**	12.6%	**3'449**	**605**	**0**	**1'023**	**30'160**	15.2%	**23'701**	12.2%
Diluted earnings per share in CHF	3.59						4.32		3.44	
Earnings per share in CHF	3.58						4.31		3.39	
Operating Profit (EBIT)	**28'543**	14.3%	**4'321**	**758**	**0**	**1'281**	**34'903**	17.5%	**36'296**	18.7%
Depreciation and amortization	11'510	5.8%				-1'281	10'229	5.1%	9'512	4.9%
EBITDA[1]	**40'053**	20.1%	**4'321**	**758**	**0**	**0**	**45'132**	22.7%	**45'808**	23.6%

[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.

Board and management

Due to his age, Mr. Fritz Fahrni, Chairman of the Board, chose not to stand for re-election as a Board Member at the Annual General Assembly on April 24, 2018. In his stead, Mr. André Müller, member of the Audit Committee, was elected as new Chairman of the Board. At the same Annual General Assembly Mr. Ulrich Looser was elected as non executive director to join the Board of u-blox Holding AG.

Outlook

u-blox expects the remaining months of 2018 to remain challenging due to the slower deployment of Cat M1 and NB-IoT networks and the situation on the Chinese market. 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 new guidance.

For 2018, u-blox anticipates updated EBITDA of between CHF 90 million and CHF 100 million and EBIT of between CHF 60 million and CHF 65 million, based on revenue predictions of between CHF 435 million and CHF 445 million, with unchanged assumptions for foreign exchange rates. In the medium to long-term, u-blox expects continued growth.

André Müller
Chairman of the Board of Directors

Thomas Seiler
CEO

u-blox Holding AG, Thalwil
Condensed consolidated interim financial statements

June 30, 2018

Consolidated statement of financial position

(in CHF 000s)	June 30, 2018 (unaudited)	December 31, 2017
Assets		
Current assets		
Cash and cash equivalents	147'839	169'624
Marketable securities	2'404	2'813
Trade accounts receivables	58'550	50'401
Other receivables	10'947	9'616
Current tax assets	11'803	3'328
Inventories	56'749	44'204
Prepaid expenses and accrued income	3'795	3'176
Derivative financial assets	15	152
Total current assets	**292'102**	**283'314**
Non-current assets		
Property, plant and equipment	17'013	17'494
Goodwill	56'395	57'628
Intangible assets	174'547	153'986
Financial assets	1'136	1'141
Equity-accounted investees	9'874	7'210
Deferred tax assets	7'116	3'739
Total non-current assets	**266'081**	**241'198**
Total assets	**558'183**	**524'512**
Liabilities and equity		
Current liabilities		
Trade accounts payables	24'670	20'296
Other payables	15'652	6'625
Current tax liabilities	523	5'767
Provisions	152	150
Accrued expenses	22'107	26'108
Total current liabilities	**63'104**	**58'946**
Non-current liabilities		
Financial liabilities	119'037	118'913
Other payables	70	534
Provisions	6'619	8'248
Pension liability	15'672	15'851
Deferred tax liabilites	7'510	3'149
Non-current tax liabilities	196	359
Total non-current liabilities	**149'104**	**147'054**
Total liabilities	**212'208**	**206'000**
Shareholders' equity		
Share capital	6'375	6'261
Share premium	64'624	66'579
Treasury shares	-24'422	-24'422
Cumulative translation differences	-12'128	-10'204
Retained earnings	311'526	280'298
Total equity, attributable to owners of the parent	**345'975**	**318'512**
Total liabilities and equity	**558'183**	**524'512**

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

Consolidated income statement

(in CHF 000s)	Jan. – June 30, 2018 (unaudited)	Jan. – June 30, 2017 (unaudited)
Revenue	**198’983**	**193’908**
Cost of sales	-105’395	-106’518
Gross profit	**93’588**	**87’390**
Distribution and marketing expenses	-18’829	-17’157
Research and development expenses	-36’717	-31’957
General and administrative expenses	-10’562	-9’593
Other income	1’063	845
Operating profit	**28’543**	**29’528**
Finance income	5’364	309
Finance costs	-1’042	-6’979
Share of loss of equity-accounted investees, net of taxes	-1’443	0
Profit before income tax (EBT)	**31’422**	**22’858**
Income tax expense	-6’339	-4’846
Net profit	**25’083**	**18’012**
Basic earnings per share (in CHF)	3.59	2.61
Diluted earnings per share (in CHF)	3.58	2.57

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, 2018 (unaudited)	Jan. – June 30, 2017 (unaudited)
Net profit for the period	**25'083**	**18'012**
Other comprehensive income		
Remeasurements on pension liability	927	1'566
Income tax on remeasurements on pension liability	-181	-305
Items that will not be reclassified to income statement	**746**	**1'261**
Currency translation differences	-1'924	-112
Items that are or may be reclassified subsequently to income statement	**-1'924**	**-112**
Other comprehensive income for the period, net of taxes	**-1'178**	**1'149**
Total comprehensive income, attributable to owners of the parent	**23'905**	**19'161**

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, 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
Total comprehensive income	*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
Total transactions with owners of the parent	*86*	*-9'207*	*-24'422*	*0*	*4'431*	*-29'112*
Balance at June 30, 2017 (unaudited)	**6'238**	**65'180**	**-24'422**	**-15'130**	**242'910**	**274'776**
Balance at January 1, 2018	**6'261**	**66'579**	**-24'422**	**-10'204**	**280'298**	**318'512**
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
Total comprehensive income	*0*	*0*	*0*	*-1'924*	25'829	*23'905*
Share-based payments[1]	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
Total transactions with owners of the parent	*114*	*-1'955*	*0*	*0*	5'399	3'558
Balance at June 30, 2018 (unaudited)	**6'375**	**64'624**	**-24'422**	**-12'128**	**311'526**	**345'975**

1) Represents the amount of stock option expense of CHF 4.3 million (2017: CHF 4.1 million) including respective tax effects of CHF 1.1 million (2017: CHF 0.3 million) recognized for 2018 and 2017 respectively.

2) In 2017 u-blox purchased 125'000 treasury shares at an average purchase price of CHF 195.38 per share.

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

Consolidated statement of cash flows

(in CHF 000s)	Jan. - June 2018 (unaudited)	Jan. - June 2017 (unaudited)
Net cash generated from operating activities	13’736	22’061
Net cash used in investing activities	-35’158 [1)]	-27’914 [1)]
Net cash generated from/(used in) financing activities	-3’654 [2)]	26’021 [2)]
Net increase/(decrease) in cash and cash equivalents	**-25’076**	**20’168**
Cash and cash equivalents at beginning of period	169’624	149’545
Effect of exchange rate fluctuations on cash and cash equivalents	3’291	-5’928
Cash and cash equivalents at end of period	**147’839**	**163’785**

[1)] Net cash used in investing activities consists of investments into property, plant and equipment of CHF 4.3 million (June 30, 2017 CHF 4.3 million) and investments into intangible assets of CHF 27.6 million (June 30, 2017 CHF 26.7 million) in the first half year 2018.

[2)] Net cash provided by financing activities contains the exercise of employee stock options of CHF 13.6 million (June 30, 2017 CHF 5.4 million), the dividend payment out of reserves from capital contributions of CHF 15.4 million (June 30, 2017 CHF 14.5 million). In 2017 the financing activities also contained proceeds from issuance of a bond of CHF 59.3 million net cash inflow and the purchase of treasury shares of CHF 24.4 million for the employee share option program.

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

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, 2017.

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, 2017.

Income taxes are recognized based on best estimate of the weighted average annual tax rate for 2018.

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 1.159 and a USD/CHF exchange rate of 0.990 was applied at the end-of-period (December 31, 2017 EUR/CHF 1.168, USD/CHF 0.974). For the period an average exchange rate of EUR/CHF 1.170 and USD/CHF 0.966 was applied (previous period: EUR/CHF 1.112, USD/CHF 0.984).

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, 2017. The changes in accounting policies are also expected to be reflected in the Group's consolidated financial statements for the year ended December 31, 2018.

The Group has initially adopted IFRS 15 Revenue from Contracts with Customers and IFRS 9 Financial Instruments from January 01, 2018. A number of other new standards are effective from January 01, 2018 but they do not have a material effect on the Group's financial statements.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations.

The Group has adopted IFRS 15 using the cumulative effect method, which requires the Group to recognize any effect resulting from initially applying this standard at the date of initial application, i.e. January 01, 2018. The information presented for 2017 has not been restated – i.e. it is presented as previously reported under IAS 18, IAS 11 and related interpretations.

Sales of goods
Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. Under IFRS 15, the Group recognizes revenue when it transfers control over a good to a customer. Contracts include a standard warranty clause to guarantee that the products comply with agreed specifications.

The Group sells standardized positioning and wireless products generally via purchase orders to customers (i.e. end customers and distributors). In general, customers obtain control of the goods when they are dispatched from the Group's warehouse. Invoices are generated and revenue is recognized at that point in time. Invoices are usually payable within 30 days. Contracts with customers may contain variable consideration such as volume rebates. Variable consideration are generally not constrained as the Group has experience with these type of contracts and it is not probable that a significant reversal in the amount of revenue recognized will occur once the uncertainty associated with the variable consideration is resolved.

The shift from the risk-and reward approach under IAS 18 to the transfer-of-control approach under IFRS 15 did not result in a difference in the timing of revenue recognition. The initial application of IFRS 15 did not result in a material impact, which is why the Group has not adjusted retained earnings as of January 01, 2018.

IFRS 9 Financial instruments
IFRS 9 Financial Instruments sets out requirements for recognizing and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement. The Group will take advantage of the exemption allowing it not to restate comparative information for prior periods with respect to classification and measurement (including impairment) changes. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of IFRS 9 will generally be recognized in retained earnings and reserves as at January 01, 2018.

Classification – Financial assets
IFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics. IFRS 9 contains three principal classification categories for financial assets: measured at amortized cost, FVOCI and FVTPL. The standard eliminates the existing IAS 39 categories of held to maturity, loans and receivables and available for sale. Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never bifurcated. Instead, the hybrid financial instrument as a whole is assessed for classification.

The implementation of the IFRS 9 classification requirements did not have a material impact.

Impairment – Financial assets and contract assets
IFRS 9 replaces the 'incurred loss' model in IAS 39 with a forward-looking expected credit loss (ECL) model. This will require considerable judgement about how changes in economic factors affect ECLs, which will be determined on a probability-weighted basis.

The new impairment model will apply to financial assets measured at amortized cost or FVOCI, except for investments in equity instruments. Under IFRS 9, loss allowances will be measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from possible default events within the 12 months after the reporting date; and
- lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

Lifetime ECL measurement applies if the credit risk of a financial asset at the reporting date has increased significantly since initial recognition and 12-month ECL measurement applies if it has not. An entity may determine that a financial asset's credit risk has not increased significantly if the asset has low credit risk at the reporting date. However, lifetime ECL measurement always applies for trade receivables without a significant financing component; the Group has chosen to apply this policy also for trade receivables with a significant financing component.

The group calculated ECLs based on actual credit loss experience over the past three years or based on external counterparty credit ratings. The Group believes that impairment losses are likely stay stable for assets in the scope of the IFRS 9 impairment model. Based on this methodology, the application of the impairment requirements of IFRS 9 as per January 01, 2018 did result in no material additional impairment losses, which is why the Group has not adjusted retained earnings as of January 01, 2018.

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)	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**
Revenue third	198'877	193'815	106	93	198'983	193'908	0	0	198'983	193'908
Revenue intragroup	0	0	16'043	12'172	16'043	12'172	-16'043	-12'172	0	0
Total revenue	**198'877**	**193'815**	**16'149**	**12'265**	**215'026**	**206'080**	**-16'043**	**-12'172**	**198'983**	**193'908**
EBITDA	39'623	39'728	430	367	40'053	40'095	0	163	40'053	40'258
Depreciation	-3'392	-3'397	-1'252	-1'056	-4'644	-4'453	0	0	-4'644	-4'453
Amortization	-6'851	-6'253	-15	-24	-6'866	-6'277	0	0	-6'866	-6'277
Operating profit	**29'380**	**30'078**	**-837**	**-713**	**28'543**	**29'365**	**0**	**163**	**28'543**	**29'528**
Financial income									5'364	309
Finance costs									-1'042	-6'979
Share of loss of equity-accounted investees, net of taxes									-1'443	0
Profit before income tax									**31'422**	**22'858**

3 Revenue recognition

Revenue by market (in CHF 000s)	**Jan. - June 2018 (unaudited)**	**Jan. - June 2017 (unaudited)**
Automotive	57'530	51'877
Consumer	20'797	23'999
Industrial	109'673	111'661
Others	10'983	6'371
Total	**198'983**	**193'908**

Revenue by product type

(in CHF 000s)	**Jan. - June 2018 (unaudited)**	**Jan. - June 2017 (unaudited)**
Module	146'170	138'153
Chips	47'972	52'303
Others	4'841	3'452
Total	**198'983**	**193'908**

Revenue by region (based on billing location)

(in CHF 000s)	**Jan. - June 2018 (unaudited)**	**Jan. - June 2017 (unaudited)**
EMEA	70'237	49'874
thereof: Switzerland	*1'033*	*587*
America	42'449	40'570
thereof: United States of America	*36'536*	*36'189*
Asia Pacific	86'297	103'464
thereof: China	*38'141*	*51'618*
Total	**198'983**	**193'908**

4 Non- and derivative financial liabilities

No additional non- and derivative financial liabilities were issued in the first half year 2018.

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 income and cost

The main part of the finance income consists of realized and unrealized foreign exchange gains whereas the finance cost consists of interest expenses for the bonds. In the previous year the main part of the finance costs consists of realized and unrealized foreign exchange losses and interest expenses for the bonds.

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, 2018**	**Carrying amount Dec 31, 2017**
Cash and cash equivalents	147’839	169’624
Trade accounts receivable	58’550	50’401
Other receivables	10’947	9’616
Accrued income	768	769
Financial assets	1’136	1’141
Financial assets at amortized costs	**219’240**	**231’551**
Marketable securities	2’404	2’813
Derivative financial assets	15	152
Financial assets at fair value through profit or loss	**2’419**	**2’965**
Trade accounts payable	24’670	20’296
Other payables	12’601	5’894
Accrued expenses	11’682	11’734
Non-derivative financial liabilities	119’037	118’913
Liabilities at amortized costs	**167’990**	**156’837**
Other payables - contingent consideration	58	438
Liabilities at fair value through profit and loss	**58**	**438**

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, 2018 (in CHF 000s)	**Carrying amounts**		**Fair value**	
	Total	**Level 1**	**Level 2**	**Level 3**
Marketable securities	2’404	2’404	0	0
Derivative financial assets	15	0	15	0
Total assets	**2’419**	**2’404**	**15**	**0**
Other payables – contingent consideration	58	0	0	58
Non-derivative financial liabilities	119’037	122’250	0	0
Total liabilities	**119’095**	**122’250**	**0**	**58**
December 31, 2017 (in CHF 000s)	**Total**	**Level 1**	**Level 2**	**Level 3**
Marketable securities	2’813	2’813	0	0
Derivative financial assets	152	0	152	0
Total assets	**2’965**	**2’813**	**152**	**0**
Other payables – contingent consideration	438	0	0	438
Non-derivative financial liabilities	118’913	123’390	0	0
Total liabilities	**119’351**	**123’390**	**0**	**438**

7 Dividend

On April 24, 2018 the Annual General Meeting of u-blox Holding AG approved a gross dividend of CHF 2.25 per share. A total dividend amount of CHF 15.4 million was paid out on May 2, 2018.

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

At June 30, 2018 and December 31, 2017 there were no guarantees in favour of third parties. The group is not exposed to any significant other contingent liabilites. There is no known threatened or pending litigation against any group company.

9 Subsequent events

There have been no events between June 30, 2018 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, 2018 or would otherwise have to be disclosed.

The Board of Directors authorized on August 23, 2018 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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Financial calendar

• Analyst day	November 21, 2018
• Full year results 2018	March 15, 2019
• Annual General Meeting	April 25, 2019

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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