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This presentation relies on financial figures up to, and including, Q3 2020 and was last updated as of October 2020.
Nordic is enabling IoT
Through innovative low power wireless connectivity solutions

- A fabless semiconductor company with world-class production and distribution partners
- A specialist in low power wireless connectivity and embedded processing
- A market leader in short-range IoT with Bluetooth Low Energy and multiprotocol solutions
- An early mover in cellular IoT with low power LTE-M and NB-IoT technologies
Nordic is on a long-lasting growth journey

Innovation unlocking new market waves

Widespread IoT adoption →
Emerging IoT markets →
Wearables →
PC peripherals →
Game controllers →

Revenue, USDm


LTM Q3'20

Proprietary/ASICs
Bluetooth LE
Our aspiration:
Building a USD 1bn company within 5 years*

- Based on growth of 20%-30% for Bluetooth and multi-protocol products
  - Bluetooth revenue +40% YTD in 2020
- Gradual build-up of the cellular IoT business to a similar size as the short-range business
- Long-term EBITDA margin ambition of 20%

*As communicated on the CMD in October 2019.
Nordic is built on a strong operating model

Technology innovation in a customer centric business model

Sustainable business
In own operation and throughout the value chain

Lead on connectivity
Low power, high performance, feature-rich, reliable and robust

Early movers
Investing early in high-growth markets

Scalable solutions
Across technologies, markets and customers

Attract talent
Building and retaining high-quality workforce

Excite developers & engage customers
Combined broad market and tier-1 engagement model
Nordic is a driving force in connectivity
Low power connectivity is in our DNA

Short-range IoT
Bluetooth, 802.15.4/Thread, Zigbee and 2.4GHz RF SoCs
Built on decades of low power connectivity experience

Long-range IoT
Multimode cellular LTE-M/NB-IoT connected SiPs
In early commercial phase after 5 years of R&D

Integrated circuits (ICs)
- Broad IC platform for maximum application coverage
- High integration for increased value proposition
- Optimized for long battery lifetime

Embedded software
- Common software framework for short and long-range IoT
- Open-source philosophy and modern architecture
- Shortens time-to-market

Development tools
- Engineers and developers in focus
- Excellent tech support
- World-class open-forum developer community in ‘Nordic DevZone’
Our tech solutions are recognized globally

- **2019 Global Semiconductor Alliance Award**
  Most Respected Emerging Semiconductor Company for the second year running

- **2019 Norwegian Technology Award**
  Annual Tech Award for the ‘cutting-edge’ technical development of the nRF9160 SiP for cellular IoT applications

- **2020 China IoT Innovation Award**
  Technical Innovation Award for the Nordic Thingy:91 cellular IoT prototyping platform
Integrating ESG into our strategy

- IoT holds unique position to enhance sustainability on a global scale
- Committed signatory to UN Global Compact and supporting UN Sustainable Development Goals (SDGs)

www.nordicsemi.com/ESGreport
Short-range IoT

Market leader with strong growth
Bluetooth and new verticals drives short-range

Avg. Last 5 years Bluetooth growth 29% & total short-range growth 14%
Attracting developers – a key growth driver

Consistent growth in kit shipments*

- Thriving developer community at devzone.nordicsemi.com
- Leading the developer experience from A-Z, from idea to product

*Developer kit shipments are updated on a bi-annual basis
Broad portfolio to maximize value

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

ICs
- Higher value ICs
- Lower cost ICs
- First IC

Software
- Nordic application frameworks & reference designs
  - OS and middleware
  - Open Thread
  - Nordic connectivity stacks
  - System modules
  - MCU Boot
  - MOU Manager
  - Nordic libraries and drivers

Markets
- Connectivity
- Embedded processing
- Security
- Software

Increase value per design
Continued high certification market share

Bluetooth Low Energy end-product certifications, Last 12 months*

- Consistent leader in terms of end-product certifications
- Nordic technology inside ~2400 Bluetooth LE products certified last five years
- 3x as many as #2
- 2x as many as #3-6 combined

*Source: DNB Markets/FCC
Strong relations with technology platforms

- Platform companies now defining the features and specs for new ecosystems
- **Nordic** leverages on strong relations built over years
- **Nordic** integral part of the CHIP project with major platforms
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
Ongoing projects across a variety of verticals

- Smart Home
  - Design homes
  - Smart home management
- Logistics
  - Shipment tracking
- Asset tracking
- Construction
  - Building control
- Product-as-a-service
- Industrial monitoring systems
- Agricultural monitoring
- Smoke alarms
- Environmental monitoring & disaster prediction
- Street lights
- Metering
  - Energy metering
- Healthcare
  - Patient monitoring
- Payment systems
  - Payment systems
- Parking systems
  - Parking management
- Kids and elderly tracking
- Vehicle and driver behavior tracking
- Water/sewage monitoring
- Pet and livestock trackers
- Solar power systems
Key financials & Summary

Continuing a profitable growth journey
Financial performance

Revenue, USDm

Gross margin, %

EBITDA, %

Revenue, USDm

- 2015: 193
- 2016: 198
- 2017: 236
- 2018: 271
- 2019: 288
- 9M 2020: 278

Gross margin

- 2015: 49.5%
- 2016: 47.1%
- 2017: 47.2%
- 2018: 49.8%
- 2019: 50.9%
- 9M 2020: 52.6%

EBITDA-margin

- 2017: 9.9%
- 2018: 11.4%
- 2019: 11.4%
- 9M 2020: 16.5%

EBITDA-margin short-range

- 2017: 18.4%
- 2018: 17.6%
- 2019: 20.0%
- 9M 2020: 24.6%
Continuing to invest in innovation

- 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

R&D expenses* by technology, USDm

* Recognized in P&L
Order backlog supports continued growth

Backlog (USDm)

Q3 2016: 22
Q3 2017: 65
Q3 2018: 78
Q3 2019: 114
Q3 2020: 288
Summary

- Market leader in short-range IoT - well positioned for the emerging long-range cellular IoT market
  - 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

- 19% average annual revenue growth 2000-2019
  - USD 288 million revenue in 2019 - 35% growth year-on-year growth in first nine months of 2020
  - Gross margin 50.9% and EBITDA 11.4% in 2019 - Gross margin of 52.6% and EBITDA 16.4% in first nine months of 2020

- Aspiration to become a USD 1 billion 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