

## u-blox reports resilient half-year 2024 results

- **H1'24 results at higher end of guidance**
  - **Q1'24 the trough; Q2'24 revenue +16% QoQ**
  - **Weaker performance in connectivity, especially in the industrial business**
  - **Positive free cash flow**
- **Gradual improvement expected for Q3'24**
- **Expanded optimization plan targeting incremental annual savings of over CHF 20 million**

**Thalwil, Switzerland – 7 August 2024** – u-blox (SIX: UBXN), a global provider of leading positioning and wireless communication technologies and services, announced today its half-year 2024 financial results.

In the first half of 2024, u-blox reached revenue of CHF 121.1 million. Revenue troughed in Q1'24 as expected, and Q2'24 was 16% higher quarter on quarter. Year-over-year, revenue declined similarly in all regions and markets, while more pronounced in the connectivity and industrial businesses. Signs of recovery in the automotive business were identified in Q2'24, as revenue grew double-digit versus Q1'24, mainly driven by Locate.

EBIT amounted to CHF -40.9 million (EBIT (adjusted) CHF -36.2 million), and free cash flow was CHF 15.7 million in the first half of 2024. The cost optimization program initiated this year already realized savings of CHF 4.9 million in H1'24. The emphasis on working capital management has also yielded positive outcomes, resulting in cash generation during this period.

Due to the continued weak economic environment in the industry, u-blox is expanding the scope of the cost optimization plan launched in 2023, targeting annual savings of over CHF 20 million from H2'24 onwards.

Stephan Zizala, u-blox's Chief Executive Officer, commented, "The first half 2024 results came in as expected. We reached the trough in the first quarter and saw a slight improvement in the second quarter. Despite the weak revenue, we made good progress on winning new businesses (double digit increase in positioning YoY), cost control and cash generation.

Going forward, we expect the business to improve further in Q3. Orders from customers are improving, but at a slower pace than previously expected due to a continued weak industrial market environment and still significant overstock in the value chain. Therefore, we further focus on topics crucial for our mid- and long-term growth strategy while further reducing other costs."

## Operational highlights

- Design wins in the robotic lawnmower market, confirming u-blox as a dominant force in high-precision positioning. The design wins are expected to generate over USD 100 million in expected revenue over the project lifetime, starting from 2024. The robotic lawnmower market will have 2.6 million units in 2024 and is estimated to grow by about 18.5% in the next years. Our expectation is for high-precision GNSS technology to reach a 33% penetration rate in this market by the end of the decade.
- u-blox has engaged with NVIDIA on AI platforms, and joined the NVIDIA Jetson Partner Ecosystem, which delivers the power of modern AI for autonomous machines and other edge AI applications across all industrial markets. Engineers in the ecosystem can quickly develop and deploy AI-powered equipment for autonomous vehicles, autonomous mobile robots, unmanned aerial vehicles (UAVs), and precision agriculture equipment, to name a few.

## Financial Overview

In the first half of 2024, u-blox generated revenues of CHF 121.1 million, EBIT of CHF -40.9 million (EBIT (adjusted) CHF -36.2 million), and free cash flow of CHF 15.7 million in the first half of 2024. Revenue declined in most regions and markets, reflecting overstocking from our customers. Foreign currency exchange rates negatively affected revenue by -1.2%, mainly from the strengthening of the Swiss Franc versus the Euro and the US Dollar.

### Revenue by region

- APAC: Revenue in the first half of 2024 decreased by -62% to CHF 54.5 million from CHF 144.6 million in the same period last year, mainly driven by significant reduction from healthcare customers in 2024.
- EMEA: In the first half of 2024, revenue amounted to CHF 43.0 million, down from CHF 105.7 million one year earlier (-59%), primarily due to a soft performance in industrial.
- AMEC: Revenue in the first half of 2024 totaled CHF 23.6 million compared to CHF 82.0 million in 2023 (-71%). The negative performance was mainly driven by the soft performance in automotive and industrial.

### Revenue by market

- Automotive: Revenue reached CHF 41.4 million in the first half of 2024, -59% lower compared to the same period last year. Signs of recovery were identified in the second quarter of 2024, as revenue grew double-digit versus the first quarter of 2024, mainly driven by Locate.
- Industrial: Revenue amounted to CHF 70.0 million in the first half of 2024, a decrease of -68% versus the previous year, mostly driven by healthcare and aftermarket telematics.
- Consumer / Others: Revenue totaled CHF 9.7 million in the first half of 2024, -30% lower compared to the first half of 2023, primarily due to the continued decline in consumer demand since 2022.

### Gross Profit

Gross profit reached CHF 52.7 million in the first half of 2024 from CHF 155.5 million in 2023. The respective gross profit margin amounted to 43.5% in the first half of 2024 from 46.8% one year earlier. The better performance of Locate created a positive mix effect, offset by the lower operating leverage.

### Research and Development expenses

R&D expenses totaled CHF 60.6 million in the first half of 2024, compared to CHF 62.3 million in 2023. Cash R&D expenses stayed flat at CHF 66.9 in the first half of 2024. R&D cost reduction initiatives generated CHF 2.7 million in savings in H1'24. Cash R&D expenses exclude non-cash items such as amortization and add back capitalized development costs.

### Sales, General, and Administration expenses (SG&A)

SG&A expenses declined by -4.8% to CHF 33.0 million in the first half of 2024 (CHF 34.7 million in 2023) mainly due to CHF 2.2 million savings in the period.

### Operating Profit (EBIT)

On an IFRS basis, EBIT amounted to CHF -40.9 million in the first half of 2024, lower than in 2023 (CHF 58.5 million). The respective EBIT margin decreased to -33.8% in the first half of 2024 compared to 17.6% in 2023.

On an adjusted basis, EBIT (adjusted) reached CHF -36.2 million in the first half of 2024, lower than in 2023 (CHF 61.7 million). Accordingly, the adjusted EBIT margin decreased to -29.9% in the first half of 2024 compared to 18.6% in 2023.

### Financial Results

Net finance results in the first half of 2024 amounted to CHF 9.2 million from CHF -3.9 million in 2023. Excluding FX effects, net finance results totaled CHF 0.9 million in the first half of 2024 from CHF -0.4 million one year earlier. FX results reached CHF 8.2 million in the first half of 2024 compared to CHF -3.4 million in the same period last year.

### Net Profit

Net profit amounted to CHF -25.8 million compared to CHF 46.1 million in the prior year period. Diluted EPS in the first half of 2024 amounted to CHF -3.51 per share compared to CHF 6.35 in 2023.

Net profit (adjusted) decreased to CHF -21.7 million compared to CHF 48.3 million in the prior year period. Diluted EPS (adjusted) in the first half of 2024 amounted to CHF -2.96 per share compared to CHF 6.67 in 2023.

### **Cash Flow**

Changes in net working capital totaled CHF 38.5 million in the first half of 2024 vs. CHF -67.0 million in 2023 due to improvements in working capital management in the period, mainly by reducing accounts receivables significantly.

Income tax paid was CHF -0.3 million in the first half of 2024, from CHF -3.6 million in 2023. Capex reached CHF 20.6 million in the first half of 2024 (CHF 23.4 million in H1'23).

As a result, free cash flow increased to CHF 15.7 million in the first half of 2024 compared to CHF -12.9 million in the prior year.

### **Balance Sheet and Financing**

After a dividend payment of CHF 7.3 million, u-blox's net cash position on 30 June 2024 stood at CHF 99.1 million versus CHF 86.2 million on 31 December 2023.

## Outlook

After a weak first half of 2024, u-blox expects market conditions to remain muted for the rest of 2024. Orders from customers show steady improvement, albeit at a slow pace. Signs of recovery are most promising in the positioning business.

Given this scenario, u-blox is expanding the cost optimization program launched in 2023. The plan now targets annual savings of over CHF 20 million. u-blox expects the full effect of the savings to be realized on an EBIT level from H2'24. One-off costs below CHF 20 million are expected in H2'24.

In 2023, u-blox announced measures to turnaround its Connectivity business. As a first step, u-blox stopped the development of Cellular chips. u-blox also set clear targets for the business which included an aggressive growth plan, based on u-blox's trustworthiness as a Swiss supplier in a multi-polar world. The growth plans targeted cost dilution and becoming the western cost leader in the industry. u-blox will continue to track the execution of this plan closely and will review strategic options for the business by the end of 2024.

u-blox remains positive on its long-term development prospects. Demand and requirements for semiconductor solutions for automated and autonomous driving, asset tracking, healthcare offerings, and industrial automation grow significantly.

## Guidance for Q3 2024

u-blox expects revenue of CHF 75 - 85 million in the third quarter of 2024, and EBIT margin (adjusted)<sup>1</sup> of -10% to -5%, reflecting a gradual business recovery.

## Key figures

(CHF million)	H1 2024	H1 2023
Revenue	121.1	332.3
EBIT	-40.9	58.5
EBIT margin	-33.8%	17.6%
EBIT (adjusted)	-36.2	61.7
EBIT margin (adjusted)	-29.9%	18.6%
Free Cash Flow	15.7	-12.9

For the complete consolidated financial statements and definitions of alternative performance indicators, please refer to our [Half-Year 2024 Report](#).

## Conference call and webcast details

For details on the half-year 2024 results webcast, please click [here](#).

<sup>1</sup> Excluding restructuring costs

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