

Capital Markets Day

2021



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This presentation was prepared for a Capital Markets Day held on October 21, 2021. Information contained herein will not be updated. The following slides should also be read and considered in connection with the information given orally during the presentation.

Nordic Semiconductor

- A globally leading IoT enabler

Svenn-Tore Larsen, CEO



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A globally leading IoT enabler

Simplifying lives through all things connected



Founded 1983	Employees 1,155 (-77% R&D)	Oslo listing OSEBX:NOD	Market Cap ~\$6bn
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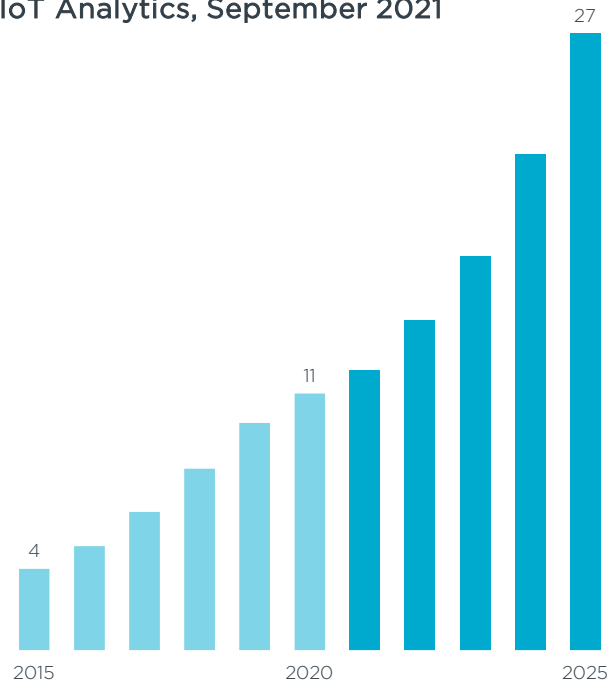
- Leading ultra-low-power wireless connectivity solutions
- Short-range, medium-range and long-range technologies



- Broad products and solutions portfolio
- Common software platform and development tools
- Excellent technology support

IoT offers a large and growing market

Billion connected IoT devices
IoT Analytics, September 2021

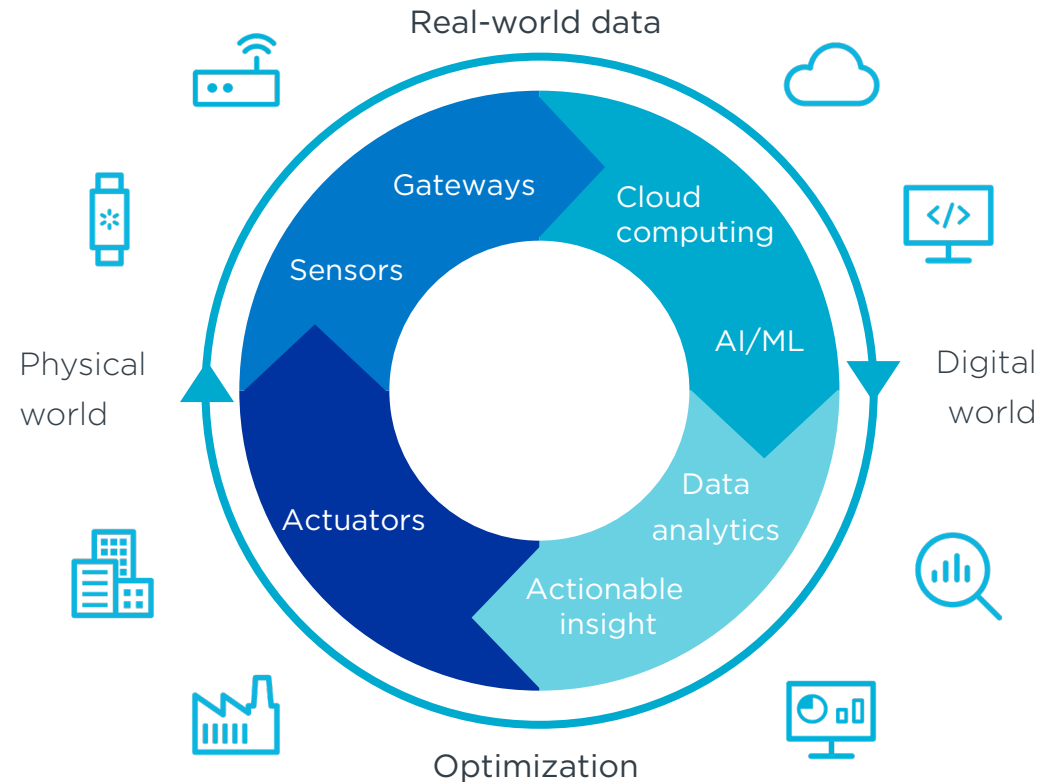


- The total IoT space is a massive and growing market across hardware, connectivity and services
- Strong megatrends driving growth;
 - Industrial IoT
 - Sustainable solutions
 - Platform ecosystems

Industrial IoT: Connect, Compute, Analyze and Act

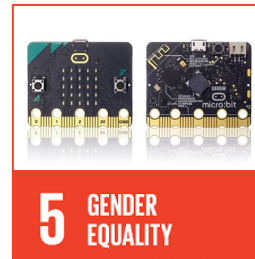
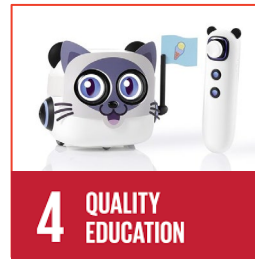
IoT starts with connecting the 'things'

Bridging the physical and digital worlds requires advanced connectivity solutions



Sustainability depends on technology

Disruptive IoT projects can contribute immensely to UN SDGs



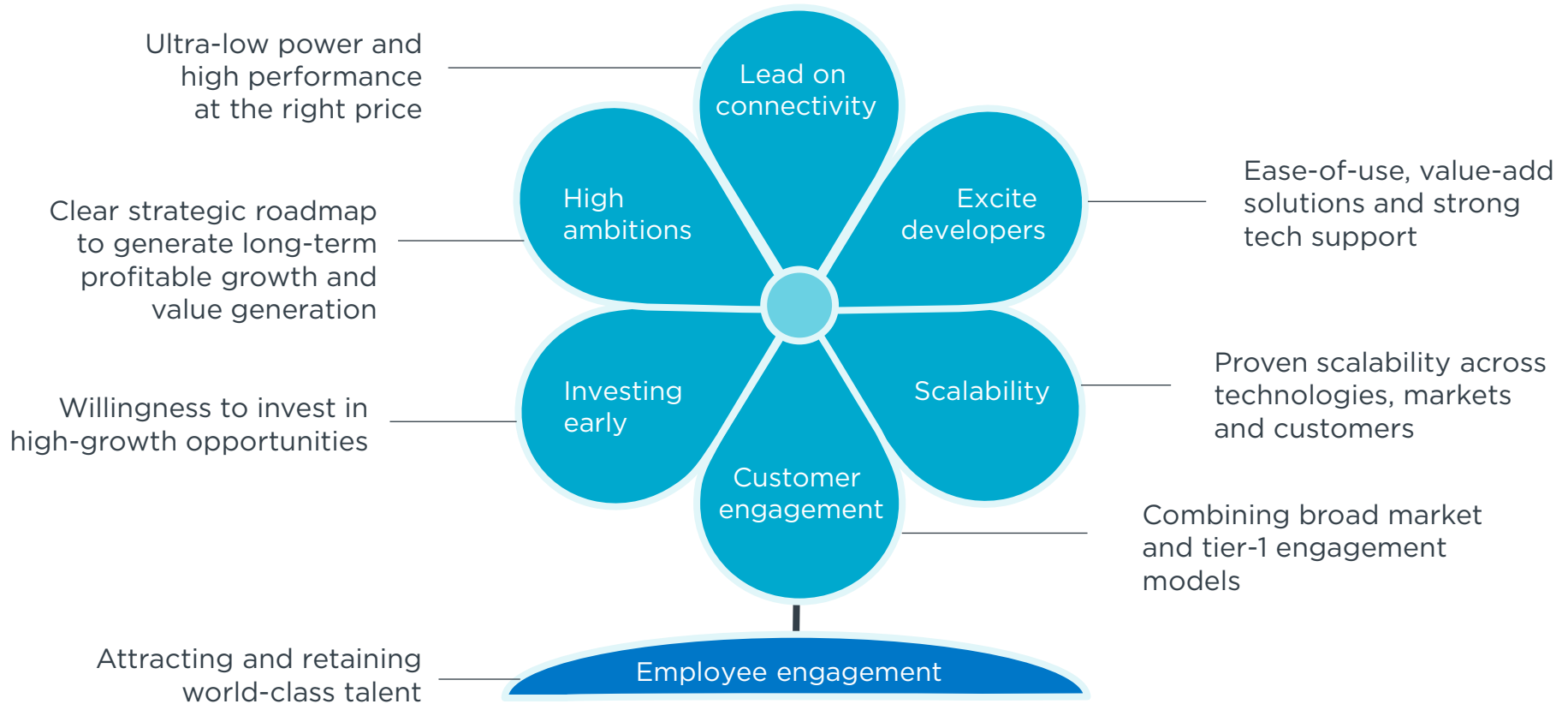
Platform ecosystems depend on connectivity

Alignment across platforms will further fuel market growth

Nordic leverages
on leading broad
market position and
strong tier-1 relations
built over many years



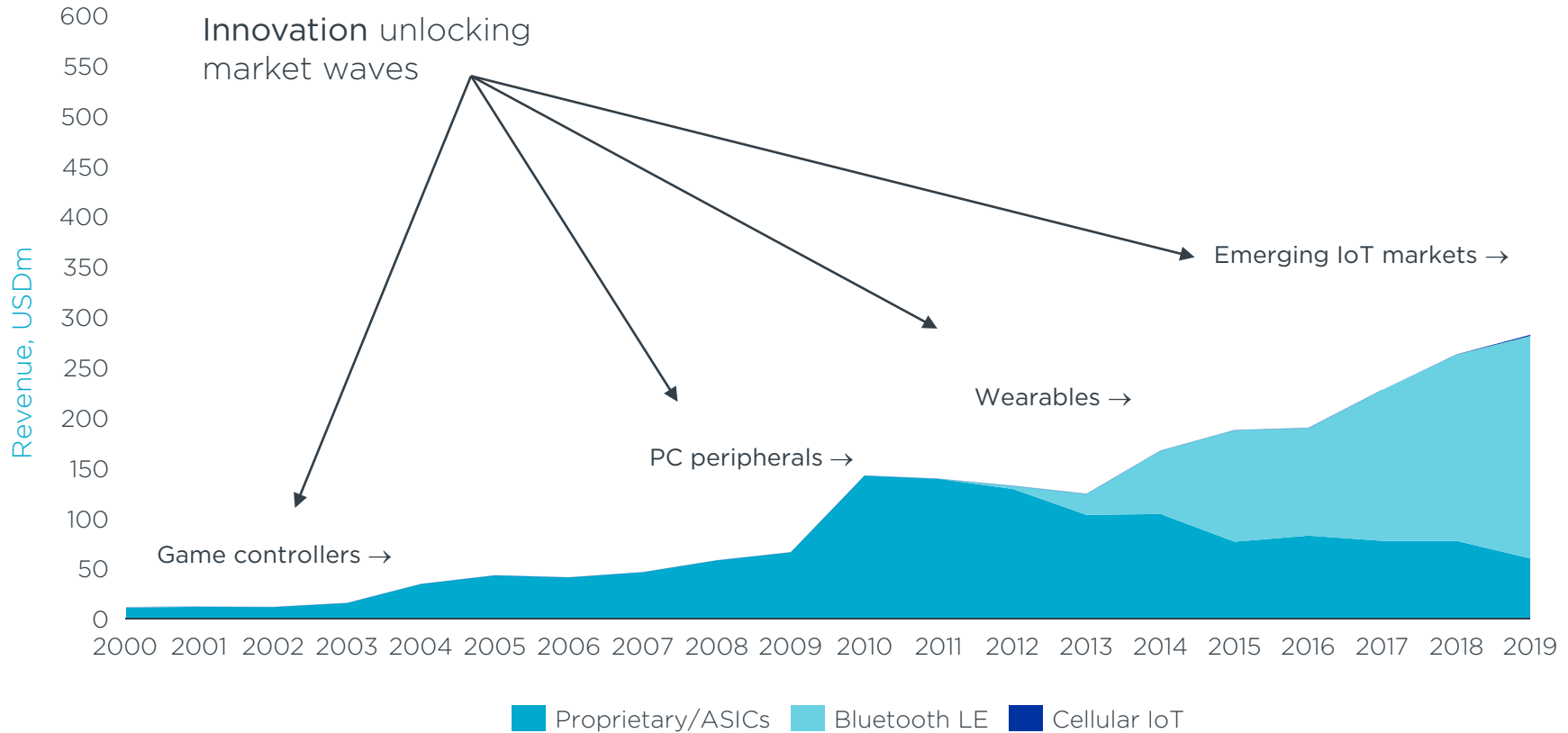
Strategy based on distinctive advantages



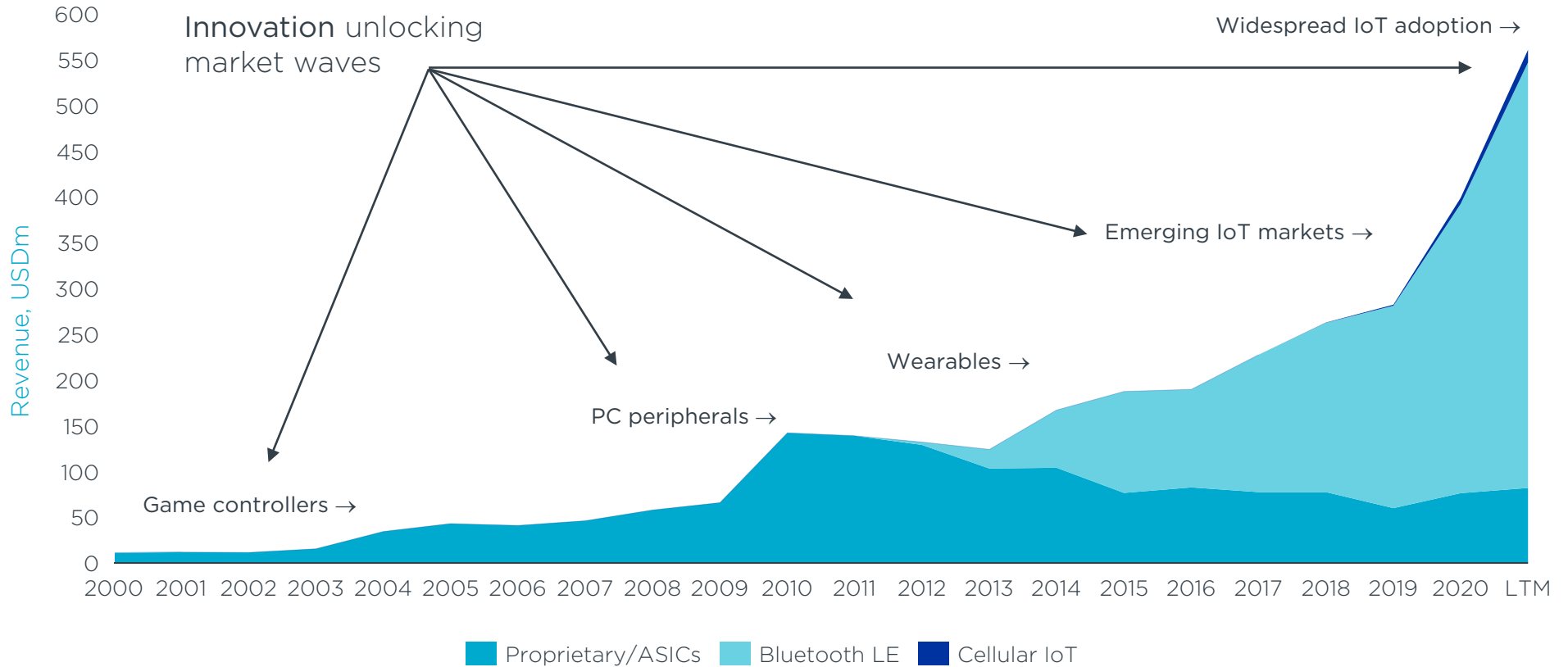


Continued strong growth

We are on a long-lasting growth journey



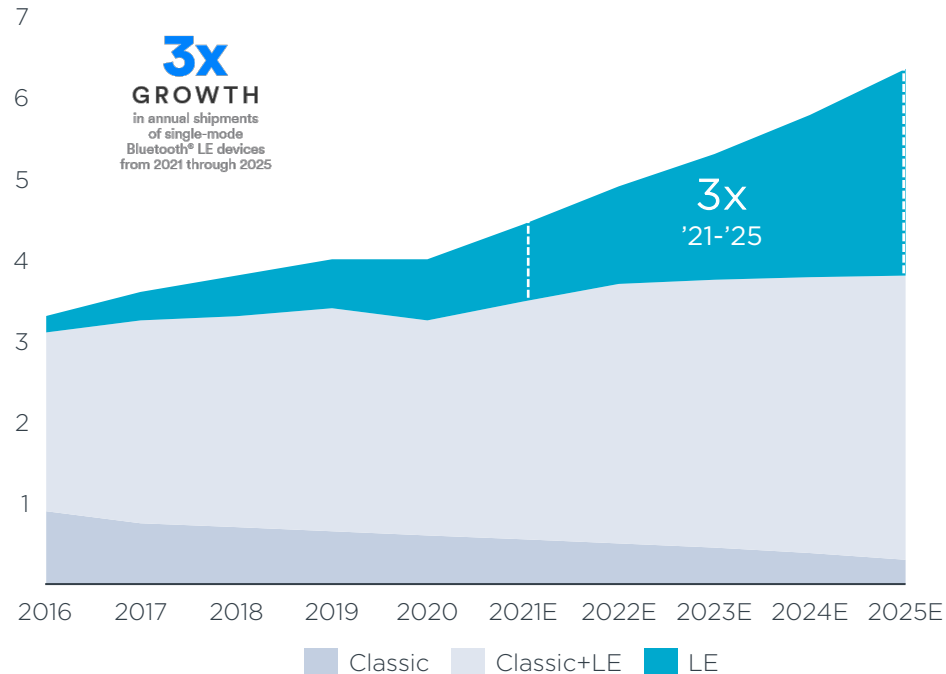
We are on a long-lasting growth journey



Bluetooth Low Energy set for continued growth

Bluetooth enabled device shipments

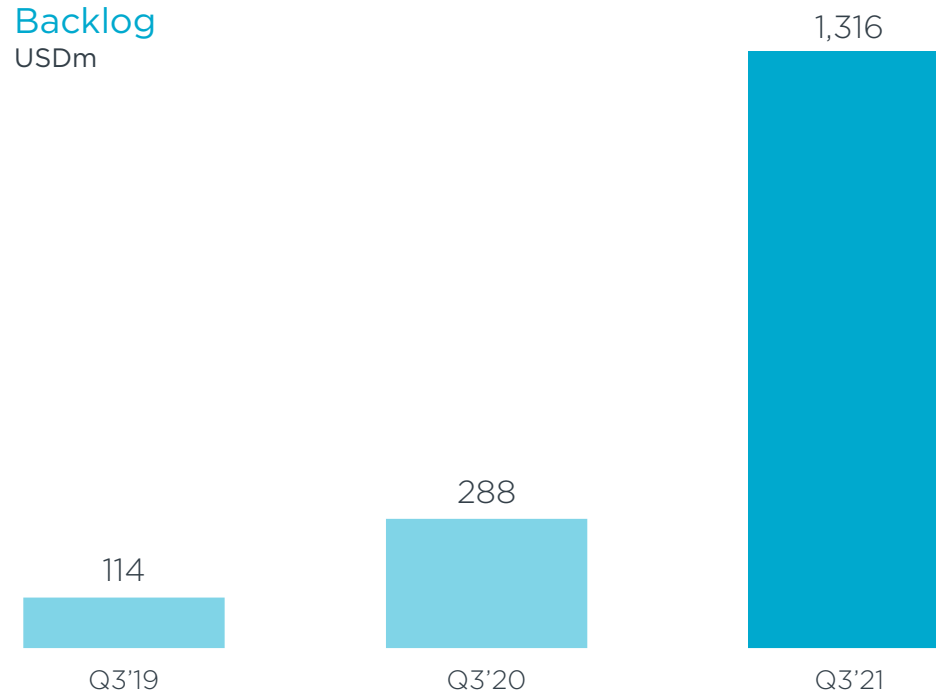
by radio version, # shipments in billion



- We are the clear market leader in Bluetooth Low Energy
 - Broad portfolio of multiprotocol SoCs with Bluetooth Low Energy, Thread and Zigbee
 - Common, unified software platform with broad range of SDKs and industry-leading development support
 - Strong customer relations with leaders in wide range of verticals

Order backlog reflects the market expansion

- High-volume orders from tier-1 customers and continued strong broad market demand
- Strong growth across both consumer industrial verticals
- Supply chain bottlenecks extend delivery schedules



Wafer shortages pose growth challenge

Mitigating actions have secured growth in 2021 and the coming years

Challenges

- + Strong long-term demand drivers
- + Strengthening cyclical demand
- + Underinvestment in wafer capacity
- + Logistic disruptions through Covid-19
- = Structural and cyclical wafer shortage and greatly extended delivery times

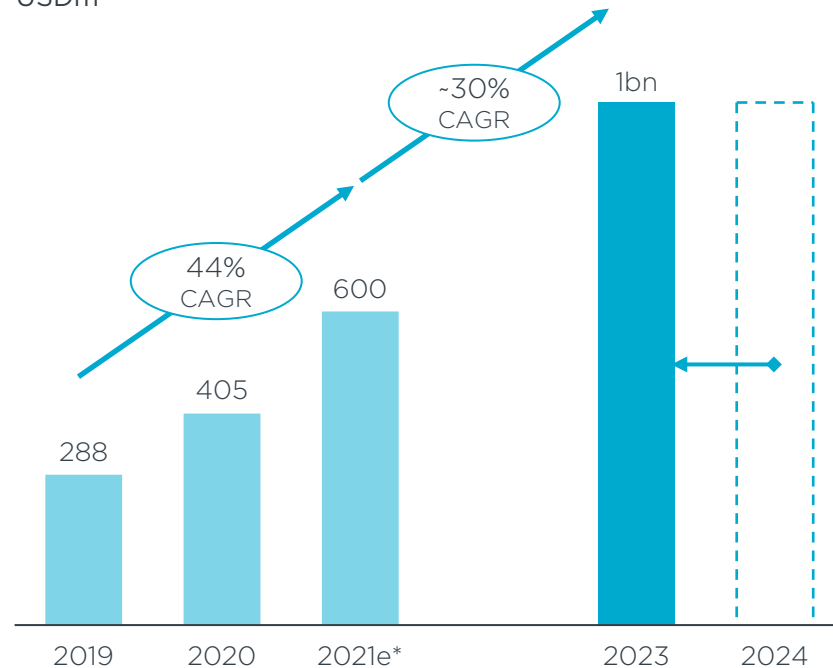
Mitigating actions

- Managed to advance wafer allocations through 2021
- Adjusting to increased wafer prices
- Increased focus on dual sourcing
- Committed wafer deliveries securing 2022-2023 plan

Solid platform for continued strong growth

Revenue outlook

USDm



*2021 estimate based on mid range Q4 2021 guidance

- Stronger growth than expected, with significant pent-up demand in backlog
- Pulling our USD 1bn target one year closer, to 2023
- Committed wafer supplies covering the revenue target

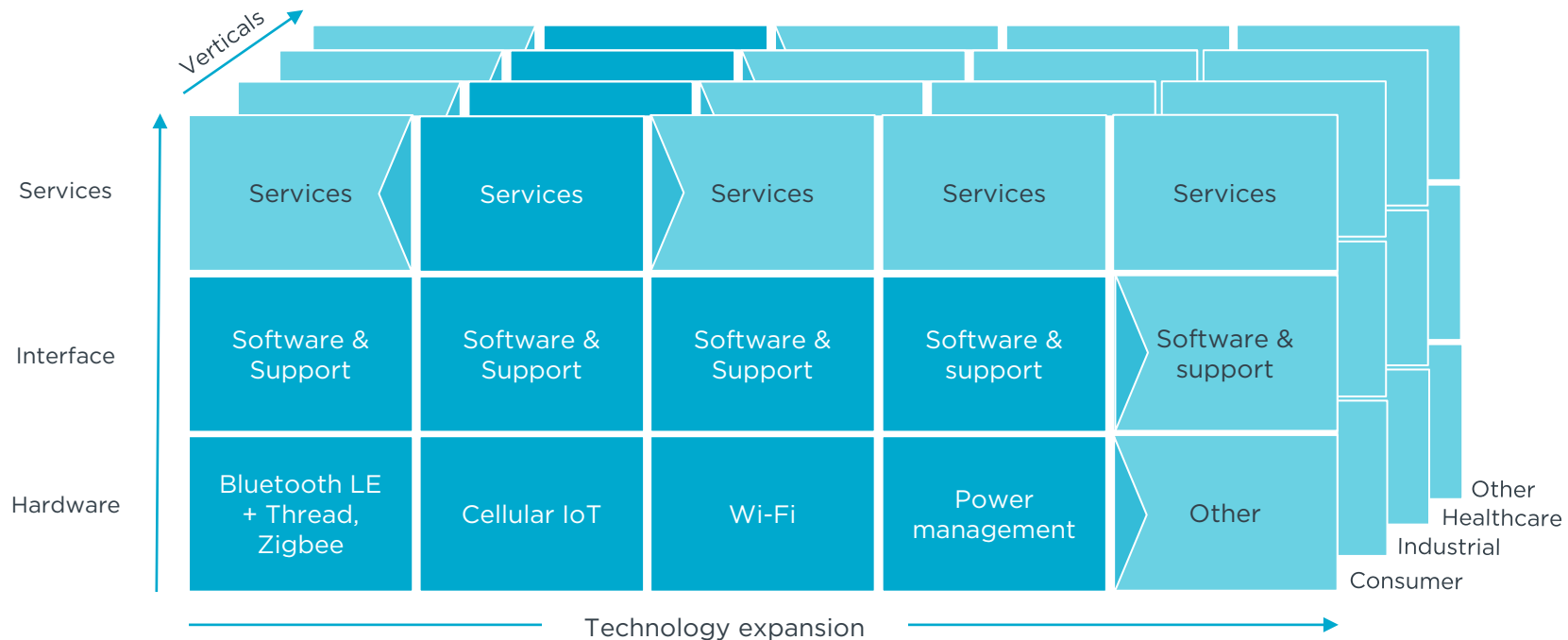


Expanding opportunity set





- Investing in innovation

We are expanding the opportunity pipeline

New technologies + value chain migration + more applications



Investing from technology leadership position

	Cellular IoT
	Wi-Fi
	Cloud Services
	Power management

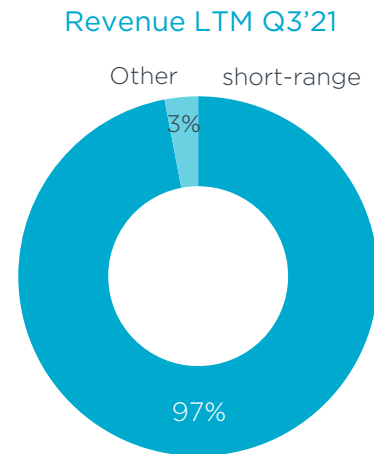
Sound investment criteria across technologies, products, services and verticals

- Sizeable markets
- Growth above industry average
- Opportunity for healthy gross-margins
- Opportunity to grow market share
- Feasibility from technical and financial viewpoint and time to market

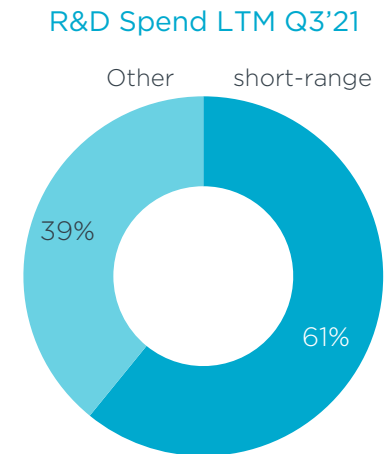
Investing in technologies for the long-term

Committed to innovation

- R&D investment of ~USD 400 million* over the past 5 years
- Investing for the long-term:
 - ~60% of current R&D supporting continued short-range growth
 - ~40% of current R&D to develop strong positions in Cellular IoT, Wi-Fi and other technologies and products



Reflecting 10+ years investment cycle



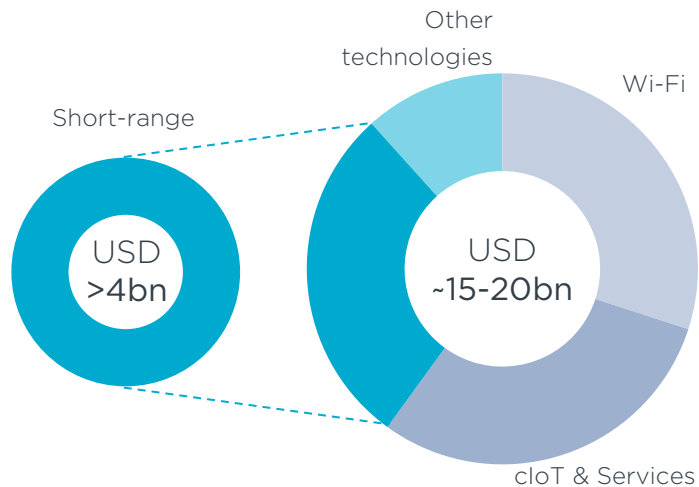
Investing for the long-term

Significantly broadening our market space

Our success depends on our innovation capabilities and execution

Addressable markets, 2026

by technology



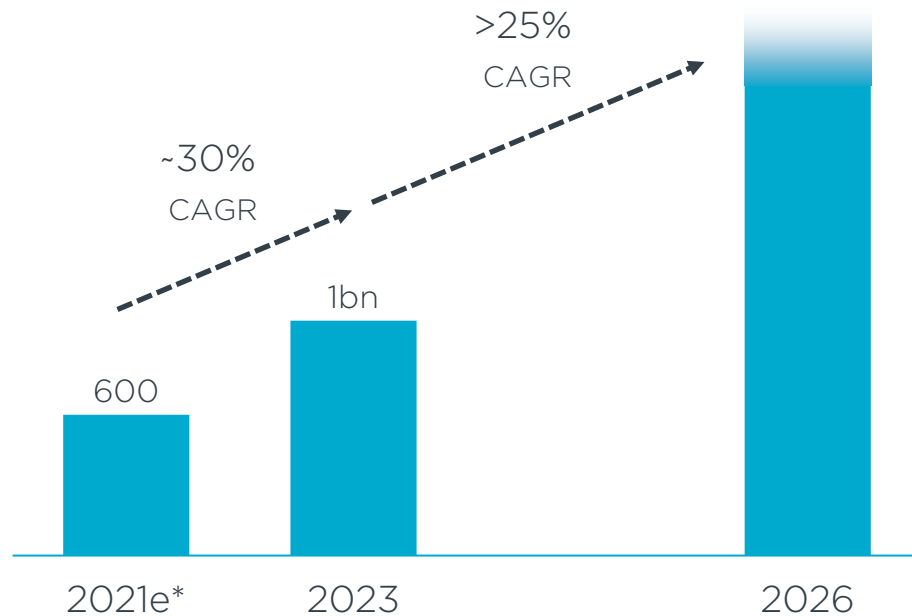
- Investing in adjacent products and services
 - building on technology leadership
- Developing next-generation Wi-Fi solutions and 'filling the gap' in our connectivity portfolio
- Capturing circuit board space with power management and other adjacent products
- Introducing Cloud Services
 - starting with location services for cellular IoT
- Evaluating broad range of opportunities

A woman with glasses is looking at a smartphone. The background is a city skyline at night with blurred lights. A blue geometric pattern is overlaid on the image. A white banner with a pointed right edge is positioned in the lower-left quadrant.

High financial ambitions

High financial ambitions

Revenue
USDm



*2021 estimate based on mid range Q4 2021 guidance

- USD 1bn revenue target in 2023
- Aiming to more than double revenue in 2023-2026
- Continued strong growth in short-range
- Accelerating traction in cloT
- Early traction in Wi-Fi
- Gradually increasing revenue contribution from power management and other adjacent products and technologies

A globally leading IoT enabler

Strong demand and order backlog

- solid platform for continued revenue growth

Strong supporting megatrends

- industrial IoT, sustainability, platform ecosystems

Broadening the opportunity pipeline

- into adjacent markets and value chain expansion

High long-term financial ambitions

- reaching USD 1bn target ahead of schedule



Strong position in an expansive market

Geir Langeland, EVP Sales & Marketing



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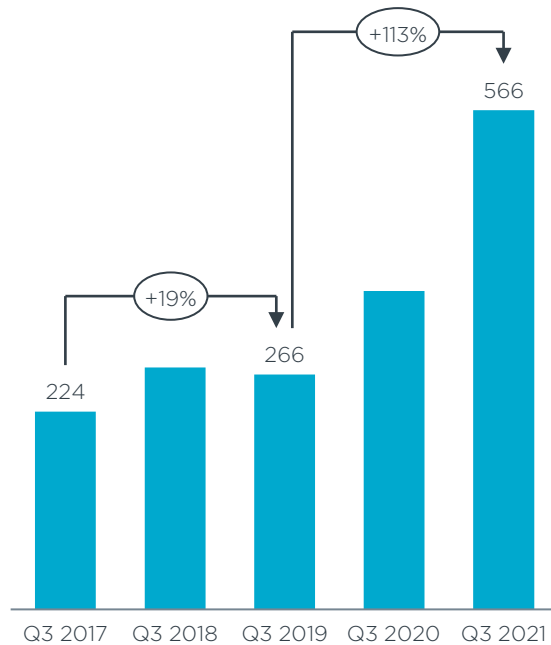
Customers are at the core of our DNA



MODULES **AVAILABILITY**
GLOBAL PRESENCE PARTNERSHIP DESKTOP TOOLS
INTEROPERABILITY
CREDIBILITY INNOVATION CULTURE
MULTIPROTOCOL SCALABILITY DEVELOPMENT KITS **LOW POWER**
BRING VALUE **OPEN SOURCE** WORD OF MOUTH UNDERSTANDING **MOBILE APPS**
AGILE
DEVZONE CUSTOMER TECH SUPPORT
HONESTY TUTORIALS
NORDIC TECH TOUR QUALITY HANDS ON STARTUPS
PERFORMANCE
INTEGRATION RESPECTFUL **CLOUD** COLLABORATION FORMAL/INFORMAL STANDARDS **SOCIAL MEDIA**
BLOGS EDUCATION 3RD PARTY SUPPORT **EASE OF USE**
ENGAGEMENT SOFTWARE OFFERING
PROOF OF CONCEPT
WORKING GROUPS **NETWORK DISRUPTIVE**
SIZE TEAM WORK

Growth built on years of investing in customers

Revenue last 12 months
USDm



Accelerating growth through 2020-2021

- Strong demand across short-range markets
- Ramp of long-term projects beginning to show through in revenue

Strong market trends supporting continued growth

Technology- and customer-driven growth



Recent revenue growth is driven by ramp of long-term projects

Covid has catalyzed the uptake of technologies previously regarded as novelties



- Gaming
- Digital Healthcare
- Working from home
- Tracking shipments
- VR/AR

VR category leader



oculus
from FACEBOOK

“The VR market is gaining significant traction due to the incredibly immersive experience that products like Quest 2 can offer people. That’s made possible by the many technical advancements in Quest 2, including the record low latency in the wireless controller system supported by Nordic Semiconductor.”

Pedro Rivera, Director, Facebook Reality Labs

Gaining real traction with platform ecosystems

What we said at Capital Markets Day 2019;

© Nordic Semiconductor

Strengthening the focus on global tier 1s

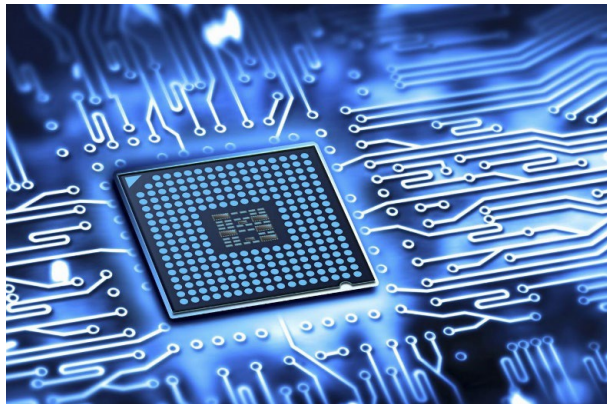
- “Things” increasingly connect through platforms and the cloud
- Large market opportunity in servicing the platforms and their ecosystems
- Our product volumes and Bluetooth LE customer base ensures interoperability and attractiveness when connecting to platforms



Nordic is proving to be an attractive key partner for both global leaders and the broad market players

We connect platform ecosystems

Technology Platform



Application SW Support



Tier-1 ecosystems



Matter – standardizing Smart Home connectivity

Matter Support Across Google's Ecosystem

Thread + Wi-Fi
Nest Hub Max
Nest Hub (2nd gen)
Nest Wifi

Wi-Fi only
Google Home
Nest Mini (1st & 2nd gen)
Nest Hub (1st gen)
Nest Audio

Control as a Matter device
Starting with the new
Nest Thermostat

Mobile & Voice
Google Home App
Android Power Controls
Google Assistant

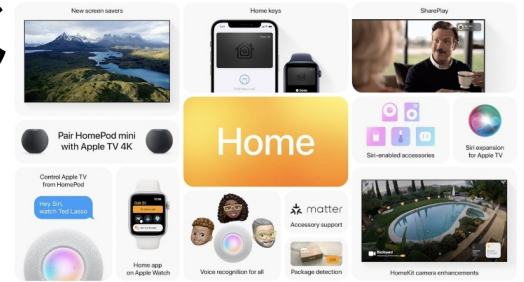


amazon matter supports*:



- Echo
- Echo Dot
- Echo Studio
- Echo Flex
- Echo Plus
- Echo Show

*may not be supported on certain older generations



WIRELESS BY  NORDIC SEMICONDUCTOR

LEEDARSON



eve.



Amazon Sidewalk ecosystem

- Beyond just Smart Home



WIRELESS BY

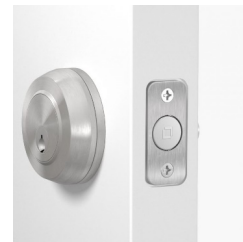
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tile



careband

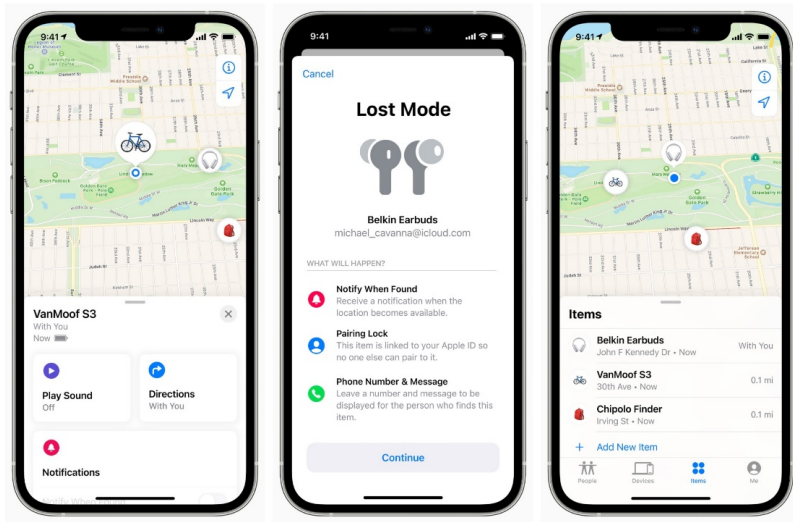


level

amazon sidewalk

Apple Find My Network

- Crowd-sourced location service



WIRELESS BY



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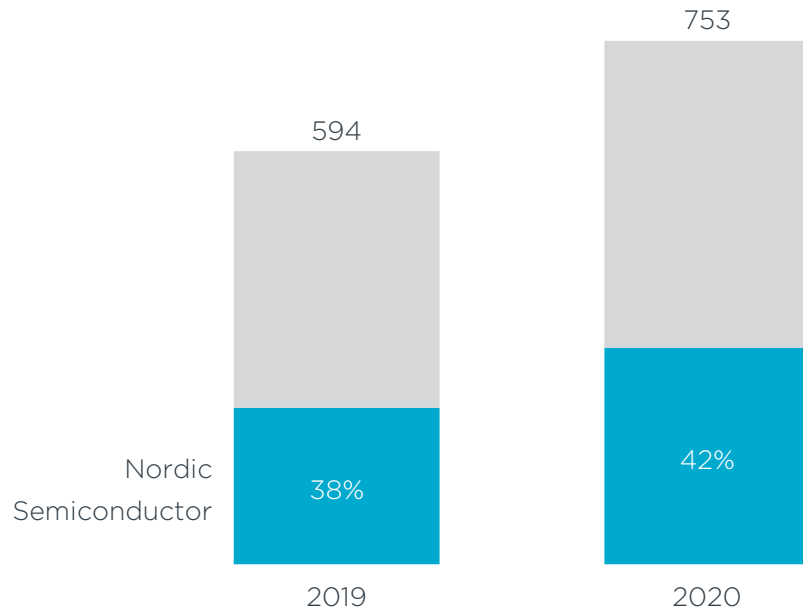


chipolo

belkin

Clear market leader in a growing market

Bluetooth LE semiconductor vendor unit market share
Millions of units



Nordic is the
clear market leader
#1 in number of designs
#1 in units sold

Launches spanning broad range of products

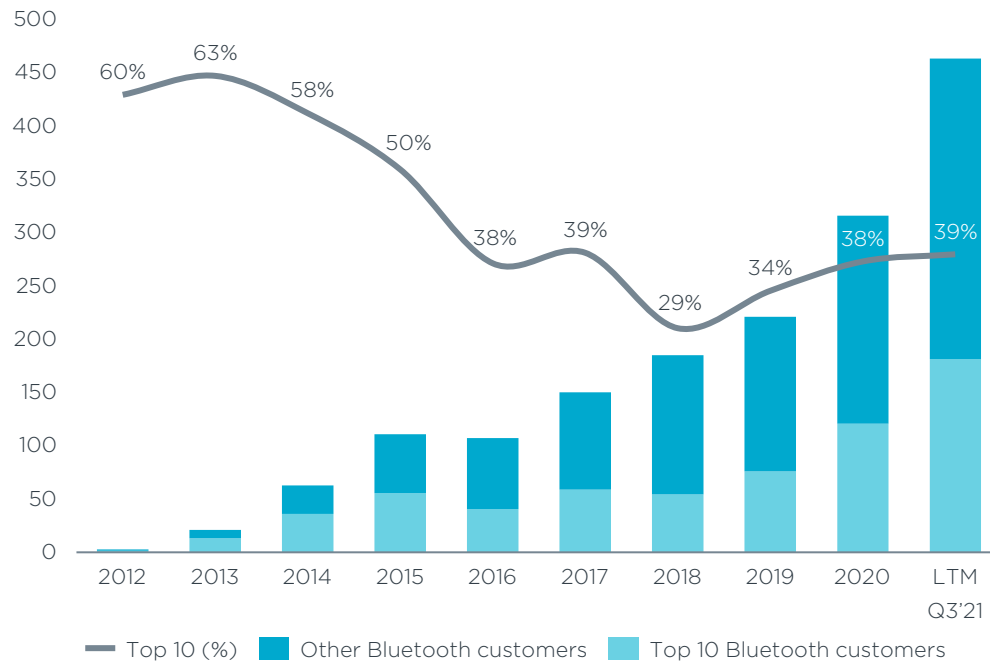


<p>SiBionics GS1 CGM Monitoring nRF52832</p>	<p>LEEDARSON Smart LED bulb nRF52840</p>	<p>Link Tracker nRF9160/nRF52840</p>	<p>Metasphere ART Sewer nRF9160</p>	<p>NEST iON IOT Power Controller nRF9160</p>
<p>Provide wireless connectivity between diabetes wearable sensor and smartphone</p>	<p>Tunable White Bulb controlled using Matter protocol</p>	<p>Pet location data to be relayed to smartphone</p>	<p>Wastewater and sewerage spill monitoring solution</p>	<p>Conserve battery life for remote sensors and equipment</p>

Balanced growth across the customer base

Bluetooth revenue composition

USDm

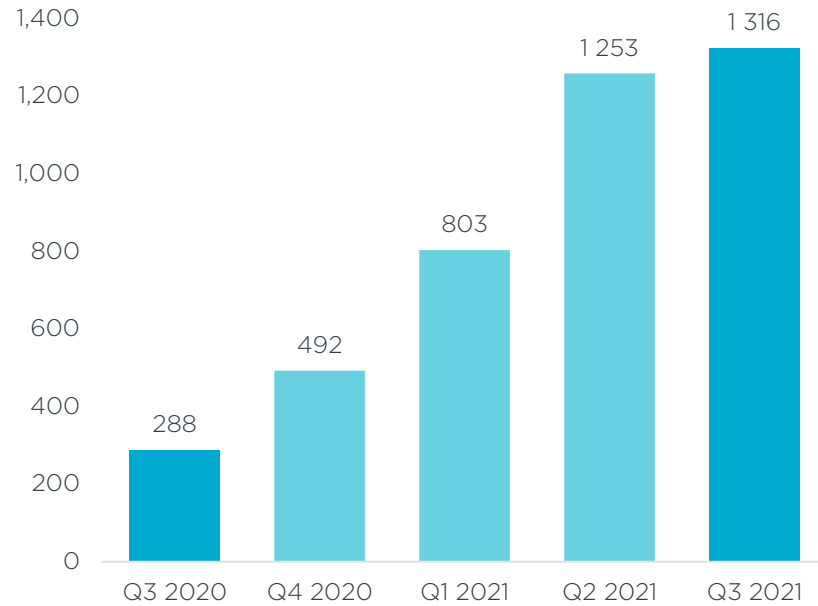


- Growing customer base and increasing revenue per customer
- Managed to balance growth between top-10 customers and the long-tail through Q3 2021

Backlog development shows the strong demand

Order backlog

USDm



- Current demand outstrips supply, meaning extended lead-times
- Demand strong across customer types and verticals
 - Growth from both existing and new customers
 - Growth in both new and emerging verticals

Managing the market under supply strains

- Challenging allocation exercise
- Seeking to balance tier-1s and the long tail
 - Wanting to shield both high-volume customers with long commitments and seed new applications with high future potential
 - May be required to cap allocations to low-cost products with substitutes, and products with lower growth and margin potential
- Adjusting resell prices from 1 December 2021 reflecting increases in wafer cost, assembly, test and shipping



Strong prospects for our highlighted target markets

- The **Smart Home** market playing out strongly, as expected
- Many product launches and high demand for **logistics/asset tracking**
- **Smart lighting** expected to flourish in post-Covid construction rebound
- Very promising **drug delivery & disease monitoring** products in pipeline

Strong momentum in the consumer, industrial and healthcare market segments

What we said at Capital Markets Day 2019;

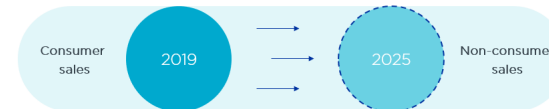
Major opportunities in disruptive verticals

- We might be underestimating potentially disruptive applications in e.g.:
 - Smart Home
 - Smart lighting
 - Drug delivery & disease monitoring
 - Logistics/Asset tracking
- Each may grow into several hundred-million-unit markets over the next 5 years
- Product and services development roadmaps targeted to unlock the volume and value potential



The landscape is changing

Strong growth within non-consumer



Continuous glucose monitoring saves lives



«Dexcom's continuous glucose monitoring solution empowers people with diabetes to live better lives.»

Our G7 sensor is the next evolution in glucose monitoring.

The connectivity solution provided by our partner Nordic Semiconductor helps the G7 achieve a smaller form factor, longer battery life and greater cost effectiveness.»

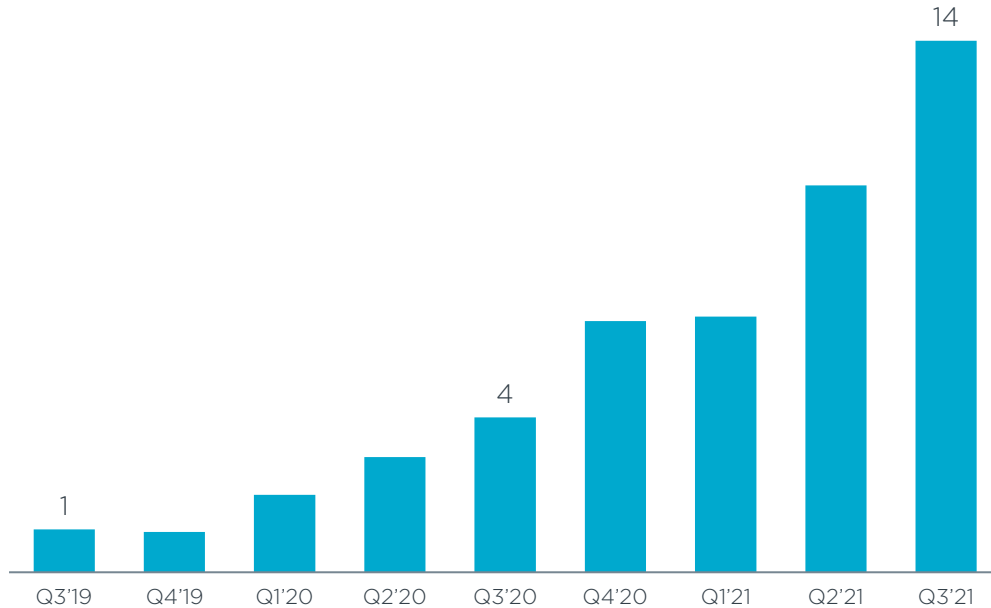
Dexcom[®]

Ann Carter, VP, Procurement and Contract Manufacturing, Dexcom

Cellular IoT revenue beginning to ramp

cloT revenue last 12 months

USDm



- Built up a meaningful revenue base from multiple customers ramping up over time
- Current revenue mainly from logistics/asset tracking applications and industrial and environmental sensors

Winning cellular IoT customers

- Currently shipping into 100's of customers cloT projects across a variety of applications
- Main focus non consumer
 - Industrial applications
 - Long design-win cycles
- Positive flip-side - customers with 10-15 year product life cycles
- The number of volume customers has increased six-fold over the past year



Cellular IoT will drive digitalization of society

Nordic has invested early in a huge market opportunity

- LTE-M and NB-IoT will open new markets for M2M and M2People communication at massive scale
- Nordic has an industry-leading offering in terms of power consumption, form factor, and software support
- Continuing to invest to expand the portfolio

5 billion IoT devices by 2025 - via cellular access technologies

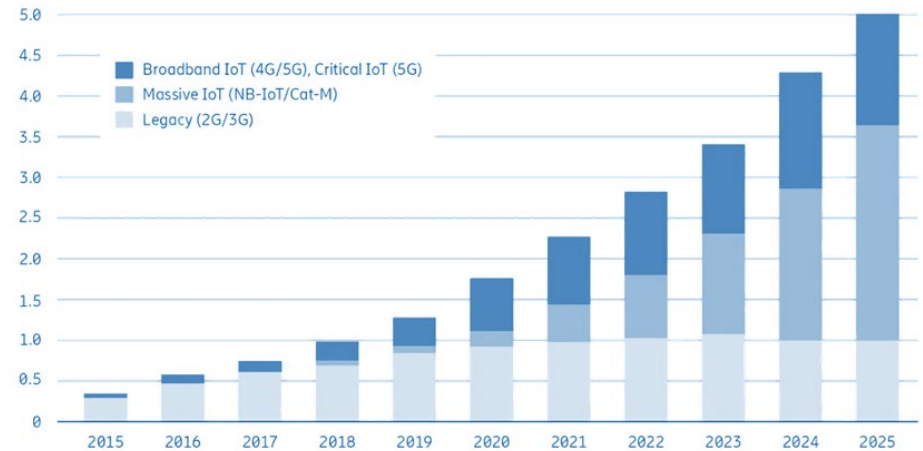


Figure 1: Expected growth of Massive IoT connections (billion)[2]

Source: ERICSSON whitepaper, Cellular networks for massive IoT, January 2021

Expanding our opportunity pipeline

- Investing in products and services that complement our portfolio
- Overlapping customer bases
- Leveraging our software and DevZone
- Shared sales organization



Cellular IoT



Wi-Fi



Cloud Services



Power Management

A globally leading IoT enabler

Growth built over years

Proven and attractive partner

Megatrends supporting growth

Disruptive applications ramping

Expanding our opportunity pipeline

Innovating for IoT

Kjetil Holstad, EVP Product Management & Svein-Egil Nielsen, CTO/EVP R&D and Strategy



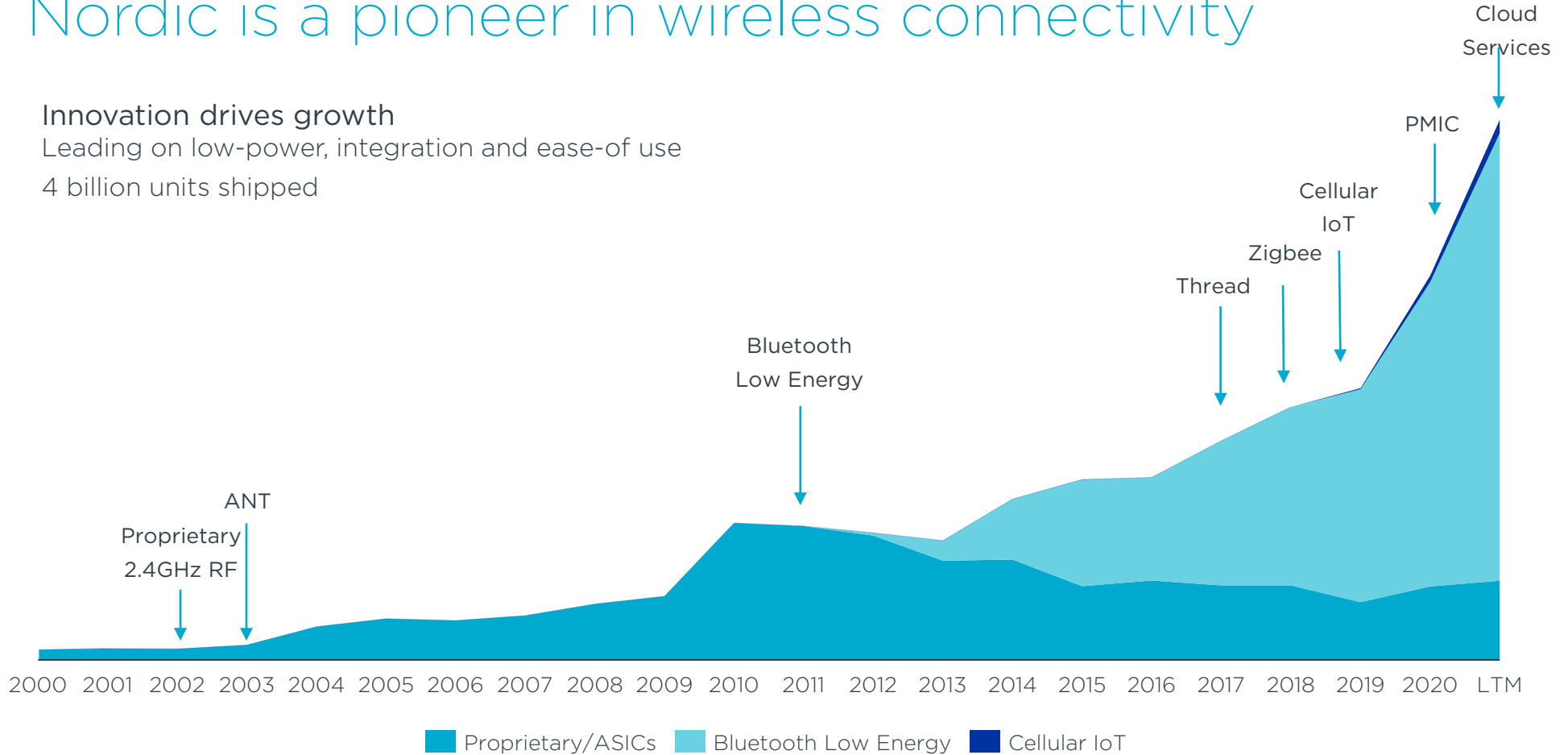
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Nordic is a pioneer in wireless connectivity

Innovation drives growth

Leading on low-power, integration and ease-of use

4 billion units shipped



Dedicated to wireless connectivity

Broad portfolio - scalable solutions - common software platform

Strong product and solutions portfolio...

...for short-, medium- and long-range connectivity technologies



Low-power integrated circuits (ICs)

+



Embedded software

+



Advanced development tools

Short-range IoT

Bluetooth LE, 802.15.4/Thread, Zigbee and 2.4GHz RF SoCs



Medium-range IoT

Acquired leading Wi-Fi team and Wi-Fi assets in 2020



Long-range IoT

Multi-mode cellular LTE-M/NB-IoT Modules



Award winning technologies and solutions

Nordic Semiconductor winner of multiple Global Semiconductor

Alliance (GSA) awards:

- 2015 Outstanding EMEA Semiconductor Company Award
- 2016, 2018, 2019, Most Respected Emerging Public Semiconductor Company Award

Recent nominations and awards:

- Nordic Semiconductor nominated for Outstanding EMEA Semiconductor Company Award and Most Respected Emerging Public Semiconductor Company Award at GSA 2020 awards
- nRF9160 SiP shortlisted in the 'IoT Connectivity Solution' category in IoT World Awards 2020
- Best in Show Awards in the Wired and Wireless Connectivity category at Embedded World 2020
- Nordic Semiconductor low power cellular IoT solution named as 2019 CES Innovation Awards Honoree
- Nordic Thingy:91 wins China Electronic Market Editor's Choice Award 2019





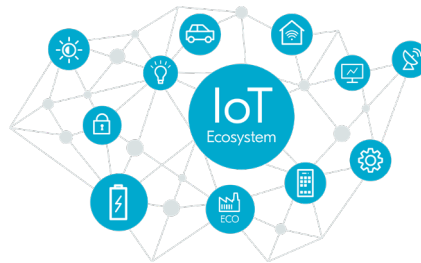
The right products in
the right markets

Internet of Things is becoming ubiquitous



Sustainability

Disruptive IoT projects
can contribute immensely to
UN SDGs



Platform ecosystems

Alignment across platforms
will further fuel market
growth



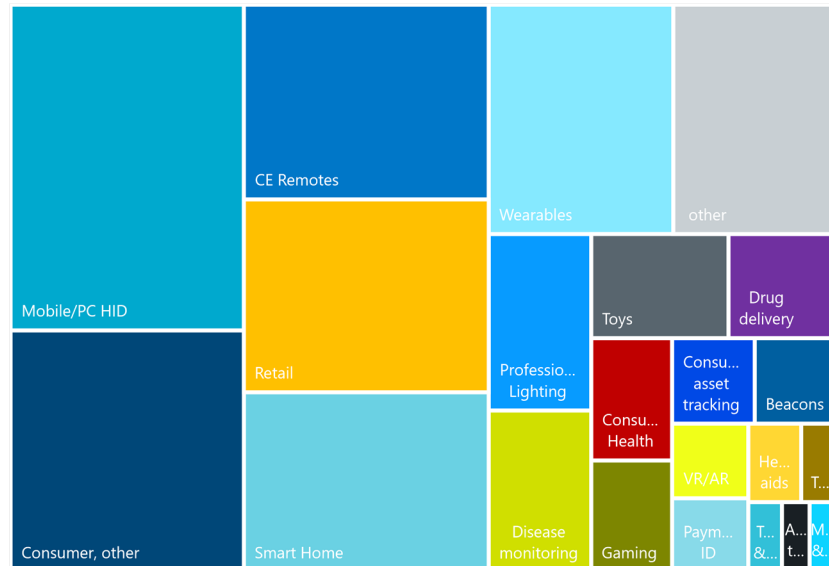
Industrial IoT

Connecting the physical
world and the digital world;
Sensors - Cloud computing -
Analytics - Actuators

The market is growing and evolving

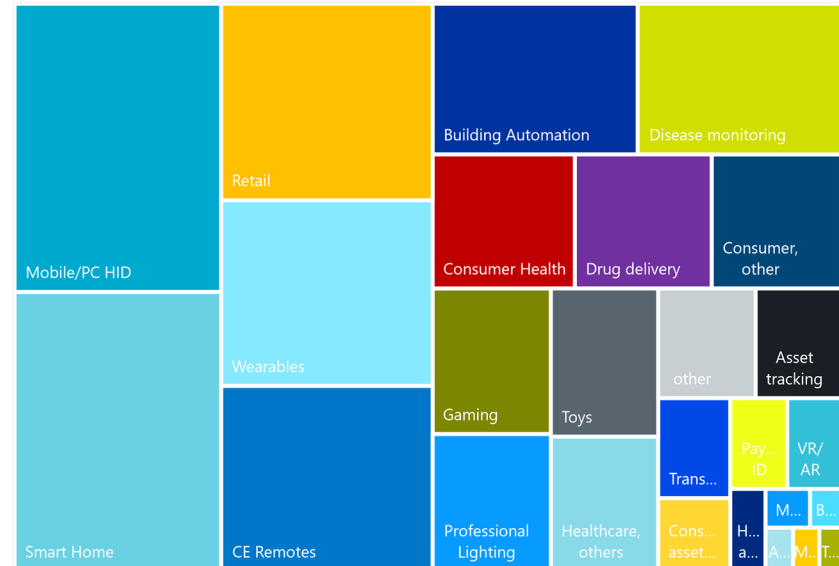
Huge opportunity landscape and with ample room for innovation and differentiation

2019 Short range, SAM



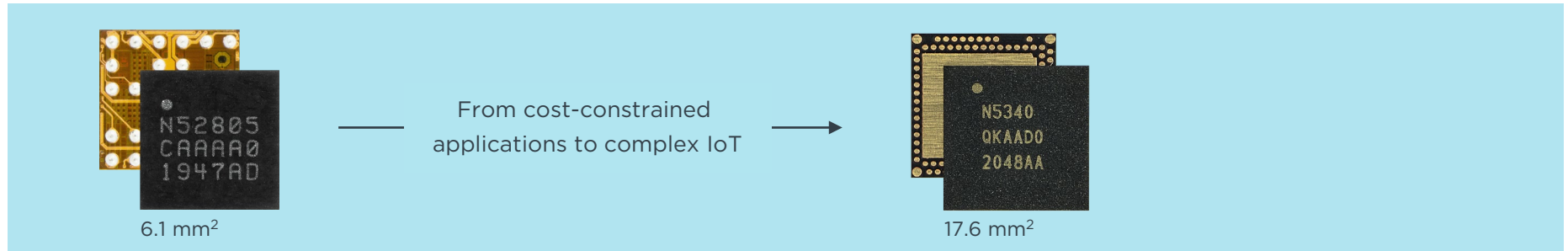
1.3B units

2021 Short range, SAM



2B units

Broad portfolio covering all applications

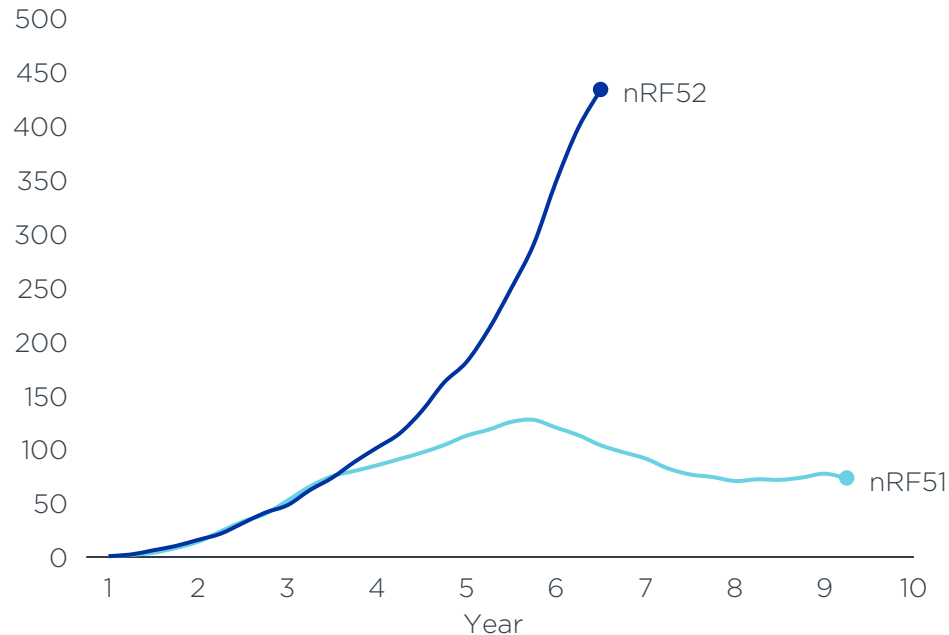


- | | | |
|---|-----------------------|---|
| <ul style="list-style-type: none"> ▪ Single core 64MHz Arm Cortex-M4 | <p>— >5x —></p> | <ul style="list-style-type: none"> ▪ Dual core 128MHz Arm Cortex-M33 |
| <ul style="list-style-type: none"> ▪ 192 kB Flash and 24 kB RAM | <p>— >8x —></p> | <ul style="list-style-type: none"> ▪ 1280 kB Flash and 576kB RAM |
| <ul style="list-style-type: none"> ▪ Basic security | | <ul style="list-style-type: none"> ▪ Advanced security |
| <ul style="list-style-type: none"> ▪ Multiple protocols
Bluetooth LE 5.2
Proprietary 2.4 GHz | | <ul style="list-style-type: none"> ▪ Multiple protocols
Bluetooth LE 5.2
Proprietary 2.4 GHz
Bluetooth Mesh
Bluetooth Direction Finding
Thread, Zigbee |
| <ul style="list-style-type: none"> ▪ Application examples:
Beacons, disposable medicals,
simple sensors, HID, etc. | | <ul style="list-style-type: none"> ▪ Application examples:
Complex IoT, LE Audio, professional lighting,
advanced wearables, etc. |

nRF52 Series – winning family continuing to grow

Revenue development from introduction

nRF51 and nRF52 Series, LTM USDm

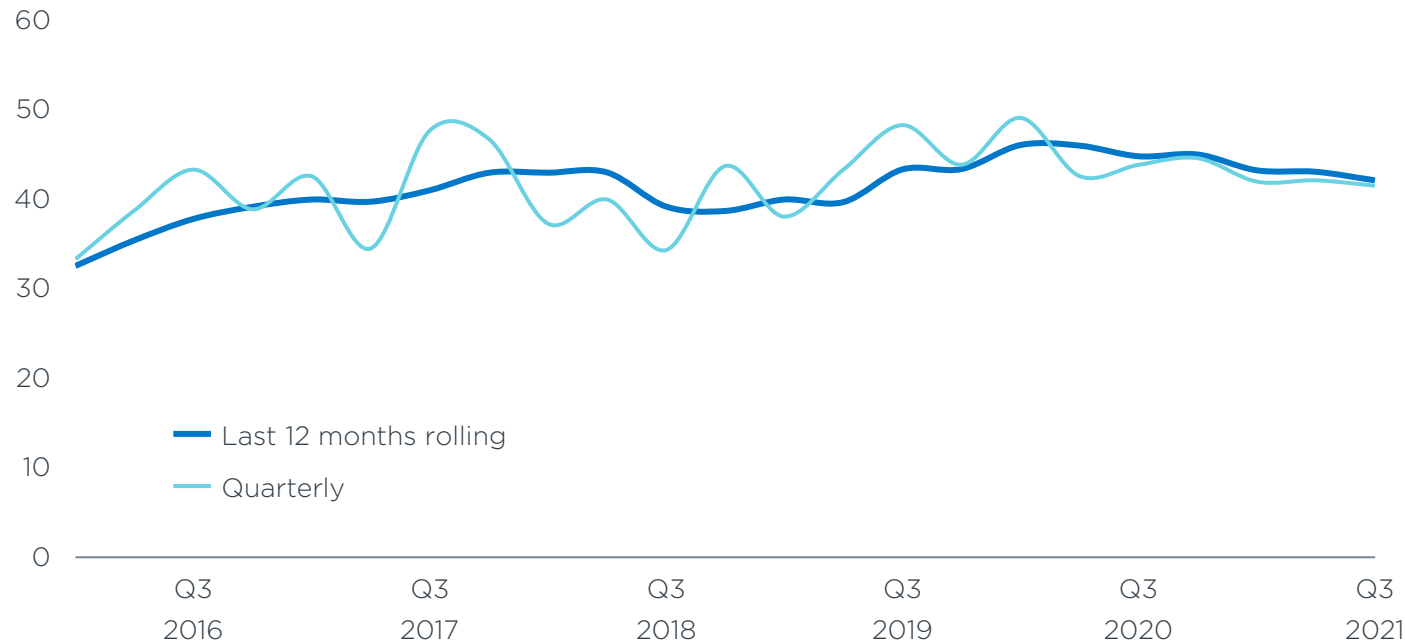


- Broad product family addressing wide range of applications – from entry level to high-end
- Strong growth – the right products for the right markets
- Continuous product and software improvements providing value and preserving ASP and margins
- Ample room for continued growth outlined in active customer projects

We remain the leader in Bluetooth LE designs

Significantly increasing average value per design

Percent market share - Bluetooth Low Energy end-product certifications*



End-product
certifications
with Nordic

LTM

550

42 % mkt share

Q3'21

123

42 % mkt share

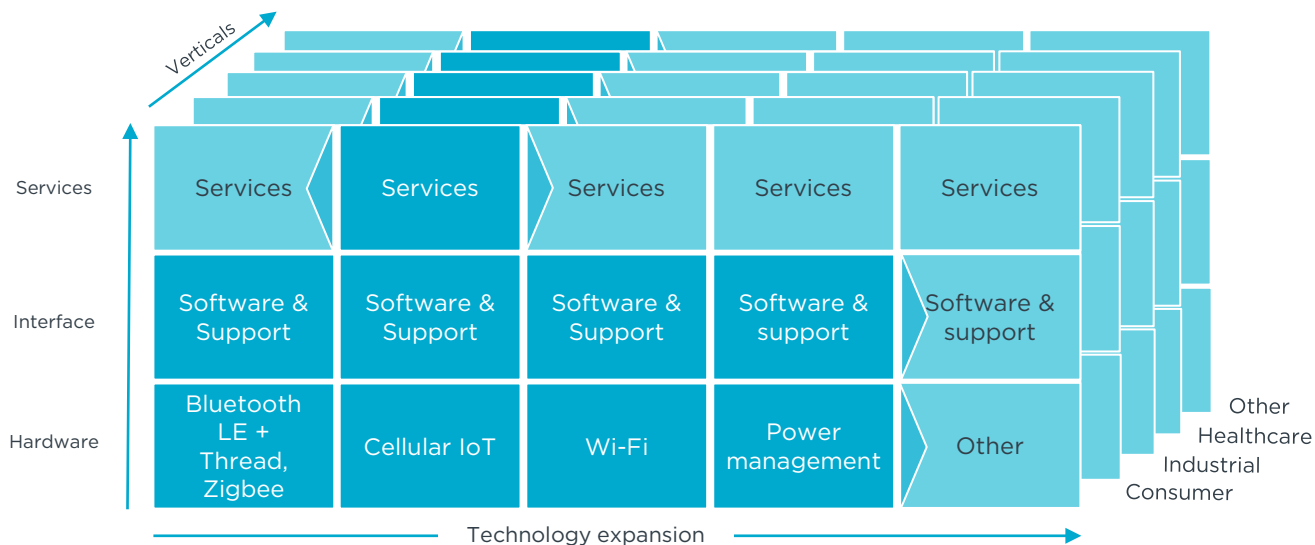
* Source: DNB Markets, based on FCC, Bluetooth SIG

An aerial photograph of a public square, likely the Piazza del Campidoglio in Rome, featuring a prominent geometric grid pattern of lines on the pavement. Numerous people are seen walking across the square. A large, semi-transparent blue triangle is overlaid on the right side of the image. A white banner with a pointed right edge is positioned in the lower-left quadrant, containing the text "Expanding the opportunities".

Expanding the opportunities

Building portfolio through logical expansions

New connectivity + value chain migration + more verticals



Expanding across connectivity solutions, software, services and verticals

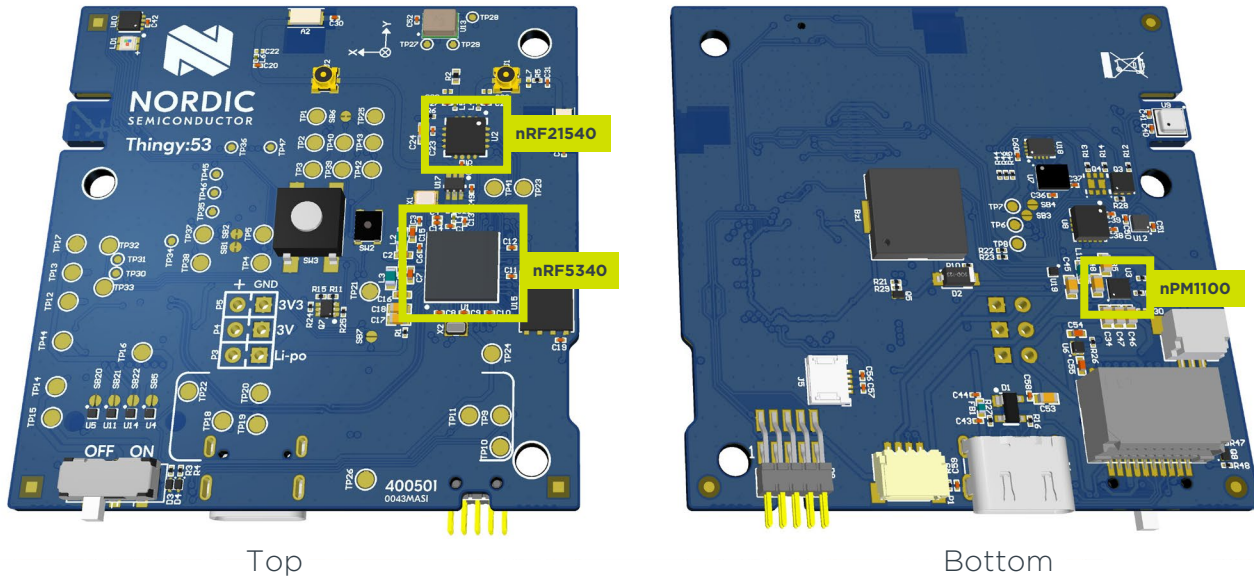
Sound investment criteria:

- Sizeable markets
- Growth above industry average
- Healthy gross-margins
- Opportunity to grow market share
- Feasibility from technical, financial and timing viewpoint

Capture more board space on customer PCB

Utilizing a market leading position in SoCs

Example: Upcoming Nordic Thingy:53



Expanding opportunities adjacent to Nordic SoC by leveraging:

- Strong customer relationship
- Feasibility from technical viewpoint
- Optimize product definition for our connectivity products and integrated value add functions

Expanding existing technology

Nordic strong contributor to new 5G, ETSI DECT-2020 standard



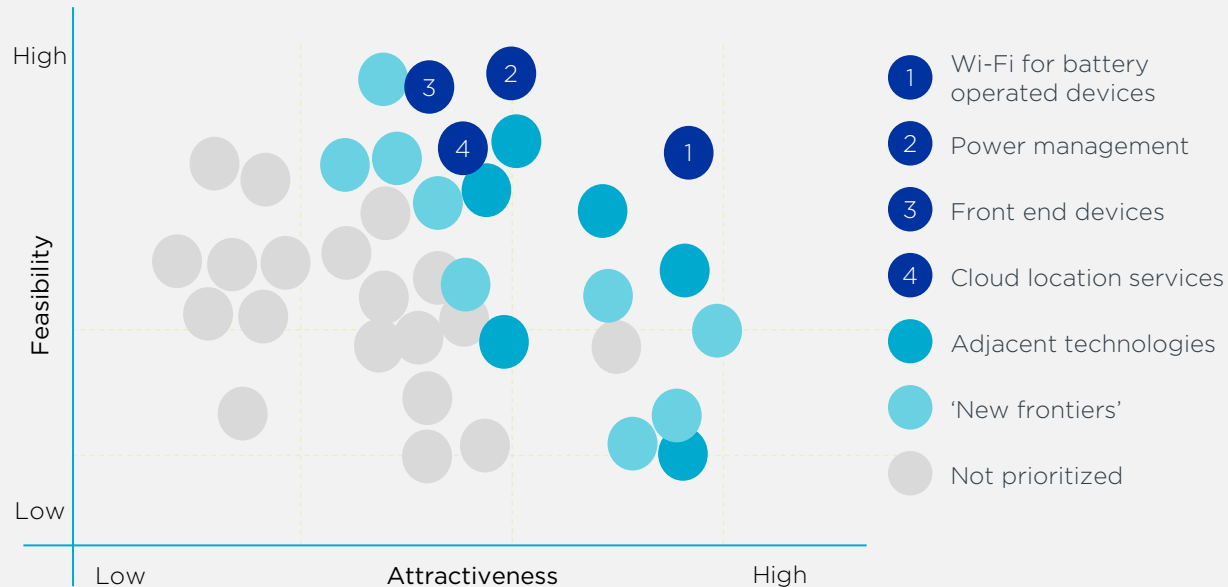
DECT 2020 reinvents the familiar DECT technology standardized by ETSI three decades ago. Supporting highly reliable low-latency connection between large numbers of densely-packed devices, it's a scalable, cost-effective solution for enterprise IoT and machine-to-machine applications including industrial automation, sensor networks, logistics and smart buildings.

WORLD'S FIRST NON-CELLULAR 5G TECHNOLOGY, ETSI DECT-2020, GETS ITU-R APPROVAL

- Nordic main contributor to the physical layer and a key contributor to the medium access layer of the specification
- Leverage our cellular investments with initial solution being built around the nRF91 Series
- In partnership with Wirepas, a Finish massive IoT wireless solution SW specialist company.
- Market introduction 2022

Resulting in a broad range of opportunities

Evaluating new connectivity, adjacent products and 'new frontiers'



Illustrative

Wide set of options available to Nordic:

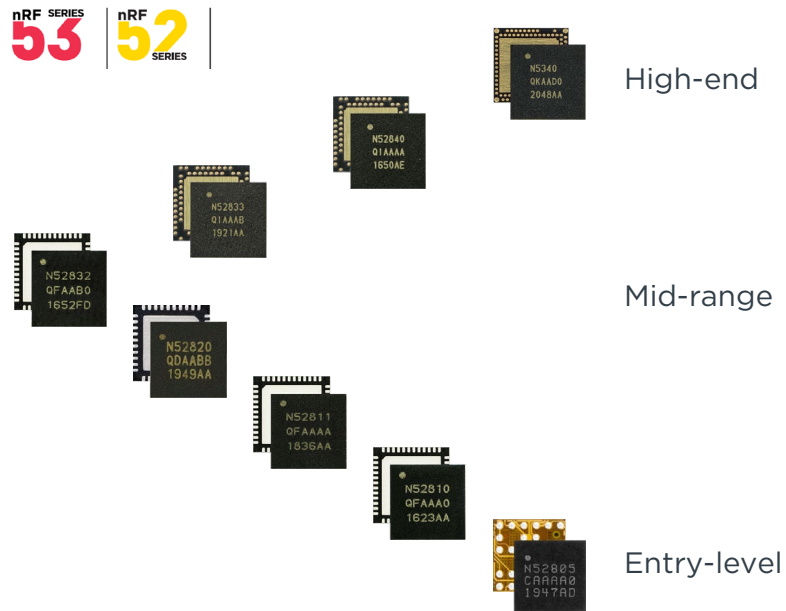
- Right balance of new vs existing core business
- Target lower investment options
- Quickly react to industry opportunities such as M&A
- Advanced "research" teams

The background is a deep blue with a subtle, fibrous texture. Scattered across the surface are several microchips of various shapes and sizes. Some are square with a grid of small holes, while others are larger and more complex. One chip in the lower-left has the text 'NS2833 001AA10 203680' printed on it. Another chip in the upper-right has a similar pattern. The chips are arranged in a way that suggests a flow or progression from the top-left towards the bottom-right.

Product strategy

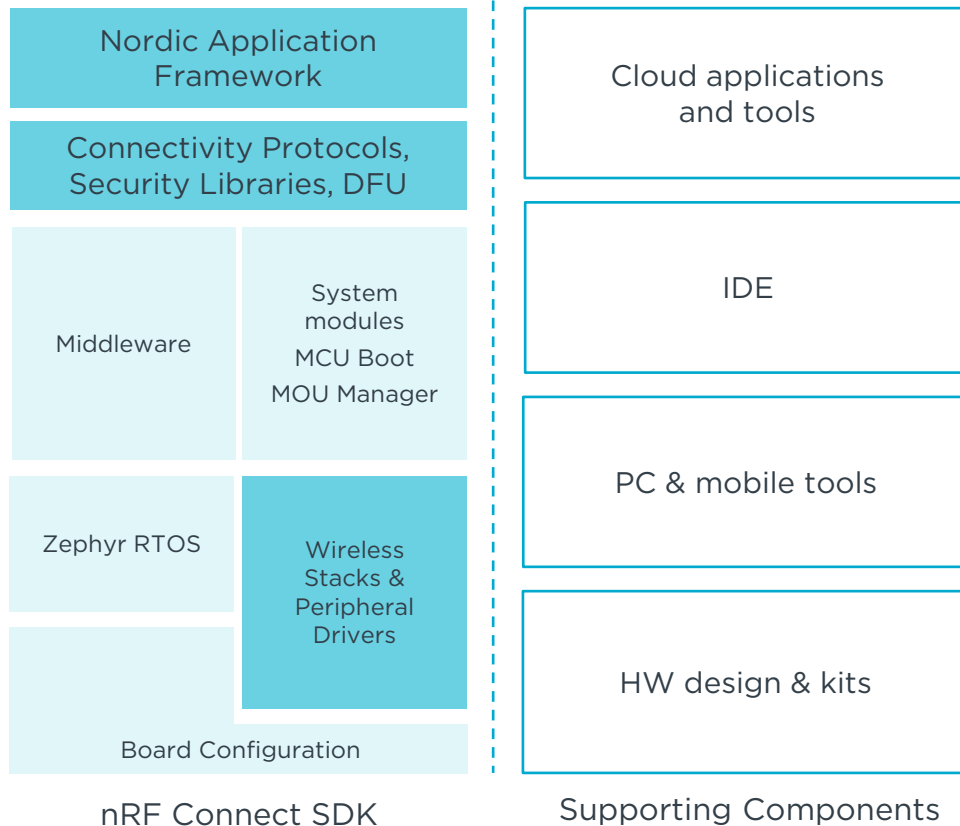
Successful short-range product strategy

Customer centric broadening of the portfolio



- Broad portfolio of ultra-low power SoCs
 - Multiprotocol products combining Bluetooth LE, Bluetooth mesh, ANT, NFC, Thread and Zigbee
- Leading the market on power consumption, performance and features
- Catering to all types of applications
 - From entry-level SoCs for cost constrained applications to high-end SoCs for complex IoT
- Major R&D efforts ongoing for development of next generation SoCs

Multiple technologies, one common software solution



Unifying

- Support for all Nordic ICs (>nRF52 Series)
- Support for all Nordic wireless technologies (Bluetooth LE, Thread, ZigBee, LTE-M, NB-IoT)
- Complete solution from board to cloud

Modern

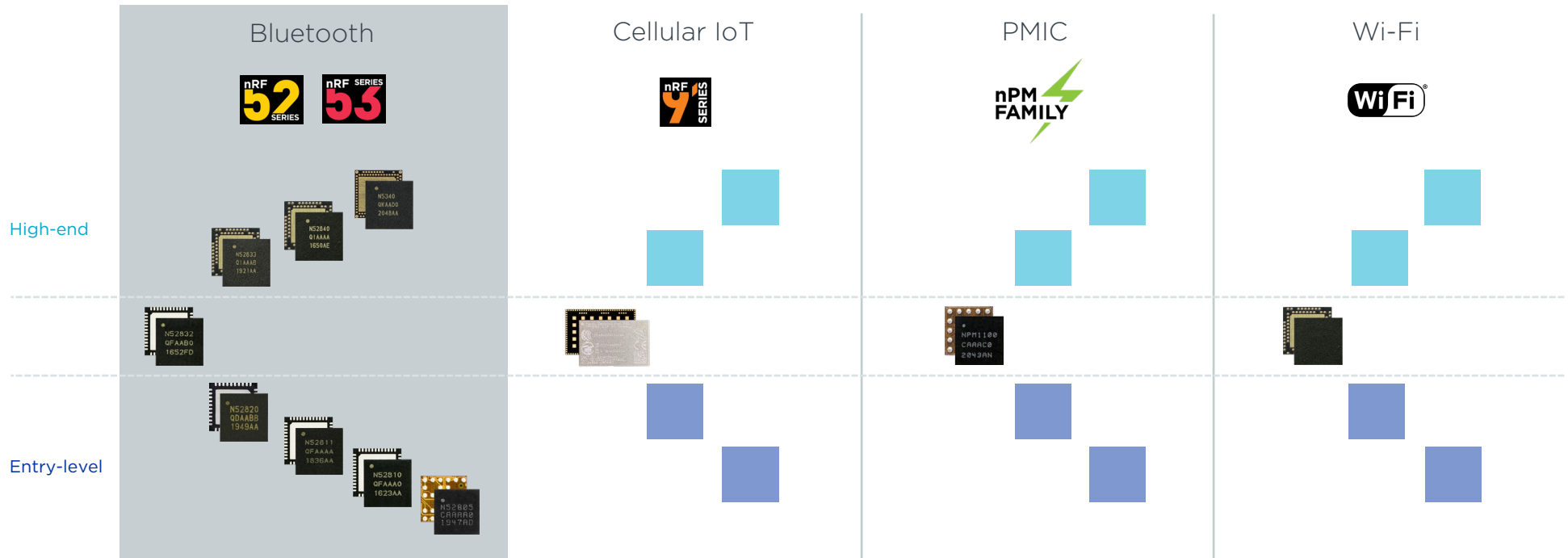
- RTOS integration for complex designs
- Open source when and where it makes sense
- Modern development and distribution model (git)

Scalable

- For low and high complexity applications
- For single core and multi-core SoCs
- Allow customer to focus on application

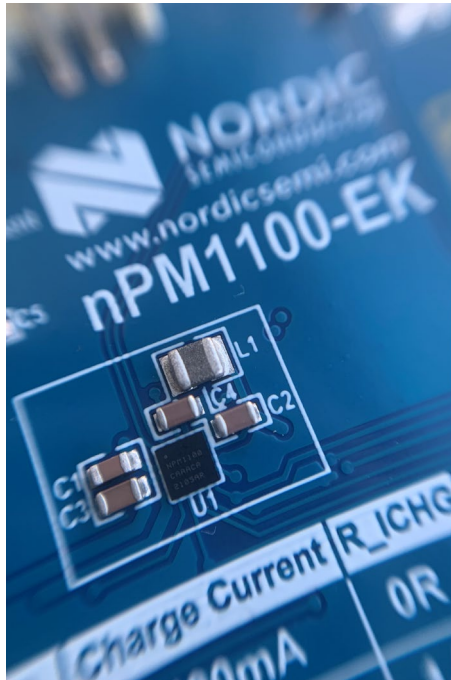
Applying proven strategy for new product lines

Follow the successful Bluetooth product strategy



Committed to develop competitive PMIC line-up

Wireless = Portable, Portable = Batteries, Batteries = Power Management



Build on technology track record

We have experience in power management from nRF Products

- Deep system understanding
- More value-add features, saving board space and BOM at customers

Expand offering where and when it makes sense

Room for innovation and differentiation in the markets we play

- For all kind of rechargeable batteries
- For all kind of primary cells
- Tap into other energy sources

Leverage existing customer base

Complementary to nRF52/nRF53/nRF91 Series

- Already access to customers and their requirements
- “Bundle” with existing SoC sales

Wi-Fi on track for market introduction in H2 2022

1

Harvest
experience

- Utilize newly acquired assets to get early access to Wi-Fi 6 market
- Leverage our existing SoC position among our customers and in existing market verticals

2

Build into Nordic
platforms

- Bring Wi-Fi into the Nordic IC and Software platform
 - one experience, many technologies
- Match Nordic low power DNA with strong Wi-Fi competence from our new Nordicers
 - similar to what we did when we entered the Cellular IoT space

3

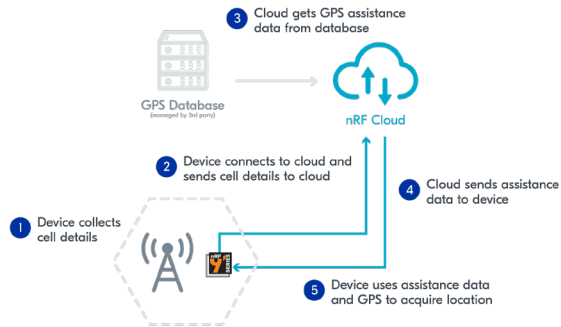
Enhance Wi-Fi
product offering

- Continue to innovate in the Wi-Fi space through customer engagements and standardization work, similar to how we approach Bluetooth LE
- Tailor solutions towards specific needs among certain customers and market vertical

Expanding into cloud-based services

A new long term revenue stream for Nordic Semiconductor

Location Services



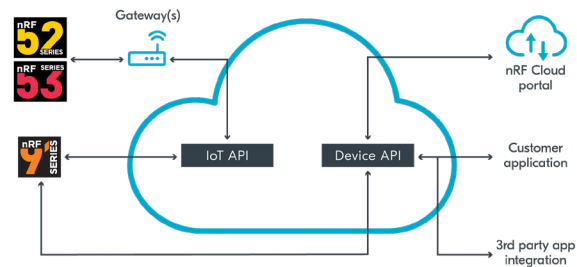
Initial services for nRF9160

Assisted / Predictive GPS

Cell-tower based location

Significantly enhances battery life

Future Services



Also for short-range devices

Firmware Over The Air updates

Device lifetime management

Other value added services

One-stop-shop



Out-of-the-box support on Nordic kits

Tightly integrated, device to cloud

Single sales point for customer

«Ease of use»

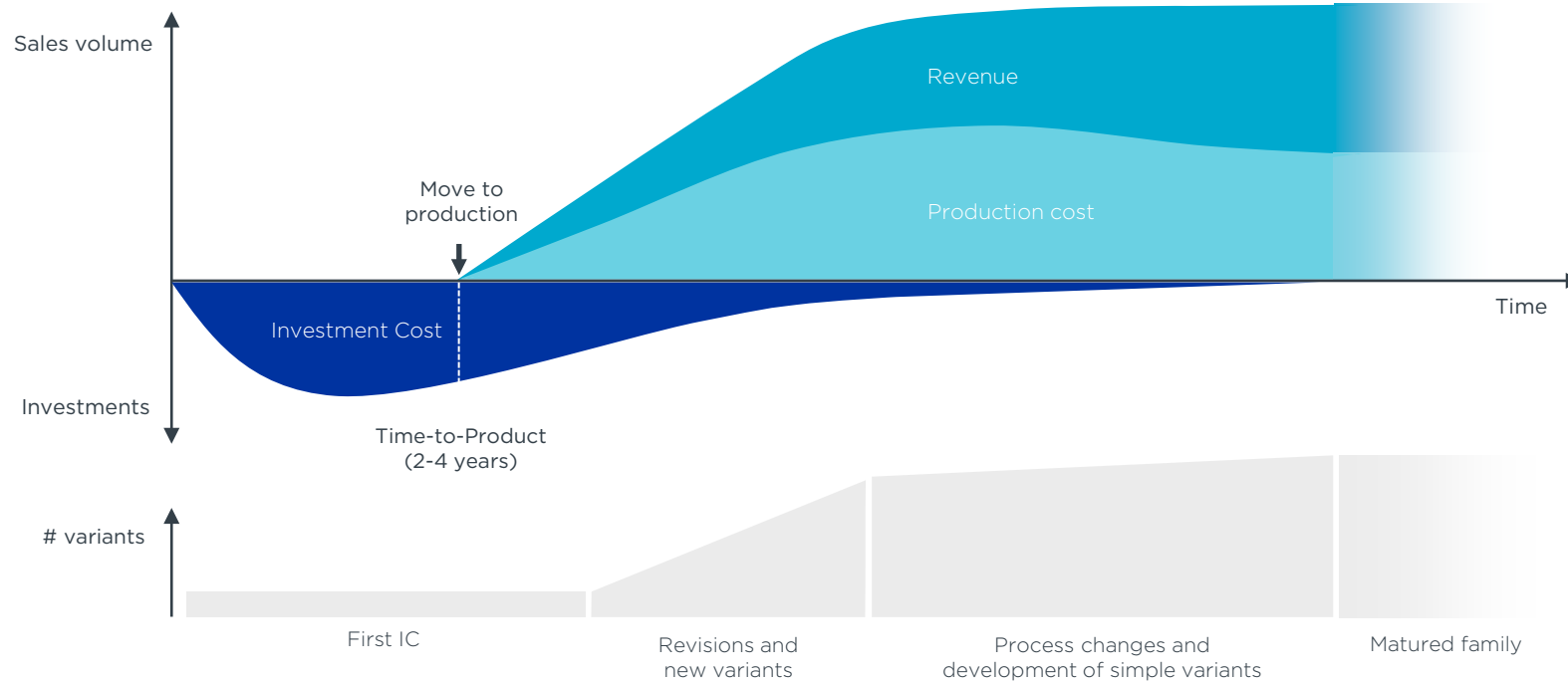


R&D

Investing and growing

Investing early in long life-time product families

Significant investments in R&D long ahead of product profitability



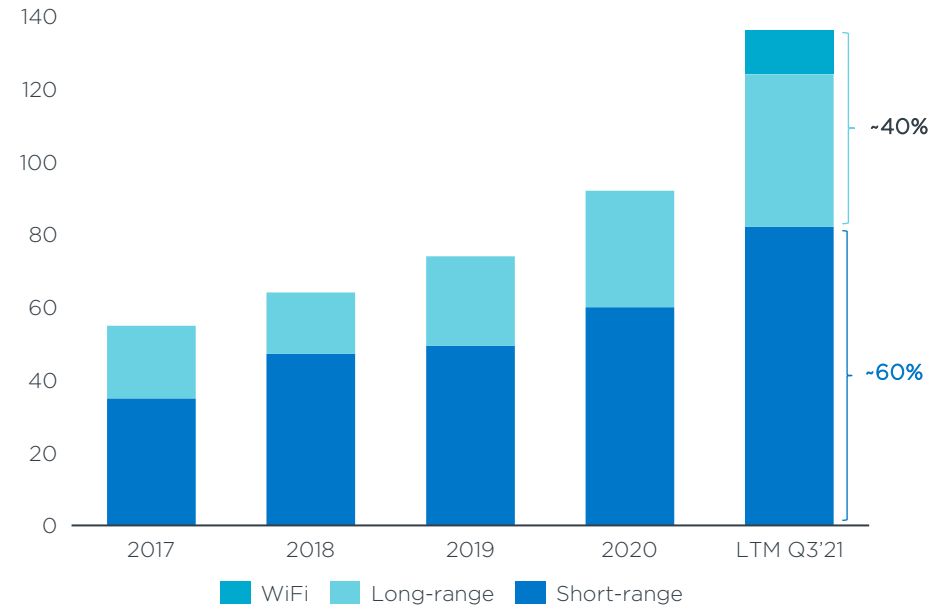
Continued strong commitment to innovation

>80% of current spending on products being launched beyond 2023

Broad range of R&D projects

- Multiple short-range development projects
- Developing and expanding the IoT portfolio
- Portfolio of Wi-Fi devices for IoT
- Building PMIC product families
- Building a Services portfolio
- Total R&D spend of ~USD 400m last 5 years
- Continue to invest significantly in R&D
- Long-term target 15-20% of revenue

R&D spending
Per technology (USDm)



R&D teams are located across the world

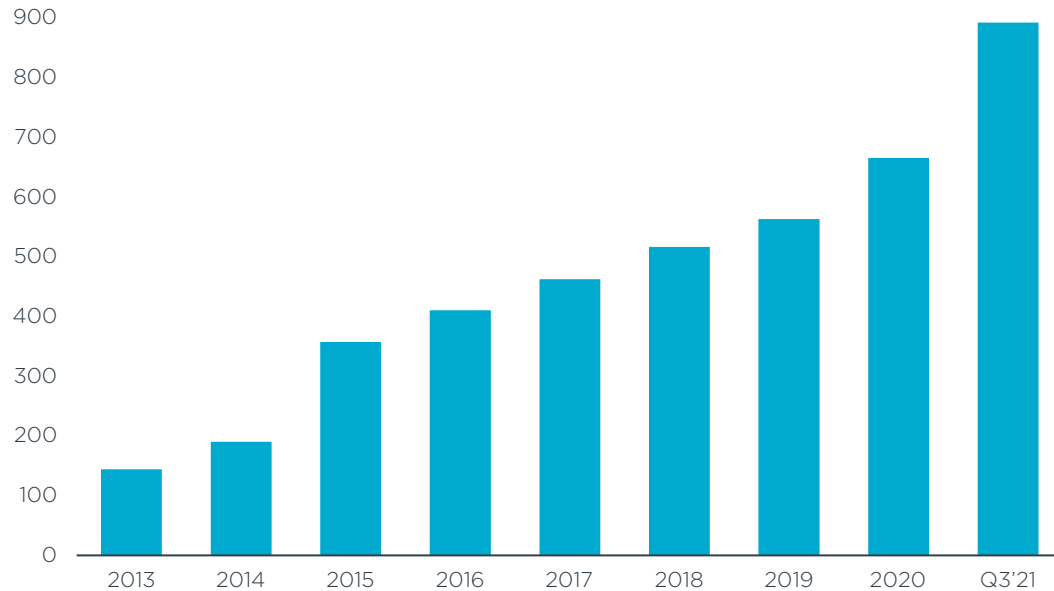
Significant office expansion in 2021



Growing to address long-term ambitions

Sixfold expansion of R&D organization since 2013

R&D employees



R&D organization grown organically apart from Wi-Fi acquisition in 2020

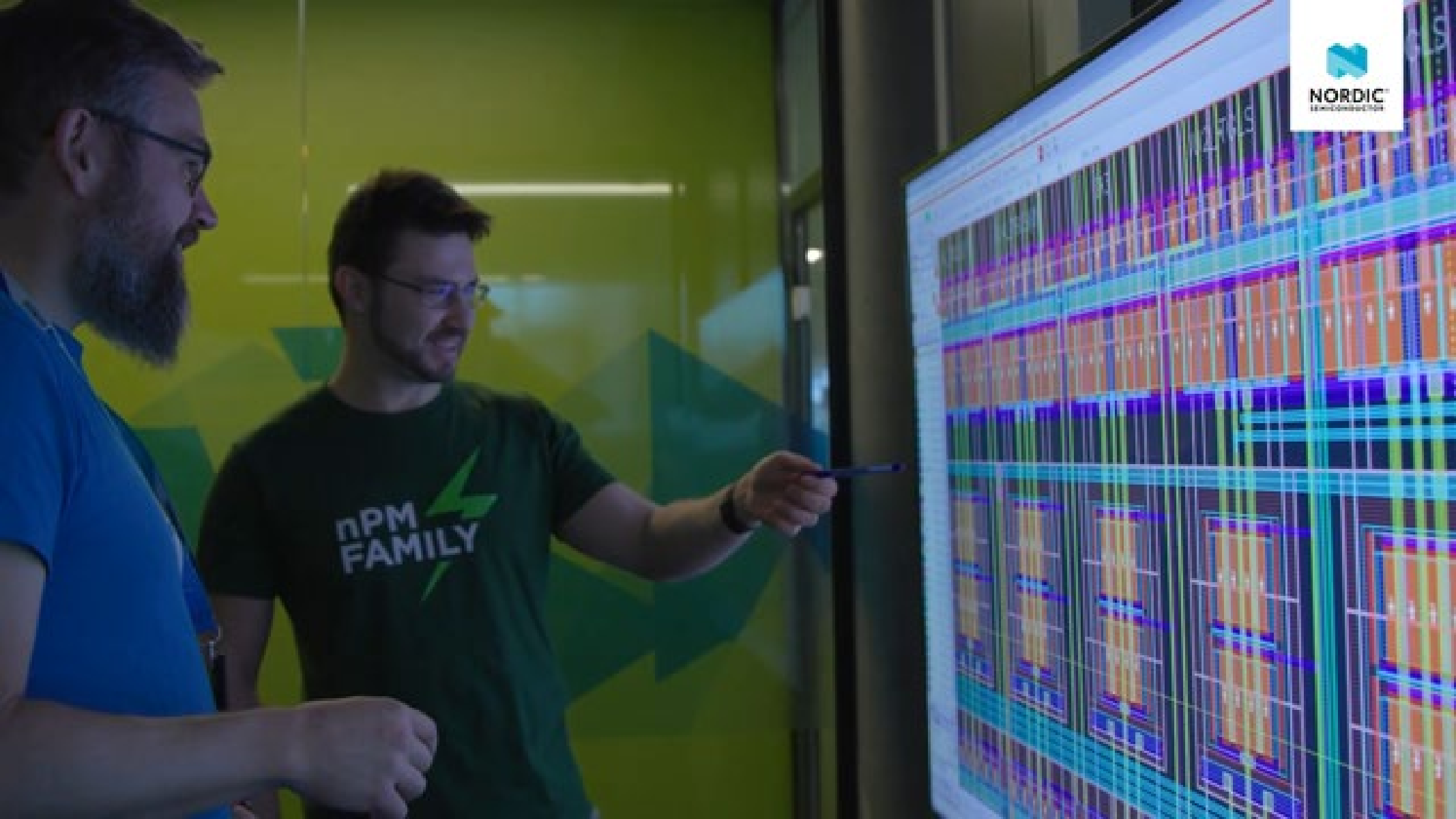
Recruitment focus on skills, experience and passion, leveraging a worldwide diverse workforce

Favorable office locations serves a great opportunity for further growth

Growth planned at all locations:

- strengthening of existing business, short range and long-range
- new growth initiatives

Continue to assess inorganic growth opportunities



nPM
FAMILY

People & Sustainability

Katarina Finneng, EVP People & Communication

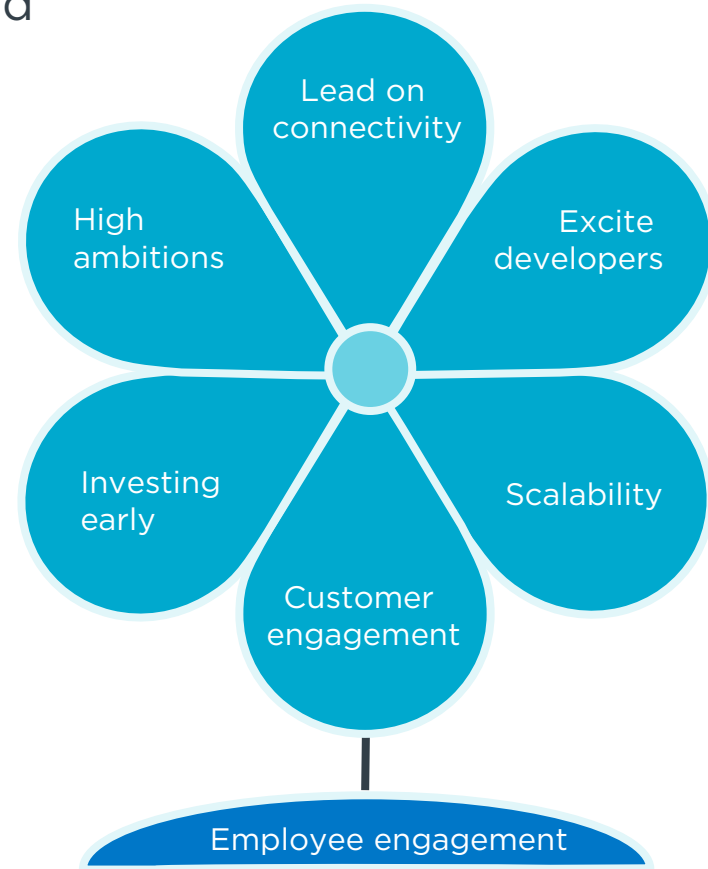


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A fabless organizational setup

Simplifying lives through all things connected

- We develop, sell and deliver integrated circuits and related products and services
- Building on a flat organization balancing top-down and consensus-based decision making
- Continuously work to attract and retain highly skilled and motivated employees to reach our goals

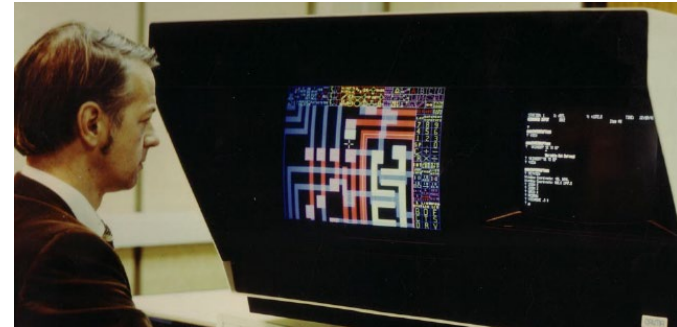


Building on our history for further growth

Innovation, engagement and continuity as part of our corporate DNA



- Established in 1983 by Trond Sæther, Frank Berntsen, Jan Meyer and Oddvar Aaserud, with Headquarter in Trondheim
- Trond and Frank are still in the company →
- Average seniority
 - R&D group managers in Norway: 19.4 years
 - Employees Norway: 6.2 years
 - Employees globally: 5 years

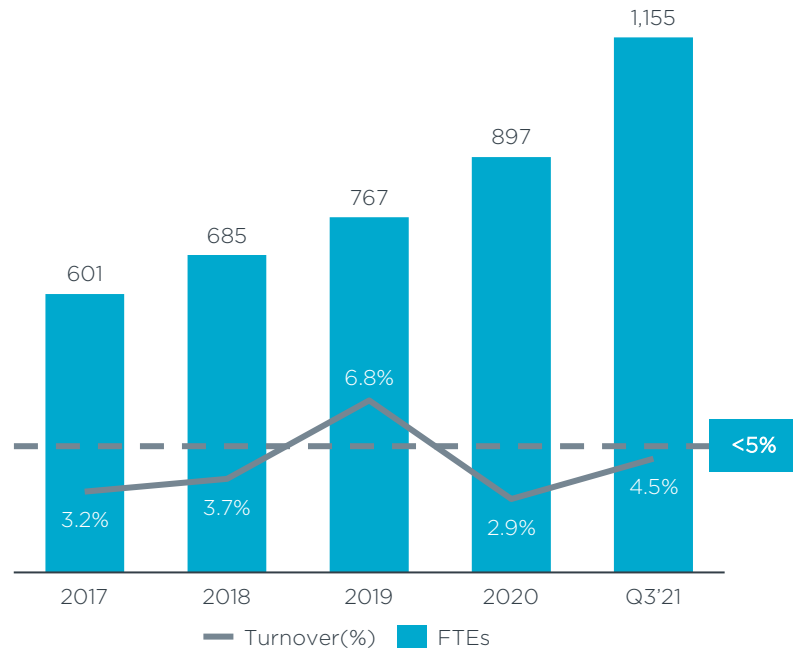


Fast-paced organizational development

Maintaining a low turnover rate

Employees & turnover

of employees, %-turnover



Roughly doubled our organization since 2017

- Proven ability to attract people from a scarce talent pool
- History of including established cultures into our organization

Maintaining low turnover in a highly competitive market

- Targeting a sustainable turnover below 5%

Proactively working to attract and retain key talent

- Data based approach to target demographic relevance

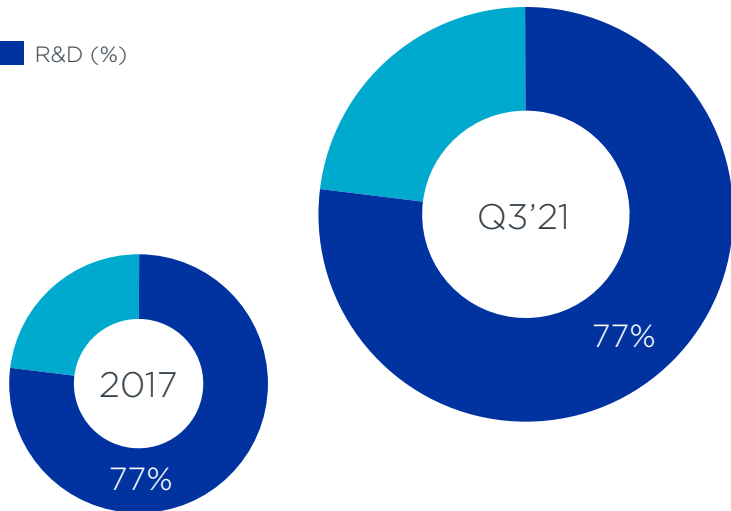
Innovation based on human capital

Organizational ecosystem based on complementary competencies

Employee composition

% of total employees

■ R&D (%)



Organizational development and growth have required adjacent competencies for relevant utilization and efficiency

Complementary competencies nurture our innovative force and ability to sell and deliver sustainable products world-wide

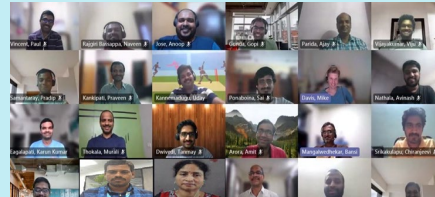


Global organization – local presence

New R&D teams built on existing local competencies



Cellular IoT
in Oulu, Finland



Wi-Fi
in Hyderabad, India



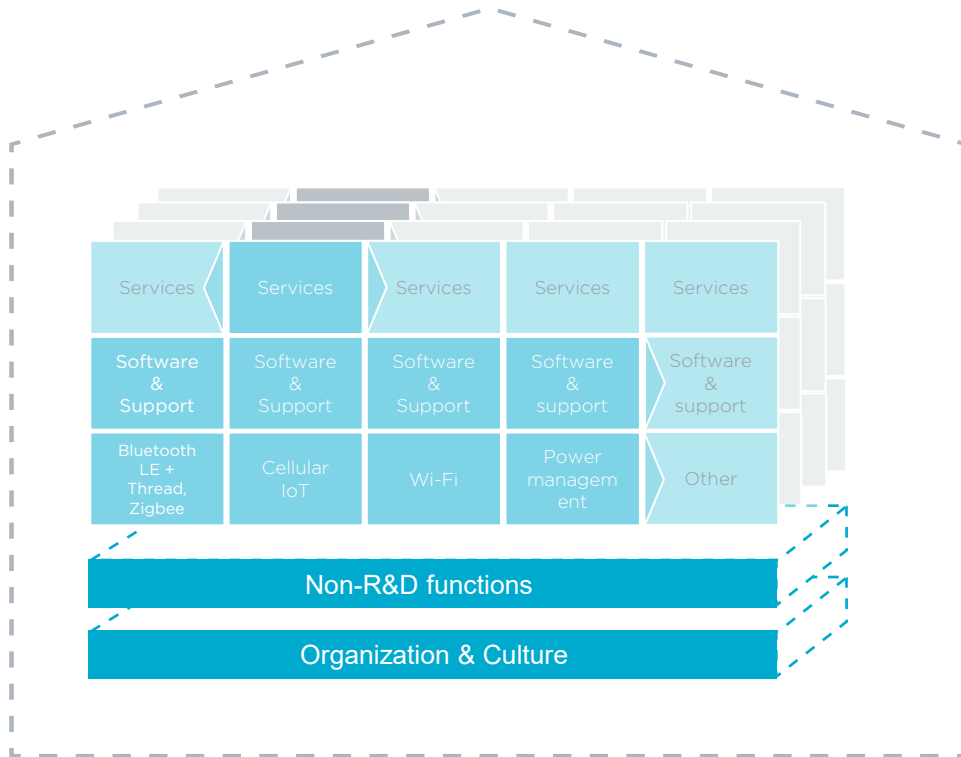
Digital Design
in Bristol & Hatfield, UK



Power Management IC
in Swindon, UK

Continuing to develop sustainable ecosystems

Developing all relevant key enablers to our house

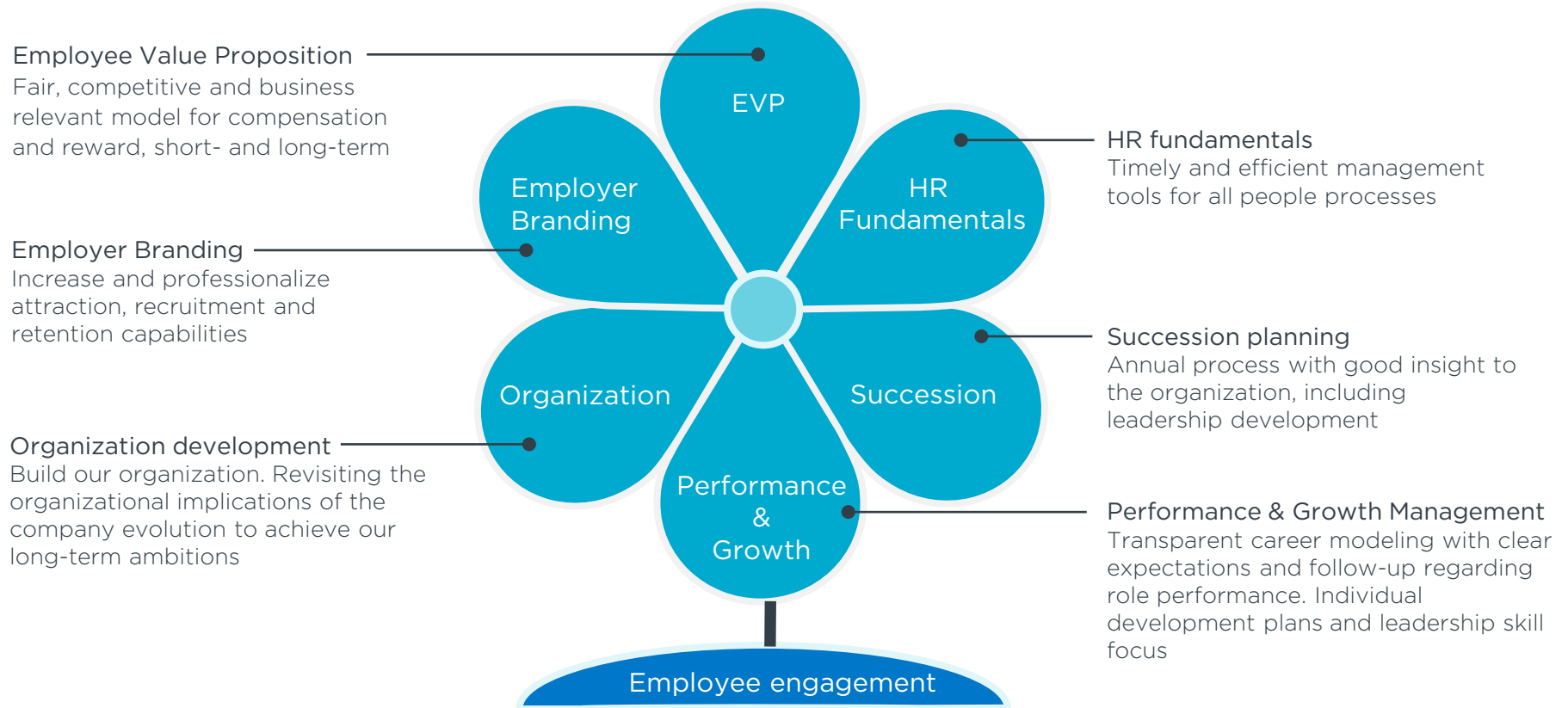


Organization development with the right people to deliver on our long-term strategy

- Connectivity technology competencies
- Specialists within verticals
- Sufficient complementary competencies

Working for a balanced organization

Organizational awareness and efficient, relevant utilization





ESG

Environmental, Social and Governance



Fostering diversity and inclusion

Building capabilities for relevant competitiveness, attraction and retention



17 countries



57 nationalities



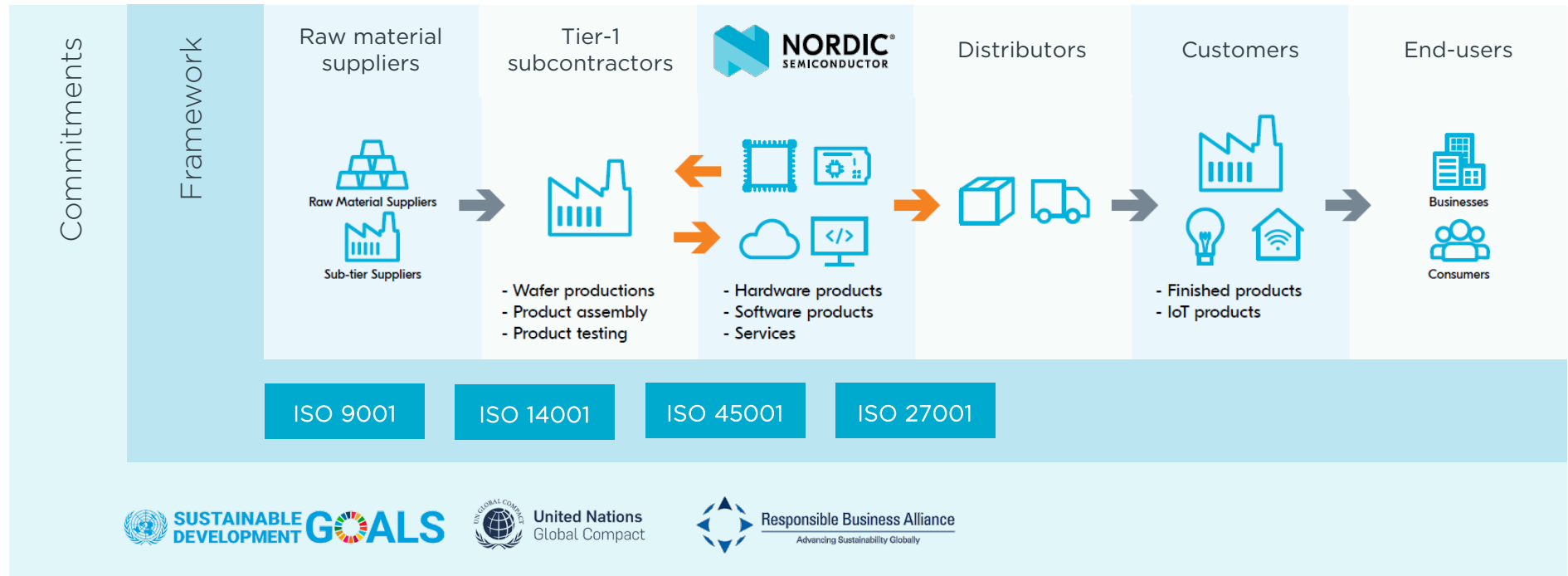
Female share

- Board of Directors 43 %
- Executive Mgmt Team 20 %
- R&D Managers 6 %
- Non-R&D Managers 9 %
- Total 14 %



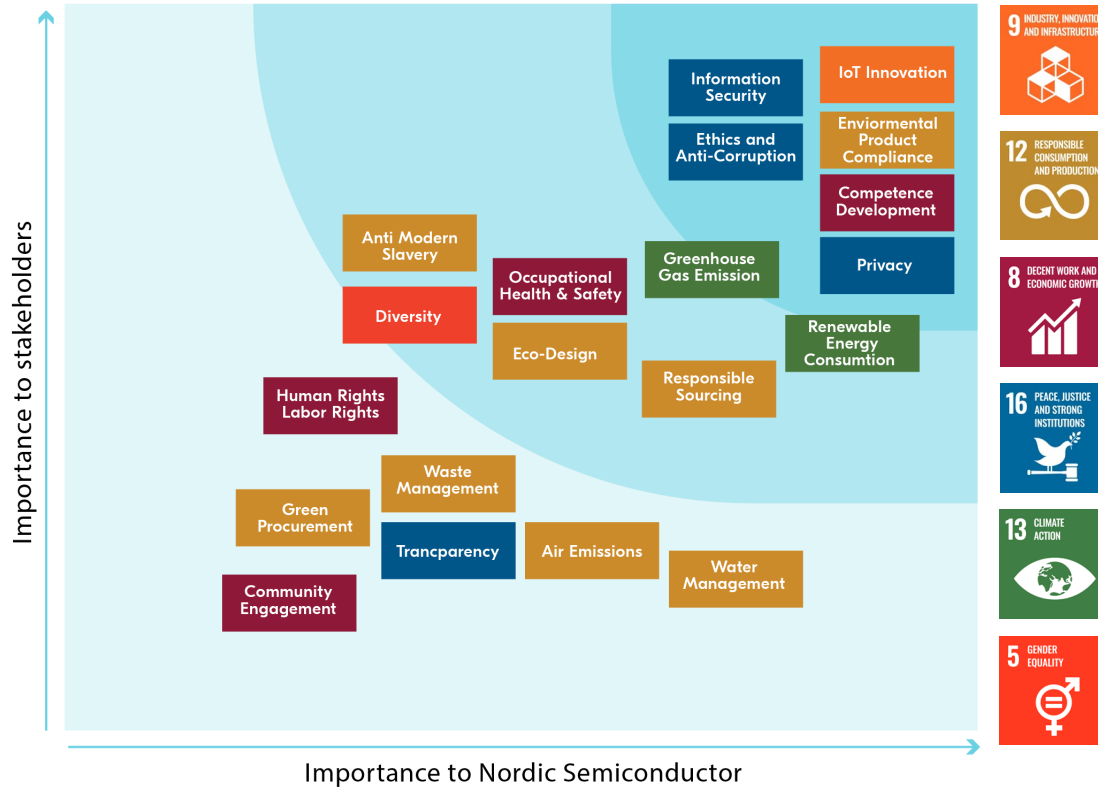
Potential for improvements in the value chain

Increase material reuse and recycling, and reduce carbon footprint



Large potential to make a global impact

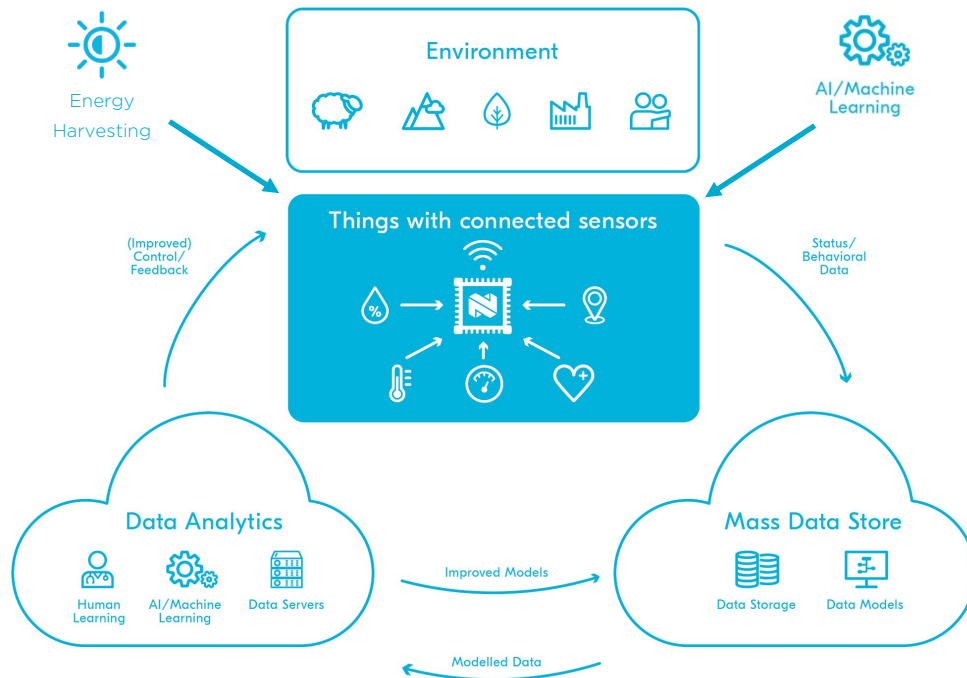
A structured approach to ESG governance



Our vision sets the framework:
Simplifying lives through all things connected

A leading vendor of wireless connectivity and embedded processing solutions for internet connected things with a sustainable footprint

IoT is crucial to deliver on UN SDGs



We are making 'things' more capable and efficient by:

- Lowering power consumption
- Increasing computational capability
- Enabling a large variety of sustainable applications
 - Precision farming
 - Climate smart cities and communities
 - Smart mobility
 - Energy efficiency of buildings
 - Sustainable manufacturing and waste reduction
 - Extreme weather and climate impact modelling
 - And more...

Enabling a large variety of sustainable solutions



Nordic IoT and cellular technology provides limitless possibilities for «sustainable IoT». Our SmartHive, capable of aiding and monitoring several beehives at Norwegian offices, is a showcase for a generic IoT system including energy harvesting, edge computing and machine learning.



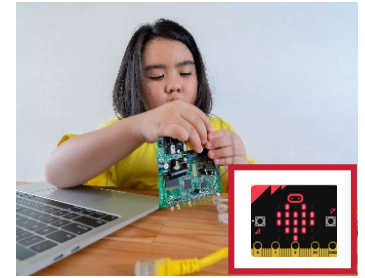
Two of the winning projects from the 'ElephantEdge' wildlife tracker challenge are employing Nordic's nRF52840 to make world's most advanced elephant tracking collar.



Nordic cellular IoT (nRF9160 SiP) and AI combined in world-first platform designed to protect freshwater and marine ecosystems from wastewater and sewerage spill pollution.



TempView employs Nordic nRF52810 SoC to monitor and report vaccine temperature during storage and distribution in Japan.



The partnership between Nordic and the Micro:bit Educational Foundation aims to have reached 100 million children via 20 million devices—each powered by a Nordic SoC to train those who build tomorrow's connected world, by 2025.

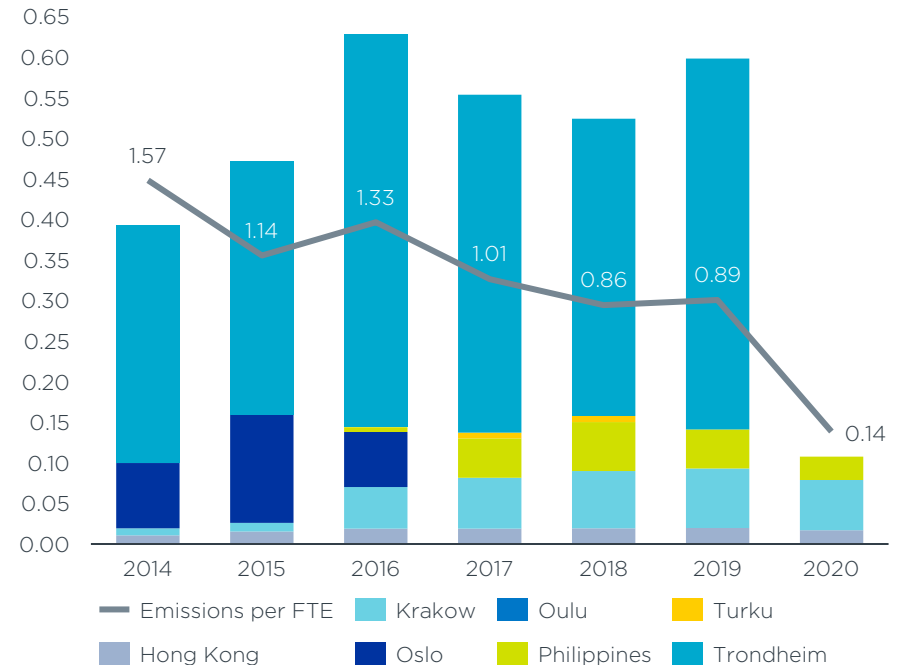


Targeting zero indirect (Scope 2) emissions by 2025

Nordic has negligible direct (Scope 1) emissions

- Transition to renewable energy for operations in Trondheim HQ significantly decreased Scope 2 greenhouse gas (GHG) emissions
- In 2020, 93% of all purchased energy for Nordic's operations originated from renewables
- Backed by Renewable Energy Certificates

Scope 2 emissions per site and FTE
kt CO₂e & CO₂e tons per FTE



Creating more value for less

Declining other indirect (Scope 3*) emissions per revenue unit

Scope 3 emissions account for ~58kt CO₂ equivalents in 2020

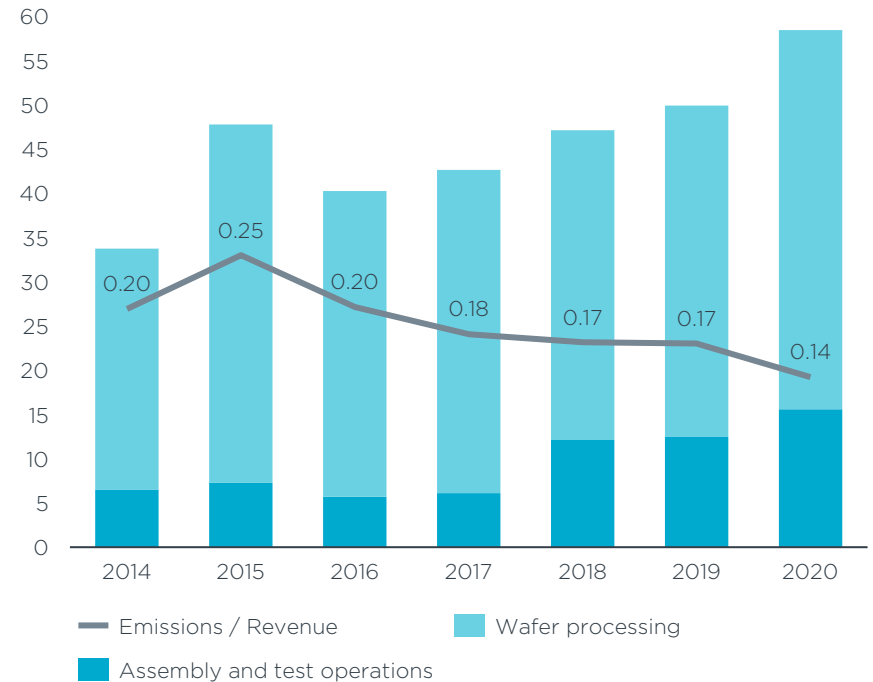
Development closely related to production volume, with increasing scale leverage

- Newer products in more carbon efficient factories
- Phasing in newer and phasing out older products

Working towards zero Scope 3 emissions by 2030

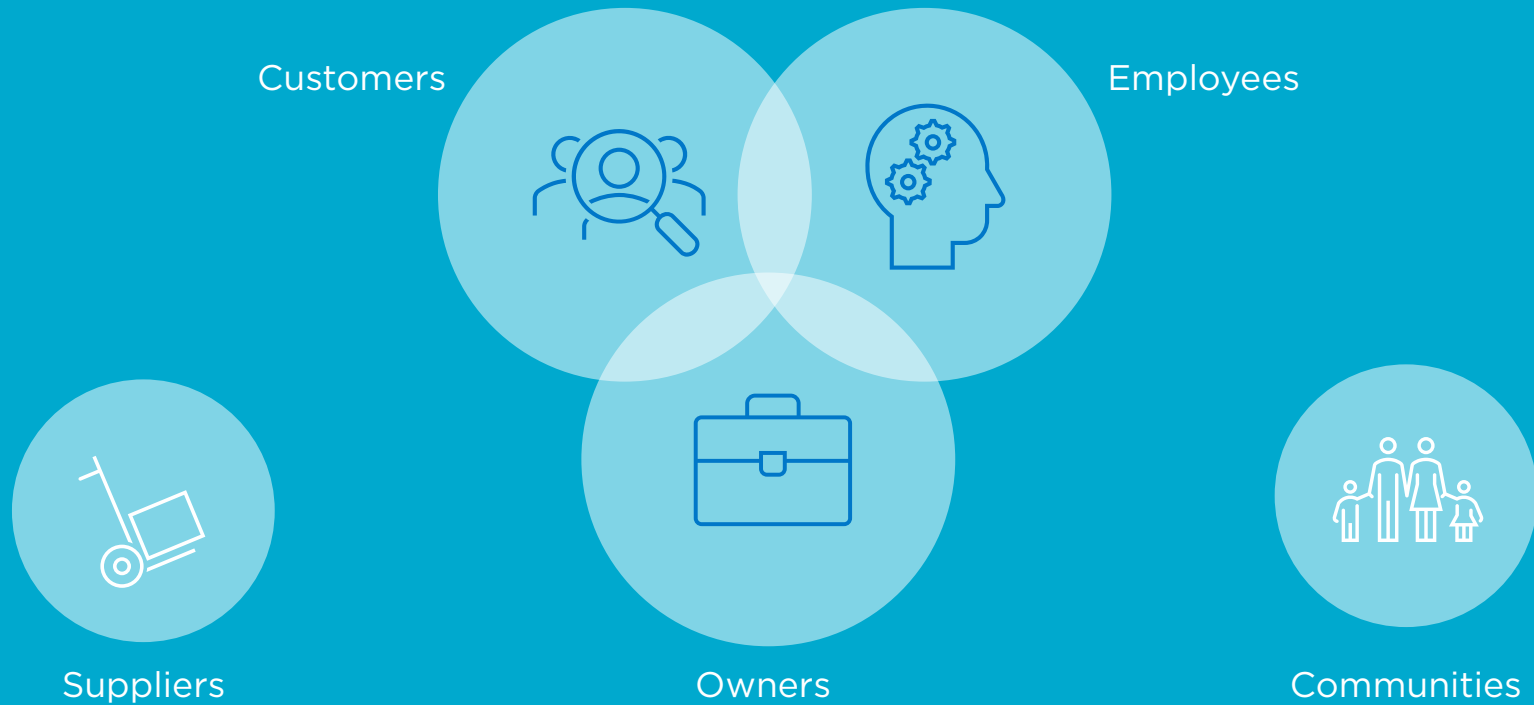
- Highly dependent on availability of renewable/ low carbon energy in our suppliers' regions
- Will compensate with reliable renewable energy purchase or carbon offsets

Declining scope 3 emissions per revenue
kt CO₂e & CO₂e tons per USDk revenue



*Scope 3 emissions data gathered from subcontractors in 3rd party verification process Q2'21

Fundamental commitment to stakeholders





Financials

Pål Elstad, CFO

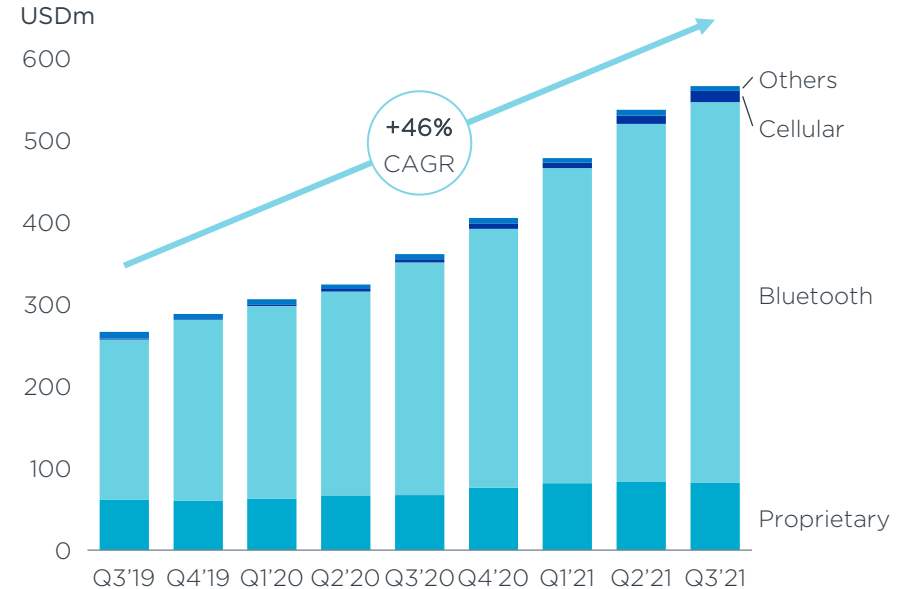


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Revenue growth exceeding expectations

	CMD 2019 Medium-term outlook	CMD 2021 Q3'19-Q3'21
Bluetooth	20%-30% CAGR	+54% CAGR
Proprietary	Modest decline	+16% CAGR
Cellular IoT	Gradual ramp-up	Slower than expected

Revenue LTM¹ per technology



Gross margins have held up strongly

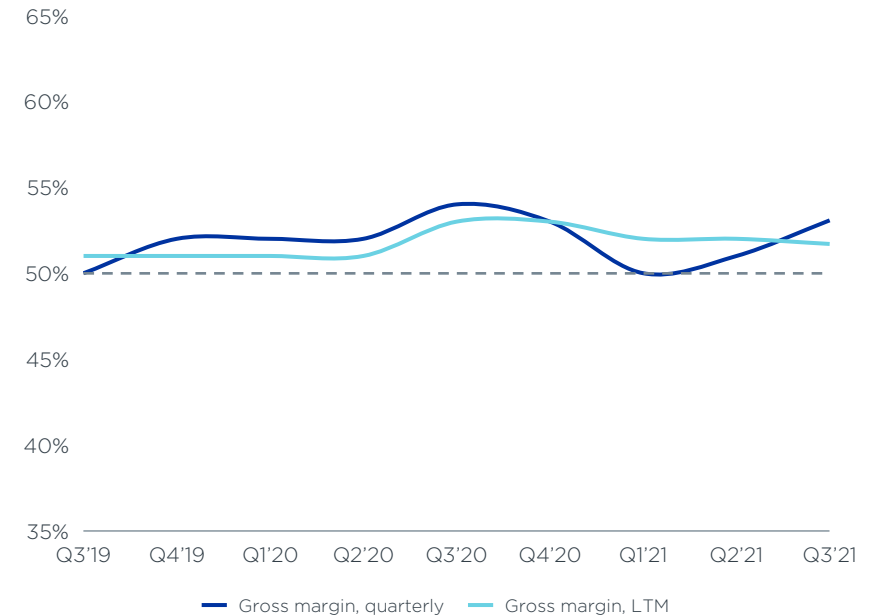
We expected gross margin pressure

- Short-range gross margins were expected at 48%-50% in the medium term, and cloT at 35%-40 in volume production
- Blended gross margin would depend on mix

Higher gross margins than outlined

- >50% in all quarters since CMD, and 52% LTM
- Higher share of complex, high-margin products balancing effect of more tier-1s
- Strong cost control and scale effects

Gross margin LTM¹ %
Quarterly & rolling 12 months



1) Revenue last 12 months to each quarter

R&D intensity has declined

Our R&D outlook in 2019 was based on:

- Increasing R&D in absolute terms, with R&D intensity declining from a peak level in 2019

R&D *spending* has increased...

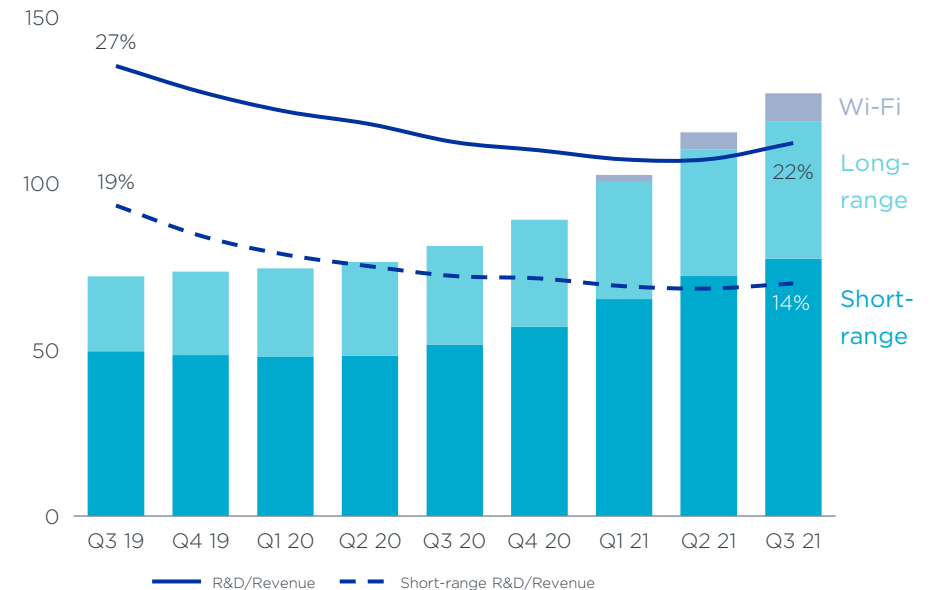
- In both short-range and cellular IoT, with Wi-Fi adding further spending

...but R&D *intensity* has declined

- Slight uptick during 2021 due to Wi-Fi R&D
- Decline in short-range R&D intensity despite higher absolute spending
- Flattening curve due to the current revenue constraints

R&D spending, LTM¹

Per technology (USDm) and % of revenue



1) Revenue last 12 months to each quarter

Operational leverage showing through

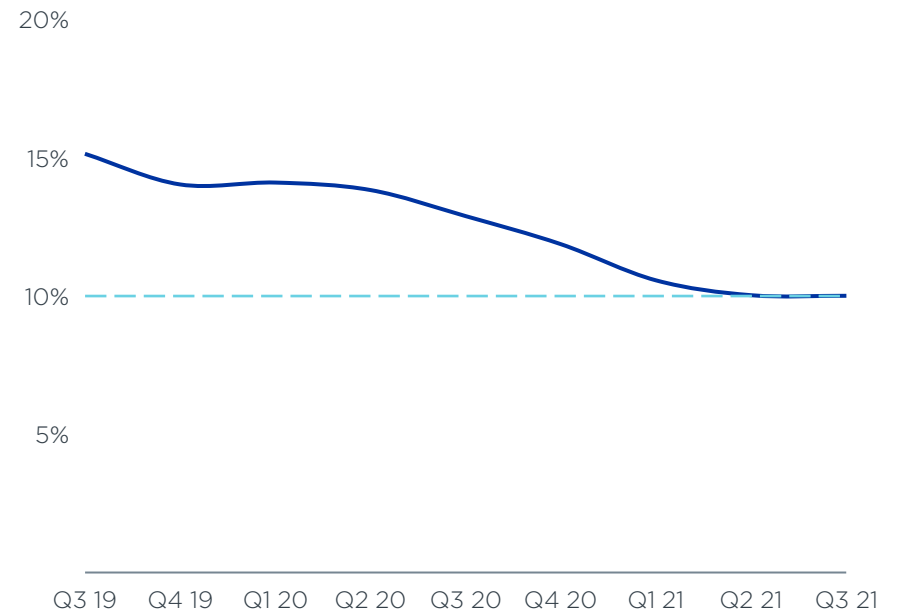
Our SG&A outlook in 2019 was based on:

- Growing the organization to capture multiple opportunities
- Operational leverage set to drive long-term SG&A below 10%

Already at ~10% due to strong revenue growth in 2020-21 and cost containment

Flattening curve due to the current revenue constraints

SG&A cost, LTM¹
% of revenue

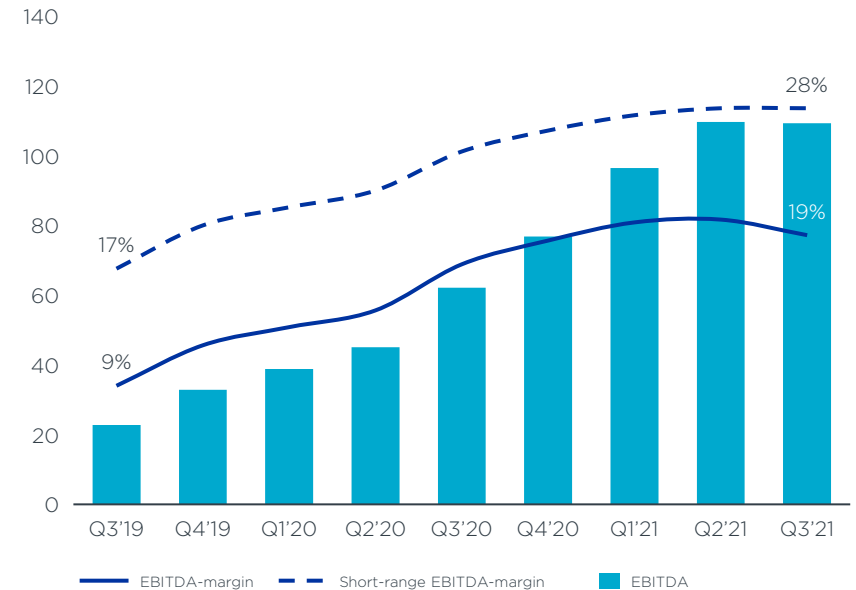


1) Revenue last 12 months

Closing in on our long-term EBITDA targets

- Outlined long-term EBITDA-margin target of 20% at the CMD in 2019
- Shown steady improvement over the past 2 years
 - High revenue growth
 - Strong gross margin
 - Cost containment and operational leverage
- Margin expansion currently being capped by the revenue constraints

EBITDA & EBITDA margin LTM¹
USDm and %



1) EBITDA last 12 months to each quarter

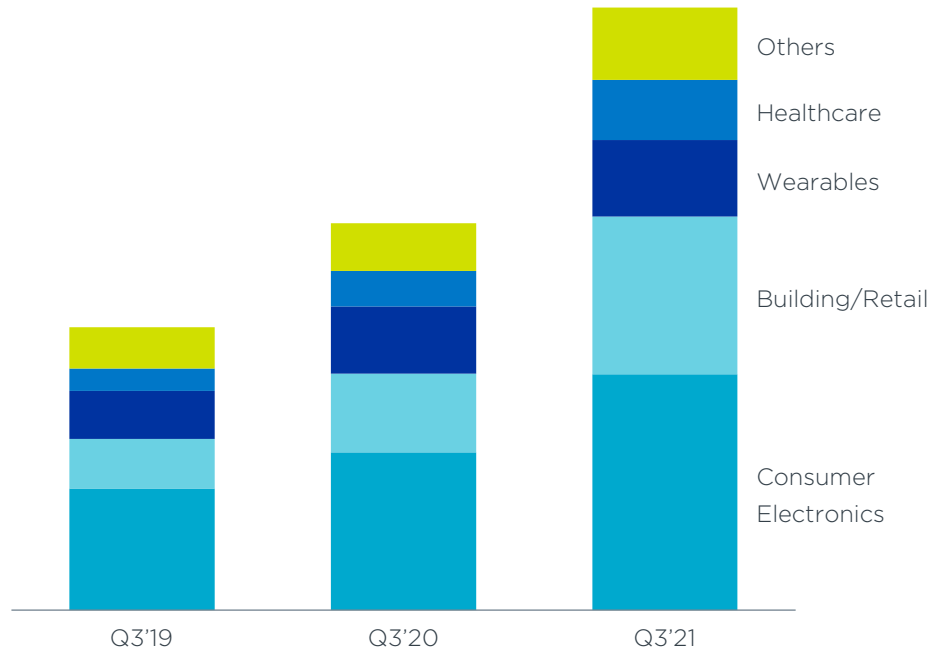
A full-page background image featuring a vibrant blue and orange color palette. In the center, two silhouetted figures stand on a rocky outcrop, looking out over a vast landscape of clouds. The sun is low on the horizon, creating a bright glow and casting long, soft shadows. The sky is a deep, clear blue, with wispy clouds scattered throughout. The overall mood is one of hope, achievement, and looking towards the future.

Continuing growth journey

Setting new long-term targets

Changing end-user market composition

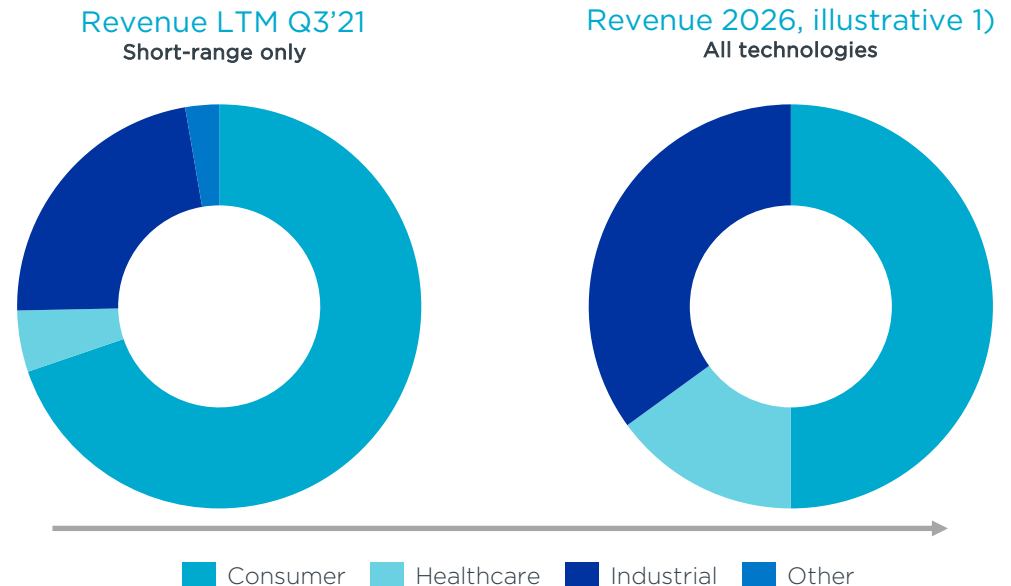
Revenue development by end-user market
USDm, LTM



- Consumer Electronics: Continued high growth, with PC accessories as largest sub-segment
- Building/Retail: Strong development for industrial and home-automation applications
- Healthcare: Covid-19 has driven short-term demand but also acted as catalyst for more connected healthcare devices
- Preparing to change market reporting structure to reflect consumer-driven part of Building/Retail and Healthcare demand

New markets growing in importance

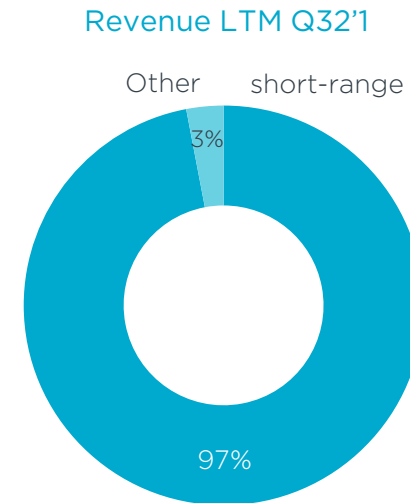
- Industrial IoT and advanced connected Healthcare still in early stages
- Disruptive potential in areas such as building automation, logistics/tracking, and drug delivery & disease monitoring



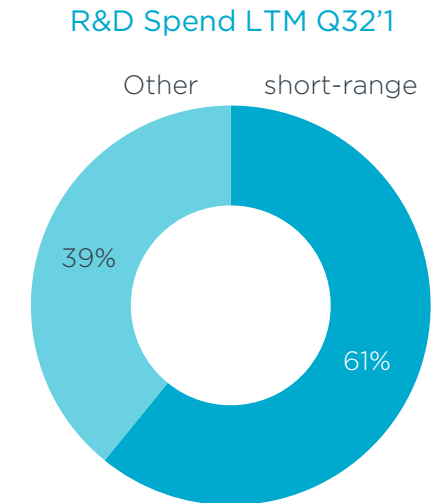
1) 1) Management estimates

Investing in technologies for the long-term

- Current revenue reflects 10+ years investment cycle in short-range technologies
- Investments in Cellular IoT, Wi-Fi and other adjacent technologies are expected to change our revenue composition over time



Reflecting 10+ years
investment cycle



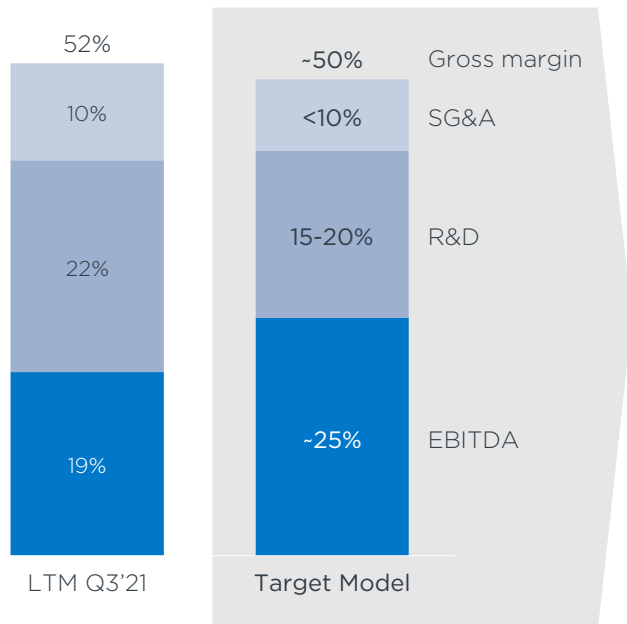
Investing for
the long-term



Operating Model and financial outlook

Expansion within target operating model

Current and target operating model



Gross margin

- Gross margin depending on technology and customer mix
- Lower gross margins expected in cellular IoT Module business
- Higher gross margin opportunities in other new technologies and service offering
- Overall goal to maintain 50%

SG&A

- Increasing operational leverage

R&D

- Continued strong commitment to innovation

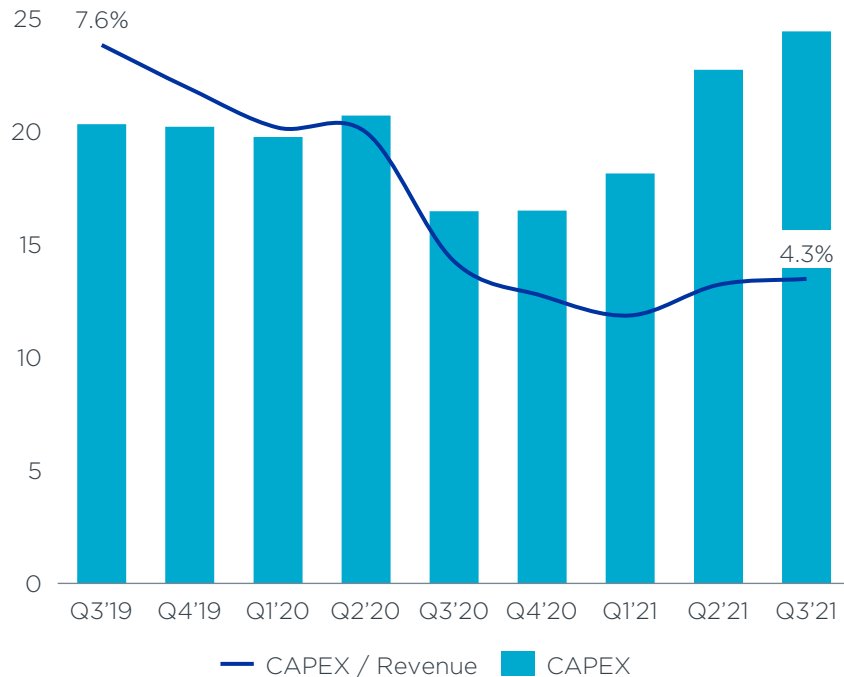
EBITDA

- Positive margin outlook based on continued high growth

Capex intensity to be maintained

CAPEX LTM¹

USDm, % of revenue



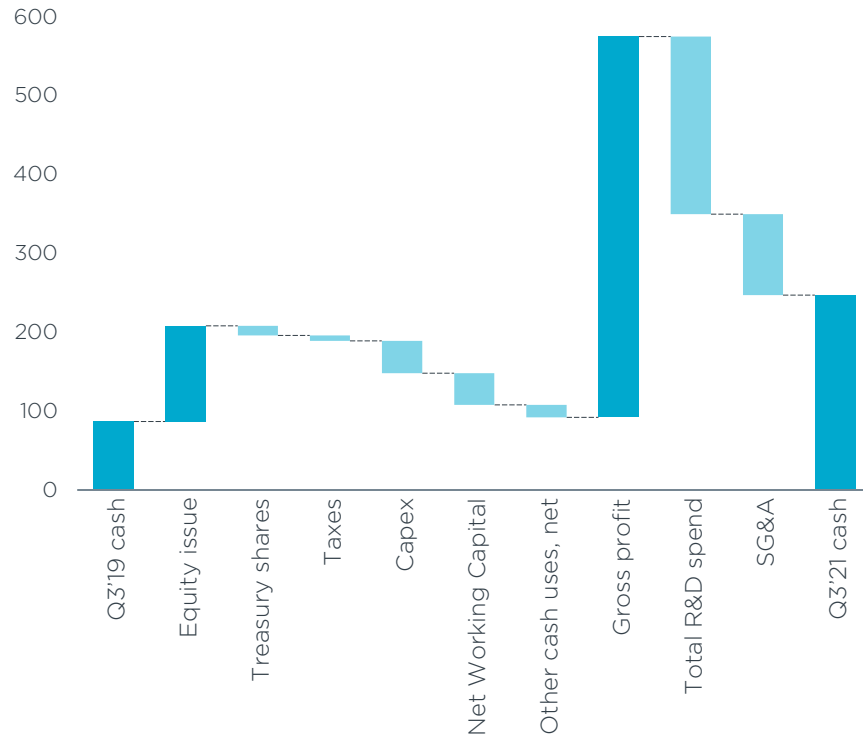
1) CAPEX last 12 months to each quarter

Long-term target for fabless business model <5% of sales

- Increased capex through 2021 to secure in-house test capabilities
- During 2020 we invested in a state-of-the-art lab

Sources and uses of cash since CMD 2019

Cash flow
USDm



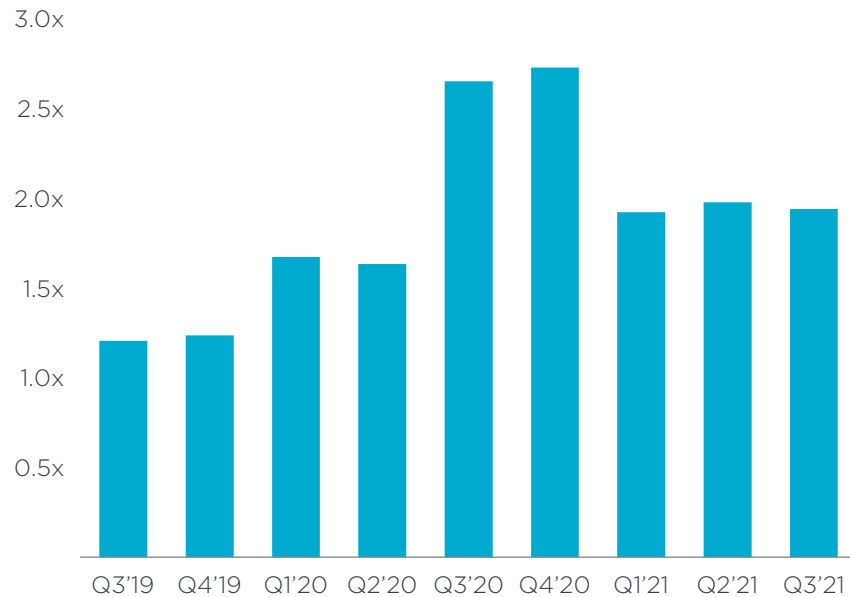
Positive and increasing cash flow from operations at USD 130 million

- Strong cash conversion as net working capital is reduced from 27% to 19% of revenue during the period
- Increased cash by USD 38m adjusted for the equity issue in 2020
- Flexibility for financing operating activities and investments

Cash coverage of R&D

R&D coverage multiple

Cash / R&D spending, LTM

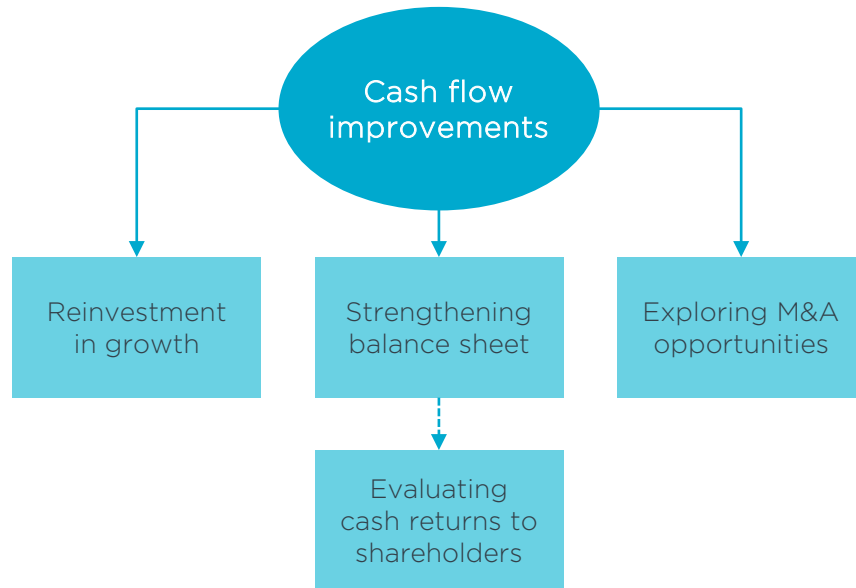


Maintaining a sustainable cash to R&D spending ratio

- Securing long-term stability
- Continued strong commitment to innovation
- Sustainable cash coverage level of ~2x

Capital priorities

Balancing growth funding requirements and shareholder distribution



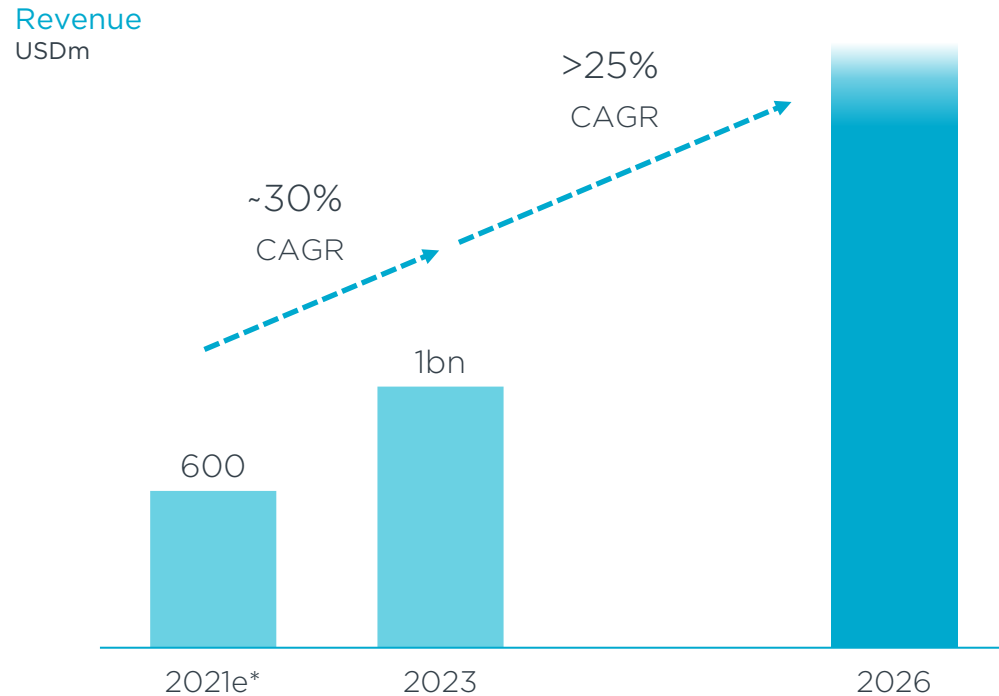
- Reinvesting in R&D with a long-term perspective
- Exploring M&A opportunities in adjacent technologies and markets
- Strong balance sheet required to ensure flexibility and resilience
- Improving cash flow expected to allow for evaluation of returning cash to shareholders in 2023

A group of seven business professionals in suits are silhouetted against a bright blue sky. They are standing on a rocky outcrop, looking out over a vast landscape. Some are holding briefcases, and one is pointing towards the horizon. The overall scene is one of professional collaboration and forward-looking vision.

Summary

Svenn-Tore Larsen, CEO

High growth ambitions



Reaching USD 1bn in 2023 under capacity constraints

Aiming to more than double revenue from 2023-2026

*2021 estimate based on mid range Q4 2021 guidance

A globally leading IoT enabler

Technology and customer driven growth

- Strong supporting megatrends

Continuing to invest in innovation

- Building portfolio through logical expansions

Building our organization with the right people to deliver the right outcome

- Enabling sustainable IoT while minimizing footprint

High long-term financial ambitions

- Reaching USD 1bn target ahead of schedule

Q&A



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Capital Markets Day

October 21, 2021



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