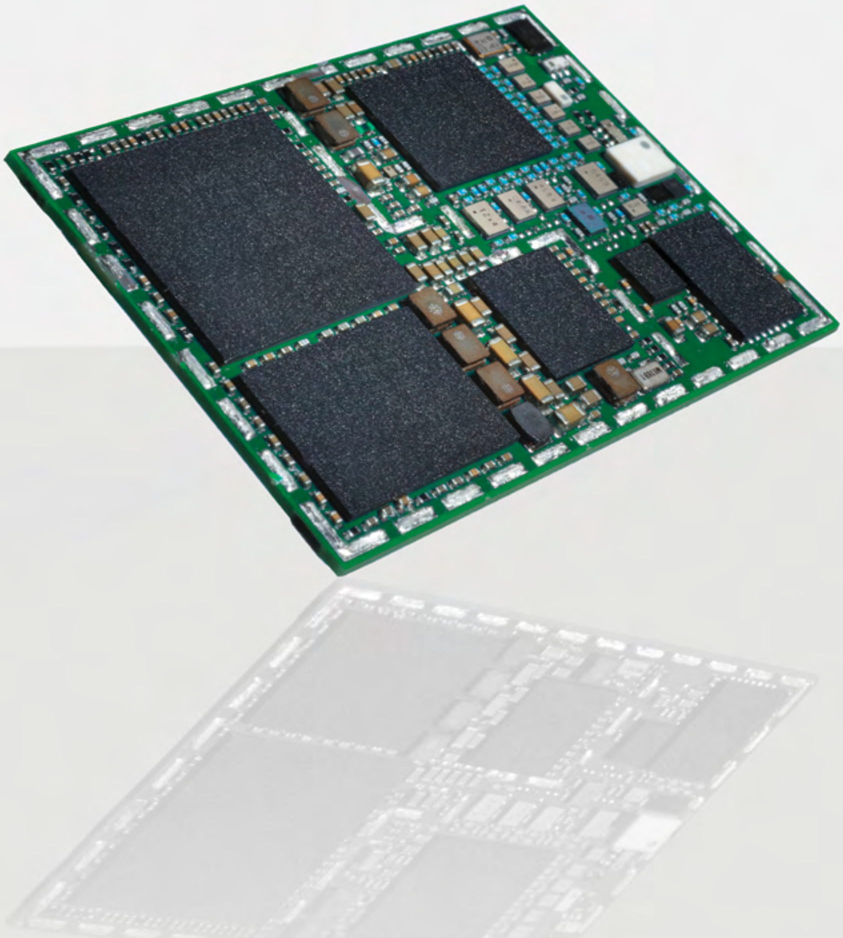
FINANCIAL REPORT 2017



Financial Report 2017

Financial Report
2017

Consolidated financial statements u-blox Group

Consolidated statement of financial position

(in CHF 000s)	Note	At December 31, 2017	At December 31, 2016
Assets			
Current assets			
Cash and cash equivalents	6	169’624	149’545
Marketable securities	7	2’813	7’573
Trade accounts receivables	8	50’401	39’792
Other receivables		9’616	8’065
Current tax assets		3’328	640
Inventories	9	44'204	31’571
Prepaid expenses and accrued income		3'176	2’394
Derivative financial assets		152	0
Total current assets		**283’314**	**239’580**
Non-current assets			
Property, plant and equipment	10	17'494	15’774
Goodwill	11	57'628	54’104
Intangible assets	11	153'986	111’905
Financial assets		1’141	1’074
Equity-accounted investees	4	7’210	0
Deferred tax assets	23	3’739	2’435
Total non-current assets		**241’198**	**185’292**
Total assets		**524’512**	**424’872**
Liabilities and equity			
Current liabilities			
Trade accounts payables	12	20'296	19’435
Other payables		6'625	5’970
Current tax liabilities		5’767	11’461
Provisions	15	150	1’611
Accrued expenses	13	26’108	20’621
Total current liabilities		**58’946**	**59’098**
Non-current liabilities			
Financial liabilities	14	118'913	59’414
Other payables		534	833
Provisions	15	8'248	4’887
Pension liability	16	15'851	13’717
Deferred tax liabilities	23	3'149	2’196
Non-current tax liabilities		359	0
Total non-current liabilities		**147’054**	**81’047**
Total liabilities		**206’000**	**140’145**
Shareholders’ equity			
Share capital	17	6'261	6’152
Share premium	17	66’579	74’387
Treasury shares		-24’422	0
Cumulative translation differences		-10'204	-15’018
Retained earnings		280'298	219’206
Total equity, attributable to owners of the parent		**318’512**	**284’727**
Total liabilities and equity		**524’512**	**424’872**

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

Consolidated income statement

(in CHF 000s)	Note	For the year ended December 31, 2017	For the year ended December 31, 2016
Revenue	5	**403’712**	**360’230**
Cost of sales		-219’695	-193’123
Gross profit		**184’017**	**167’107**
Distribution and marketing expenses		-36'173	-32’032
Research and development expenses	20	-65'554	-63’490
General and administrative expenses		-19'125	-14’614
Other income		1'921	2’033
Operating profit		**65’086**	**59’004**
Finance income	22	5’668	4’337
Finance costs	22	-5’652	-1’653
Share of profit of equity-accounted investees, net of taxes	22	-400	0
Profit before income tax (EBT)		**64’702**	**61’688**
Income tax expense	23	-13’442	-15’488
Net profit		**51’260**	**46’200**
Basic earnings per share (in CHF)	18	7.42	6.80
Diluted earnings per share (in CHF)	18	7.34	6.62

Consolidated statement of comprehensive income

(in CHF 000s)	Note	For the year ended December 31, 2017	For the year ended December 31, 2016
Net profit		**51’260**	**46’200**
Other comprehensive income			
Remeasurements on pension liability	16	-607	-585
Income tax on remeasurements on pension liability	23	119	116
Items that will not be reclassified to income statement		**-488**	**-469**
Currency translation differences		4’814	-4’353
Items that are or may be reclassified subsequently to income statement		**4’814**	**-4’353**
Other comprehensive income, net of taxes		**4’326**	**-4’822**
Total comprehensive income, attributable to owners of the parent		**55'586**	**41’378**

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

Consolidated statement of changes in equity

(in CHF 000s)	Note	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	46'200	46'200
Other comprehensive income for the period, net of taxes		0	0	0	-4'353	-469	-4'822
Total comprehensive income		*0*	*0*	*0*	*-4'353*	*45'731*	*41'378*
Share-based payments[1]	19/23	0	0	0	0	4'548	4'548
Dividend out of share premium		0	-12'903	0	0	0	-12'903
Options exercised during the year, net of transaction costs	19	99	3'284	0	0	0	3'383
Total transactions with owners of the parent		*99*	*-9'619*	*0*	*0*	*4'548*	*-4'972*
Balance at December 31, 2016		**6'152**	**74'387**	**0**	**-15'018**	**219'206**	**284'727**
Net profit for the period		0	0	0	0	51'260	51'260
Other comprehensive income for the period, net of taxes		0	0	0	4'814	-488	4'326
Total comprehensive income		*0*	*0*	*0*	*4'814*	*50'772*	*55'586*
Share-based payments[1]	19/23	0	0	0	0	10'320	10'320
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	19	109	6'718	0	0	0	6'827
Total transactions with owners of the parent		*109*	*-7'808*	*-24'422*	*0*	*10'320*	*-21'801*
Balance at December 31, 2017		**6'261**	**66'579**	**-24'422**	**-10'204**	**280'298**	**318'512**

1) Represents the amount of stock option expense of CHF 7.96 million (2016: CHF 7.0 million) including respective tax effects of CHF 2.36 million (2016: CHF -2.5 million) recognized for 2017 and 2016 respectively.

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

For further information on share capital and share premium see note 17.

Approximately CHF 3.4 million (2016: CHF 3.3 million) of the share premium and retained earnings is not available for distribution due to legal restrictions.

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

Consolidated statement of cash flows

(in CHF 000s)	Note	For the year ended December 31, 2017	For the year ended December 31, 2016
Net profit		**51’260**	**46’200**
Adjustments for:			
Depreciation	10	9’268	8’292
Amortization	11	12’894	14’470
Impairment of intangible assets	11	128	0
Share-based payment transactions	19	7’959	7’043
Change of pension liability		1’508	953
Other non-cash transactions		953	987
Change of allowance for doubtful receivables		136	-792
Change of allowance for obsolete inventories	9	1’982	1’009
Finance income	22	-5’668	-4’337
Finance costs	22	6’052	1’653
Income tax expense	23	13’442	15’488
Change in trade and other receivables, prepaid expenses and accrued income		-12’931	3’514
Change in inventories		-14’615	4’774
Change in trade and other payables and accrued expenses		4’923	-5’684
Change in provisions		2’646	713
Income tax paid		-19’433	-724
Net cash generated from operating activities		**60’504**	**93’559**
Acquisition of property, plant and equipment	10	-10’586	-9’708
Acquisition of intangible assets	11	-54’519	-39’816
Proceeds from disposal of property, plant and equipment	10	38	43
Proceeds from disposal of intangible assets	11	148	0
Proceeds from sale of marketable securities		5’195	3’925
Acquisition of financial assets		-67	-421
Acquisition of marketable securities		-500	0
Participation in a capital increase in an associate	4	-3’560	0
Interest received		340	266
Net cash used in investing activities		**-63’511**	**-45’711**
Proceeds from exercise of options		6’827	3’383
Dividends paid to owners of the company		-14’526	-12’903
Proceeds from financial liabilities	14	59’284	0
Purchase of treasury shares		-24’422	0
Interest paid		-1’151	-995
Net cash generated from/(used in) financing activities		**26’012**	**-10’515**
Net increase in cash and cash equivalents		**23’005**	**37’333**
Cash and cash equivalents at beginning of year		149’545	112’387
Exchange gains/(losses) on cash and cash equivalents		-2’926	-175
Cash and cash equivalents at end of year	6	**169’624**	**149’545**

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

Notes to the consolidated financial statements

1 CORPORATE INFORMATION AND BASIS OF PREPARATION

u-blox Group ('u-blox' or the 'Group') consists of u-blox Holding AG ('the company' or 'the parent'), incorporated on September 21, 2007 in Thalwil, Switzerland, and its consolidated subsidiaries (together "the Group entities"). u-blox Holding AG was incorporated by a contribution in kind of all shares of u-blox AG in exchange for shares of the new holding company. The shares of u-blox Holding AG are listed on the Main Standard of the SIX Swiss Exchange.

u-blox' core activities comprise the development, manufacturing and marketing of products and services supporting GPS/GNSS satellite positioning systems. u-blox offers a range of GPS/GNSS positioning products, including satellite receiver chips and chipsets, receiver modules, receiver boards, antennas and smart antennas which are in use worldwide for navigation, automatic vehicle location, security, traffic control, location based services, timing and agriculture. Since 2009 u-blox offers also wireless products and services. In 2015 and 2014, u-blox expanded its wireless activities by acquisition into short range radio area. Hardware production is fully outsourced to external contractors.

Statement of compliance and basis of preparation of the consolidated financial statements

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and comply with Swiss law. They have been prepared using the historical cost convention except for items requiring fair value accounting and for net defined benefit obligations, which are measured at fair value of plan assets less the present value of the defined benefit obligations. The consolidated financial statements are presented in Swiss Francs (CHF), rounded to the nearest thousand unless other-wise stated. Group entities prepare their individual financial statements using their functional currency, which was identified to be the respective local currency.

The preparation of financial statements in conformity with IFRS requires management to make 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. The estimated and underlying assumptions are reviewed on an ongoing basis, and revised if necessary, see note 3.

2 ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Changes in accounting policy and disclosure

- Recognition of Deferred Tax Assets for unrealised Losses (Amendments to IAS 12).
- Disclosure Initiative (Amendments to IAS 7).

As of January 1, 2017, u-blox has adopted various amendments to existing International Financial Reporting Standards (IFRS) and Interpretations. The new and amended standards have no material impact on the Group's results or financial position.

New IFRSs issued but not yet effective in 2017

The following new and revised standards and interpretations, which are or may be applicable to u-blox, have been issued, but are not yet effective and are not applied early in these consolidated financial statements. Their impact on the consolidated financial statements of the Group has not yet been systematically analyzed beside the financial impact of IFRS 15 and IFRS 9. The expected effects as disclosed below reflect a first assessment by Group management.

Standard/Interpretation		Impact	Effective date	Planned application by u-blox
New Standards and Interpretations				
IFRS 15	Revenue from Contracts with Customers	see below	January 1, 2018	Reporting year 2018
IFRS 9	Financial Instruments	see below	January 1, 2018	Reporting year 2018
IFRIC 22	Foreign Currency Transactions Advance Consideration	1)	January 1, 2018	Reporting year 2018
IFRS 16	Leases	3)	January 1, 2019	Reporting year 2019
IFRIC 23	Uncertainty over Income Tax Treatments	3)	January 1, 2019	Reporting year 2019
Revisions and amendments of Standards and Interpretations				
	Classification and Measurement of Share-Based Payment Transactions (Amendments to IFRS 2)	1)	January 1, 2018	Reporting year 2018
Annual Improvements to IFRS Standards 2014 – 2016 Cycle				
	Amendments to IAS 28 Investments in Associates and Joint Ventures	1)	January 1, 2018	Reporting year 2018
	Long-term interests in associates and joint ventures	3)	January 1, 2019	Reporting year 2019
Annual Improvements to IFRS Standards 2015 – 2017 Cycle				
	Amendments to IFRS 3 Business Combinations and IFRS 11 Joint Arrangements	3)	January 1, 2019	Reporting year 2019
	Amendments to IAS 12 Income Tax	3)	January 1, 2019	Reporting year 2019
	Amendments to IAS 23 Borrowing Costs	3)	January 1, 2019	Reporting year 2019

1) No significant impacts are expected on the consolidated financial statements of u-blox.
2) Mainly additional disclosures are expected in the consolidated financial statements of u-blox.
3) The impact on the consolidated financial statements of u-blox cannot yet be determined with sufficient reliability.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes.

Sales of goods

For the sale of products, revenue is currently recognised when the related risks and rewards of ownership are transferred. Revenue is recognised at the point in time at which revenue and costs can be measured reliably, the recovery of the consideration is probable and there is no continuing management involvement with the goods.

Under IFRS 15, revenue will be recognised when a customer obtains control of the goods. u-blox does not expect the application of IFRS 15 to result in differences in the timing of revenue recognition.

Furthermore, the new standard contains new rules regarding the costs of fulfilment and acquiring a contract as well as guidelines as to the question when such costs are to be capitalised. u-blox does neither pay commissions nor incur other contract costs, which have to be capitalized.

Based on the Group analysis described above u-blox does not expect the first time application of IFRS 15 to result in a material impact on equity as of January 1, 2018.

Rendering of services and license fees

Rendering of services and license fees to third parties are not material to the financial statements of u-blox. Accordingly u-blox does not expect a material impact on equity as of January 1, 2018.

IFRS 9 Financial Instruments

The Standard includes new rules to classify and measure financial assets and liabilities, the recognition of allowances and the recording of hedging relationships. In certain cases, changes in classification will result from the new provisions and also in certain cases, the new provisions regarding allowances will lead to an earlier recognition of expected losses. u-blox expects no significant impact on equity from the conversion as of January 1, 2018.

Principles of consolidation

The consolidated financial statements include the financial statements of u-blox Holding AG, which provides holding functions, and its subsidiaries, the following entities at December 31, 2017 and 2016:

Company	Share capital (million)	Ownership interest Dec. 31, 2017	Ownership interest Dec. 31, 2016	Function
u-blox AG, CH-Thalwil	CHF 4.23	100%	100%	E
u-blox Europe Ltd., UK-Charing	GBP 0.06	100%	100%	I
u-blox Asia Pacific Ltd., HK-Hong-Kong	USD 0.10	100%	100%	M
u-blox America Inc., US-Reston	USD 0.10	100%	100%	S
u-blox Singapore Pte. Ltd., SG-Singapore	SGD 0.10	100%	100%	M
u-blox Japan K.K., JP-Tokyo	JPY 10.00	100%	100%	M
u-blox Italia S.p.A., IT-Sgonico	EUR 0.40	100%	100%	E
u-blox UK Ltd., UK-Reigate	GBP 0.00	100%	100%	D
u-blox San Diego Inc., US-San Diego	USD 0.00	100%	100%	D
u-blox Melbourn Ltd., UK-Melbourn	GBP 0.14	100%	100%	D
u-blox Espoo Oy, FI-Espoo (former Fastrax)	EUR 0.05	100%	100%	E
u-blox Luton Ltd., UK-Luton	GBP 0.00	100%	100%	D
u-blox Lahore (Private) Ltd., PK-Lahore	PKR 14.11	100%	100%	D
u-blox Cork Ltd., IE-Cork	EUR 0.00	100%	100%	D
u-blox Malmö AB, SE-Malmö (former connectBlue)	SEK 0.83	100%	100%	E
connectBlue Inc., US-Illinois	USD 0.00	-	100%	L
u-blox Athens S.A., GR-Athen (former Antcor)	EUR 0.18	100%	100%	D
u-blox Berlin GmbH, DE-Berlin	EUR 0.03	100%	100%	D
Sapcorda Services GmbH, DE-Berlin	EUR 0.03	42.96%	100%	D
u-blox Wireless Technology (Shanghai) Ltd.	USD 0.01	100%	-	D

E = Engineering, Logistics, Marketing, Sales and Support. | S = Sales and Support. | S = Sales and Support. | M = Marketing. | D = Engineering. | I = Inactive. | L = Liquidated.

Subsidiaries are all entities that u-blox Holding AG has the ability to control. u-blox Holding AG controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is obtained by the Group. When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognized in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognizes any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognized amounts of acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

Any contingent consideration to be transferred by the Group is recognized at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not re-measured, and its subsequent settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognized in the financial result.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized in profit or loss.

The Group's interests in equity-accounted investees comprise interests in associates and a joint venture. Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities. Interests in associates and the joint venture are accounted for using the equity method. They are initially recognized at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss of equity-accounted investees, until the data on which significant influence or joint control ceases.

Intercompany transactions, balances, income and expenses on transactions between Group companies are eliminated. Profits and losses resulting from intercompany transactions that are recognized in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Foreign currency translation

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at transaction date exchange rates. Any difference in exchange rates between the original transaction date and the subsequent settlement date is recorded in the income statement as a gain or loss. Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at year-end rates and related unrealized gains and losses are presented in the income statement within finance income or costs. Non-monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate prevailing at the date of the transaction.

The Group uses CHF as its presentation currency, which is the functional currency of the parent. Group entities prepare their individual financial statements using their functional currency, being the currency of the primary economic environment in which the entity operates.

The results and financial position of all the Group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

a) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
b) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
c) all resulting exchange differences are recognized in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognized in other comprehensive income. When a foreign operation is disposed of, in part or in full, the related accumulated translation difference included in equity is transferred to profit or loss. Translation differences on long-term loans to foreign operations that in substance form part of the net investment in the foreign operation are also classified as equity until disposal of the net investment. Upon disposal of the net investment, all related cumulative translation differences are recognized in the income statement.

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

	December 31, 2017		December 31, 2016	
	Average rate	**Closing rate**	**Average rate**	**Closing rate**
EUR	1.11161	1.16842	1.10090	1.07267
USD	0.98437	0.97380	0.99473	1.01940
GBP	1.26807	1.31608	1.37510	1.25822
HKD	0.12633	0.12462	0.12693	0.13445
SGD	0.71304	0.72818	0.72038	0.70435
CNY	0.14569	0.14921	0.15070	0.14679
JPY	0.00878	0.00864	0.00906	0.00872
PKR	0.00935	0.00881	0.00950	0.00973
SEK	0.11535	0.11898	0.11742	0.11193

Cash and cash equivalents

Cash and cash equivalents are stated at nominal value. They include cash on hand, bank accounts and fixed-term deposits or call deposits with original terms of less than 3 months.

Marketable securities
Marketable securities include investments in bonds denominated in CHF with a remaining duration of maximum 4 years at the date of investment, which are classified at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognized at fair value, and transaction costs are expensed in the income statement. Marketable securities are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

Trade accounts receivables and other receivables
Trade accounts receivables and other receivables are recognized initially at fair value and subsequently measured at amortized cost, less allowances for doubtful receivables. An allowance for doubtful receivables is recorded if there is an objective indication, such as insolvency of a counterparty, that the amounts due in respect of such accounts cannot be recovered in full. The allowance is measured as the difference between the carrying amount of the receivable and expected future cash flows.

Inventories
Inventories consist principally of purchased raw materials, work in progress and finished products which are stated at the lower of cost and net realizable value. Net realizable value is the estimated selling price less the estimated cost of completion and selling expenses. Raw materials consist of components which are assembled by external contractors into finished products. The cost of all inventories is based on the weighted average cost principle and includes costs incurred in acquiring the inventory and bringing it to its present location and condition. It excludes overheads and borrowing costs. Allowances are made for slow-moving items. Obsolete items are written off.

Property, plant and equipment
Property, plant and equipment is stated at acquisition cost less accumulated depreciation and impairment losses. Depreciation is calculated on a straight-line basis over the following useful lives:

	Estimated useful life (years)
Furniture, equipment and vehicles	2-6
IT infrastructure	2-5
Tools and test infrastructure	2-5

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than it's estimated recoverable amount. At the time of disposal, items of property, plant and equipment are eliminated from the statement of financial position. Any gains or losses on disposal are recognized in the income statement as a component of other income and expenses.

Goodwill
The Group measures goodwill at the acquisition date of business combinations as:
- the fair value of the consideration transferred, plus
- the recognized amount of any non-controlling interests in the acquiree, less
- the net recognized amount of the identifiable assets acquired and liabilities assumed.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the Cash Generating Units (CGUs), or Groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or Group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level. Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognized immediately as an expense and is not subsequently reversed.

Intangible assets
Intangible assets are stated at acquisition cost or in the case of intellectual property rights, technology and customer relationships acquired in a business combination at fair value less related accumulated amortization and impairment losses. Amortization is calculated on a straight-line basis over the following useful lives:

	Estimated useful life (years)
Intellectual property rights/acquired technology	2-5
Software	2-5
Capitalized development costs	2-5
Customer relationships/other intangible assets	2-5

Intangible assets with finite useful lives are amortized over their estimated useful lives as stated above.

Capitalized development costs
Development activities involve a plan or design for the production of new or substantially improved products and services. Development expenditures are capitalized if they can be measured reliably, the product or service is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset. The expenditures capitalized include the cost of materials as well as direct labour and overhead costs that are directly attributable to preparing the asset for its intended use.

The Group expenses research and development costs incurred in the preliminary project stage. To the extent that research and development costs include the development of embedded software, the Group believes that software development is an integral part of the semiconductor design. Therefore, such costs are expensed as incurred until technological feasibility has been established. Thereafter, any additional development costs are capitalized.

Expenditures for research activities undertaken with the prospect of gaining new scientific or technical knowledge and understanding, are expensed in profit or loss when incurred. Development costs previously recognized as an expense are not recognized as an asset in a subsequent period.

Capitalized development costs are measured at cost less accumulated amortization and accumulated impairment losses. Amortization starts if the asset (or a part of it) is in use or when the product is released to customers.

Impairment of property, plant and equipment and intangible assets
The carrying amounts of the Group's property, plant and equipment and intangible assets are reviewed at each annual balance sheet date or earlier if a significant event has occurred to determine whether there is any indication of impairment. If any such indication exists, an impairment test is performed. Goodwill and capitalized development costs not yet available for use are tested for impairment at least every year.

An impairment loss is recognized in the income statement whenever the carrying amount of an asset or Cash Generating Unit exceeds its recoverable amount. Recoverable amount is the higher of fair value less cost of disposal and the asset's or cash generating unit's value in use. In assessing value in use, the estimated future cash flows are discounted to their present value based on the risks specific to the asset(s).

An impairment loss is reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount.

Financial assets
Financial assets primarily consist of rent deposits for offices and loans. These deposits and loans bear interest at current market rates and are stated at amortized cost, which approximates their fair value. Exchange rate gains and losses on financial assets are recorded in the income statement. Impairments in value of financial assets are immediately expensed in the income statement.

Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Other payables include other obligations including contingent payments to former shareholders of acquired subsidiaries. Accounts payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables and other payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

Financial liabilities

Interest-bearing loans and borrowings are recognized initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing loans and borrowings are measured at amortized cost with any difference between cost and redemption value recognized in the income statement over the period of the borrowings using the effective interest method. Interest-bearing loans and borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months subsequent to the balance sheet date.

Provisions

A provision is recognized when the Group has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

Leases

Lease agreements in which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Other leases represent operating leases for which the leased assets are not recognized on the Group's statement of financial position. Operating lease payments are recognized in the income statement on a straight line basis over the term of the lease.

Employee benefits

a) Pension obligations

The Group maintains pension plans for employees located in Switzerland, the United Kingdom (UK), Italy, Japan, Sweden, Greece, Belgium, Ireland, Finland, the United States of America (USA), Singapore, Pakistan and China. These plans comply with the respective legislation in each country and are financially independent of the Group. The funds are generally financed by employer and employee contributions.

The plans in the UK, partly in Italy, Belgium, Ireland, Sweden, the USA, Pakistan, China and Singapore qualify as defined contribution plans since the Group has no further payment obligations once the fixed contributions have been paid. Employer contributions paid or due are recognized in the income statement as incurred. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

The plan in Switzerland is contracted with an insurance company and qualifies as defined benefit plan. The part of the Italian TFR (Trattamento di fine rapporto) which has vested before December 31, 2006 and the Greek plan also qualify as defined benefit plans.

The net liability (asset) recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of any plan assets. The defined benefit obligation is calculated annually and separately for each defined benefit plan by independent qualified actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation.

The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit liability at the beginning of the annual period to the net defined benefit liability (asset).

Remeasurements arising from defined benefit plans comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest). The Group recognizes them immediately in other comprehensive income and all other expenses related to defined benefit plans in employee benefit expenses and finance cost respectively.

When the benefits of a plan are changed, or when a plan is curtailed, the portion of the changed benefit related to past service by employees, or the gain or loss on curtailment, is recognized immediately in profit or loss when the plan amendment or curtailment occurs.

The Group recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs. The gain or loss on a settlement is the difference between the present value of the defined benefit obligation being settled as determined on the date of settlement and the settlement price, including any plan assets transferred and any payments made directly by the Group in connection with the settlement.

Surpluses are only capitalized if they are actually available to the Group in the form of expected refunds from the fund or reductions in contributions to the fund.

b) Profit-sharing and bonus plans
The Group recognizes a liability and an expense for bonuses and profit-sharing, either based on a formula that takes into consideration sales and earnings before interest and taxes (EBIT) attributable to the company's shareholders or a formula based on gross margin improvement
in comparison to local costs. The Group recognizes an accrual where contractually obliged or where there is a past practice that has created a constructive obligation.

Income taxes
The tax expense for the period comprises current and deferred tax. Tax is recognized in the income statement, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognized, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition of an asset
or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred tax assets on tax loss carry forwards and deductible temporary differences are recognized only to the extent that it is probable that future profits will be available to utilize the deferred tax asset. Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Share-based payments
The Group operates equity-settled, share-based compensation plans, under which the entity receives services from employees as consideration for equity instruments (options and shares) of the Group. The fair value of the employee services received in exchange for the grant of the equity instruments is based on a binomial model for options and on the listed share price for shares, respectively, and is recognized as an expense with the counter-entry recognized in equity. The total amount to be expensed is determined by reference to the fair value of the equity instruments granted, excluding the impact of any service and non-market performance vesting conditions.

Non-market performance and service conditions are included in assumptions about the number of equity instruments that are expected to vest. The total expense is recognized over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied.

At the end of each reporting period, the Group revises its estimates of the number of equity instruments that are expected to vest based on the service and non-market vesting conditions. It recognizes the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity. When the options are exercised, the company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium.

Revenue recognition
Revenue for goods and services are measured at fair value of the consideration received or receivable, net of returns and allowances, sales taxes and rebates.

Sales of positioning & wireless products are recognized when the significant risk and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods.

For sales of wireless services, revenue is recognized in the accounting period in which the services are rendered, by reference to stage of completion of the specific transaction and assessed on the basis of the actual service provided as a proportion of the total services to be provided. The revenue for service licenses is considered at the time of the transfer of the rights.

Financial instruments
Financial instruments comprise cash and cash equivalents, trade accounts receivables and other receivables, loans and borrowings, marketable securities, accrued income, derivative financial instruments, accrued expenses and trade and other payables. These financial instruments are recognized initially at fair value. Subsequent measurement is at amortized cost except for marketable securities, derivative financial instruments and liabilities for contingent considerations which are subsequently measured at fair value through profit or loss.

Share capital
Incremental costs directly attributable to issue ordinary shares and share options are recognized as a deduction from equity.

3 CRITICAL ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of consolidated financial statements is dependent upon estimates and assumptions being made in applying the accounting policies for which management can exercise a certain degree of judgment. In applying the relevant accounting policies to the consolidated financial statements, certain assumptions and estimates have to be made about the future that may have a material influence on the amount and presentation of assets and liabilities, revenues and expenses as well as note disclosure information. The estimates used in preparing the consolidated financial statements and valuations are based on empirical values and other factors which are deemed appropriate in the given circumstances.

The following estimates used and assumptions made in applying the accounting policies have a critical influence on the consolidated financial statements.

Decription	Judgemental decisions and estimation insecurity	Further information
Capitalization of development costs	Assessment of future profitability and technological feasibility of the technology and assumptions regarding the expected future cash flows and the future economic benefits.	Note 11
Impairment of intangible assets	Intangible assets not yet available for use are tested for impairment annually. Intangible assets in use are assessed for impairment when there is a triggering event providing evidence that such assets may be impaired. Assess whether an impairment exists, estimates of expected future cash flows – including estimated growth rates, discount rates and estimated useful life – are used.	Note 11
Impairment of goodwill	Key assumptions such as projected cash flows, the discount rate (WACC) and long-term growth rate for determination of recoverable amount.	Note 11
Provisions	A number of third parties in the wireless sector protect and enforce their intellectual property rights. Relying on third party technology that is integrated into some of the Group's product carries the risk of having to pay royalties for such technology. Defendant in royalty- and warranty-related proceedings incidental to the ordinary course of business. Estimates of outcome and financial effect, probability of occurrence and of expected cash outflow.	Note 15
Pension liability	Assumptions such as discount rates, life expectance and pension growth increases are required to calculate the present value of the respective defined benefit obligation. These estimates and assumptions used are based on future projections.	Note 16

4 CHANGES IN SCOPE OF CONSOLIDATION

In 2017 and 2016 no business combination took place.

In 2017 the connectBlue Inc. was liquidated with no material effect.

In 2017 u-blox entered into an arrangement with three other partners which resulted in the loss of control over Sapcorda Services GmbH (Sapcorda). In a first step, the 100% share of Sapcorda was deconsolidated. The gain from this transaction amounts to TCHF 5'384 and is recognized in the financial income. Thereof TCHF 2'250 are attributable to the remeasurement of the retained interest. In a second step, the 42.96% of the shares remaining with u-blox were recognized as an equity-accounted investee.

Equity-accounted investees

The consideration received for the Sapcorda transaction was TEUR 2'500 (TCHF 2'987), whereof nothing was paid in cash or cash equivalents.

(in CHF 000s)	**2017**
Balance at Januar 1, 2017	**0**
Fair value of retained interest	2'250
Capital increase[1)]	5'360
Share of net results	-400
Balance at December 31, 2017	**7'210**

[1)] Cash outflow amounts to TCHF 3'560.

Selected key performance indicators for equity-accounted investees

(in CHF 000s)	2017
Income statement	
Total expenses	-1’545
Net income	**-1’545**
Balance sheet at December 31	
Current assets	7’774
Non-current assets	5’184
Total assets	**12’958**
Liabilities	2’950
Equity	10’008
Total liabilities and equity	**12’958**

5 SEGMENT REPORTING

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.

Segment information at December 31

	Positioning and Wireless products		**Wireless services**		**Total segments**		**Non-allocated/ eliminations**		**Group**	
(in CHF 000s)	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**
Revenue third	403’510	360’070	202	160	403’712	360’230	0	0	403’712	360’230
Revenue intraGroup	0	0	32’600	25’874	32’600	25’874	-32’600	-25’874	0	0
Total Revenue	**403’510**	**360’070**	**32’802**	**26’034**	**436’312**	**386’104**	**-32’600**	**-25’874**	**403’712**	**360’230**
EBITDA	84’720	74’848	2’894	6’512	87’614	81’360	-238	406	87’376	81’766
Depreciation	-6’709	-6’176	-2’559	-2’116	-9’268	-8’292	0	0	-9’268	-8’292
Amortization	-12’852	-14’416	-42	-54	-12’894	-14’470	0	0	-12’894	-14’470
Impairment	-128	0	0	0	-128	0	0	0	-128	0
Operating profit (EBIT)	**65’031**	**54’256**	**293**	**4’342**	**65’324**	**58’598**	**-238**	**406**	**65’086**	**59’004**
Finance income									5’668	4’337
Finance costs									-5’652	-1’653
Share of profit of equity-accounted investees, net of taxes									-400	0
EBT									**64’702**	**61’688**

Revenues are derived from:

(in CHF 000s)	For the year ended December 31, 2017	For the year ended December 31, 2016
Sale of goods	402'873	359'727
Services rendered	217	227
License fees	622	276
Total	**403'712**	**360'230**

Geographic information
u-blox in Switzerland is the main decision making body and bears the associated business risks. For reasons of maintaining a market presence in proximity to the customers, marketing and sales are managed by three regional managers, respectively. However, resource allocation to these regions is not meaningful as the regional staff is mainly acting as representative of u-blox and regional managers are not part of the management of u-blox. Furthermore most of the businesses are developed on a global base with partners of our customers involved in various geographic regions.

The following table summarizes revenue by geographic region based on customers' location:

	For the year ended December 31, 2017		For the year ended December 31, 2016	
	in CHF 000s	**% share**	**in CHF 000s**	**% share**
EMEA	105'293	26.1	91'667	25.5
thereof: Switzerland	1'642	0.4	938	0.3
Germany	27'341	6.8	21'553	6.0
America	91'060	22.6	90'186	25.0
thereof: United States of America	79'904	19.8	82'703	23.0
Asia Pacific	207'359	51.4	178'377	49.5
thereof: China	132'486	32.8	115'798	32.1
Total	**403'712**	**100.0**	**360'230**	**100.0**

The following table summarizes property, plant and equipment, intangible assets and goodwill by geographic region as allocated:

	For the year ended December 31, 2017		For the year ended December 31, 2016	
	in CHF 000s	**% share**	**in CHF 000s**	**% share**
EMEA	224'760	98.1	177'502	97.7
thereof: Switzerland	149'836	65.4	106'102	58.4
UK	21'845	9.5	19'727	10.9
Sweden	16'893	7.4	17'593	9.7
Germany	5'116	2.2	5'282	2.9
America	3'070	1.3	3'113	1.7
Asia Pacific	1'278	0.6	1'168	0.6
Total	**229'108**	**100.0**	**181'783**	**100.0**

6 CASH AND CASH EQUIVALENTS

(in CHF 000s)	At December 31, 2017	At December 31, 2016
Petty cash	25	7
Cash at banks	46’346	149’321
Call and fixed-term deposits	123’253	217
Total	**169’624**	**149’545**
Composition of cash and cash equivalents by currency (in CHF 000s)		
CHF	8’058	28’968
USD	143’360	104’833
EUR	11’435	13’605
GBP	3’760	521
CNY	450	406
JPY	1’044	439
PKR	509	340
SEK	1’008	433

7 MARKETABLE SECURITIES

In November 2009, u-blox entered into an asset management agreement with Zürcher Kantonalbank to invest in CHF bonds. This amount is being increased or decreased at least on an annual basis, based on the cash requirements of the Group. The interest received on the investments is reinvested. The rating of the debtors of the bonds which may be invested into have to meet highest credit ratings at purchase date, see note 24. The agreement can be terminated with immediate effect.

8 TRADE ACCOUNTS RECEIVABLES

(in CHF 000s)	At December 31, 2017	At December 31, 2016
Gross amount	51’009	40’235
Allowance for doubtful receivables	-608	-443
Total	**50’401**	**39’792**
Composition by currency (in CHF 000s)		
USD	44’310	36’635
EUR	6’390	3’415
JPY	309	185
Composition by regions (in CHF 000s)		
EMEA	12’435	8’161
Americas	20’479	19’144
Asia Pacific	18’095	12’930

Trade accounts receivables by region are based on customer billing location.

At the balance sheet date the aging structure of trade accounts receivables was as follows:

(in CHF 000s)	At December 31, 2017 Gross receivables	 Net receivables	At December 31, 2016 Gross receivables	 Net receivables
Not yet due	39'321	39'321	30'912	30'912
1 - 30 days overdue	10'022	10'022	8'218	8'218
31 - 90 days overdue	941	941	466	443
91 - 180 days overdue	2	2	182	145
More than 180 days overdue	723	115	457	74
Total	**51'009**	**50'401**	**40'235**	**39'792**

Trade accounts receivables which are not yet due are mainly receivables arising from long-term standing customer relationships. Based on past experiences, u-blox does not expect any significant defaults.

The allowance for doubtful receivables can be further analyzed as follows:

(in CHF 000s)	2017	2016
Individually assessed value adjustments		
At January 1,	443	1'232
Change	165	-789
Total value adjustments at December 31,	**608**	**443**

The individually assessed impairment allowance amounts to TCHF 608 (previous year: TCHF 443). For further information on credit management and trade accounts receivables see note 24.

9 INVENTORIES

(in CHF 000s)	At December 31, 2017	At December 31, 2016
Raw material (components)	18'731	10'104
Work in progress	9'028	5'762
Finished products	20'542	17'820
Allowance for obsolete inventories	-4'097	-2'115
Total	**44'204**	**31'571**

Components and changes in finished products recognized as cost of sales amounted to CHF 208.0 million (2016: CHF 183.6 million). The allowance relates to inventories considered obsolete.

(in CHF 000s)	2017	2016
Individually assessed value adjustments		
At January 1,	2'115	1'106
Change	1'982	1'009
Total value adjustments at December 31,	**4'097**	**2'115**

10 PROPERTY, PLANT AND EQUIPMENT

Cost (in CHF 000s)	**Furniture, equipment and vehicles**	**IT infra-structure**	**Tools and test infra-structure**	**Total**
Balance at January 1, 2016	**24’086**	**2’178**	**19’816**	**46’080**
Addition	4’800	619	4’289	9’708
Disposal	-368	-312	0	-680
Translation differences	-674	-17	-111	-802
Balance at December 31, 2016	**27’844**	**2’468**	**23’994**	**54’306**
Additions	4’037	508	6’041	10’586
Disposal	-385	-43	-62	-490
Change in scope of consolidation	-9	-27	-17	-53
Reclassification within the Group*	-13’773	77	13’696	0
Translation differences	1’156	44	252	1’452
Balance at December 31, 2017	**18’870**	**3’027**	**43’904**	**65’801**

Accumulated depreciation (in CHF 000s)	**Furniture, equipment and vehicles**	**IT infra-structure**	**Tools and test infra-structure**	**Total**
Balance at January 1, 2016	**15’566**	**1’415**	**14’391**	**31’372**
Depreciation	4’269	452	3’571	8’292
Disposal	-328	-309	0	-637
Translation differences	-404	-12	-79	-495
Balance at December 31, 2016	**19’103**	**1’546**	**17’883**	**38’532**
Depreciation	4’380	542	4’346	9’268
Disposal	-347	-69	-2	-418
Change in scope of consolidation	0	-4	-1	-5
Reclassification within the Group*	-9’634	156	9’478	0
Translation differences	724	26	180	930
Balance at December 31, 2017	**14’226**	**2’197**	**31’884**	**48’307**
Net carrying amount at January 1, 2016	**8’520**	**763**	**5’425**	**14’708**
Net carrying amount at December 31, 2016	**8’741**	**922**	**6’111**	**15’774**
Net carrying amount at December 31, 2017	**4’644**	**830**	**12’020**	**17’494**

* During 2017 lab material were newly allocated from furniture, equipment and vehicles to tools and test infrastructure.

The Group did not have any capital commitments at December 31, 2017 (December 31, 2016: none).

Depreciation for the year is recorded in the following income statement positions:

(in CHF 000s)	**2017**	**2016**
Cost of sales	2’726	2’379
Distribution and marketing expenses	116	93
Research and development expenses	5’813	5’218
General and administrative expenses	613	602
Total depreciation	**9’268**	**8’292**

11 GOODWIL AND INTANGIBLE ASSETS

Cost (in CHF 000s)	**Goodwill**	Intellectual property rights/ acquired technology	Software	Capitalized development costs	Customer relation-ships/ other intan-gible assets	**Total intangible assets**
Balance at January 1, 2016	**56'716**	**55'464**	**12'101**	**88'547**	**5'868**	**161'981**
Additions	0	1'169	1'437	37'189[1]	21	39'816
Disposal	0	0	0	0	-4	-4
Translation differences	-2'612	-1'549	-324	-37	-302	-2'212
Balance at December 31, 2016	**54'104**	**55'084**	**13'214**	**125'699**	**5'583**	**199'581**
Additions	0	177	525	53'817[1]	0	54'519
Disposal	0	0	-85	0	-4	-89
Change in scope of consolidation	0	0	-7	0	0	-7
Translation differences	3'524	1'050	221	70	235	1'576
Balance at December 31, 2017	**57'628**	**56'311**	**13'868**	**179'586**	**5'814**	**255'580**

Accumulated amortization and impairment losses (in CHF 000s)	**Goodwill**	Intellectual property rights/ acquired technology	Software	Capitalized development costs	Customer relation-ships/ other intan-gible assets	**Total intangible assets**
Balance at January 1, 2016	**0**	**26'275**	**9'978**	**33'813**	**3'872**	**73'938**
Amortization	0	5'583	1'548	6'767	572	14'470
Disposal	0	0	0	0	-4	-4
Translation differences	0	-147	-323	-17	-242	-729
Balance at December 31, 2016	**0**	**31'711**	**11'203**	**40'563**	**4'198**	**87'675**
Amortization	0	3'930	1'016	7'383	565	12'894
Impairment	0	0	0	128	0	128
Disposal	0	0	-16	0	-4	-20
Translation differences	0	408	293	55	160	916
Balance at December 31, 2017	**0**	**36'049**	**12'496**	**48'129**	**4'919**	**101'593**
Net carrying amount at January 1, 2016	**56'716**	**29'189**	**2'123**	**54'734**	**1'996**	**88'042**
Net carrying amount at December 31, 2016	**54'104**	**23'373**	**2'011**	**85'136**	**1'385**	**111'905**
Net carrying amount at December 31, 2017	**57'628**	**20'262**	**1'372**	**131'457**	**895**	**153'986**

[1] The capital development costs consists of internally developed costs.

During 2017 CHF 0.1 million (2016: none) impairment losses on capitalized development cost were recognized on intangible assets. The Group did not have any capital commitments at December 31, 2017 (December 31, 2016: none).

Amortization for the year is recorded in the following income statement positions:

(in CHF 000s)	**2017**	**2016**
Cost of sales	68	705
Distribution and marketing expenses	561	572
Research and development expenses	12'097	12'983
General and administrative expenses	168	210
Total amortization	**12'894**	**14'470**

The impairment is recorded in the income statement position research and development expenses.

Goodwill

Goodwill has been allocated to the Group's Cash Generating Units ("CGU") which are identical to the Group's reportable segments as follows:

(in CHF 000s)	At December 31, 2017	At December 31, 2016
Positioning and Wireless products	56'726	53'276
Wireless services	902	828
Total goodwill	**57'628**	**54'104**

Impairment

The Group of intangible assets of each CGU, including allocated goodwill, is tested for impairment at least annually. The value in use is thereby determined based on future discounted cash flows. As a basis for the calculation, the four-year mid-term plan is used. Subsequent years are included using a perpetual annuity. The projections are based on knowledge and experience and also on judgments made by management as to the probable economic development. Consequently, it is assumed that for all CGUs, there are no planned significant changes in their organization. The underlying projections for the next four years are therefore calculated based on historical figures and the latest market estimates. Pre-tax discount rates were applied in determining the recoverable amount of the units. The discount rates were estimated based on an industry weighted average cost of capital.

Following parameters have been used for the calculations:

		2017		**2016**
	Pre tax discount rate	**Growth rate (residual value)**	**Pre tax discount rate**	**Growth rate (residual value)**
Positioning and Wireless products	9.15%	3%	11.29%	3%
Wireless services	9.14%	3%	12.11%	3%

The growth rate does not exceed the long-term average growth rate for the industry.

For the CGU Positioning and Wireless products and the CGU Wireless services u-blox management is of the opinion that none of the anticipated changes in key assumption which can be reasonably expected would cause the carrying amount of the CGU to exceed its recoverable amount.

12 TRADE ACCOUNTS PAYABLES

(in CHF 000s)	At December 31, 2017	At December 31, 2016
Trade accounts payables	20'296	19'435
Total	**20'296**	**19'435**
Composition by currency (in CHF 000s)		
CHF	419	335
USD	17'804	16'006
EUR	1'821	2'981
GBP	49	5
SEK	199	108
AUD	4	0

13 ACCRUED EXPENSES

(in CHF 000s)	At December 31, 2017	At December 31, 2016
Personnel related	14’374	12’819
Other accruals	11’734	7’802
Total	**26’108**	**20’621**
Thereof classified as financial instruments (note 24)	11’734	7’663

Accrued expenses include liabilities for profit sharing as well as accruals for compensated untaken leave, social security, licenses, insurances, warranties, lawyer and administration services.

14 FINANCIAL LIABILITIES

At 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 term to maturity of 6 years.

At April 23, 2015, u-blox issued a bond for CHF 60.0 million (net cash inflow of CHF 59.2 million) with a coupon of 1.625% p.a. and a term to maturity of 6 years.

The following table shows the reconciliation of movements of liabilities to cash flows arising from financing activities.

(in CHF 000s)	Liabilities 2017	Liabilities 2016
Balance at January 1,	**59’414**	**59’284**
Changes from financing cash flows		
Proceeds from loans and borrowings	59’284	0
Total changes from financing cash flows	**118’698**	**0**
Other changes		
Change in accruals	-591	150
Interest paid	-975	-975
Interest expenses	1’781	955
Balance at December 31,	**118’913**	**59’414**

15 PROVISIONS

(in CHF 000s)	current provisions	Royalties	Other	Total non-current provisions	Total provisions
At January 1, 2016	0	2'833	2'947	5'780	5'780
Additions	153	2'017	0	2'017	2'170
Release	0	0	-1'455	-1'455	-1'455
Reclassisfication	1'455	0	-1'455	-1'455	0
Translation differences	3	0	0	0	3
At December 31, 2016	**1'611**	**4'850**	**37**	**4'887**	**6'498**
Additions	0	3'363	0	3'363	3'363
Release	-1'454	0	0	0	-1'454
Translation differences	-7	0	-2	-2	-9
At December 31, 2017	**150**	**8'213**	**35**	**8'248**	**8'398**

u-blox products are designed to conform to certain wireless industry standards which are based on certain patented technologies. A provision for royalty payments is recorded which is estimated to be due to these patent holders once the license agreements are concluded with them. The provision is based on absolute amounts, and on a percentage of individual product revenues and is recorded at the time revenue is recognized. Should the actual royalties to be paid under license agreements signed in the future differ from the estimates, the royalty provision would have to be revised. The provisions for royalties are considered to have a duration of more than one year and therefore are classified as non-current. Provisions are recorded based on the best estimate of future probable economic outflow. Management believes that these provisions are sufficient.

16 PENSION LIABILITY

The Group maintains defined benefit plans in Switzerland, Greece and Italy and defined contribution plans in the United Kingdom (UK), in the United States of America (USA), Italy, Sweden, Belgium, Ireland, Finland, Japan, Singapore, Pakistan and China. These plans comply with prevailing legal requirements to cover the majority of employees in the event of death, disability and retirement. The plans are financed by employer and employee contributions in compliance with local legal and fiscal regulations.

16.1 Defined benefit plans

The biggest plans are in Switzerland, accounting for 99% of u-blox entire defined benefit obligation and 100% of the plan assets.

16.2 Switzerland

The Swiss pension plans are governed by the Swiss Federal Law on Occupational Retirement, Survivors' and Disability Pension Plans (BVG), which stipulates that pension plans are to be managed by independent, legally autonomous units. The assets of the pension plan are held within a separate foundation and cannot revert to the employer. Pension plans are overseen by a regulator as well as by a state supervisory body.

u-blox participates in two "Sammelstiftungen", which are a collective foundations administrating the pension plans of various unrelated employers. The pension plans of u-blox are fully segregated from the ones of other participating employers. One collective foundation bears longevity risk, but has reinsured the investment and other demographic risks with an insurance company. The other collective foundation bears the investment risk, but has no longevity risks.

The most senior governing body of the collective foundation is the Board of Trustees, which is also ultimately responsible for the investment strategy and policy, taking into account the foundation's objectives, benefit obligations (i.e. asset-liability management) and risk capacity. The Board of Trustees has delegated the implementation of the investment policy to an Investment Committee. The benefit-related operations are managed by a life insurance, which is also re-insuring the risks described below. The segregated pension plan of u-blox is administered by a Parity Pension Committee, which is composed of equal numbers of employees and employer representatives. All governing and administration bodies have an obligation to act in the interests of the plan participants.

Plan participants, their spouse and children are insured against the financial consequences of old age, disability and death. Their benefits are defined in pension plan rules compliant with the BVG, which is specifying the minimum benefits that are to be provided. Retirement benefits are based on the accumulated retirement capital which can either be drawn as a life-long annuity or as a lump sum payment. The annuity is calculated by multiplying the retirement capital with the currently applicable conversion rate. The accumulated retirement capital is made of the yearly contributions towards the old age risk by both employer and employee and the interest thereon until retirement. Contributions towards the old age risk are approved by the Parity Pension Committee, based on the rules defined by the Board of Trustees of the collective foundation. Minimum contributions and interest are defined by the BVG and the Swiss Parliament. In 2017 the minimum interest was 1.0% (2016: 1.25%). Employer and employee are also making contributions towards the disability and death risks; the corresponding benefits are defined based on the current salary and fully re-insured with a life-insurance. The pension fund has concluded an insurance contract with Helvetia that covers death benefits, disability benefits and old age pensions. The pension fund is the policy holder and the beneficiary of the contract. If the applicable tariff of the insurance company results in a lower old age pension than the old age pension according to the plan rules, the pension fund has to finance this difference by buying a further pension amount within the insurance company.

The benefit plan was replaced as of October 1, 2014 by two benefit plans. These benefit Plans differentiate one from another by the definition of the insured salary, by which the salaries higher than CHF 150'000 have now for the insured salary, a ceiling of 4.5 times the maximum AHV Pension.

As of October 1, 2014 a third Plan was introduced to cover the salary that will not be insured anymore by the Sammelstiftung Swisscanto and will be now insured by Pensflex. This plan also provides benefits in the event of retirement, death, or disability. The plan benefits are based on age, years of service, salary and on an individual old age account. The plan is funded by assets held within a separate independent legal entity. The plan is financed by contributions paid by the employees and by the employer. This new Plan will only pay at retirement the accumulated old-age account. This plan considers the free choice of investment strategy for the individual accounts and three savings model. Given the free choice for the investment strategy, there is no guarantee of interest rate to be allocated to these accounts.

In 2016, the Group made certain amendments within its Swiss pension plans. The major amendment was a reduction in the annuity factors at retirement for the part of the old age account exceeding the mandatory BVG account. Moreover, death and disability benefits for employees exceeding a certain salary level have been changed. Overall these changes resulted in a past service cost gain of TCHF 638.

In case of an underfunding of the pension plan measured based on its Swiss GAAP FER financial statements, various measures can be taken such as increasing current contributions of both employer and employee or decreasing the interest on the retirement capital.

Movement in net defined benefit liability

The following table shows a reconciliation from the opening balances to the closing balances for the net defined benefit liability and its components. The movements in the table below represent mainly the Swiss plan. The unfunded Italian and Greek plans are also included but have no significant impact on the movements.

	Defined benefit obligation		**Fair value of plan assets**		**Net defined benefit liability**	
(in CHF 000s)	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**
Balance at 1 January	56'127	44'616	-42'410	-32'463	13'717	12'153
Included in income statement						
Current service cost	3'870	3'496	0	0	3'870	3'496
Plan amendments	-26	-638	0	0	-26	-638
Interest cost / (income)	440	528	-348	-408	92	120
Administration cost	0	0	43	35	43	35
	4'284	**3'386**	**-305**	**-373**	**3'979**	**3'013**
Included in other comprehensive income						
Remeasurements loss / (gain): - Actuarial loss / (gain) arising from:						
- financial assumptions	-445	2'104	0	0	-445	2'104
- experience adjustments[1]	4'142	1'095	0	0	4'142	1'095
- demographic assumptions	0	-2'304	0	0	0	-2'304
- return on plan assets excluding interest income	0	0	-3'090	-310	-3'090	-310
	3'697	**895**	**-3'090**	**-310**	**607**	**585**
Other						
Contributions by employer	0	0	-2'485	-2'055	-2'485	-2'055
Plan participants' contributions	1'582	1'299	-1'582	-1'299	0	0
Benefits received, net	3'916	5'910	-3'916	-5'910	0	0
Exchange rate differences	33	21	0	0	33	21
	5'531	**7'230**	**-7'983**	**-9'264**	**-2'452**	**-2'034**
Balance at 31 December	**69'639**	**56'127**	**-53'788**	**-42'410**	**15'851**	**13'717**
thereof: funded					**15'167**	**13'134**
unfunded (refers to the Italian and Greek pension plans)					**684**	**583**

[1] The expierience adjustments result from losses arising from high salary growth during the period.

The expected contribution of the Group for defined benefit plans for the financial year 2018 amount to TCHF 2'547.

Principal actuarial assumptions for the Swiss plan only

Calculation of defined benefit obligations	At December 31, 2017	At December 31, 2016
Discount rate	0.80%	0.75%
Future pension indexations	0.25%	0.25%
Mortality table	BVG 2015G	BVG 2015G

At 31 December 2017, the weighted-average duration of the defined benefit obligation for the Swiss plan was 21.1 years (2016: 21.2 years).

Sensitivity analysis
The calculation of the defined benefit obligation is sensitive to significant actuarial assumptions. The impact of a change in the respective assumptions on the defined benefit obligation at the end of the reporting period would be as follows:

	2017	2016	2017	2016
Change	+0.25%	+0.25%	-0.25%	-0.25%
(in CHF 000s)				
Change of the discount rate	-2'165	-1'862	2'364	2'033
Pension growth	1'018	872	-974	-835
	-1 Year	-1 Year	+1 Year	+1 Year
Life expectance	-871	-782	867	779

The sensitivity analysis is based on realistically possible changes as of the end of the reporting period. Each change in a significant actuarial assumption was analyzed separately as part of the test. Interdependencies were not taken into account.

Asset classes (Swiss plan only)

Fair value of plan assets (CHF 000s)	2017	2016
Equities	15'613	12'061
Bonds	17'118	14'161
Real estate	3'654	3'096
Investment Funds	10'096	0
Non Traditional Funds (e.g. Hedge Funds)	1'783	1'370
Other	1'099	6'429
Cash	4'425	5'293
	53'788	**42'410**

All equity securities and bonds have quoted prices in active markets.

The investment strategy pursues the goal of achieving the highest possible return on assets within the framework of its risk tolerance and thus of generating income on a long-term basis in order to meet all financial obligations. This is achieved through a broad diversification of risks over various investment categories, markets, currencies and industry segments in both developed and emerging markets.

16.3 Defined contribution plans
In 2017, Group contributions recognized as an expense for defined contribution plans were TCHF 3'056 (2016: TCHF 2'572).

17 SHARE CAPITAL AND SHARE PREMIUM

	Number of shares	Ordinary share capital CHF 000s	Share premium CHF 000s	**Total** CHF 000s
At January 1, 2016	**6'725'736**	**6'053**	**84'006**	**90'059**
Dividends paid-out			-12'903	-12'903
Options exercised during the year	109'358	99	3'284	3'383
At December 31, 2016	**6'835'094**	**6'152**	**74'387**	**80'539**
Dividends paid-out			-14'526	-14'526
Options exercised during the year	122'076	109	6'718	6'827
At December 31, 2017	**6'957'170**	**6'261**	**66'579**	**72'840**

Ordinary share capital

The company's ordinary share capital at December 31, 2017 consists of 6'959'170 registered shares with a nominal value of CHF 0.90 each. Dividends per share of CHF 2.10 were paid out in 2017 (2016: CHF 1.90). Transaction costs related to the options exercised in 2017 amounting to TCHF 236 have been netted off with the deemed proceeds and recorded in share premium.

Authorized share capital

The Board of Directors is authorized, at any time until April 30, 2019, to increase the share capital through the issuance of up to 1'018'000 fully paid-in registered shares with a nominal value of CHF 0.90 each in an aggregate amount not to exceed CHF 916'200.

Conditional share capital

At the ordinary shareholders' meeting held on April 25, 2017, the shareholders resolved that the Board of Directors shall be authorized to increase the share capital by a maximum aggregate amount of CHF 178'292 by issuing no more than 198'102 fully paid-in registered shares with a nominal value of CHF 0.90. The conditional share capital is used for the exercise of option rights that are and will be granted to the members of the Board of Directors and to the employees of the company and its subsidiaries according to any employee share option plans (ESOP) as approved by the Board of Directors. In 2017, 122'076 options were exercised out of the conditional share capital (2016: 109'358). The conditional share capital amount available decreased accordingly to CHF 102'118 (113'464 shares with a nominal value of CHF 0.90).

18 EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the net profit attributable to the equity holders of u-blox Holding AG by the weighted average number of shares outstanding during the year. In the case of diluted earnings per share, the weighted average number of shares outstanding is adjusted assuming all outstanding dilutive options will be exercised. The weighted average number of shares is adjusted for all dilutive options issued under the stock option plans which have been granted.

	For the year ended December 31, 2017	**For the year ended December 31, 2016**
Net profit (in CHF 000s)	**51'260**	**46'200**
Weighted average number of outstanding shares (basic)	**6'912'763**	**6'791'515**
Effect of share options on issue	67'972	186'893
Weighted average number of outstanding shares (diluted)	**6'980'735**	**6'978'408**
Basic earnings per share (in CHF)	**7.42**	**6.80**
Diluted earnings per share (in CHF)	**7.34**	**6.62**

At December 31, 2017 the Group had 660'375 outstanding options (December 31, 2016: 578'939 outstanding options) granted to employees. See note 19.

19 EMPLOYEE COMPENSATION AND BENEFITS

Personnel expenses

Personnel expenses included in operating expenses consist of the following:

(in CHF 000s)	For the year ended December 31, 2017	For the year ended December 31, 2016
Salaries	39'794	39'782
Share-based payments	7'959	7'043
Social taxes	11'346	9'979
Pension cost	7'035	5'585
Other personnel related expenses	4'357	3'456
Total personnel expenses	**70'491**	**65'845**

Employee stock option plan

Employees of the Group are entitled to receive options under a stock option plan with a vesting period of three years and an option period of 6 years. The exercise price is determined by the Board of Directors. For US, Belgium and Finland residents, the exercise price equals the closing price of the share on the SIX Swiss Exchange on the granting date. For all other employees, the exercise price is the volume weighted average share price of the company on the SIX Swiss Exchange during the thirty trading days preceding and including the granting date or the closing price of the share on the SIX Swiss Exchange on the grant date. One option grants the right to purchase one u-blox Holding AG share.

In 2017, 170'603 options were granted to the Executive Committee members and employees at an exercise price of CHF 187.09 and 61'479 employee stock options at an exercise price of CHF 191.20.

In 2016, 152'576 options were granted to the Executive Committee members at an exercise price of CHF 210.28 and 54'660 employees stock options at an exercise price of CHF 214.50.

In 2017, 122'076 options were exercised to buy one share with a nominal value of CHF 0.90 at a share price of CHF 25.50, 39.15, 39.91, 41.20, 59.29, 96.15, 136.72, 187.09 and 210.28 per option respectively. Share transaction costs of TCHF 236 were deducted from the proceeds. Net proceeds were recorded in share capital TCHF 109 and share premium TCHF 6'718.

In 2016, 109'358 options were exercised to buy one share with a nominal value of CHF 0.90 at a share price of CHF 25.50, 39.15, 39.91, 41.20, 48.58, 50.30, 59.29, 96.15, 136.72 and 137.40 per option respectively. Share transaction costs of TCHF 207 were deducted from the proceeds. Net proceeds were recorded in share capital TCHF 99 and share premium TCHF 3'284.

The following table details the movements of outstanding employee stock options:

	For the year ended December 31, 2017		For the year ended December 31, 2016	
	Weighted average exercise price in CHF	Number of options	Weighted average exercise price in CHF	Number of options
Opening balance	**136.74**	**578'939**	**82.91**	**494'152**
Granted	188.18	232'082	211.39	207'236
Exercised	57.86	-122'076	32.96	-109'358
Forfeited	181.08	-28'570	153.42	-13'091
Ending balance	**167.46**	**660'375**	**136.74**	**578'939**
Thereof vested and exercisable	54.04	63'392	30.74	47'672

The following table summarizes the employee stock options outstanding at December 31, 2017 and December 31, 2016 respectively:

Expiry date	Exercise Price CHF	Options outstanding at December 31, 2017	Options outstanding at December 31, 2016
2018	39.91	0	14’550
2018	41.20	0	382
2019	25.50	14’978	30’247
2019	39.15	854	2’493
2020	59.29	42’395	120’353
2020	96.15	5’165	15’292
2021	136.72	164’505	170’958
2021	137.40	22’075	23’984
2022	210.28	143’080	149’810
2022	214.50	47’317	50’870
2023	187.09	162’151	0
2023	191.20	57’855	0
Total	167.46	**660’375**	**578’939**
Weighted average remaining expected life at December 31,		2.34 years	2.42 years
Weighted average remaining contractual life at December 31,		3.83 years	3.92 years

The weighted average fair value of the outstanding options was CHF 41.39 (2016: CHF 38.67). The fair value of stock options granted is estimated at the date of grant using a binomial model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the valuation model applied at grant date and used for the consolidated financial statements ended December 31, 2017 and 2016 respectively:

	2017	2016
Dividend yield	1.05%	0.89%
Expected volatility	33.40%	34.70%
Risk-free interest rate	-0.37%	-0.38%
Expected life of option	4.50 years	4.50 years
Expected exit rate after vesting	3.00%	3.00%
Weighted average share price	CHF 188.18	CHF 211.39

For 2017 and 2016 the expected volatility was based on the historical volatility of the u-blox share.

The expense for employee services received is recognized over the vesting period. The expense from the employee stock option plan recognized in 2017 was TCHF 7’959 (2016: TCHF 7’043).

20 RESEARCH AND DEVELOPMENT

(in CHF 000s)	2017	2016
Research and development expenditures	47'516	45'289
Depreciation and amortization	17'910	18'201
Impairment	128	0
Total research and development expenses	**65'554**	**63'490**

21 OPERATING EXPENSES BY NATURE

(in CHF 000s)	Note	2017	2016
Material costs	9	208'022	183'620
Personnel expenses	19	70'491	65'845
Depreciation	10	9'268	8'292
Amortization and impairment	11	13'022	14'470
Travel- and representation expenses		6'519	5'785
Administration expenses		6'878	5'736
Marketing expenses		4'507	3'874
Rent expenses		5'877	4'192
Other expenses		15'963	11'445
Total		**340'547**	**303'259**

The position other expenses mainly consists of product development and software maintenance expenses.

22 FINANCE INCOME/FINANCE COSTS

(in CHF 000s)	2017	2016
Interest income	280	228
Gains on financial instruments at fair value for trading	4	11
Foreign exchange gain	0	3'573
Other finance income[1]	5'384	525
Finance income	**5'668**	**4'337**
Losses on financial instruments at fair value for trading	-189	-238
Financial liabilities measured at amortized costs-interest expenses	-1'781	-955
Interest expenses	-167	-40
Foreign exchange loss	-3'515	0
Other finance costs	0	-420
Share of profit of equity-accounted investees, net of tax	-400	0
Finance costs	**-6'052**	**-1'653**
Total, net	**-384**	**2'684**

All finance income and costs from financial assets and financial liabilities have been recognized in the income statement.

[1] Other finance income include the deconsolidation effect from Sapcorda, see Note 4.

23 INCOME TAX EXPENSE

Income taxes can be analyzed as follows:

(in CHF 000s)	2017	2016
Current income taxes	11'396	15'761
Deferred income taxes	2'046	-273
Total income tax expense	**13'442**	**15'488**

The Group has operations in various locations, where differing tax laws and income tax rates apply. Consequently, the effective tax rate on consolidated income may vary from year to year, based on the source of earnings. The reconciliation between the effective income tax and the expected income tax based on the consolidated profit before income tax computed with the expected tax rate of the main operating company in Thalwil, is as follows:

		2017		2016
	in %	in CHF 000s	in %	in CHF 000s
Profit before income tax		**64'702**		**61'688**
Income tax rate of u-blox AG, Thalwil	19.4		19.4	
Expected income tax expense		12'552		11'968
Effect of different tax rates		1'850		1'856
Effect of non-tax-deductible expenses		337		802
Prior year adjustments		-343		1'149
R&D tax credits		-1'254		-221
Tax loss carry forwards not recognized in current year		150		0
Other		150		-66
Effective income tax expense		**13'442**		**15'488**

Deferred tax assets and liabilities

Effects of temporary differences and tax loss carry forwards that give rise to significant components of deferred tax assets and deferred tax liabilities are as follows:

(in CHF 000s)	At December 31, 2017 Deferred tax assets	At December 31, 2017 Deferred tax liabilities	At December 31, 2016 Deferred tax assets	At December 31, 2016 Deferred tax liabilities	Change 2017
Trade accounts receivable (net)	69	1'154	44	0	-1'129
Inventory	0	2'271	0	1'664	-607
Property Plant and Equipment	52	75	4	67	40
Intangible assets	194	2'361	238	2'645	240
Other assets	0	196	0	196	0
Pension	3'136	0	2'707	0	429
Accrued expenses personnel	841	0	1'278	0	-437
Other liabilities	668	356	18	1'505	1'799
Provision	14	0	14	0	0
Tax loss carry forwards	2'029	0	2'013	0	16
Deferred tax assets/liabilities (gross)	7'003	6'413	6'316	6'077	351
Netting	-3'264	-3'264	-3'881	-3'881	0
Deferred tax assets/liabilities (net)[1]	**3'739**	**3'149**	**2'435**	**2'196**	**351**

[1] The deferred tax assets/liabilities are calculated at the respective closing date rate whereas the changes in temporary differences are calculated at the average rate for the respective year.

(in CHF 000s)	2017	2016
Deferred income taxes recognized in the income statement	-2'046	273
Deferred income taxes recognized in other comprehensive income	119	116
Recognized in equity	2'361	-2'495
Translation differences	-83	43
Total changes compared to previous year	**351**	**-2'063**

The tax deduction resulting from share-based payments exceeds the amount of the related cumulative remuneration expenses from share-based payments. The excess of the deferred tax in the amount of CHF 2.4 million was recognized directly in equity. On temporary differences from investments in subsidiaries of TCHF 2'056 (2016: TCHF 2'056), no deferred tax liability was recorded, as a reversal of the differences through realization (dividend payment or sale of subsidiaries) is not expected in the foreseeable future.

24 FINANCIAL RISK MANAGEMENT

The following table shows the carrying amount of all financial instruments per category. They correspond, approximately, to the fair values in accordance with IFRS.

(in CHF 000s)	For the year ended December 31, 2017	For the year ended December 31, 2016
Cash and cash equivalents	**169'624**	**149'545**
Trade accounts receivables	50'401	39'792
Other receivables	9'616	8'065
Accrued income	769	1'544
Financial assets	1'141	1'074
Loans and receivables	**61'927**	**50'475**
Marketable securities	2'813	7'573
Derivative financial assets	152	0
Financial assets at fair value through profit or loss	**2'965**	**7'573**
Trade accounts payables	20'296	19'435
Other payables	5'894	4'739
Accrued expenses	11'734	7'663
Financial liabilities	118'913	59'414
Liabilities at amortized costs	**156'837**	**91'251**
Other payables – contingent consideration	438	751
Liabilities at fair value through profit or loss	**438**	**751**

The carrying amount of the marketable securities recognized at their fair value is determined on the basis of the bonds prices at the balance sheet date. The contingent consideration contains the latest earn-out estimate in connection with the business combinations 2014. The earn-outs reflect the present value of the expected cash outflow which is measured on the basis of the achievement of profit goals defined in the corresponding purchase agreements.

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).

For the year ended December 31, 2017

	Carrying amounts		Fair value	
(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
Financial liabilities	118'913	123'390	0	0
Total liabilities	**119'351**	**123'390**	**0**	**438**

For the year ended 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**

There were no reclassifications between the various levels in 2017 and 2016. The Group has not disclosed the fair value for financial instruments such as trade accounts receivables and payables, because their carrying amounts are a reasonable approximation of fair value.

The following table shows a reconciliation from the beginning balances to the ending balances for fair value measurements in level 3 of the fair value hierarchy:

(in CHF 000s)	**2017**	**2016**
Balance at January 1,	751	1'272
Total gains for the period recognized in other finance income	-313	-521
Balance at December 31,	**438**	**751**

Risk exposure
The Group has exposure to the following risks from its use of financial instruments:

a) credit risk
b) liquidity risk
c) market risk
c1) interest rate risk
c2) currency risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk. Further quantitative disclosures are included throughout these consolidated financial statements.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. Internal reviews by the Group accountant assist the Group Audit Committee in its oversight role. Internally both regular and ad hoc reviews of risk management controls and procedures are affected.

a) Credit risk
Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's cash and cash equivalents, trade accounts receivables from customers and investment securities.

Trade accounts receivables and other receivables
The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the Group's customer base, including the default risk of the industry and country in which customers operate, has less of an influence on credit risk. In general, the Group minimizes part of the credit risk as far as possible by way of credit insurance or a requirement of customers to either guarantee their payment by Letter of Credit (L/C) or to make a payment in advance. Collections and payments are continuously monitored.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for Groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets.

Cash and cash equivalents and marketable securities
The Group limits its exposure to credit risk by only investing in fixed time deposits and marketable securities such as Swiss Francs bonds or similar instruments with counterparties that have a credit rating of at least A+ from Standard & Poor's and A1 from Moody's. The maximum duration is limited to 4 years except for cash. Given these high credit ratings, management does not expect any counterparty to fail to meet its obligations.

Guarantees
The Group's policy is to provide financial guarantees only to wholly-owned subsidiaries. At December 31, 2017 no guarantees were outstanding (December 31, 2016: none).

The maximum credit risk on financial instruments corresponds to the carrying amounts of the individual financial assets. u-blox has not entered into any guarantees or similar obligations that would increase the risk over and above the carrying amounts. Details of the due dates of receivables are shown in note 8.

The maximum credit risk as per the balance sheet date was as follows:

(in CHF 000s)	**For the year ended December 31, 2017**	**For the year ended December 31, 2016**
Total cash and cash equivalents	169'624	149'545
Marketable securities	2'813	7'573
Derivative financial assets	152	0
Total trade accounts receivable (net)	50'401	39'792
Total other receivables	9'616	8'065
Accrued income	769	1'544
Total financial assets	1'141	1'074
Total	**234'516**	**207'593**

b) Liquidity risk
Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group uses short-term forecasts, which assists it in monitoring cash flow requirements and optimizing its cash return on investments. Typically the Group ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 60 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. In addition, the Group maintains the following lines of credit:

The Group has access to an undrawn CHF 40.0 million overdraft facility. Interest would be payable at the rate of 3% p.a. plus commission of 0.25% per quarter. The bank may adjust the interest rate in line with the market interest rates. Management considers that the Group is not exposed to any significant risks arising from not being able to meet the financial obligations at the end of the reporting period.

The following are the contractual maturities of financial liabilities:

For the year ended December 31, 2017 (in CHF 000s)	**Carrying amounts**	**Contrac-tual cash flows**	up to 6 months	6-12 months	1 - 5 years	more than 5 years
Total trade accounts payables	20’296	20’296	20’296	0	0	0
Other payables	5’894	5’894	5’894	0	0	0
Other payables – contingent consideration	438	438	0	0	438	0
Accrued expenses	11’734	11’734	11’734	0	0	0
Financial liabilities	118’913	128’922	1’812	0	66’273	60’837
Total	**157’275**	**167’284**	**39’736**	**0**	**66’711**	**60’837**

For the year ended December 31, 2016 (in CHF 000s)	**Carrying amounts**	**Contrac-tual cash flows**	up to 6 months	6-12 months	1 - 5 years	more than 5 years
Total trade accounts payables	19’435	19’435	19’435	0	0	0
Other payables	4’739	4’739	4’739	0	0	0
Other payables – contingent consideration	751	751	0	0	751	0
Accrued expenses	7’663	7’663	7’663	0	0	0
Financial liabilities	59’414	64’911	981	0	63’930	0
Total	**92’002**	**97’499**	**32’818**	**0**	**64’681**	**0**

c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange and interest rates will affect the Group’s income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

c1) Interest rate risk

Interest rate risk arises from movements in interest rates which could have adverse effects on the Group’s net income or financial position. The Group places a part of its cash and cash equivalents in marketable securities. Interest rate risk exposure exists for the invested assets as the fair value of the bonds depend on the actual interest rates. The risk is limited by investing in bonds of a maximum remaining duration of 4 years. In 2017, the Group entered into an interest rate swap with a maturity of 6 years, which exchanges fixed-rate payments for floating-rate payments based on LIBOR. The interest rate swap increases the Group’s exposure to fluctuations in market interest rates. Revenue and operating cash flows are substantially independent of changes in market interest rates. The cash position is used for general corporate purposes and to fund the planned growth. Management considers that the Group is not exposed to any significant risks arising from changes in market interest rates and therefore no hedging instruments are utilized.

An increase of the Swiss Franc interest rate of 0.25% would decrease the value of the marketable securities by 0.32% resulting in a negative impact of TCHF 24 on the net profit and equity. An increase of the Swiss Franc interest rate of 0.25% on the interest swap would result in a negative impact of TCHF 229 on the net profit and equity.

c2) Currency risk

Almost all of the revenue and cost of sales are denominated in USD or EUR. A majority of overhead and other fixed costs are denominated in CHF. This exposure to different currencies potentially results in gains or losses with respect to movements in foreign exchange rates and the impact of such fluctuations can be material. Accordingly, u-blox enters from time to time into economic hedging transactions pursuant to which u-blox purchases CHF under forward purchase contracts in order to minimize its CHF exposure. These transactions require judgments and assumptions about the future expense levels, and as a result, do not entirely eliminate the exposure to currency fluctuations. Furthermore, while the hedging transactions provide fixed currency rates for periods covered by the contracts, the transactions will not protect the Group from long-term movements in currency rates. The fact that revenue and cost of sales are to a certain extent denominated in the same currency provides a natural hedge.

The table below shows the significant currency risks arising from financial instruments in a foreign currency from the perspective of the Group entity which holds these financial instruments:

	For the year ended December 31, 2017		For the year ended December 31, 2016	
(in CHF 000s)	**USD**	**EUR**	**USD**	**EUR**
Cash and cash equivalents	136'539	6'892	99'300	5'415
Trade accounts receivables	23'847	6'111	17'601	3'248
Receivables from subsidiaries	31'507	3'826	34'272	12'252
Other receivables	401	4'486	17	4'743
Trade accounts payables	-17'798	-740	-15'859	-1'611
Other payables – other	-1'275	-2'857	-2'139	-645
Other payables – contingent consideration	0	-438	0	-751
Payables to subsidiaries	-19'476	-10'761	-29'589	-20'094
Accrued expenses	-750	0	-1'062	0
Total currency exposure	**152'995**	**6'519**	**102'541**	**2'557**

A 10% change in exchange rates at December 31, 2017 would have increased or decreased net profit and equity by the amounts listed below. The assumption underlying this analysis is that all other variables, in particular interest rates, remain unchanged. Substantially larger effects on the income statement can be caused by exchange rate changes related to business transactions during the year, which do not lie within the scope of IFRS 7.

Sensitivity analysis	2017	2016	2017	2016
	USD/CHF	**USD/CHF**	**EUR/CHF**	**EUR/CHF**
Change	10%	10%	10%	10%
(in CHF 000s)				
Impact on income statement and equity for positive change	12'362	8'285	527	207
Impact on income statement and equity for negative change	-12'362	-8'285	-527	-207

In respect of other monetary assets and liabilities denominated in foreign currencies, the Group ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

25 CAPITAL MANAGEMENT

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors both the number of shareholders, as well as the return on capital, which the Group defines as net profit divided by total shareholders' equity (based on IFRS values). Return on capital was 16.1% in 2017 (2016: 16.2%). Neither the company nor any of its subsidiaries are subject to externally imposed capital requirements. The Board plans to invest future profits, if any, into the long-term growth of the business but also, based on the sound cash situation, wants to let the shareholders participate in the business result by dividend payments or by repaying part of the share premium.

26 OPERATING LEASES

Future minimal rental payments for equipment and facility leases are as follows:

Operating leases due (in CHF 000s)	**At December 31, 2017**	**At December 31, 2016**
Within 1 year	4'194	3'174
Within 2 years	3'980	2'800
Within 3 years	2'881	2'277
Within 4 years	2'307	1'372
Thereafter	2'784	1'670
Total	**16'146**	**11'293**

This position mainly consists of office space rented.

27 GUARANTEES, PLEDGES IN FAVOR OF THIRD PARTIES AND CONTINGENT LIABILITIES

At December 31, 2017 and 2016 there were no guarantees in favor of third parties. The Group is not exposed to any significant contingent liabilities. There is no known, threatened or pending litigation against any Group companies.

28 RELATED PARTIES

Related parties are members of the Board of Directors and Executive Committee, close family members of the afore-mentioned parties, and shareholders with a significant influence or control over the Group, as well as entities under these parties' control.

The total compensation to the Board of Directors and Executive Committee was:

(in CHF 000s)	**For the year ended December 31, 2017**	**For the year ended December 31, 2016**
Salaries	3'253	3'030
Share-based payments	1'401	1'473
Social taxes	465	580
Employee benefit costs	544	386
Other cash benefits	8	0
Other non cash benefits	8	8
Total compensation	**5'679**	**5'477**

There were no other significant transactions with related parties during the years ended December 31, 2017 and 2016. The detailed disclosure of compensation and shareholdings of the Board of Directors and Executive Committee as per Swiss law can be found in the compensation report.

29 POST BALANCE SHEET EVENTS

The Board of Directors authorized these consolidated financial statements for issuance on March 14, 2018. In January 2018 u-blox granted 191'392 employee stock options at an exercise price of CHF 187.09 and 40'690 employee stock options at an exercise price of CHF 191.20 under a new stock option plan to the Executive Committee members and the employees. There have been no other events between December 31, 2017 and the date of authorization of these consolidated financial statements that would lead to an adjustment of the carrying amounts of assets and liabilities presented at December 31, 2017.

Statutory Auditor's Report

To the General Meeting of u-blox Holding AG, Thalwil

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of u-blox Holding AG and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at December 31, 2017 and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion the consolidated financial statements (pages 4 to 41) give a true and fair view of the consolidated financial position of the Group as at December 31, 2017, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and comply with Swiss law.

Basis for Opinion

We conducted our audit in accordance with Swiss law, International Standards on Auditing (ISAs) and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, as well as the IESBA Code of Ethics for Professional Accountants, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Capitalization of development costs

Valuation of capitalized development costs

Valuation of goodwill, acquired technology and intellectual property rights

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Capitalization of development costs

Key Audit Matter

For the Group, as a fabless supplier of positioning and wireless semiconductors and modules, research & development (R&D) belongs to the core activities.

If certain criteria are met, the Group recognizes development costs as intangible assets. These criteria include, among others, the feasibility of the product, reliably measurable attributable expenditure and probable future economic benefits. In 2017, the Group capitalized development costs of TCHF 53,187 (2016: TCHF 37,189), while R&D expenditure in the amount of TCHF 47,516 (2016: TCHF 45,289) was recognized in the consolidated income statement. The assessment of the amount of costs to be capitalized for each product requires significant judgment.

There is a risk of over- or understatement of the capitalized development costs, either when the relevant criteria are not met but development costs are still capitalized, or when the criteria for capitalization are met but the costs are expensed.

Our response

Our audit procedures included, amongst others, the following:

We tested the operating effectiveness of key internal controls over the Group's approval and assessment relating to the recognition of development costs and the approval of R&D expenses.

In addition, we obtained a list of the products for which development costs incurred in the period were capitalized. We assessed if the capitalization criteria for each product were met. We challenged in our discussion with the management the business case and the underlying assumptions, as well as the stage of the development of the product, based on the internal operational reports that are prepared by the product managers. We furthermore assessed the consistency and completeness of the list of capitalized products with the operational reports. On a sample basis, we tested the accuracy of the calculation model and the underlying data, including cost rates and registered hours of the respective employees.

Based on our reading of the internal operational product reports and the discussion with management we assessed whether R&D expenses should have been capitalized.

For further information on the capitalization of development costs refer to the following:

— Note 2 to the consolidated financial statements: Accounting policies

— Note 3 to the consolidated financial statements: Critical accounting judgments and estimates

— Note 11 to the consolidated financial statements: Goodwill and intangible assets

— Note 20 to the consolidated financial statements: Research and Development

Valuation of capitalized development costs

Key Audit Matter

The Group capitalized a significant amount of development costs, as described above. As at December 31, 2017, the carrying amount of capitalized development costs was TCHF 131,457 (2016: TCHF 85,136).

In order to assess the valuation of the capitalized costs, the Group performs an annual impairment test for those costs relating to products that are not yet available for use. In addition, the Group assesses indicators for impairment for the capitalized development costs of finalized products that are already available for use.
The recoverability of these intangible assets depends on the successful launch of the new products in the market and the continuing sale of established products. Consequently, management's assessment of the valuation involves significant judgment, among others concerning the future cash flows, associated discount rate, growth rates as well as the estimated useful life.

There is a risk of over- or understatement of capitalized development costs if they are not fully recoverable or if the estimated useful lives are not accurate.

Our response

Our work focused on challenging the assumptions used by management in conducting their valuation assessment (determination of useful life, impairment calculation and review of potential impairment indicators).

This included:

- evaluating the reasonableness of current forecasts -including a trend analysis of margins, sales and development costs against those achieved historically;
- using our valuations specialists to independently develop expectations for the discount rate and comparing the expectations to those used by management;
- assessing the accuracy of the Group's budgeting process by comparing historical sales with the original forecasts;
- for products not yet in use - considering the internal operational reports that address the development status of each product;
- for products in use - challenging management's assessment of indicators for impairment; and
- assessing management's documentation over the appropriateness of the useful lives including an analysis of expected future and actual historical sales of products.

We also evaluated the sensitivity analysis prepared by management, re-performed the calculation and assessed the disclosures relating to the impairment review.

For further information on the valuation of capitalized development costs refer to the following:

- Note 2 to the consolidated financial statements: Accounting policies
- Note 3 to the consolidated financial statements: Critical accounting judgments and estimates
- Note 11 to the consolidated financial statements: Goodwill and intangible assets

KPMG

Valuation of goodwill, acquired technology and intellectual property rights

Key Audit Matter

Goodwill, acquired technology and intellectual property rights form a significant part of the Group's assets. As at December 31, 2017, the carrying amount of goodwill was TCHF 57,268 (2016: TCHF 54,104) and of acquired technology and intellectual property rights TCHF 20,262 (2016: TCHF 23,373).

Management's assessment of the potential impairment of these assets requires estimates concerning the future cash flows of each cash-generating unit, associated discount rates and growth rates based on management's view of future business prospects.

The risk is that the targets of the business plans are not met and that consequently these balances are overstated.

Our response

Our work focused on challenging the assumptions used by management in their assessment of potential impairment.

This included:

— assessing management's key assumptions relating to the estimated future cash flows, growth rates and the discount rates applied to the separate cash-generating units including consideration of our understanding of the future prospects of the business;

— challenging the reasonableness of forecasted cash flows with reference to historical performance and benchmarking assumptions such as growth rates and discount rates to macroeconomic and market data;

— using our valuation specialists to independently develop expectations for the discount rates and comparing the expectations to those used by management; and

— comparing applied long-term growth rates included in the terminal value to historical results as well as to economic and industry forecasts using publicly available sources.

We have also evaluated the sensitivity analysis prepared by management, re-performed the calculation and assessed the disclosures relating to the impairment review.

For further information on the valuation of goodwill, acquired technology and intellectual property rights technology refer to the following:

— Note 2 to the consolidated financial statements: Accounting policies

— Note 3 to the consolidated financial statements: Critical accounting judgments and estimates

— Note 11 to the consolidated financial statements: Goodwill and intangible assets

Other Information in the Annual Report

The Board of Directors is responsible for the other information in the annual report. The other information comprises all information included in the annual report, but does not include the consolidated financial statements, the stand-alone financial statements of the company, the remuneration report and our auditor's reports thereon.

Our opinion on the consolidated financial statements does not cover the other information in the annual report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information in the annual report and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibility of the Board of Directors for the Consolidated Financial Statements

The Board of Directors is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS and the provisions of Swiss law, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law, ISAs and Swiss Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Swiss law, ISAs and Swiss Auditing Standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

— Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

— Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

— Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.

— Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
— Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
— Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors or its relevant committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report, unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In accordance with article 728a para. 1 item 3 CO and the Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

KPMG AG

Daniel Haas Licensed Audit Expert Auditor in Charge	Nicole Charrière Roos Licensed Audit Expert

Lucerne, March 14, 2018

Financial statements u-blox Holding AG

Statement of financial position

(in CHF)	Note	At December 31, 2017	At December 31, 2016
Assets			
Current assets			
Cash at bank		28’022’621	14’842’000
Marketable securities		2’813’100	7’573’352
Other receivables - third parties		32’364	214’436
- companies in which the entity holds an investment		40’722’686	89’618’210
Prepaid expenses and accrued income		281’196	260’597
Total current assets		**71’871’967**	**112’508’595**
Non-current assets			
Prepaid expenses and accrued income		834’719	451’718
Loans granted to companies in which the entity holds an investment		196’504’311	105’127’000
Investment	2.1	14’697’917	14’697’917
Total non-current assets		**212’036’947**	**120’276’635**
Total assets		**283’908’914**	**232’785’230**
Liabilities and shareholders’ equity			
Current liabilities			
Other payables - companies in which the entity holds an investment		116’842	53’634
Accrued expenses		1’698’091	1’159’808
Total current liabilities		**1’814’933**	**1’213’442**
Non-current liabilities			
Long-term interest-bearing liabilities	2.2	120’000’000	60’000’000
Total non-current liabilities		**120’000’000**	**60’000’000**
Total liabilities		**121’814’933**	**61’213’442**
Shareholders’ equity			
Share capital	2.3	6’261’453	6’151’585
Legal capital reserve			
- Reserves from capital contributions	2.4	118’002’595	109’074’398
Legal retained earnings			
- general legal retained earning		6’243’563	6’007’923
Voluntary retained earnings			
Available earnings			
- profit brought forward		50’337’882	44’036’601
- profit for the year		5’670’933	6’301’281
Treasury shares	2.5	-24’422’445	0
Total shareholders’ equity		**162’093’981**	**171’571’788**
Total liabilities and shareholders’ equity		**283’908’914**	**232’785’230**

Income statement

(in CHF)	Note	For the year ended December 31, 2017	For the year ended December 31, 2016
Income			
Dividend income	2.6	6'000'000	6'000'000
Other financial income	2.7	3'056'056	2'897'028
Total income		**9'056'056**	**8'897'028**
Expenses			
Financial expenses	2.8	-2'229'430	-1'551'798
Other operating expenses		-1'137'986	-992'841
Direct taxes		-17'707	-51'108
Total expenses		**-3'385'123**	**-2'595'747**
Profit for the year		**5'670'933**	**6'301'281**

Notes to the financial statements

1 PRINCIPLES

u-blox Holding AG was incorporated on September 21, 2007 in Thalwil, Switzerland by exchange of 100% of the shares obtained by the shareholders of u-blox AG. On October 25, 2007, u-blox Holding AG offered in an initial public offering some of its shares to the public.

1.1 GENERAL ASPECTS

These financial statements were prepared according to the principles of the Swiss Law on Accounting and Financial Reporting (32nd title of the Swiss Code of Obligations). Where not prescribed by law, the significant accounting and valuation principles applied are described below.

1.2 MARKETABLE SECURITIES

Securities with a short-term holding period are valued at their quoted market price as at the balance sheet date. A valuation adjustment reserve has not been accounted for.

1.3 LOANS TO GROUP COMPANIES

Financial assets include a long-term loan to u-blox AG. It is valued at its acquisition cost.

1.4 TREASURY SHARES

Treasury shares are recognized at acquisition cost and deducted from shareholders' equity at the time of acquisition. In case of a resale, the gain or loss is recognized through the income statement as financial income or financial expense.

1.5 SHARE-BASED PAYMENTS

Shares awarded to employees within share-based payment programs are granted by capital increase. The amount paid by the employees for the nominal value of the shares awarded is recorded in share capital, while the paid amount exceeding the nominal value is considered to be a share premium and is recorded in legal capital reserves. The difference between the amount paid and the market value of the shares is also recorded in legal capital reserves. u-blox Holding AG is compensated for the difference by subsidiaries.

1.6 LONG-TERM INTEREST-BEARING LIABILITIES

Interest-bearing liabilities are recognized in the balance sheet at nominal value. Discounts and issue costs for bonds are recognized as prepaid expenses and amortized on a straight-line basis over the bond's maturity period.

2. INFORMATION ON BALANCE SHEET AND INCOME STATEMENT ITEMS

2.1 INVESTMENTS

	Share capital in (million)		Share in capital and voting rights in %		
	Dec. 31, 2017	Dec. 31, 2016	Dec. 31, 2017	Dec. 31, 2016	
u-blox AG, CH-Thalwil	CHF 4.23	CHF 4.23	100%	100%	
u-blox Europe Ltd., UK-Charing	GBP 0.06	GBP 0.06	100%	100%	indirectly held
u-blox Asia Pacific Ltd., HK-Hong-Kong	USD 0.10	USD 0.10	100%	100%	indirectly held
u-blox America Inc., US-Reston	USD 0.10	USD 0.10	100%	100%	indirectly held
u-blox Singapore Pte. Ltd., SG-Singapore	SGD 0.10	SGD 0.10	100%	100%	indirectly held
u-blox Japan K.K., JP-Tokyo	JPY 10.00	JPY 10.00	100%	100%	indirectly held
u-blox Italia S.p.A., IT-Sgonico	EUR 0.40	EUR 0.40	100%	100%	indirectly held
u-blox UK Ltd., UK-Reigate	GBP 0.00	GBP 0.00	100%	100%	indirectly held
u-blox San Diego Inc., US-San Diego	USD 0.00	USD 0.00	100%	100%	indirectly held
u-blox Melbourn Ltd., UK-Melbourn	GBP 0.14	GBP 0.14	100%	100%	indirectly held
u-blox Espoo Oy, FI-Espoo (former Fastrax)	EUR 0.05	EUR 0.05	100%	100%	indirectly held
u-blox Luton Ltd., UK-Luton	GBP 0.00	GBP 0.00	100%	100%	indirectly held
u-blox Lahore (Private) Ltd., PK-Lahore	PKR 14.11	PKR 14.11	100%	100%	indirectly held
u-blox Cork Ltd., IE-Cork	EUR 0.00	EUR 0.00	100%	100%	indirectly held
u-blox Malmö AB, SE-Malmö (former connectBlue)	SEK 0.83	SEK 0.83	100%	100%	indirectly held
connectBlue Inc., US-Illinois	-	USD 0.00	-	100%	indirectly held
u-blox Antcor S.A., GR-Athen	EUR 0.18	EUR 0.18	100%	100%	indirectly held
u-blox Berlin GmbH, DE-Berlin	EUR 0.03	EUR 0.03	100%	100%	indirectly held
Sapcorda Services GmbH, DE-Berlin	EUR 0.03	EUR 0.03	42.96%	100%	indirectly held
u-blox Wireless Technology (Shanghai) Ltd.	USD 0.01	-	100%	-	indirectly held

2.2 LONG-TERM INTEREST-BEARING LIABILITIES

At April 18, 2017, u-blox issued a bond for TCHF 60’000 (net cash inflow of TCHF 59’284) with a coupon of 1.375% p.a. and a term to maturity of 6 years.
At April 23, 2015, u-blox issued a bond for TCHF 60’000 (net cash inflow of TCHF 59’200) with a coupon of 1.625% p.a. and a term to maturity of 6 years.

2.3 SHARE CAPITAL

The share capital consists of 6’957’170 (2016: 6’835’094) registered shares with a nominal value of CHF 0.90 each.

AUTHORIZED SHARE CAPITAL

	At December 31, 2017	At December 31, 2016
Number of registered shares	1’018’000	979’000
With a nominal value of CHF 0.90 each	CHF 916’200	CHF 881’100

The Board of Directors is authorized, at any time until April 30, 2019, to increase the share capital through the issuance of up to 1’018’000 fully paid-in registered shares with a nominal value of CHF 0.90 each in an aggregate amount not to exceed CHF 916’200.

CONDITIONAL SHARE CAPITAL

	At December 31, 2017	At December 31, 2016
Number of registered shares	113’464	235’540
With a nominal value of CHF 0.90 each	CHF 102’118	CHF 211’986

In 2017, 122’076 options were exercised, which decreased the conditional share capital at December 31, 2017 to 113’464 shares with a nominal value of CHF 0.90. At December 31, 2017 there were 660’375 options (at December 31, 2016: 578’939 options) on u-blox Holding AG shares outstanding.

2.4 RESERVES FROM CAPITAL CONTRIBUTIONS

The reserves from capital contributions include the premium from capital increases, minus the dividends distributed to date.

From a fiscal point of view, any distributions made from reserves from capital contributions are treated the same as a repayment of share capital. The Swiss Federal Tax Administration (SFTA) has confirmed that it will recognize disclosed reserves from capital contributions as a capital contribution as per art. 5 para. 1 bis Withholding Tax Act.

2.5 TREASURY SHARES

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

	Number of transactions	Lowest rate in CHF	Highest rate in CHF	Average rate of transaction in CHF	Quantity
Inventory as at January 1, 2017					**0**
Acquisitions	5	188	200	195	125'000
Sales	0	0	0	0	0
Allocation to board members	0	0	0	0	0
Inventory as at December 31, 2017					**125'000**

2.6 DIVIDEND INCOME

In the reporting year, dividend income amounted to TCHF 6,000 (previous year: TCHF 6,000) from u-blox AG.

2.7 OTHER FINANCIAL INCOME

The other financial income mostly consists of interest income from u-blox AG over CHF 3.0 million.

2.8 FINANCIAL EXPENSES

CHF 1'000	At December 31, 2017	At December 31, 2016
Securities expenses	463	437
Interest on bonds	1'758	1'112
Amortization of discounts and issue costs	8	3
Total	**2'229**	**1'552**

3 OTHER INFORMATION

3.1 FULL-TIME EQUIVALENTS

u-blox Holding AG does not have any employees.

3.2 SIGNIFICANT SHAREHOLDERS

According to the disclosures of shareholders, the largest shareholders of u-blox Holding AG held the following percentages at:

	Voting rights as at December 31, 2017	Voting rights as at December 31, 2016
Atlantic Value General Partner Limited, London, UK	5.13%	3.26%
Baillie Gifford & Co.	3.05%	n.a.*
Montanaro Asset Management Limited, London, UK	n.a.*	3.01%
Credit Suisse Funds AG, Zurich, Switzerland	n.a.*	3.00%
UBS Fund Management AG, Basel, Switzerland	n.a.*	3.00%

*) n.a. = 0-3% voting rights.

3.3 SHAREHOLDING OF MEMBERS OF THE BOARD OF DIRECTORS, EXECUTIVE COMMITTEE OR PERSONS RELATED TO THEM

The total number of u-blox shares and options owned by members of the Executive Committee, the Board of Directors and the persons related to them are shown in the tables below. The shares are not restricted.

Shareholdings of Non-Executive members of the Board of Directors

	Number of u-blox Holding AG shares at December 31, 2017	**Number of u-blox Holding AG shares at December 31, 2016**
Fritz Fahrni Chairman of the Board of Directors Member of the audit committee Member of the nomination and compensation committee	16'292	15'893
Gerhard Tröster Chairman of the nomination and compensation committee	16'661	15'663
Soo Boon Quek[1]) Member of the Board of Directors	0	0
Paul Van Iseghem Vice Chairman of the Board of Directors Chairman of the audit committee	1'424	925
André Müller[2]) Member of the Board of Directors	0	0
Gina Domanig[3]) Member of the Board of Directors	0	0
Total Non-Executive members of the Board of Directors	**34'377**	**32'481**

[1]) Resigned as of the date of the AGM 2016.

[2]) Elected at the AGM 2015.

[3]) Elected at the AGM 2016.

Shareholdings Executive Committee (including Executive members of the Board of Directors)

	Number of u-blox Holding AG shares at December 31, 2017	**Number of u-blox Holding AG shares at December 31, 2016**
Thomas Seiler Member of the Board of Directors CEO Head of Marketing and Sales	132'554	131'711
Jean-Pierre Wyss Member of the Board of Directors Executive Vice President (Production/Logistics)	26'095	29'352
Andreas Thiel Executive Vice President (R&D Wireless Products)	37'500	38'474
Daniel Ammann Executive Vice President (R&D Positioning Products)	33'243	42'200
Roland Jud CFO	363	1'576
Total Executive Committee (incl. Executive members of the Board of Directors)	**229'755**	**243'313**

Options of Non-Executive members of the Board of Directors

	Number of u-blox Holding AG options at December 31, 2017	Number of u-blox Holding AG options at December 31, 2016
Fritz Fahrni Chairman of the Board of Directors Member of the audit committee Member of the nomination and compensation committee	0	499
Gerhard Tröster Chairman of the nomination and compensation committee	0	998
Soo Boon Quek[1]) Member of the Board of Directors	0	0
Paul Van Iseghem Vice Chairman of the Board of Directors Chairman of the audit committee	0	499
André Müller[2]) Member of the Board of Directors	0	0
Gina Domanig[3]) Member of the Board of Directors	0	0
Total Non-Executive members of the Board of Directors	**0**	**1’996**

[1]) Resigned as of the date of the AGM 2016.

[2]) Elected at the AGM 2015.

[3]) Elected at the AGM 2016.

Options Executive Committee (including Executive members of the Board of Directors)

	Number of u-blox Holding AG options at December 31, 2017	Number of u-blox Holding AG options at December 31, 2016
Thomas Seiler Member of the Board of Directors CEO Head of Marketing and Sales	21’148	20’719
Jean-Pierre Wyss Member of the Board of Directors Executive Vice President (Production/Logistics)	22’148	20’719
Andreas Thiel Executive Vice President (R&D Wireless Products)	23’229	20’719
Daniel Ammann Executive Vice President (R&D Positioning Products)	21’148	20’719
Roland Jud CFO	24’621	20’202
Total Executive Committee (incl. Executive members of the Board of Directors)	**112’294**	**103’078**

3.4 OPTIONS ON SHARES FOR MEMBERS OF THE BOARD AND EXECUTIVE COMMITTEE

	2017		2016	
	Quantity	**Value CHF 1’000**	**Quantity**	**Value CHF 1’000**
Allocated to members of the board	0	0	0	0
Allocated to executive committee	33’974	1’483	33’194	1’476

3.5 SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

There have been no events between December 31, 2017 and March 14, 2018 that would lead to an adjustment of the carrying amounts of assets and liabilities presented at December 31, 2017 or would otherwise have to be disclosed.

Proposal of the Board of Directors for appropriation of available earnings and the use of reserves from capital contributions

The Board of Directors proposes to the Annual General meeting the following appropriation of available earnings and the use of reserves from capital contributions at December 31, 2017

(in CHF)	**2017**	**2016**
Profit for the year	5’670’933	6’301’281
Brought forward from previous year	50’337’882	44’036’601
Available earnings before appropriation	**56’008’815**	**50’337’882**
Release of reserves from capital contributions[1]	15’653’633	14’353’697
Total available earnings before appropriation	**71’662’448**	**64’691’579**
Dividend payment out of reserves from capital contributions, CHF 2.25 per share on 6’957’170 shares[1]	-15’653’633	-14’353’697
To be carried forward	**56’008’815**	**50’337’882**

[1] Depending on the number of shares issued at April 25, 2018.

The Board of Directors is proposing to the General Meeting, to be held at April 24, 2018, to carry forward the available earnings 2017 of CHF 56’008’815 and to pay out a dividend of CHF 2.25 per share exempt from Swiss withholding tax out of the reserves from capital contributions. The last trading day with entitlement to receive the dividend is April 25, 2018. The shares will be traded ex-dividend as of April 26, 2018. The dividend will be payable as of May 2, 2018.

Thalwil, March 14, 2018

For the Board of Directors
The Chairman Fritz Fahrni

Statutory Auditor's Report

To the General Meeting of u-blox Holding AG, Thalwil

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of u-blox Holding AG, which comprise the statement of financial position as at December 31, 2017, and the income statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion the financial statements (pages 48 to 54) for the year ended December 31, 2017, comply with Swiss law and the company's articles of incorporation.

Basis for Opinion

We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the entity in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Report on Key Audit Matters based on the circular 1/2015 of the Federal Audit Oversight Authority

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. We have determined that there are no key audit matters to communicate in our report.

Responsibility of the Board of Directors for the Financial Statements

The Board of Directors is responsible for the preparation of the financial statements in accordance with the provisions of Swiss law and the company's articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and Swiss Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Swiss law and Swiss Auditing Standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

— Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

— Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control.

— Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.

— Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.

We communicate with the Board of Directors or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors or its relevant committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report, unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In accordance with article 728a para. 1 item 3 CO and the Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

KPMG AG

Daniel Haas
Licensed Audit Expert
Auditor in Charge

Nicole Charrière Roos
Licensed Audit Expert

Lucerne, March 14, 2018

Three year overview

Condensed consolidated income statement

	For the year ended December 31,		
(in CHF 000s)	**2017**	**2016**	**2015**
Revenue	**403’712**	**360’230**	**338’341**
% growth	12.1%	6.5%	25.3%
Cost of sales	-219’695	-193’123	-183’323
Gross profit	**184’017**	**167’107**	**155’018**
% gross profit margin	45.6%	46.4%	45.8%
Operating expenses	-120’852	-110’136	-106’201
Other income	1’921	2’033	2’474
Operating profit (EBIT)	**65’086**	**59’004**	**51’291**
% operating profit (EBIT) margin	16.1%	16.4%	15.2%
Finance income	5’668	4’337	996
Finance costs	-5’652	-1’653	-4’674
Share of profit of equity-accounted investees, net of taxes	-400	0	0
Profit before income tax (EBT)	**64’702**	**61’688**	**47’613**
% operating profit (EBIT) margin	16.0%	17.1%	14.1%
Income tax expense	-13’442	-15’488	-10’515
Net profit, attributable to owners of the parent	**51’260**	**46’200**	**37’098**
% net profit margin	12.7%	12.8%	11.0%
Depreciation and amortization	22’290	22’762	27’421
EBITDA*)	**87’376**	**81’766**	**78’712**
% EBITDA margin	21.6%	22.7%	23.3%

*) EBITDA (earnings before interest, taxes, depreciation and amortization) calculated by adding depreciation and amortization to profit from operations (EBIT), in each case determined in accordance with IFRS.

Condensed consolidated statement of financial position

(in CHF 000s)	At December 31, 2017	At December 31, 2016	At December 31, 2015
Assets			
Current assets			
Cash and cash equivalents	169'624	149'545	112'387
Marketable securities	2'813	7'573	11'659
Trade accounts receivables	50'401	39'792	43'790
Other current assets	60'476	42'670	51'933
Total current assets	**283'314**	**239'580**	**219'769**
Non-current assets			
Property, plant and equipment	17'494	15'774	14'708
Goodwill	57'628	54'104	56'716
Other intangible assets	153'986	111'905	88'042
Financial assets	1'141	1'074	678
Equity-accounted investees	7'210	0	0
Deferred tax assets	3'739	2'435	6'930
Total non-current assets	**241'198**	**185'292**	**167'074**
Total assets	**524'512**	**424'872**	**386'843**
Liabilities and equity			
Current liabilities	58'946	59'098	55'405
Non-current liabilities	147'054	81'047	83'117
Total liabilities	**206'000**	**140'145**	**138'522**
Shareholders' equity			
Share capital	6'261	6'152	6'053
Share premium	66'579	74'387	84'006
Treasury shares	-24'422		
Retained earnings	270'094	204'188	158'262
Total equity, attributable to owners of the parent	**318'512**	**284'727**	**248'321**
Total liabilities and equity	**524'512**	**424'872**	**386'843**

Condensed consolidated statement of cash flows

	For the year ended December 31,		
(in CHF 000s)	**2017**	**2016**	**2015**
Net cash generated from operating activities	60'504	93'559	74'659
Net cash used in investing activities	-63'511	-45'711	-33'367
Net cash provided by/used in financing activities	26'012	-10'515	33'776
Net increase in cash and cash equivalents	**23'005**	**37'333**	**75'068**
Cash and cash equivalents at beginning of year	149'545	112'387	37'662
Exchange gains/(losses) on cash and cash equivalents	-2'926	-175	-343
Cash and cash equivalents at end of year	**169'624**	**149'545**	**112'387**

u-blox Holding AG
Zürcherstrasse 68
8800 Thalwil
Switzerland
Phone +41 44 722 74 44
www.u-blox.com

u blox