

## **Nordic Semiconductor Capital Markets Day – forward looking statements**

(Oslo, Norway – October 22, 2019) **Nordic Semiconductor ASA today hosts a Capital Markets Day in connection with the presentation of the company's interim results for the third quarter 2019.**

At the event, Nordic Semiconductor will present the strategic fundament for profitable growth in the years to come, as well as certain forward-looking statements which may be summarized as follows:

- Nordic aspires to become a USD 1 billion company within the next 5 years. This ambition is based on a solid growth outlook for both the short-range and long-range business segments.
- For the short-range business, the company sees annual growth of 20%-30% for Bluetooth and multiprotocol solutions, whereas revenue from the Proprietary business is expected to continue declining.
- The long-range cellular IoT business is in the early stages of commercialization. Nordic's ambition is to gradually build a cellular IoT business of a similar size as the short-range business in 5 years.
- The company has set a long-term ambition for an EBITDA-margin of 20%.
  
- In the medium-term, Nordic expects a gross margin level of 48%-50% for the short-range business, whereas the expected gross margin for the module-based long-range cellular business is expected at 35%-40%.
- While R&D is expected to increase in absolute terms, both R&D and other operational costs are expected to decline as a percentage of revenue.
- Nordic assesses its cash position to be adequate given the expected level of R&D investments and the procurement requirements of Tier 1 customers. The company does not expect to pay dividends for 2020 or 2021.

*-We have a strong platform for profitable growth in the years to come and see a healthy market outlook. We are the leaders in connectivity and embedded solutions in our current markets and can present a scalable technology and product roadmap to match the diverse customer requirements in an IoT market that is expanding into new areas and applications, says CEO Svenn-Tore Larsen in Nordic Semiconductor.*

The company seeks to fortify its strong position in the short-range market through continued line extensions and integration of advanced multiprotocol solutions in its flagship nRF52 Series, and a timely development of the next-generation nRF53 System-on-Chip (SoC).

*-In terms of sales and marketing, we build on a large customer base in the broad market as well as strong ties to market leaders in many verticals. This makes us an increasingly interesting partner for global Tier 1s and their large and expanding platform ecosystems, Larsen continues.*

Nordic Semiconductor sees continued solid organic growth for many of the established verticals in the short-range market, including Wearables, Gaming/VR&AR, and Smart Home applications. The company also believes that new and potentially disruptive applications may create large market opportunities in areas like Smart Lighting, Drug delivery systems, Disease monitoring and Logistics/Asset tracking.

Overall, Nordic Semiconductor expects revenue from Bluetooth Low Energy products and multiprotocol solutions with e.g. Thread and Zigbee to increase by an average 20%-30% annually.

Nordic Semiconductor expects its short-range business to generate gross margins in the range of 48%-50% in the medium term, taking into account a slight dilutive effect of increasing volumes from Tier 1 customers.

Nordic Semiconductor also aims to build a leading position in low-power cellular IoT (cIoT) and will continue to invest in a technology and product roadmap building on the company's recently launched nRF91 SoC for long-range IoT applications. The company sees a multitude of business opportunities with both existing and new verticals and customers. The ambition is to build a cellular IoT business of a similar size as the short-range business in 5 years.

Longer than expected certification processes and development cycles for end-user products have pushed the expected volume and revenue trajectories out in time, and the company no longer expects sufficient revenue to cover operational costs in the long-range business in 2020.

*-We believe the evolution of IoT represents a massive opportunity for both short-range and long-range and solutions combining the connectivity solutions. Our technology, products, and customer portfolio place us in pole position, and we will continue to invest to unlock the great value potential in this growth market, says Larsen.*

In order to make its technology easily available to the broad market and drive customer development, Nordic has released a module-based product range, which inherently will carry lower gross margins than the short-range business. Nordic targets a gross margin level of 35%- 40% for the long-range business, with the dilutive effect on the total Group gross margin depending on the pace of the volume ramp of long-range products.

At the Capital Markets Day event, Larsen will be joined on stage by Director of Sales and Marketing Geir Langeland, Director of Product Management Kjetil Holstad, CTO Svein Egil Nielsen, and CFO Pål Elstad.

Nordic Semiconductor is also proud to present Director FedEx Operations Technology Innovation, O.P. Skaaksrud, as a guest speaker.

The Capital Markets Day will take place today at Thon Hotel Vika Atrium, Munkedamsveien 45, 0250 Oslo from 12:00-15:00 CET, with registration from 11:30.

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