

# Nordic at a glance

Investor Relations  
May 2021



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This presentation relies on financial figures up to, and including, Q1 2021 and was last updated in April 2021.

# Nordic is enabling IoT

Through innovative low power wireless connectivity solutions



Founded  
1983

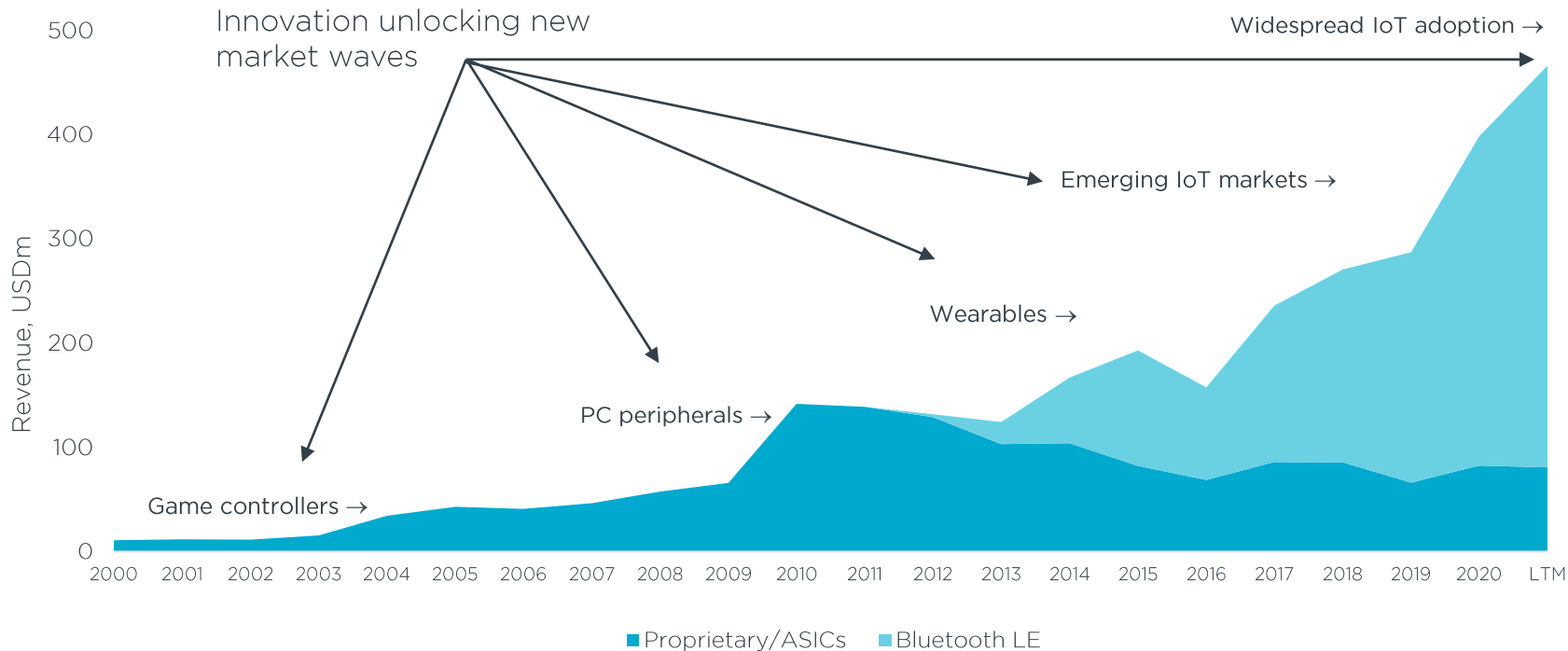
Employees  
1,029 (~75% R&D)

Oslo listing  
OSEBX:NOD

Market Cap  
~\$5bn

- Fabless semiconductor company with world-class production and distribution partners
- Specialist in low power wireless connectivity and embedded processing
- Market leader in short-range IoT with Bluetooth Low Energy and multiprotocol solutions
- Early mover in cellular IoT with low power LTE-M and NB-IoT technologies
- Expanding into Wi-Fi connectivity

# Nordic is on a long-lasting growth journey



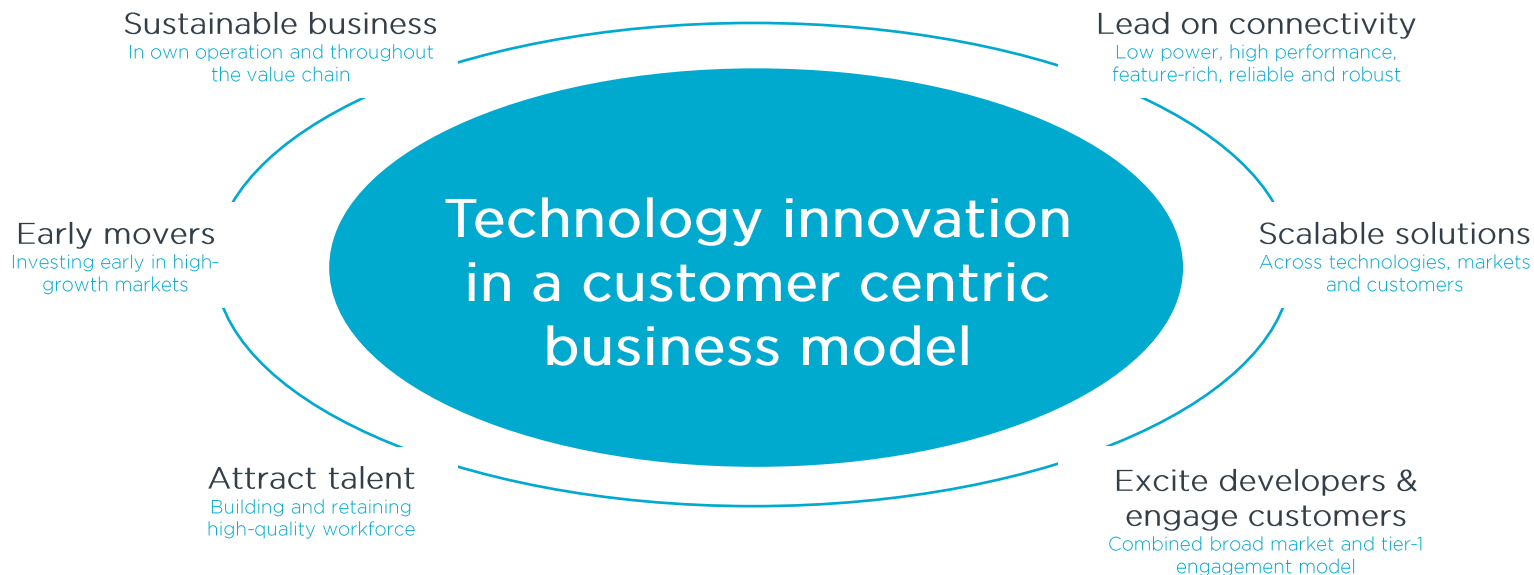
# Building a USD 1 billion company

Nordic set a bold 5-year ambition in 2019\*

- Based on 20%-30% growth for Bluetooth and multi-protocol products
- Gradual build-up of cellular IoT business to similar size as short-range
- Long-term EBITDA margin ambition of 20%
  
- Bluetooth increasing at higher pace than expected, with long-term prospects stronger than ever
- Positive demand trends and continued strengthening of the customer base increase the confidence in our aspirations

\*As communicated on the CMD in October 2019.

# Nordic is built on a strong operating model

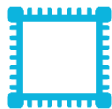


# Nordic is a driving force in connectivity

Broad portfolio - scalable solutions - common software platform

Broad product  
and solutions  
portfolio...

Integrated circuits (ICs)



Embedded software



Development tools



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

Short-range IoT

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

Main revenue generator, in  
high-volume production

Medium-range IoT

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

Revenue generation from  
2023 onwards

Long-range IoT

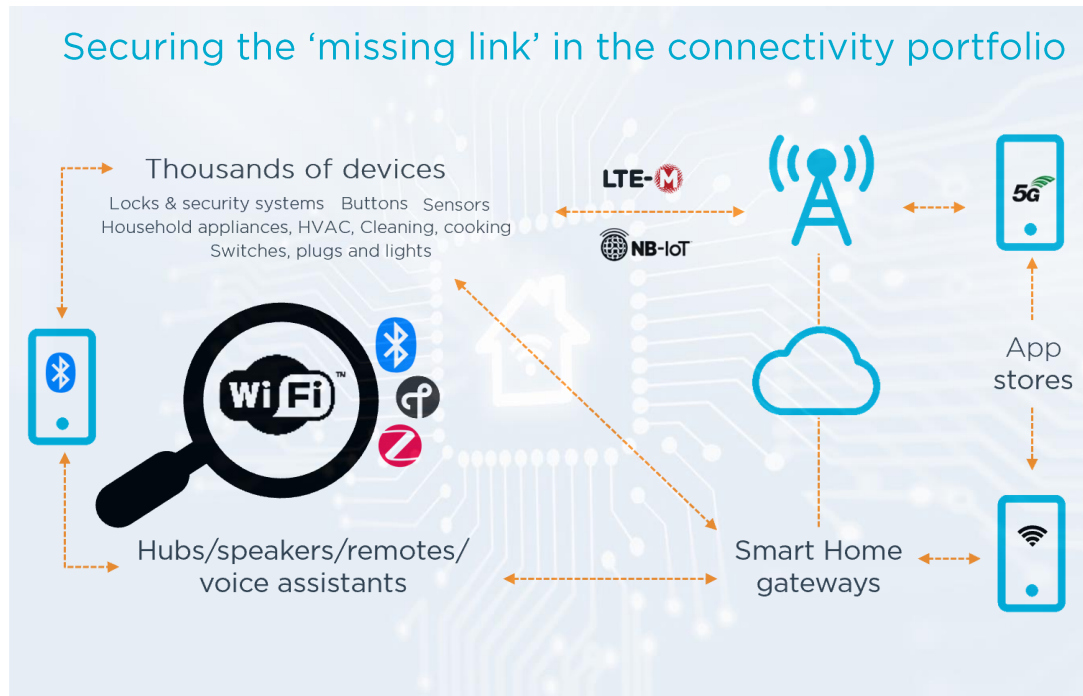
Multimode cellular LTE-  
M/NB-IoT connected SiPs

In early commercial  
phase after 6yrs of R&D

# Nordic to build position within Wi-Fi

- Acquisition of Wi-Fi IP, assets and team from Imagination Technologies and patents related to Wi-Fi 4, 5 & 6
- Added 81 employees\* with complete Wi-Fi experience
- Synergy effect: Nordic Low Power connectivity heritage - latest low power evolution of Wi-Fi
- Expect annual R&D spend of USD 10-12 million, leading to a meaningful revenue contribution from Wi-Fi products within three years

\*Started January 4, 2021





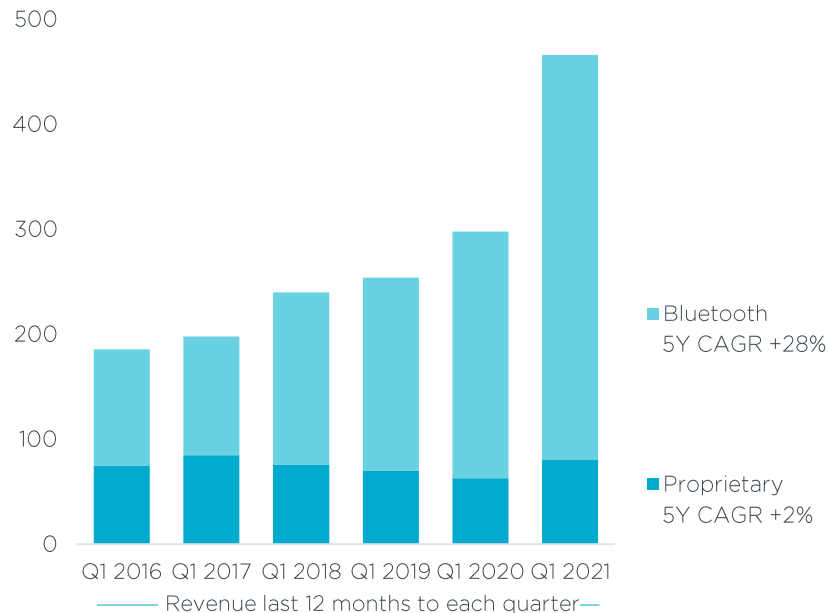
# Short-range IoT

Market leader with strong growth

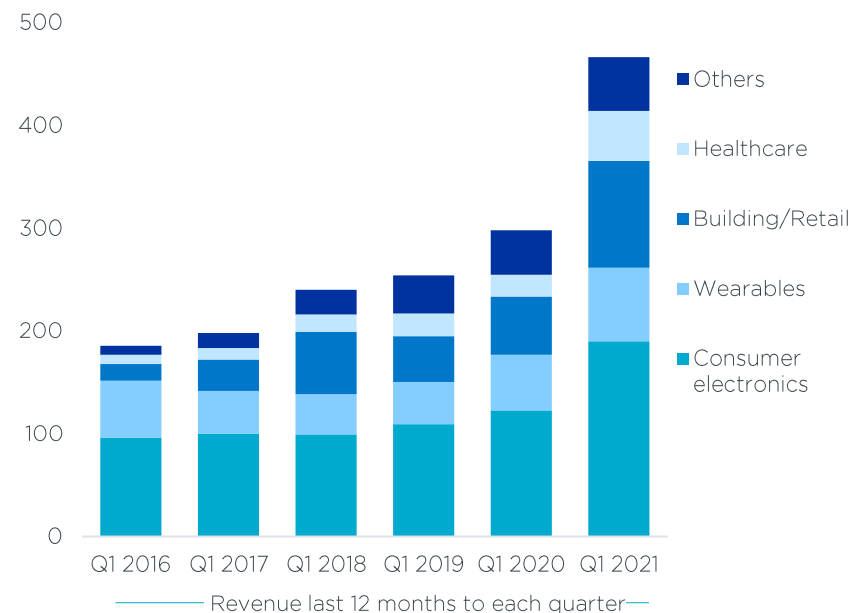
# Bluetooth and new verticals drive short-range

## Bluetooth +28% and total short-range growth +20% p.a. last 5 years

Short-range wireless component revenue (USDm) by technology

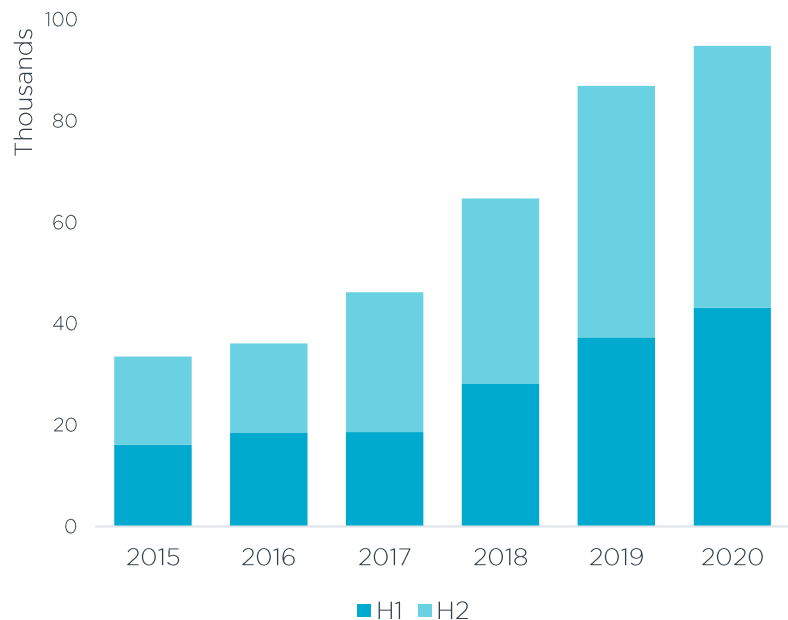


Short-range wireless component revenue (USDm) by end-user markets



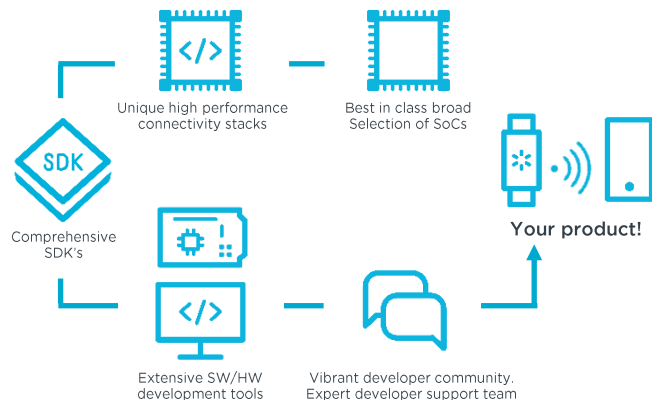
# Attracting developers – a key growth driver

Consistent growth in kit shipments\*



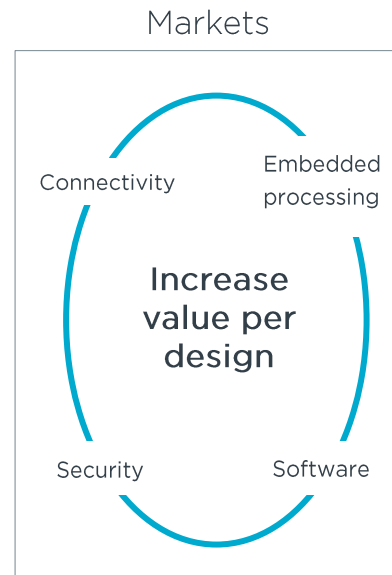
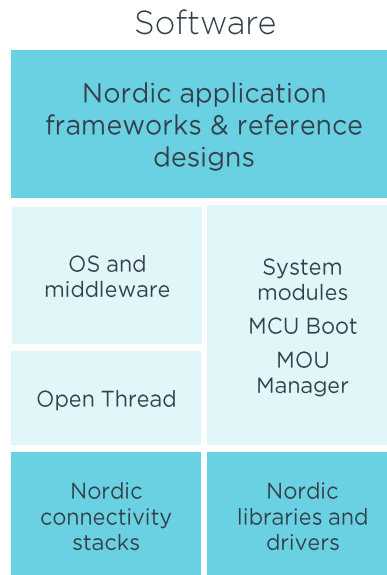
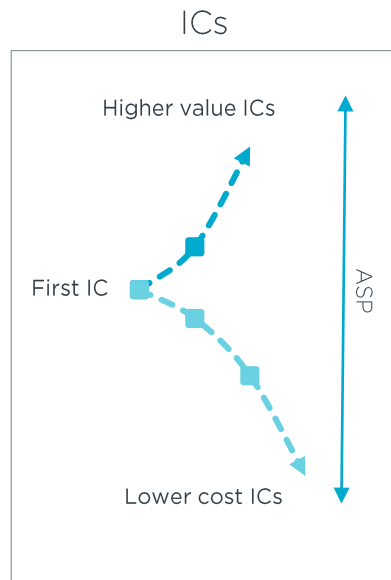
\*Developer kit shipments are updated on a bi-annual basis

- Thriving developer community at [devzone.nordicsemi.com](https://devzone.nordicsemi.com)
- Leading the developer experience from A-Z, from idea to product



# Broad portfolio to maximize value

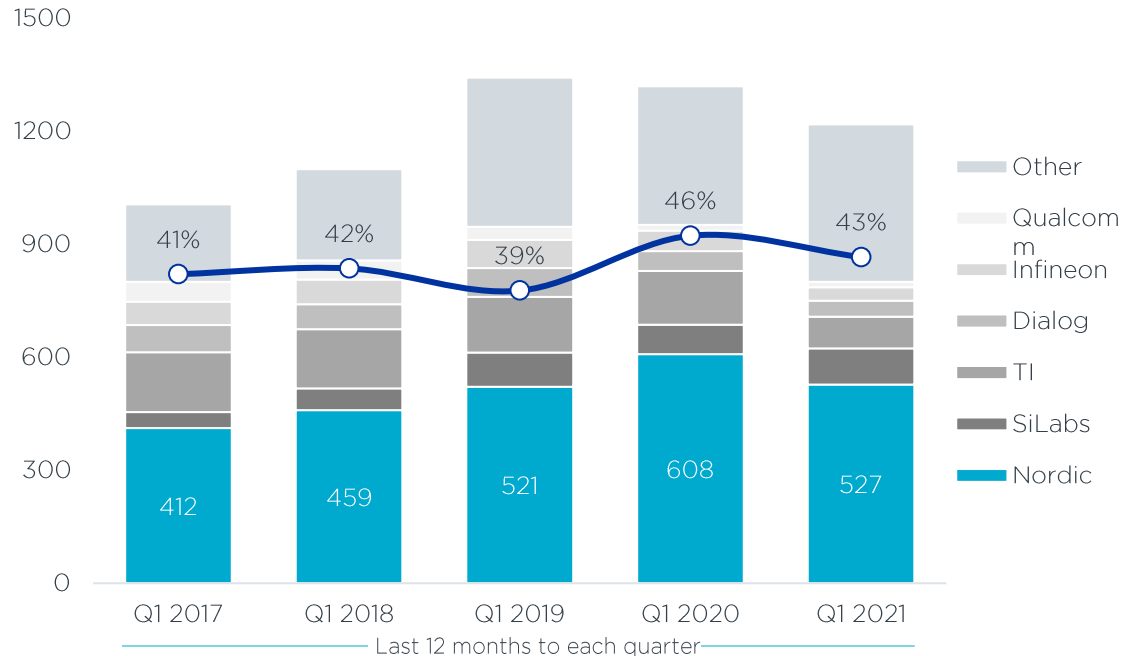
- Broad IC platform that scales across technologies, markets and customers
- Common software framework across all ICs



# Steady and high certification market share

## Significantly increasing value per design

Bluetooth Low Energy end-product certifications



\*Source: DNB Markets/FCC

- Consistent leader in terms of end-product certifications
- Nordic technology inside >2,500 Bluetooth LE products certified last five years
- 3.6x as many as #2
- 2.2x as many as #3-6 combined

# High-volume customers driving growth

- Platform companies and tier-1s defining the features and specs for new ecosystems
- Nordic leverages on strong relations built over years
- Strong demand also in the broad market
- Digitization shift in the healthcare segment

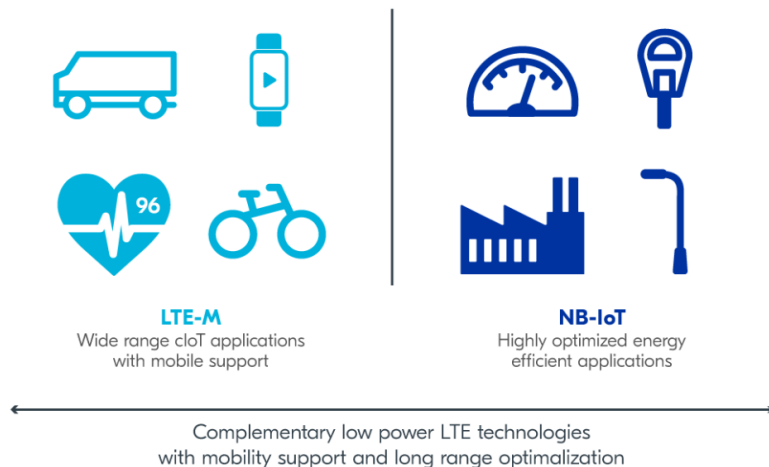


# Long-range IoT

Early mover in next growth wave

# Leveraging our short-range leader position

## ...to develop a sizable long-range cellular IoT business



- Cellular IoT (cIoT) set to be the next semiconductor growth wave
  - Higher value & price point
  - Nordic supports both LTE-M & NB-IoT
- Complementing our short-range offering
  - Technology and supply chain synergies
  - Common software development platform
  - Market & customer overlap
- Set to accelerate growth and maximize R&D value at attractive cost of entry



# Cellular IoT will drive digitalization of society

## Nordic has invested early in a huge market opportunity

- LTE-M and NB-IoT open new markets in 'Massive IoT'
- **Nordic** has been an early mover
  - Invested >USD 130 million in R&D in Cellular IoT over past 6 years
  - Industry leading offering in terms of power consumption, form factor, and software support
  - Nordic's nRF9160 and nRF52840 chosen by ERICSSON and Sigma for their joint 'ARDESCO' IoT reference design

5 billion IoT devices by 2025 - via cellular access technologies

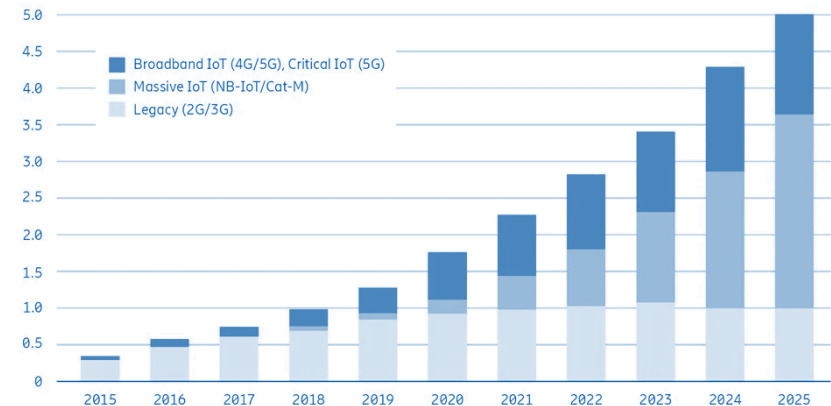


Figure 1: Expected growth of Massive IoT connections (billion)[2]

Source: ERICSSON whitepaper, Cellular networks for massive IoT, January 2020

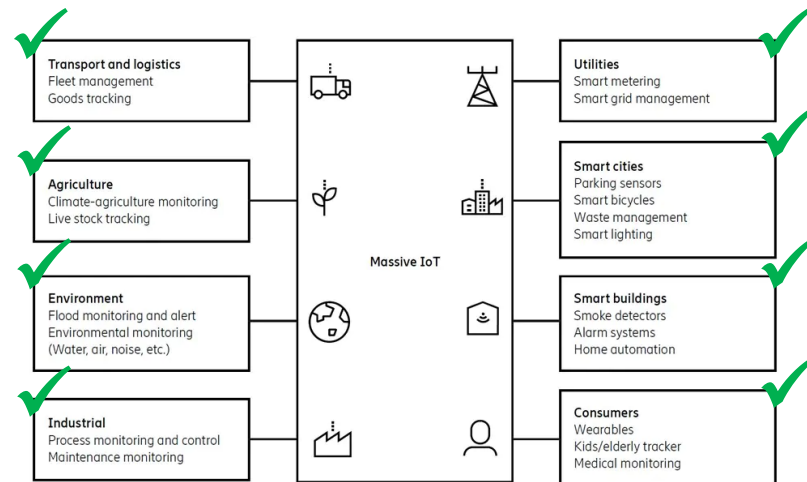
# Ticking all the boxes

Wide variety of projects across all the main cellular IoT user cases

## Ongoing projects across a variety of verticals



Source: Nordic Semiconductor, CMD October 2019



Source: Ericsson whitepaper, Cellular networks for massive IoT, January 2020

IoT supporting sustainability

# IoT plays an important role to reach UN SDGs



# Our products make a difference

*“Our connectivity products and solutions are already being used in a multitude of applications that provide societal benefits or improved resource utilization, and with continued innovation we believe that we will see a multitude of disruptive IoT projects that can contribute tremendously to the SDGs in the coming years”*

*Nordic Semiconductor, 2020 ESG Report*

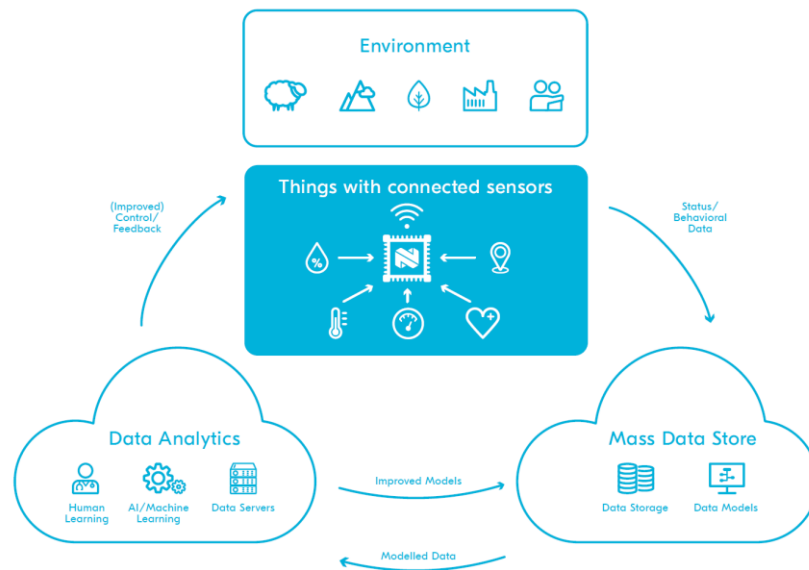
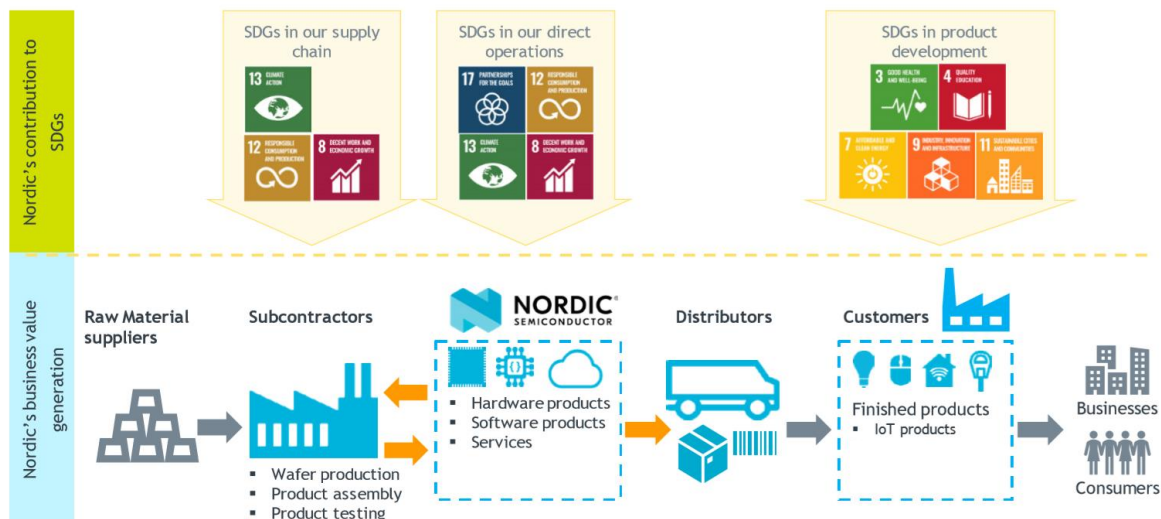


Figure 7: Conceptual illustration of the Internet of Things. Nordic Semiconductor continuously adds more intelligence and capability into its products while using less energy. This enable the "things" to do efficient data analytics locally, minimize data transfers, and thereby offload the power-hungry data centers.

# Unique position to enhance sustainability



Committed signatory to UN Global Compact and supporting UN Sustainable Development Goals (SDGs)



# Our tech solutions are recognized globally



**Most Respected Emerging Semiconductor Company**  
for the second year running



**Annual Tech Award**  
for the 'cutting-edge' technical development of the nRF9160 SiP for cellular IoT applications



**Technical Innovation Award**  
for the Nordic Thingy:91 cellular IoT prototyping platform

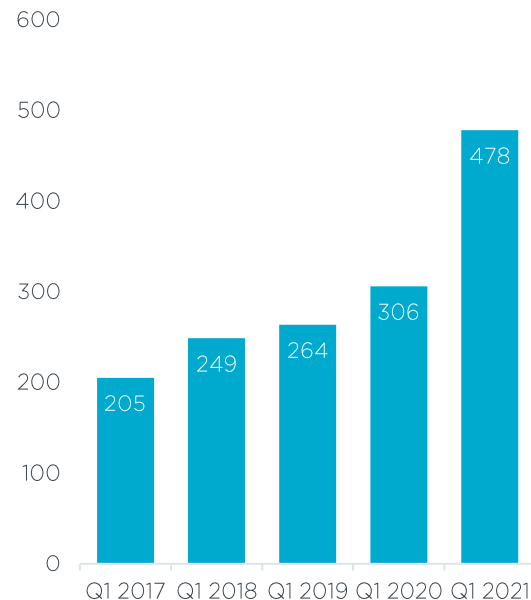
# Key financials & Summary

Continuing a profitable growth journey

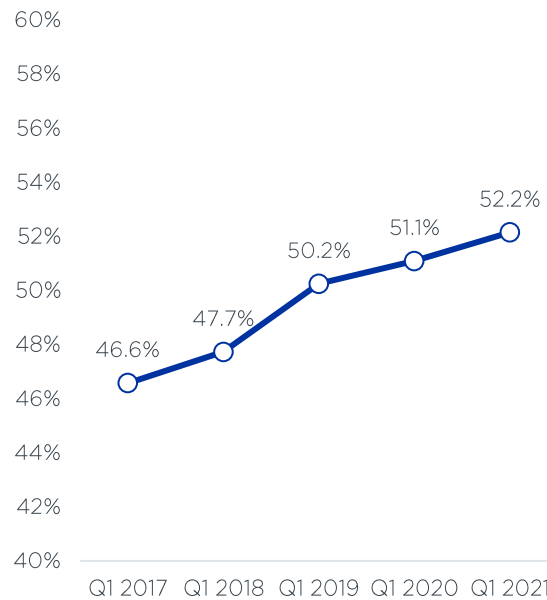


# Financial performance, last 12 months

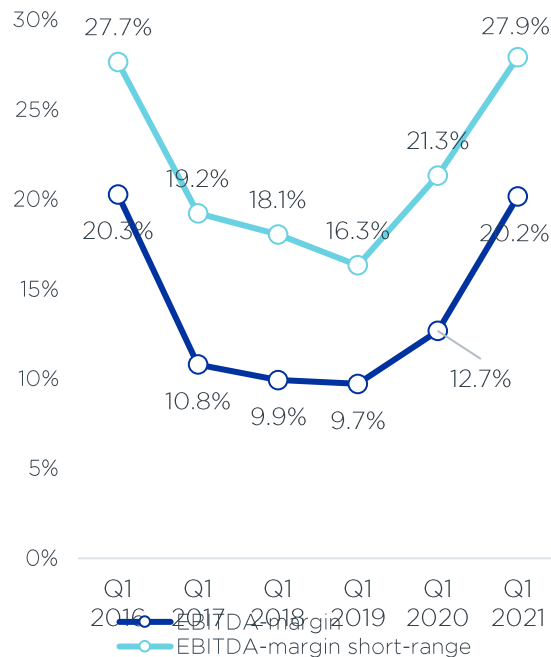
Revenue, last 12 months USDm



Gross margin, last 12 months, %

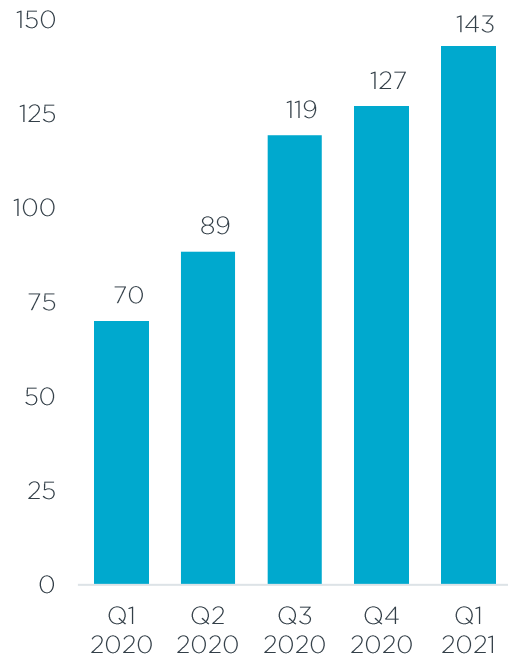


EBITDA, last 12 months, %

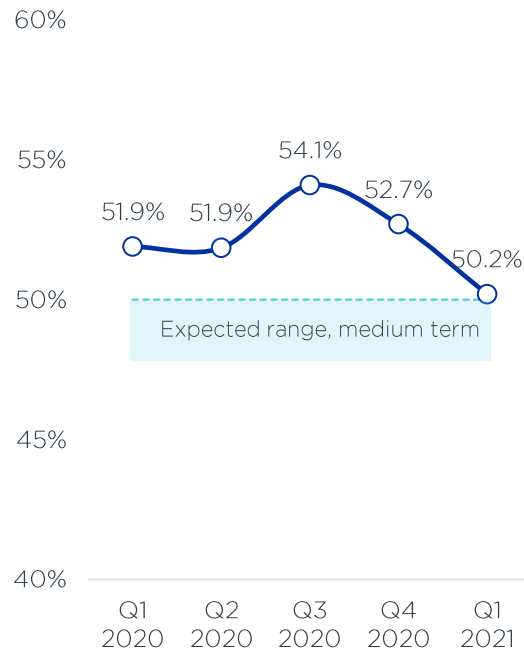


# Financial performance, quarterly

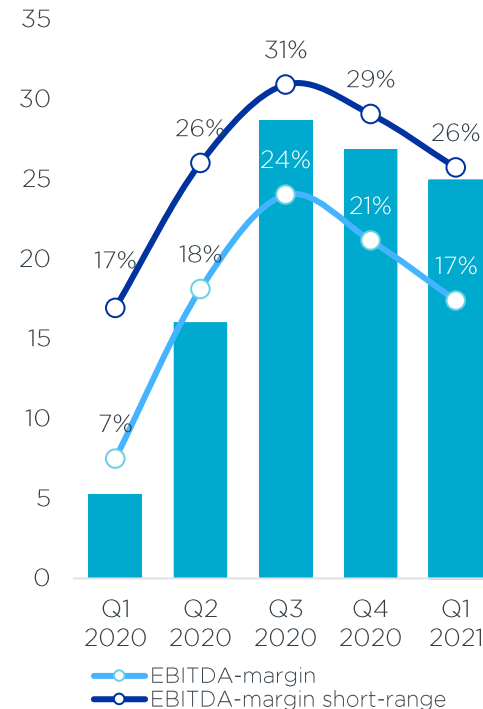
Revenue, USDm



Gross margin, %

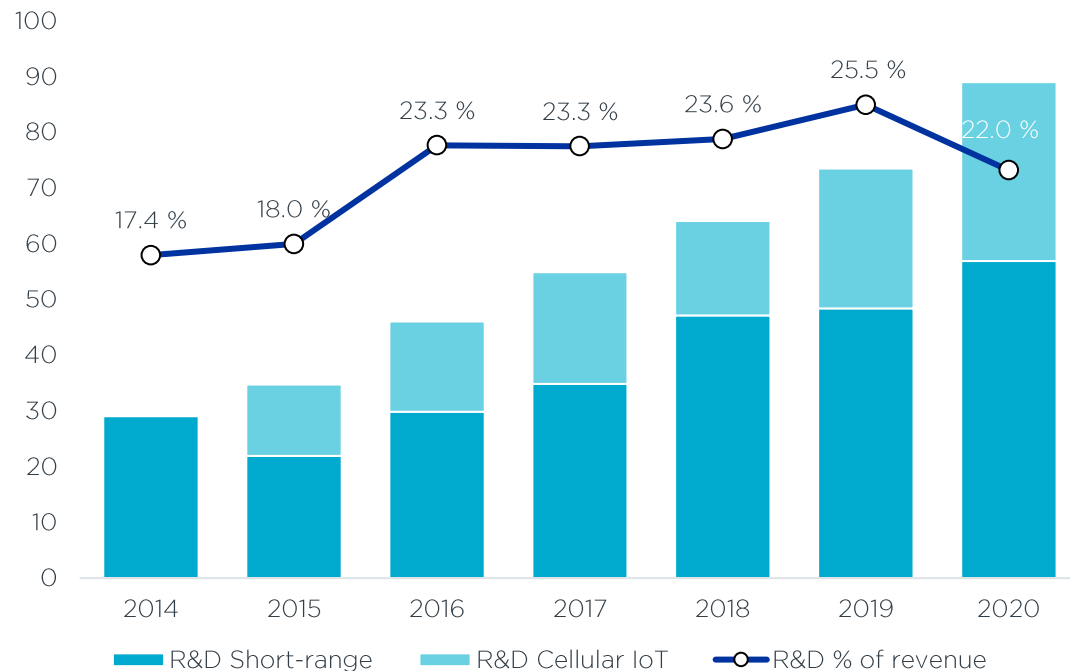


EBITDA, %



# Continuing to invest in innovation

R&D expenses\* by technology, USDm

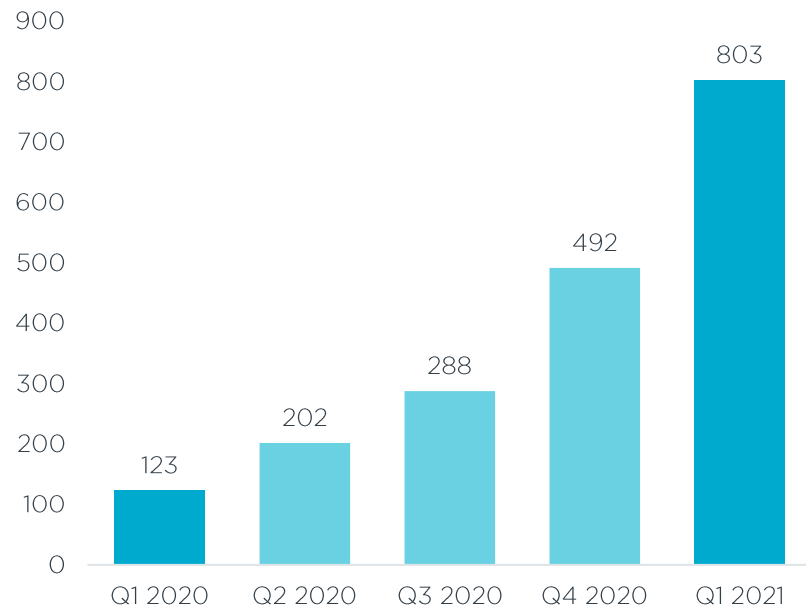


- Innovation is a core driver of revenue and long-term margins
- High absolute investment level set to continue...
- ...but R&D intensity set to decline with higher revenue

\* Recognized in P&L

# Order backlog keeps increasing

Backlog (USDm)



## Solid market position

- Market leader in Bluetooth
- Positioned to take lead in cellular IoT
- Complementing portfolio with Wi-Fi

## Accelerating demand growth

- Laser-focus on customers and supply

Medium- and long-term drivers in place to support our ambitious growth strategy

# Summary

- Market leader in short-range IoT - well positioned for the emerging long-range cellular IoT market - expanding into Wi-Fi connectivity
  - Strong technology innovation in a customer centric business model
  - Award-winning technologies and a strong developer community
  - Broad-market leader with strong ties to platform companies and vertical leaders
- 20% average annual revenue growth 2000-2020
  - USD 478 million revenue last 12 months to Q1 2021, +56% year-on-year
  - Gross margin 52% and EBITDA margin of 20% last 12 months to Q1 2021
- Aspiration to become a USD 1 billion revenue company with long-term EBITDA margin ambition of 20%\*

\*As communicated on the CMD in October 2019.

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# Building a smarter world!

## Where everything is connected



Retail and Payment



Toys and Gaming



Audio and Music



Logistics & Transport



Smart Lighting



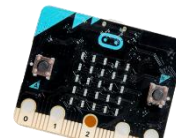
Sports and Fitness



Connected Health



Industrial Automation



Education



VR & AR



Connected Home



Computer Peripherals



Wearables



Automotive



Beacons