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This is u-blox

Foundation	1997
Business	Fabless semiconductor provider of embedded wireless and positioning communication solutions
Headquarter	Thalwil, Switzerland
Offices	Australia, Belgium, China, Finland, Germany, Greece, India, Ireland, Italy, Japan, Korea, Pakistan, Singapore, Sweden, Taiwan, United Kingdom and USA
Listed	SIX Swiss Exchange (UBXN)
Employees	1'080 (June 30, 2020, FTE based); 1'021 (June 30, 2019, FTE based);
Revenue	H1.2020: CHF 174.0 million; H1.2019: CHF 190.6 million;
EBIT (adjusted)	H1.2020: CHF 13.2 million; H1.2019: CHF 19.7 million;
Net profit (adjusted)	H1.2020: CHF 4.7 million; H1.2019: CHF 13.6 million;
Markets	Industrial, Automotive and Consumer
Mission	u-blox aims to be the leading provider of embedded wireless communication and positioning solutions to the global electronics industry

Financial highlights

Revenue in m CHF

174.0

Revenue H1.2019: 190.6 – Growth rate: -8.7%

Operating cashflow in m CHF

13.9

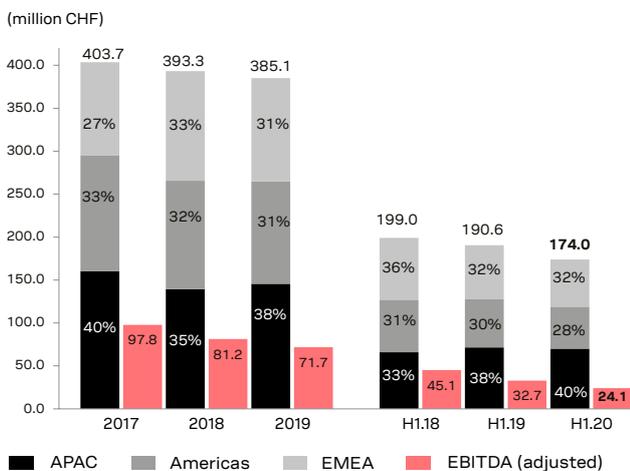
Operating cashflow H1.2019: 33.1 – Growth rate: -58.2%

Equity ratio in %

53.8%

Equity ratio H1.2019: 60.5%

Revenue by geography / EBITDA (adjusted) in m CHF



Operating profit (adjusted) in m CHF

13.2

Operating profit H1.2019 (adjusted): 19.7 – Growth rate: -32.7%

Net profit (adjusted) in m CHF

4.7

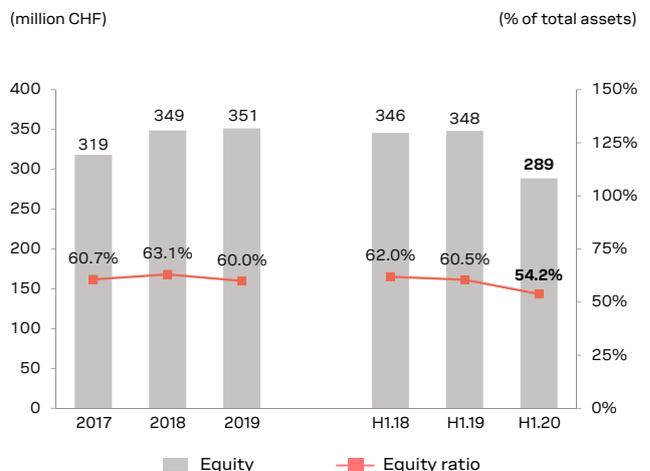
Net profit H1.2019 (adjusted): 13.6 – Growth rate: -65.7%

Gross profit (adjusted) in %

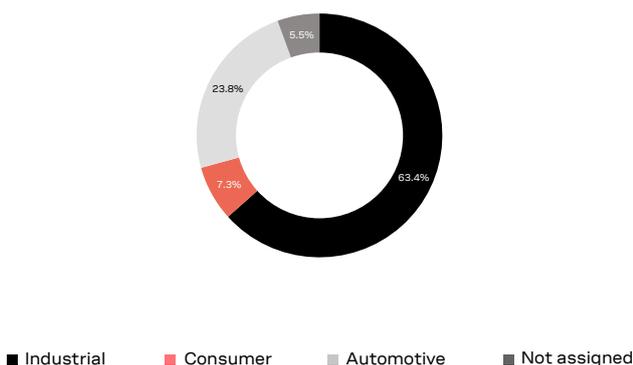
45.6%

Gross profit H1.2019 (adjusted): 45.2%

Total equity and equity ratio in m CHF

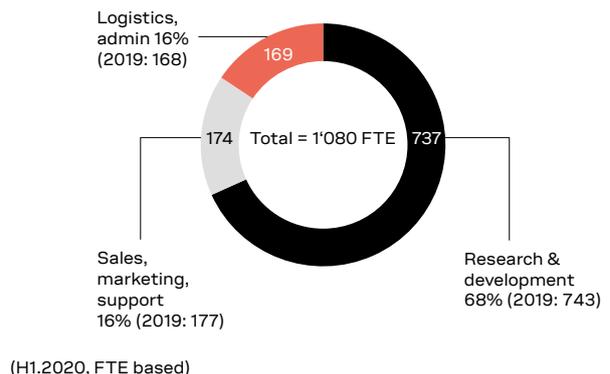


u-blox revenue split per market



Employee breakdown spread over 18 countries

75% of employees based outside Switzerland



u-blox reports first half 2020 financial results

Thalwil, Switzerland – August 20, 2020 – u-blox (SIX:UBXN), a global leader in wireless and positioning technologies, today announced its financial results for the six months ended 30 June 2020.

Financial Summary

- Revenue of CHF 174.0 million compared to revenues of CHF 190.6 million H1 2019, a decline of -8.7% (-5.6% at constant exchange rates)
- Gross profit (adjusted) of CHF 79.4 million compared to CHF 86.1 million in H1 2019, a decline of -7.8%, and equivalent to an adjusted gross margin of 45.6% versus 45.2% in the prior year period
- EBITDA (adjusted) of CHF 24.1 million, compared to CHF 32.7 million in the prior year period
- EBIT (adjusted) of CHF 13.2 million, compared to CHF 19.7 million in the prior year period
- Net profit (adjusted) before minority interests of CHF 4.7 million, compared to CHF 13.6 million in the prior year period
- Cash flow from operating activities of CHF 13.9 million in H1 2020, compared to CHF 33.1 million in the prior year period
- Free cash flow of CHF -21.9 million (CHF -8.4 million before acquisitions) in H1 2020, compared to CHF 0.5 million in the prior year period
- CHF 100.1 million of cash and cash equivalents at 30 June 2020, compared to CHF 127.4 million at year-end 2019 and CHF 122.4 million at 30 June 2019
- u-blox initiated cost improvement measures that are expected to generate annual savings of approximately CHF 15 million. As part of these measures, one large non-revenue generating program was discontinued, and measures will be taken to redeploy these and other resources efficiently and in a cost effective manner to core business areas.

- During the first half of 2020, u-blox recognized an impairment charge of CHF 74.1 million due to current market conditions mainly in automotive, changes in business plan expectations and refocusing of various programs. The company's existing lines of product offerings remain unaffected.

Business Highlights

- Successfully acquired IoT Communication-as-a-Service Provider Thingstream in April 2020, consistent with the company's strategy to expand its services portfolio by providing customers with a complete and comprehensive IoT connectivity solution.
- Launched the company's latest contribution to vehicle-to-everything (V2X) technology, the short range VERA-P3 V2X module.
- Debuted the global LPWA cellular module SARA-R422 with increased security and positioning features.
- The M9 positioning platform was expanded with additional features. This ultra robust M9 technology platform will serve demanding automotive and high end telematics applications.

Financial Overview

For the first half of 2020, u-blox generated revenues of CHF 174.0 million, EBIT (adjusted) of CHF 13.2 million and EBITDA (adjusted) of CHF 24.1 million. Revenues in all regions were lower in H1 2020 compared to the same period last year, reflecting the impact of the COVID-19 pandemic. In particular, demand in the automotive end market and certain industrial sectors were substantially affected. The weakened USD/CHF exchange rate had a negative impact of -3.1%.

In APAC, revenues declined to CHF 70.1 million in H1 2020 from CHF 71.5 million in H1 2019 (-2%). While revenues benefitted from the steady development and deployment of 5G networks, automotive ramp-ups with new customers, and demand for drones, these positive developments were offset by decreased demand

from certain sectors of the automotive market and also various telematics applications used in industrial and consumer product markets.

Revenues in EMEA decreased to CHF 51.7 million in H1 2020 from CHF 61.6 million in H1 2019 (-16%) due to declines in the broader automotive and mobility end markets. Automotive OEMs experienced prolonged shutdowns due to the pandemic, and the mobility markets, where applications are especially used in shared services such as scooters and e-bikes, were particularly impacted by COVID-19. Areas of revenue growth in EMEA included IoT applications for smart cities which was mostly driven by demand from local governments. Additionally, there was solid demand for driver assistance and point-of-sale device applications.

AMEC revenues decreased to CHF 48.9 million in H1 2020 from CHF 56.6 million in H1 2019 (-14%). Decreased demand in general consumer applications and fleet management customers were the primary reasons for the decrease in revenues. Partially offsetting this decline was increased year-on-year demand from industrial automation applications, such as metering, as well as fitness applications.

u-blox operates in two segments:

- Positioning and wireless products
u-blox develops and sells chips and modules for positioning and wireless connectivity that are used in automotive, industrial and consumer applications. For H1 2020, revenue was CHF 173.8 million compared to CHF 190.4 million in H1 2019.
- Wireless services
u-blox also offers wireless communication technology services in terms of reference designs and software. For H1 2020, revenue for wireless services was CHF 16.7 million compared to CHF 16.0 million in H1 2019 (including intra group revenue).

Adjusted gross profit decreased by -7.8% to CHF 79.4 million in H1 2020 from CHF 86.1 million in H1 2019, resulting in an adjusted gross profit margin of 45.6% (H1 2019: 45.2%). The higher adjusted gross margin was due to favorable product mix during H1 2020 compared to H1 2019.

Adjusted operating expenses, which include R&D, distribution and marketing and G&A expenses, totaled CHF 66.7 million for H1 2020, compared to CHF 67.8 million in H1 2019. The higher R&D and G&A expenses were offset by lower distribution and marketing expenses. As a percentage of revenue, operating expenses were 38.3% of revenue compared to 35.6% last year.

R&D expenses (adjusted) remained stable at CHF 39.5 million in H1 2020 compared to CHF 39.8 million during the same period in 2019. As a percentage of revenue, adjusted R&D expenses in H1 2020 were 22.7% of revenue compared to 20.9% in H1 2019.

Distribution and marketing expenses (adjusted) in H1 2020 were CHF 15.8 million compared to CHF 17.8 million in the previous year period. As a percentage of revenue, distribution and marketing expenses (adjusted) were 9.1% in H1 2020 compared to 9.3% in H1 2019. Distribution and marketing expenses declined as expositions, conferences and other large-scale events were cancelled or moved to a virtual setting due to the pandemic.

Finance costs of CHF 3.5 million consisted primarily of interest payments for the two outstanding bonds and unrealized foreign currency losses. Share of loss of equity-accounted investees net of tax was CHF 1.9 million in H1 2020.

During the first half of 2020, u-blox recognized an impairment charge of CHF 74.1 million due to current market conditions mainly in automotive, changes in business plan expectations and refocusing of various programs. The company's existing lines of product offerings remain unaffected.

Net profit (adjusted) before minority interests was CHF 4.7 million, compared to CHF 13.6 million last year. Diluted EPS (adjusted) in H1 2020 was CHF 0.67 per share compared to CHF 1.96 per share in H1 2019.

At 30 June, 2020, u-blox had a strong balance sheet with an equity ratio of 54.2%. Cash, cash equivalents, and marketable securities totaled CHF 100.1 million as of 30 June, 2020, compared with CHF 127.4 million at the end of 2019 and CHF 121.0 million at 30 June, 2019. u-blox generated cash from operating activities of CHF 13.9 million through H1 2020, a decline of 58.2% compared to the previous year (H1 2019: CHF 33.1 million), due to lower business levels and an increase in net working capital. This increase in net working capital was driven by lower demand which increased inventory levels. Investments in property, plant and equipment and intangible assets totaled CHF 22.2 million for H1 2020, compared to CHF 29.2 million in H1 2019. Free cash flow (before acquisitions) was CHF -8.4 million, compared to CHF 3.9 million last year.

Acquisition of Thingstream

On 1 April, 2020, u-blox acquired the IoT communication-as-a-service provider Thingstream. Thingstream provides a comprehensive, end-to-end solution for global IoT connectivity, offering its product “as-a-service” which provides predictable cost and on-demand scalability for customers. The acquisition of Thingstream aligns with and accelerates u-blox’s strategy to expand its services business into a new dimension, the IoT Sphere. The IoT Sphere will provide customers with a reliable, smart and secure solution to connect sensor data to their cloud enterprise. With this capability, u-blox moves forward in achieving unique silicon-to-cloud differentiation. The integration of Thingstream was successfully completed during the first half of 2020.

Management

u-blox has appointed Carl Bellanca as new Head of Sales Americas to lead u-blox’s initiative to grow sales in the U.S. and its overall global distribution capabilities. Mr. Bellanca brings over 25 years of experience in sales and management positions, most recently as VP Sales – East at u-blox America since 2018. Bellanca will report to Markus Schaefer, Executive Director for Global Marketing and Sales in his new role.

Table 1: Consolidated income statement (adjusted)

(in CHF 000s)	Jan. - June 2020 (IFRS)	% revenue	Adjust- ments ²⁾	Jan. - June 2020 (adjusted)	% revenue	Jan. - Dec. 2019 (adjusted)	% revenue
Revenue	173'957	100.0%		173'957	100.0%	190'554	100.0%
Cost of sales	-94'927	-54.6%	362	-94'565	-54.4%	-104'466	-54.8%
Gross profit	79'030	45.4%	362	79'392	45.6%	86'088	45.2%
Distribution and marketing expenses	-16'907	-9.7%	1'102	-15'805	-9.1%	-17'758	-9.3%
Research and development expenses	-115'483	-66.4%	76'001	-39'482	-22.7%	-39'777	-20.9%
General and administrative expenses	-12'935	-7.4%	1'562	-11'373	-6.5%	-10'255	-5.4%
Other income	505	0.3%		505	0.3%	1'368	0.7%
Operating profit (EBIT)	-65'790	-37.8%	79'027	13'237	7.6%	19'666	10.3%
Financial income	87	0.1%		87	0.1%	1'762	0.9%
Finance costs	-3'533	-2.0%		-3'533	-2.0%	-3'157	-1.7%
Share of profit of equity-accounted investees, net of taxes	-1'907	-1.1%		-1'907	-1.1%	-1'989	-1.0%
Profit before income tax (EBT)	-71'143	-40.9%	79'027	7'884	4.5%	16'282	8.5%
Income tax expense	11'121	6.4%	-14'328	-3'207	-1.8%	-2'645	-1.4%
Net profit	-60'022	-34.5%	64'699	4'677	2.7%	13'637	7.2%
Minority interests	-69	0.0%		-69	0.0%		
Net profit, attributable to owners of the parent	-59'953	-34.5%		4'746	2.7%	13'637	7.2%
Earnings per share in CHF	-8.64			0.67		1.96	
Diluted earnings per share in CHF	-8.64			0.67		1.96	
Operating profit (EBIT)	-65'790	-37.8%	79'027	13'237	7.6%	19'666	10.3%
Depreciation and amortization	85'651	49.2%	-74'746	10'905	6.3%	13'072	6.9%
EBITDA¹⁾	19'861	11.4%	4'281	24'142	13.9%	32'738	17.2%

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

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

Table 2: Consolidated statement of cash flows (condensed)

(in CHF 000s)	For the period ended June 30, 2020	For the period ended June 30, 2019
Net profit	-60'022	9'650
Depreciation & Amortization	85'651	14'164
Other non-cash transactions	3'312	2'547
Financial income & Financial expense	5'353	3'384
Income tax expense	-11'121	1'872
Change in Networking Capital and provision	-5'825	7'900
Income tax paid	-3'493	-6'406
Net cash generated from operating activities	13'855	33'111
Net investment into property, plant and equipment	-2'855	-3'409
Net investment into intangibles	-19'855	-26'408
Net investment into financial assets	467	612
Acquisition of subsidiaries, net of cash acquired & participations	-13'518	-3'386
Net cash used in investing activities	-35'761	-32'591
Free Cash Flow (before acquisition & participations in capital increase)	-8'388	3'906
Free Cash Flow	-21'906	520
Proceeds from issuance of ordinary shares	0	91
Dividends paid to owners of the parent	0	-11'077
Net proceeds from borrowings	1'076	0
Payment of lease liabilities	-2'313	-2'192
Purchase of treasury shares	0	0
Non-controlling interests	125	0
Interest paid	-2'566	-2'182
Net cash provided by / used in financial activities	-3'678	-15'360
Net decrease in cash and cash equivalents	-25'584	-14'840
Cash and cash equivalents at beginning of year	127'424	136'296
Exchange gains/(losses) on cash and cash equivalents	-1'735	-481
Cash and cash equivalents at the end of the period	100'105	120'975

Product announcements

During the first half of 2020, u-blox made advances in certain important product offerings. The company recently announced its latest contribution to vehicle-to-everything (V2X) technology, the short range VERA-P3 V2X module. Based on u-blox's existing UBX-P3 V2X chip, VERA-P3 puts automotive OEMs, Tier-1s, and manufacturers of traffic management infrastructure on a fast track to integrating V2X technology into their platforms and solutions and deploying them commercially. Additionally, the company introduced the global LPWA cellular module, SARA-R422, which provides increased security and positioning features [compared to previous generations / other available products]. The SARA-R4 series is ideal for a wide range of mission-critical IoT solutions such as connected healthcare, industrial monitoring, point of sale and vending terminals, tracking and telematics devices, as well as smart lighting solutions and building automation.

Management Commentary

Thomas Seiler, u-blox Chief Executive Officer, commented, "After a solid first quarter, our business became increasingly impacted by the COVID-19 pandemic and the unprecedented effect it has had on the global economy. In particular, in EMEA and the Americas, we experienced declining demand, predominantly in the automotive end market and certain industrial markets such as telematics and smart mobility, as production and business shutdowns affected sales to customers in these sectors. In APAC, where the initial outbreak occurred and, accordingly, where the economy reopened earlier, revenues decreased less on a year-on-year basis. The development and expansion of 5G networks in China and Korea, drone applications and several automotive ramp-ups drove demand for our products in this region. We are encouraged by trends observed in APAC, and as businesses and societies continue to reopen across EMEA and AMEC we expect similar developments in these regions."

Mr. Seiler continued, "Our supply chain remained fully operational and we have experienced no significant issues or interruptions with respect to product availability and delivery. For the safety of our employees, customers and business partners, we instituted company-wide measures for employees to work remotely beginning in mid-March. Our existing infrastructure was key in facilitating efficient online collaboration, and therefore this transition has not impacted our productivity in sales and marketing, R&D and other operational areas of the business. In fact, we implemented new measures for conducting R&D while operating remotely, and we have been maintaining full R&D capacity to keep our innovation pipeline continually flowing. However, we also defined measures to reduce our operational expense significantly. Throughout the pandemic, no employee was subject to reduced working schemes."

Table 3: Consolidated statement of financial position (condensed)

(in CHF 000s)	At June 30, 2020 (unaudited)	At December 31, 2019 (audited)
ASSETS		
Current assets		
Cash and cash equivalents	100'105	127'424
Marketable securities	498	898
Trade accounts receivable	39'090	48'469
Other assets	102'640	83'670
Total current assets	242'333	260'461
Non-current assets		
Property, plant and equipment	11'863	12'707
Right-of-use assets	20'608	21'824
Goodwill	58'594	56'027
Intangible assets	166'186	219'194
Financial assets (incl. equity accounted investees)	11'421	8'844
Deferred tax assets	21'499	6'886
Total non-current assets	290'171	325'482
Total assets	532'504	585'943
LIABILITIES AND EQUITY		
Current liabilities	121'774	61'431
Non-current liabilities	121'691	172'913
Total liabilities	243'465	234'344
Shareholders' equity		
Share capital	109'569	109'569
Share premium	16'600	16'600
Retained earnings	162'685	225'295
Total equity, attributable to owners of the parent	288'854	351'464
Non-controlling interest	185	135
Total equity	289'039	351'599
Total liabilities and equity	532'504	585'943

Mr. Seiler said, “The core fundamentals and underlying drivers of our business remain solid and we are pleased with our ability to service customers and improve the business despite these challenging times. We experienced interesting ramp-ups of new applications that should accelerate our business once economic conditions improve and stabilize. These new applications include a variety of classical applications like infotainment, as well as new applications in the areas of automated vehicles, building automation and smart cities. We also benefited from the strong build-out of network capacity, both cellular and point-to-point.”

Outlook

While we remain confident in the underlying growth drivers to our business, particularly wireless content extension in automotive and the expansion of industrial IoT, the near term remains difficult to predict with respect to how quickly and strongly economies will recover across our regions. For these reasons, we are retracting our guidance that was presented on 13 March 2020 and the mid-term guidance, and we will not be issuing guidance for the 2020 financial year.



André Müller
Chairman of the Board of Directors



Thomas Seiler
CEO

u-blox Holding AG, Thalwil

Condensed consolidated interim financial statements

June 30, 2020

Consolidated statement of financial position

(in CHF 000s)	June 30, 2020 (unaudited)	December 31, 2019 (audited)
Assets		
Current assets		
Cash and cash equivalents	100'105	127'424
Marketable securities	498	898
Trade accounts receivable	39'090	48'469
Other receivables	30'463	13'881
Current tax assets	0	6'098
Inventories	60'485	51'563
Prepaid expenses and accrued income	11'290	11'502
Derivative financial assets	402	626
Total current assets	242'333	260'461
Non-current assets		
Property, plant and equipment	11'863	12'707
Right-of-use assets	20'608	21'824
Goodwill	58'594	56'027
Intangible assets	166'186	219'194
Financial assets	1'341	1'067
Equity-accounted investees	10'080	7'777
Deferred tax assets	21'499	6'886
Total non-current assets	290'171	325'482
Total assets	532'504	585'943
Liabilities and equity		
Current liabilities		
Trade accounts payable	26'195	25'421
Other payables	9'647	8'503
Lease liabilities	5'109	5'313
Current tax liabilities	856	665
Financial liabilities	59'891	0
Accrued expenses	20'076	21'529
Total current liabilities	121'774	61'431
Non-current liabilities		
Financial liabilities	60'725	119'422
Other payables	77	77
Provisions	10'743	8'292
Pension liabilities	25'104	21'310
Lease liabilities	16'031	16'866
Deferred tax liabilities	9'003	6'939
Non-current tax liabilities	8	7
Total non-current liabilities	121'691	172'913
Total liabilities	243'465	234'344
Shareholders' equity		
Share capital	109'569	109'569
Share premium	16'600	16'600
Treasury shares	-32'031	-32'031
Cumulative translation differences	-21'260	-17'663
Retained earnings	215'976	274'989
Total equity, attributable to equity holders of the parent	288'854	351'464
Non-controlling interest	185	135
Total equity	289'039	351'599
Total liabilities and equity	532'504	585'943

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

Consolidated income statement

(in CHF 000s)	Jan. – June 30, 2020 (unaudited)	Jan. – June 30, 2019 (unaudited)
Revenue	173'957	190'554
Cost of sales	-94'927	-104'772
Gross profit	79'030	85'782
Distribution and marketing expenses	-16'907	-18'556
Research and development expenses	-115'483	-42'368
General and administrative expenses	-12'935	-11'320
Other income	505	1'368
Operating profit	-65'790	14'906
Finance income	87	1'762
Finance costs	-3'533	-3'157
Share of loss of equity-accounted investees, net of taxes	-1'907	-1'989
Profit before income tax (EBT)	-71'143	11'522
Income tax benefit/(expense)	11'121	-1'872
Net profit	-60'022	9'650
Net loss attributable to non-controlling interest	-69	0
Net profit attributable to equity holders of the parent	-59'953	9'650
Basic earnings per share (in CHF)	-8.64	1.39
Diluted earnings per share (in CHF)	-8.64	1.39

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

Consolidated statement of comprehensive income

(in CHF 000s)	Jan. – June 30, 2020 (unaudited)	Jan. – June 30, 2019 (unaudited)
Net profit for the period	-60'022	9'650
Other comprehensive income		
Remeasurements on pension liability	-2'908	407
Income tax on remeasurements on pension liability	529	-79
Items that will not be reclassified to income statement	-2'379	328
Currency translation differences	-3'478	-2'379
Items that are or may be reclassified subsequently to income statement	-3'478	-2'379
Other comprehensive income for the period, net of taxes	-5'857	-2'051
Total comprehensive income	-65'879	7'599
Total comprehensive income attributable to non-controlling interest	50	0
Total comprehensive income, attributable to equity holders of the parent	-65'929	7'599

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

Consolidated statement of changes in equity

(in CHF 000s)	Share capital	Share premium	Treasury shares	Cumulative translation differences	Retained earnings	Total equity, attributable to equity holders of the parent	Total non-controlling interest	Total equity
Balance at January 1, 2019	6'390	66'296	-32'031	-14'225	322'447	348'877	0	348'877
Net profit for the period	0	0	0	0	9'650	9'650	0	9'650
Other comprehensive income for the period, net of taxes	0	0	0	-2'379	328	-2'051	0	-2'051
<i>Total comprehensive income</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>-2'379</i>	<i>9'978</i>	<i>7'599</i>	<i>0</i>	<i>7'599</i>
Share-based payments ¹⁾	0	0	0	0	2'876	2'876	0	2'876
Dividend out of share premium	0	-11'077	0	0	0	-11'077	0	-11'077
Options exercised during the year, net of transaction costs	1	90	0	0	0	91	0	91
<i>Total transactions with equity holders of the parent</i>	<i>1</i>	<i>-10'987</i>	<i>0</i>	<i>0</i>	<i>2'876</i>	<i>-8'110</i>	<i>0</i>	<i>-8'110</i>
Balance at June 30, 2019 (unaudited)	6'391	55'309	-32'031	-16'604	335'301	348'366	0	348'366
Balance at January 1, 2020	109'569	16'600	-32'031	-17'663	274'989	351'464	135	351'599
Net profit for the period	0	0	0	0	-59'953	-59'953	-69	-60'022
Other comprehensive income for the period, net of taxes	0	0	0	-3'597	-2'379	-5'976	119	-5'857
<i>Total comprehensive income</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>-3'597</i>	<i>-62'332</i>	<i>-65'929</i>	<i>50</i>	<i>-65'879</i>
Share-based payments ¹⁾	0	0	0	0	3'319	3'319	0	3'319
Dividend out of share premium	0	0	0	0	0	0	0	0
Options exercised during the year, net of transaction costs	0	0	0	0	0	0	0	0
<i>Total transactions with equity holders of the parent</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>3'319</i>	<i>3'319</i>	<i>0</i>	<i>3'319</i>
Balance at June 30, 2020 (unaudited)	109'569	16'600	-32'031	-21'260	215'976	288'854	185	289'039

¹⁾ Represents the amount of stock option expense of CHF 3.3 million (2019: CHF 2.3 million) including respective tax effects of CHF 0.0 million (2019: CHF 0.6 million) recognized for 2020 and 2019 respectively.

Consolidated statement of cash flows

(in CHF 000s)	Jan. - June 2020 (unaudited)	Jan. - June 2019 (unaudited)
Net cash generated from operating activities	13'855	33'111
Net cash used in investing activities ¹⁾	-35'761	-32'591
Net cash used in financing activities ²⁾	-3'678	-15'360
Net increase/(decrease) in cash and cash equivalents	-25'584	-14'840
Cash and cash equivalents at beginning of period	127'424	136'296
Effect of exchange rate fluctuations on cash and cash equivalents	-1'735	-481
Cash and cash equivalents at end of period	100'105	120'975

¹⁾ Net cash used in investing activities consists of investments into property, plant and equipment of CHF 2.9 million (June 30, 2019 CHF 3.4 million) and investments into intangible assets of CHF 18.7 million (June 30, 2019 CHF 26.4 million) in the first half year 2020.

²⁾ Net cash provided by financing activities contains the exercise of employee stock options of CHF 0 (June 30, 2019 CHF 91 thousand), the dividend payment out of reserves from capital contributions of CHF 0 (June 30, 2019 CHF 11.1 million).

Notes to the condensed consolidated interim financial statements

1 Basis of preparation of the condensed consolidated interim financial statements

The condensed consolidated interim financial statements of u-blox Holding AG ('u-blox' or the 'Group') were prepared in accordance with IAS 34 "Interim Financial Reporting". These condensed consolidated interim financial statements do not include all the notes contained in the consolidated annual financial statements, and for that reason should be read in conjunction with the consolidated annual financial statements for the year ended December 31, 2019.

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

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

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

In these condensed consolidated interim financial statements significant estimates and assumptions made by management are not different from those disclosed in the consolidated financial statements for the year ended December 31, 2019.

Income taxes are recognized based on best estimate of the weighted average annual tax rate for 2020.

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

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

	June 30, 2020		December 31, 2019	
	Average rate	Closing rate	Average rate	Closing rate
EUR	1.06450	1.06404	1.11276	1.08547
USD	0.96568	0.94729	0.99358	0.96740
GBP	1.21734	1.17457	1.26916	1.28297

Changes in accounting policies

Except as described below, the accounting policies applied in these interim financial statements are the same as those described in the Group's consolidated financial statements for the year ended December 31, 2019. The changes in accounting policies are also expected to be reflected in the Group's consolidated financial statements for the year ended December 31, 2020. With respect to IFRS 16 Leases, the Group has chosen to apply the practical expedient related to COVID-19 rent concessions.

2 Segment information

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

The following reportable segments were identified.

Positioning and Wireless products

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

Wireless services

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

	Positioning and Wireless products		Wireless services		Total segments		Non-allocated/ Eliminations		Group	
	January – June		January – June		January – June		January – June		January – June	
(in CHF 000s)	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Revenue third	173'795	190'433	162	121	173'957	190'554	0	0	173'957	190'554
Revenue intragroup	0	0	16'519	15'871	16'519	15'871	-16'519	-15'871	0	0
Total revenue	173'795	190'433	16'681	15'992	190'476	206'425	-16'519	-15'871	173'957	190'554
EBITDA	18'336	25'933	1'525	3'137	19'861	29'070	0	0	19'861	29'070
Depreciation	-4'636	-4'945	-1'385	-1'570	-6'021	-6'515	0	0	-6'021	-6'515
Amortization	-5'144	-7'638	-382	-11	-5'526	-7'649	0	0	-5'526	-7'649
Impairment	-74'104	0	0	0	-74'104	0	0	0	-74'104	0
Operating profit	-65'548	13'350	-242	1'556	-65'790	14'906	0	0	-65'790	14'906
Financial income									87	1'762
Finance costs									-3'533	-3'157
Share of loss of equity-accounted investees, net of taxes									-1'907	-1'989
Profit before income tax									-71'143	11'522

3 Revenue recognition

Revenues are derived from:

(in CHF 000s)	Jan. - June 2020 (unaudited)	Jan. - June 2019 (unaudited)
Sales of goods	173'788	189'613
Services rendered	157	293
License fees	12	13
Total revenue from contracts with customers	173'957	189'919
Other revenues	0	635
Total	173'957	190'554

Revenue by market

(in CHF 000s)	Jan. - June 2020 (unaudited)	Jan. - June 2019 (unaudited)
Automotive	41'315	57'230
Consumer	12'778	14'635
Industrial	110'235	109'529
Others	9'629	8'525
Total revenue from contracts with customers	173'957	189'919

Revenue by product type

(in CHF 000s)	Jan. - June 2020 (unaudited)	Jan. - June 2019 (unaudited)
Module	137'885	142'939
Chips	34'809	46'784
Others	1'263	196
Total revenue from contracts with customers	173'957	189'919

Revenue by region (based on billing location)

(in CHF 000s)	Jan. - June 2020 (unaudited)	Jan. - June 2019 (unaudited)
EMEA	49'764	61'045
<i>thereof: Switzerland</i>	1'136	1'510
<i>Germany</i>	8'290	16'189
America	36'897	40'037
<i>thereof: United States of America</i>	31'821	34'052
Asia Pacific	87'296	89'472
<i>thereof: China</i>	49'221	43'622
Total	173'957	190'554

4 Impairment of intangible assets

During the first half of 2020, the Group recognized CHF 74.1 million of impairment losses on intangible assets. The impairment was due to current market conditions mainly in automotive, changes in business plan expectations and refocusing of development projects. Each of those development projects was deemed an individual cash generating unit ('CGU').

The impairment charge in 2020 was recognized in 'research and development expenses'. The charge relates to intangible assets in the positioning and wireless products segment. The respective CGU's were fully written off as the recoverable amount was deemed to be zero.

5 Financial instruments

(in CHF 000s)	Carrying amount June 30, 2020	Carrying amount Dec 31, 2019
Cash and cash equivalents	100'105	127'424
Trade accounts receivable	39'090	48'469
Other receivables	6'677	524
Accrued income	680	680
Financial assets	1'341	1'063
Financial assets at amortized costs	47'788	50'736
Marketable securities	498	898
Derivative financial assets	402	626
Financial assets at fair value through profit or loss	900	1'524
Trade accounts payable	26'195	25'421
Other payables	5'433	5'511
Accrued expenses	8'732	9'635
Lease liabilities	21'140	22'179
Financial liabilities	120'616	119'422
Liabilities at amortized cost	182'116	182'168
Other payables - contingent consideration	0	0
Liabilities at fair value through profit and loss	0	0

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

Fair value hierarchy

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

Level 1:
quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2:
inputs other than quoted prices included within level 1 that are observable for the asset or the liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3:
inputs for assets or liabilities that are not based on observable market data (unobservable inputs).

June 30, 2020 (in CHF 000s)	Carrying amounts	Fair value		
	Total	Level 1	Level 2	Level 3
Marketable securities	498	498	0	0
Derivative financial assets	402	0	402	0
Total assets	900	498	402	0
Other payables – contingent consideration	0	0	0	0
Financial liabilities	120'616	119'070	1'056	0
Total liabilities	120'616	119'070	1'056	0
December 31, 2019 (in CHF 000s)	Total	Level 1	Level 2	Level 3
Marketable securities	897	897	0	0
Derivative financial assets	626	0	626	0
Total assets	1'523	897	626	0
Other payables – contingent consideration	0	0	0	0
Financial liabilities	119'422	122'622	0	0
Total liabilities	119'422	122'622	0	0

6 Nominal share repayment

On April 23, 2020 the Annual General Meeting of u-blox Holding AG approved a nominal share repayment of CHF 0.60 per share.

A total nominal share repayment in the amount of CHF 4.27 million was paid out on July 14, 2020, whereof CHF 107 thousand pertained to treasury shares held.

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

At June 30, 2020 and December 31, 2019 there were no guarantees in favor of third parties.

The group is not exposed to any significant other contingent liabilities. There is no known threatened or pending litigation against any group company.

8 Acquisition

On April 1, 2020, the Group acquired IoT Communication-as-a-Service Provider Thingstream in an agreement, which is a business combination according to IFRS 3.

The purchase price is CHF 11.3 million. The company will finalize the purchase price allocation in the second half of 2020 (unaudited).

9 Impact of COVID-19 Pandemic

The Group has assessed accounting matters that generally require consideration of forecast financial information taking into account the potential future impacts of the COVID-19 pandemic. The assessed financial positions, estimates and assumptions include, but are not limited to, allowances for doubtful trade receivables and inventory, book value of goodwill, intangible assets and property, plant and equipment as well as defined benefit pension plan assets and liabilities. Any continued negative impact of the pandemic in the second half year 2020 may affect the future assessment of these or other matters.

Bad debt expenses and overdue receivables remain on a relatively low level. There were no material write-offs of inventory recorded which can be directly related to the pandemic.

The impairment recorded to intangible assets in the first half of 2020 was not exclusively related to the pandemic.

No impairment issues were noted for financial assets, although the volatility in global markets had a corresponding impact on the carrying value of equity investments held at fair value. Similarly there was volatility in the fair value of pension plan assets and discount rates during the six months ended June 30, 2020.

Although there was no significant impact from the areas assessed on the Group's Interim Financial Statements, the Group will continue to monitor these areas of increased judgments and risk for material changes also in the second half of 2020.

10 Events after the balance sheet date

On August 20, 2020 The Board of Directors authorized these condensed consolidated interim financial statements for publication.

Information for Investors

u-blox Holding AG

Ticker details for u-blox shares

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

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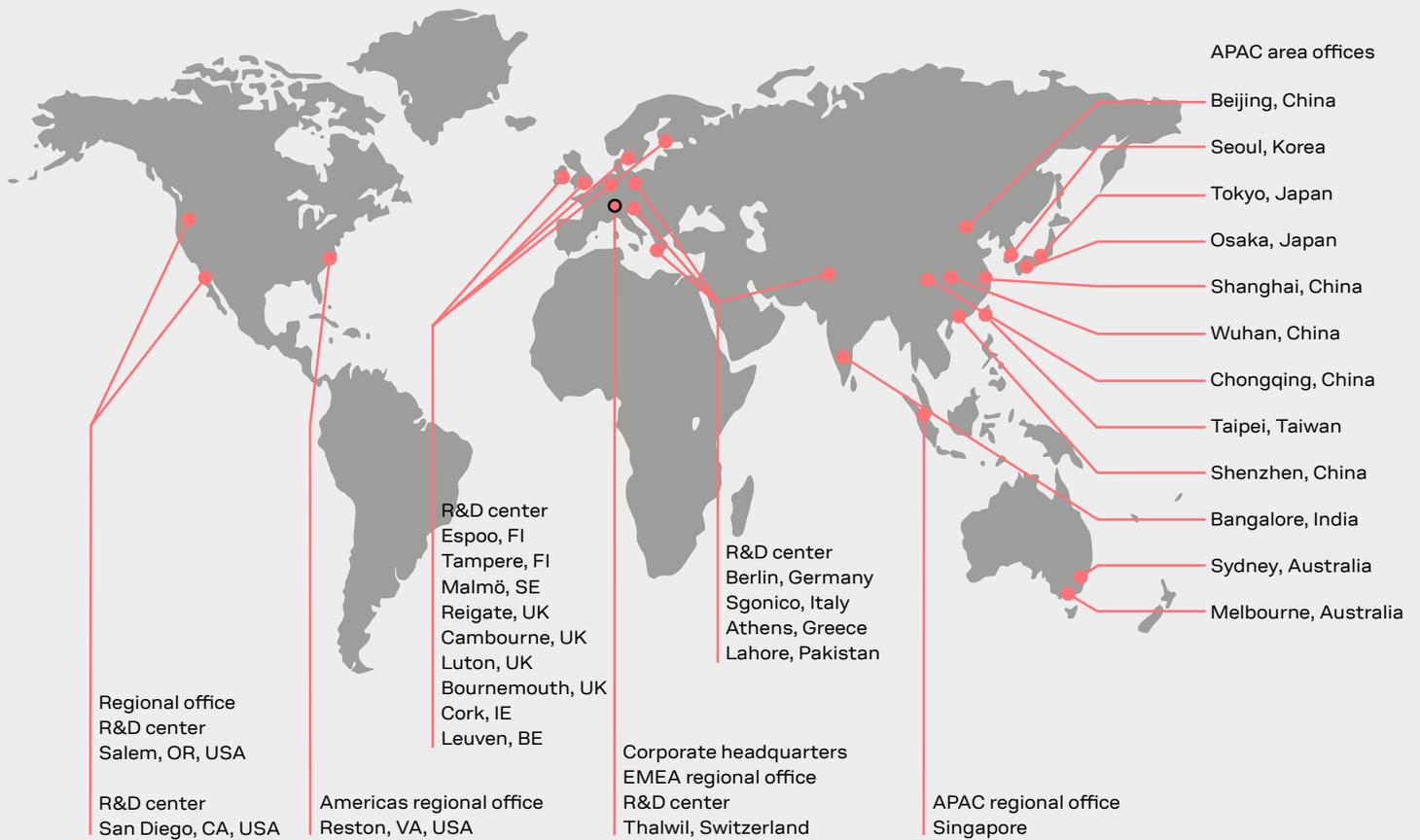
Website

www.u-blox.com

Financial calendar

- Analyst day November 25, 2020
- Full year results 2020 March 12, 2021
- Annual General Meeting April 22, 2021

Worldwide presence



Disclaimer

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

The press release is published in German and English. Should the German translation differ from the English original, the English version is binding.

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