

Q4

& preliminary full year
2020 report



NORDIC[®]
SEMICONDUCTOR

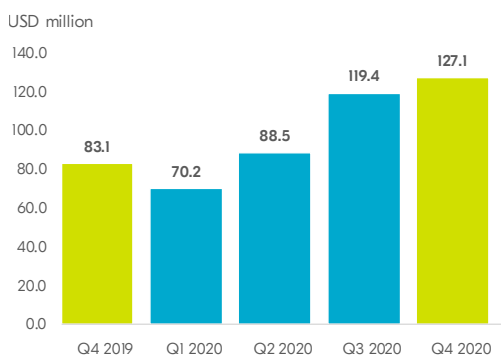
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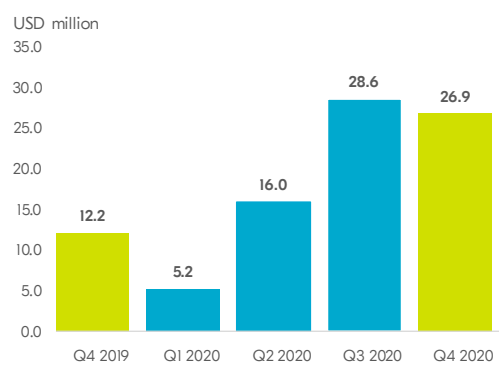
Q4 & 2020 HIGHLIGHTS

- Revenue of USD 127.1 million in Q4 (+53%)
- EBITDA of USD 26.9 million (+120%) and pre-tax profit of USD 16.7 million in Q4 (+213%)
- Record order backlog of USD 492 million (+361%)
- Acquired Wi-Fi development team and Wi-Fi technology assets from Imagination Technologies
- Full-year 2020 revenue of USD 405.2 million (+41%), with gross margin of 52.8% (50.9%)
- Full-year 2020 EBITDA of USD 76.8 million (+134%) and pre-tax profit of USD 42.9 million (+342%)

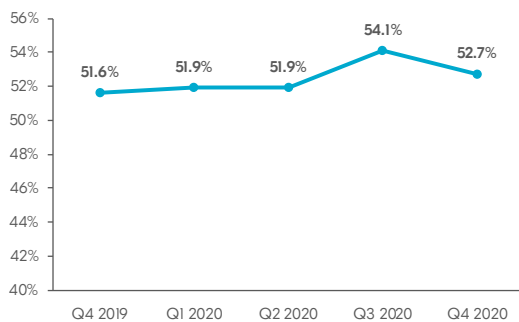
Revenue



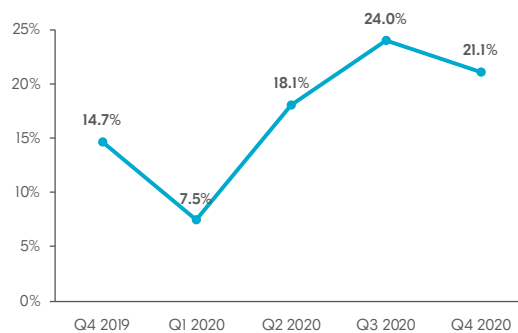
EBITDA



Gross margin



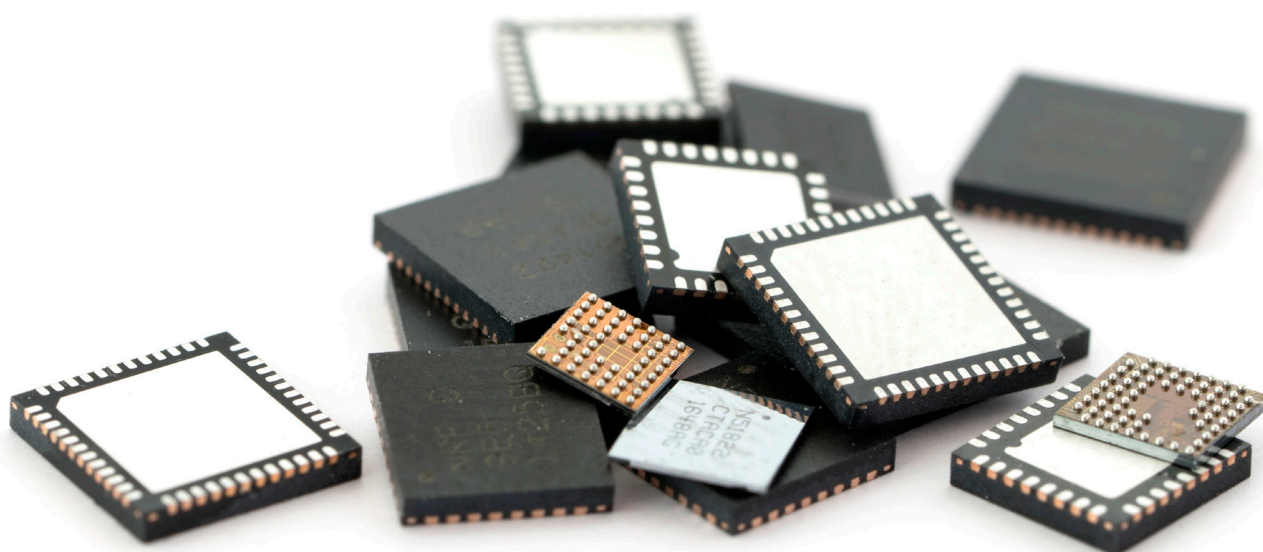
EBITDA margin



KEY FIGURES

Q4 & FY2020 financial summary

Amount in USD million	Q4			Full year		
	2020	2019	Change	2020	2019	Change
Revenue	127.1	83.1	52.9%	405.2	288.4	40.5%
Gross profit	67.0	42.9	56.3%	213.9	146.8	45.8%
Gross margin %	52.7%	51.6%	1.1 p.p.	52.8%	50.9%	1.9 p.p.
EBITDA	26.9	12.2	120.2%	76.8	32.8	134.0%
EBITDA %	21.1%	14.7%	6.5 p.p.	18.9%	11.4%	7.6 p.p.
Operating profit (EBIT)	18.6	5.4	248.0%	45.7	9.3	393.0%
Operating profit % (EBIT)	14.7%	6.4%	8.2 p.p.	11.3%	3.2%	8.1 p.p.
Net profit after tax	19.3	4.4	340.9%	38.4	7.3	424.0%
Cash and cash equivalents				242.5	90.6	167.6%
Order backlog				491.8	106.6	361.4%
LTM opex excluding depreciation/ LTM revenue				33.8%	39.5%	-5.7 p.p.
Net working capital / LTM revenue				19.4%	24.3%	-4.9 p.p.
Equity ratio				78.0%	72.9%	5.1 p.p.
Number of employees				978	767	27.5%



Q4 & FY2020 REVIEW

Revenues amounted to USD 127.1 million in the fourth quarter 2020, an increase of 53% from the fourth quarter last year. Revenue for the full year amounted to USD 405.2 million, which was an increase of 41% from 2019. Order backlog increased almost fivefold to a record high USD 492 million at the end of the year, reflecting strong demand across all end-user markets both from large tier-1 customers and the broad market. Nordic has placed early orders for wafer volumes that would allow for a significant increase in production volumes in 2021, although an increasingly unbalanced demand/supply situation through the semiconductor value chain limits the supply of wafers required to take full advantage of the current strong demand.

Operational review

Nordic Semiconductor remained fully operational and in full compliance with national and local Covid-19 regulations also during the second wave that hit the markets in Q4 2020, and the company and its partners have been able to uphold well-functioning supply, production and distribution chains. Nordic has also proceeded as planned with all internal product development projects with strengthened online developer and customer support to compensate for restrictions on travels and physical meetings.

Step change in order backlog

As Nordic saw strong demand across all its main market verticals throughout 2020, further accentuated in the order backlog in Q4. The order backlog increased from USD 107 million at the end of 2019 to USD 123 million at the end of Q1 2020 and USD 202 million at the end of Q2 2020. This increased further to USD 288 million at the end of Q3 2020, before the company saw a step change in order inflow in the final quarter of the year. The order backlog of USD 492 million at the end of 2020 represents almost a fivefold increase from the level at the end of 2019 and stretches out over the full year 2021.

The order backlog reflects strong demand across the range of end-user applications in the broad market, as well as more contracts with major tier-1 customers with significantly higher volume potential than the average customer. These customers are typically placing orders with longer timeframes.

The high order volume in Q4 2020 may also be an indication that some customers placed early orders to secure supply throughout 2021 and into 2022.

The Bluetooth revenue growth of 43% in 2020 exceeded the medium-term 20%-30% annual growth rate previously indicated for this technology.

Proprietary revenue grew 27% in 2020. Proprietary growth was driven by a strong demand from PC accessory customers throughout 2020 as an effect of increased home office related purchases. Nordic also saw increased demand for proprietary both in fitness related products and gaming. For 2021, Nordic sees stable proprietary demand from PC accessory customers when comparing to 2020. However, looking at the total overall revenue from proprietary, the company still expects a high single-digit percentage drop. As earlier communicated, the general trend in the industry is the transition from proprietary products over to Bluetooth.



Based on the high demand, Nordic placed early orders for wafer volumes that would allow for a significant production increase also in 2021.

Given constraints in the supply chain, the company has been informed by its main wafer supplier in Taiwan of limitations in wafer allocation for 2021. Current forecasts for wafer deliveries indicate that Nordic will have room to increase production by a minimum of 25% from 2020 to 2021.

The wafer shortage is expected to have the largest impact in Q2 2021, with higher volumes expected in the second half of the year.

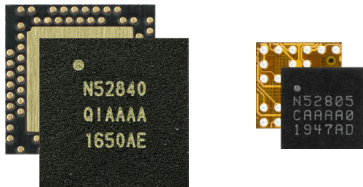
Nordic has established excess capacity in crucial areas such as in-house testing capabilities to ensure sufficient backend production capacity to meet increased demand.

FCC data compiled by DNB Markets show that Nordic had a market share of 45% of new design certifications in the Bluetooth Low Energy market both in the fourth quarter and the full year 2020. Nordic accounted for 141 of the 316 new Bluetooth Low Energy designs that were certified during the fourth quarter, and for 535 of the 1,188 that were certified during 2020.

Nordic sees high activity in its DevZone developer community and continued growth in developer kit shipments. Total kit shipments increased by 9% to 95,000 in 2020, with more than 50,000 kits shipped in the second half of the year.

Steady stream of new product launches

The flow of new product launches with Nordic inside continued also in the final quarter of the year, with product launches across its entire range of Bluetooth Systems-on-a-Chip (SoCs) from the entry level nRF52805 to the top-of-the-line nRF52840.



As usual, the launches cover a very wide variety of applications, showing the ubiquitous nature of the technology. Customers within consumer electronics launched products like gaming keyboards, smart presentation pointers, remote controls and temperature/humidity sensors for music instruments, whereas examples in the Wearables market include new smart watches, wireless instrument control, and wearable proximity monitors to secure social distancing.

The company also saw several new Building & Retail products coming to the market, including beacons for pallet tracking, a module for direction and precision positioning, and a module for a mesh network building automation platform. Several companies also launched new modules specifically designed for space constrained industrial IoT products.

In Healthcare the list included a disinfection thermometry pen, a temperature sensor for continuous infection monitoring and Covid-19 testers. Notably, US and Australia-based Ellume in December launched an FDA-approved home tester for Covid-19 infections, which the company believes will ship in tens of millions of units.



Platform companies embracing multiprotocol solutions

The smart home market continues to grow rapidly, with major global platform companies now beginning to enable multiprotocol solutions on their smart home hubs and speakers.

Apple in the second half launched a new HomePod Mini that added the Thread network protocol to its Bluetooth 5.0, Wi-Fi and ultra-wideband wireless capabilities. Nordic’s long-standing customer Eve Systems became the first brand to take advantage of this market opportunity. Eve products powered by Nordic’s multiprotocol nRF52840 SoC – such as the latest generation of the Eve Thermo temperature sensor— can now connect to Apple HomeKit over Thread with a simple over-the-air firmware update.



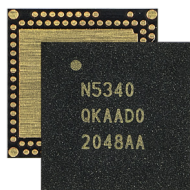
In November, Nordic announced that its nRF Connect Software Development Kit (SDK) offers application software development support to accelerate time-to-market for Alexa gadgets working with Amazon Echo devices. Other recent initiatives include cooperation on Amazon Common Software (ACS), a platform to help accelerate the development of smart home and other wireless products, and on Bluetooth Low Energy solutions for Amazon Sidewalk.



As described in previous interim reports, Nordic is a member of Project Connected Home over IP (CHIP), which is working to develop a common unified connectivity protocol for smart home solutions that will complement Bluetooth Low Energy, Thread, Zigbee and Wi-Fi.

nRF53 moving into commercial production

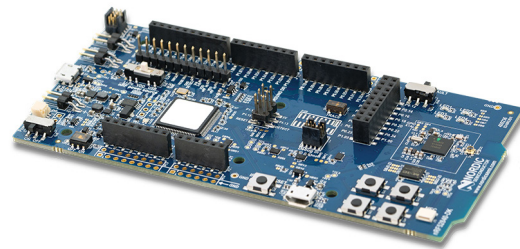
Nordic’s first product in the nRF53 generation -the dual-processor nRF5340- entered commercial volume production in December, and Nordic in January announced that Laird Connectivity in the US has chosen the new SoC for a module addressing applications that require the highest possible performance and security.



The dual core nRF5340 supports Bluetooth 5.2/ Bluetooth Low Energy, Bluetooth mesh, Thread, and Zigbee. Designed for highly complex applications, the SoC also meets the requirements of LE Audio and will enable multi-stream synchronized audio streaming over Bluetooth Low Energy.

Industry first in deploying machine learning and AI on SoCs

After the end of the year, Nordic announced a partnership with Edge Impulse that will enable Nordic’s nRF52 and nRF53 customers to be the first to add AI and machine learning features to Bluetooth Low Energy applications. Edge Impulse is a leading provider of ‘TinyML’ machine learning tools for resource constrained semiconductor devices.



The two companies have in 2020 co-operated on a wildlife tracker project in Africa, as suppliers to a joint initiative of Avnet community, Hackster.io and the wildlife conservation organization Smart Parks.

AI and machine learning capabilities will also be included in the next generation of the BBC micro:bit educational tool for young aspiring coders and developers.

Cellular IoT moving forward

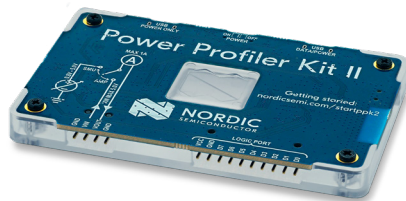
Nordic continued to broaden the carrier certification program for its nRF9160 cellular IoT System-in-Package (SiP) in the fourth quarter, adding certifications from KDDI and Softbank in Japan and LGU+ in South Korea.

The nRF9160 SiP has earlier been certified by Verizon and AT&T in the US, Bell in Canada, Telstra in Australia, China Telecom in China and globally by Deutsche Telecom and Vodafone.



During the fourth quarter Nordic also expanded the global cellular IoT coverage for nRF9160 by partnering up with UK-based M2M managed services provider Arkessa, who offers extensive European and global coverage for both LTE-M and NB-IoT networks. Focusing on global cellular IoT connectivity for enterprises, Arkessa eliminates the need for Nordic’s customers to negotiate cellular IoT data connectivity contracts with individual carriers. The company will offer technical support and easy access to trial packs for global connectivity testing and evaluation.

Developers of new cellular IoT applications will also benefit from Nordic’s launch of the faster and more cost-efficient Power Profile Kit II for real-time power measurement during wireless product development. The new kit is available across all Nordic Development Kits and custom designs, including the nRF9160.



Nordic in December announced that Ericsson and Sigma Connectivity had chosen nRF9160 and the advanced multiprotocol SoC nRF52840 to provide LTE-M, NB-IoT and Bluetooth connectivity for their joint ‘ARDESCO’ reference IoT design. ARDESCO is designed to help enterprises develop, deploy and manage cellular IoT solutions over the entire product lifecycle.

Japanese Braveridge in December chose the nRF9160 for the ‘Sonicboard’ development kit, which is designed to help firmware engineers and developers speed up prototyping and time-to-market for cellular IoT solutions.

Avnet Asia chose to integrate nRF9160 and nRF52840 for their new ‘AVT9152’ module, which will be the smallest available module combining LTE-M/NB-IoT, Bluetooth and GPS.

Dutch engineering and design specialist, SODAQ, is using a Nordic nRF9160 in the world’s first solar-powered, perpetual operation cellular IoT asset tracker. SODAQ makes turn-key solutions for companies wanting to deploy low power, low-cost generic asset tracking devices. SODAQ has three different trackers with different features using nRF9160.

Nordic’s end-user customers are working on cellular IoT projects across a wide variety of verticals, including smart cities, logistics and asset tracking, industrial and agricultural monitoring systems, metering, parking and payment systems, etc.

Q4 2020 customer product launches with nRF9160 included a smart utility meter combining cellular IoT, LoRaWAN and the European industry standard M-Bus (Meter-Bus), a tracker and gateway location monitor, a standalone contactless POS/payment terminal, and a real-time healthcare monitoring system combining wireless sensors at hand sanitizers and employee ID cards.

Expanding into Wi-Fi

At the end of November, Nordic press-released the acquisition of the entire Wi-Fi development team, core Wi-Fi expertise and the Wi-Fi IP technology assets of Imagination Technologies Group. The Wi-Fi assets include Wi-Fi 4, 5, and 6, and a large patent portfolio.



Given that Nordic has established strong positions in Bluetooth Low Energy and multiprotocol solutions and the emerging Cellular IoT market, WiFi has been the main missing capability requested by customers. The acquisition makes Nordic one of few companies offering all three of the world’s most popular IoT technologies: Bluetooth, Wi-Fi and cellular IoT.

The acquisition will enable Nordic to create a development platform unifying all the wireless technologies in future generations of Nordic products, which could expand Nordic’s addressable market significantly.

The acquisition increases Nordic’s R&D staff by 81 people across several locations in the UK, Sweden, India and Taiwan. The team also includes Bluetooth Low Energy specialists who will further strengthen Nordic’s existing R&D team in this area. Nordic expects annual R&D spend to increase by USD 10-12 million due to the acquisition and expects to see a meaningful revenue contribution from Wi-Fi products within three years.

INCOME STATEMENT

Revenue

Amounts in USD thousand	Q4 2020	Q4 2019	Change	Full year 2020	Full year 2019	Change
Bluetooth	97 603	65 524	49.0%	316 020	221 151	42.9%
Proprietary wireless	25 315	16 344	54.9%	76 144	59 944	27.0%
Short range wireless components	122 917	81 868	50.1%	392 163	281 094	39.5%
Cellular IoT	2 663	160	1 564.4%	6 527	1 046	524.3%
ASIC components	1 547	1 105	40.0%	6 297	6 039	4.3%
Consulting services	-	-	-	230	216	6.6%
Total revenue	127 127	83 133	52.9%	405 217	288 395	40.5%

Nordic Semiconductor (Nordic or the Group) reported total revenue of USD 127.1 million in Q4 2020. This was an increase of 53% from USD 83.1 million in Q4 2019.

Revenue was slightly above the guidance range provided in the financial report for the third quarter. The continued high revenue growth reflects accelerated technology adoption and demand increases from both tier-1 customers and the broad market across all end-user markets.

Nordic classifies revenues into the following technologies: Short-range wireless components, long range (cellular IoT) wireless components, ASIC components, and Consulting services. Short-range wireless components are in turn split between Bluetooth and multiprotocol solutions and Proprietary solutions.

Bluetooth revenue amounted to USD 97.6 million in Q4 2020, an increase of 49% from USD 65.5 million in Q4 2019. Bluetooth share of total revenue was 77% in the quarter.

Proprietary revenue was USD 25.3 million in Q4 2020, which was an increase of 55% year-on-year. The

figures reflect continued high demand for home office equipment and PC accessories. Proprietary revenue accounted for 20% of total revenue in the quarter.

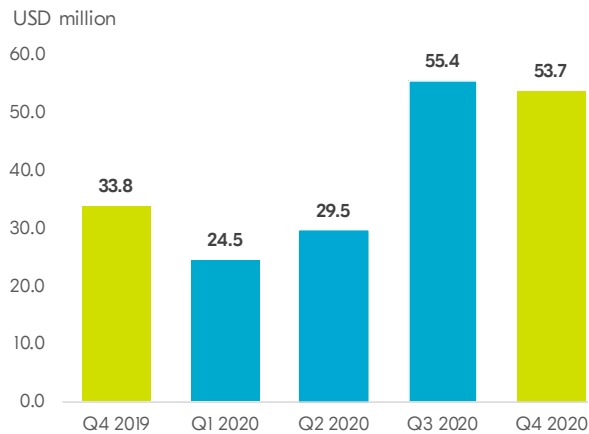
Cellular IoT remains in the early stages of commercialization and reported revenue of USD 2.7 million in Q4 2020. This was an increase from USD 0.2 million in Q4 2019. Current revenues reflect both sales of development kits and initial sales of end-user products.

For the full-year 2020, revenue amounted to USD 405.2 million, which was an increase of 41% from USD 288.4 million in 2019. Bluetooth revenue increased by 43% to USD 316.0 million, whereas Proprietary revenue increased by 27% to USD 76.1 million. Cellular revenue amounted to USD 6.5 million, compared to USD 1.0 million in 2019, whereas ASIC revenues increased by 4% to USD 6.3 million.

Nordic reports its short-range wireless component revenues based on the following end-product markets: Consumer electronics, Wearables, Healthcare, Building and retail, and Others.

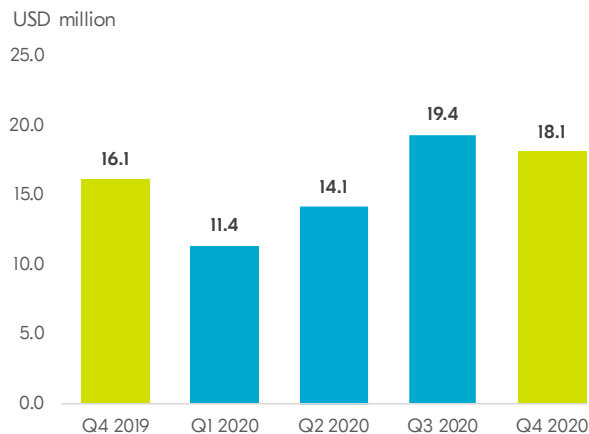
Revenues by end-product markets Amounts in USD thousand	Q4 2020	Q4 2019	Change	Full year 2020	Full year 2019	Change
Consumer Electronics	53 736	33 797	59.0%	163 131	119 409	36.6%
Wearables	18 094	16 107	12.3%	62 967	50 386	25.0%
Building/Retail	26 967	16 611	62.3%	81 871	51 595	58.7%
Healthcare	10 593	4 969	113.2%	37 830	19 725	91.8%
Others	13 527	10 384	30.3%	46 364	39 979	16.0%
Short range wireless components	122 917	81 868	50.1%	392 163	281 094	39.5%

Consumer Electronics remained the largest end-product market, generating 59% revenue growth to USD 53.7 million in Q4 and 37% growth to USD 163.1 million for the full year 2020. The revenue growth reflects both increased Bluetooth sales and continued high deliveries of Bluetooth and proprietary products for PC accessories for a growing home office market. Gaming accessories have also become a key revenue driver in Consumer Electronics over the last year.



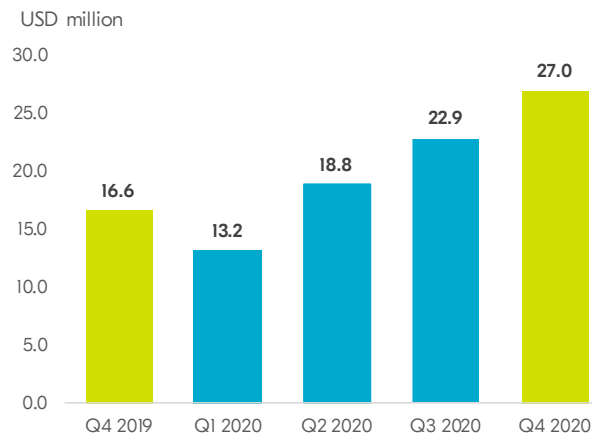
Revenue - Consumer Electronics

Wearables revenues increased by 12% to USD 18.1 million in Q4 2020, and by 25% to USD 63.0 million for the full year 2020. Nordic has established a particularly strong position in the premium domestic market in China.



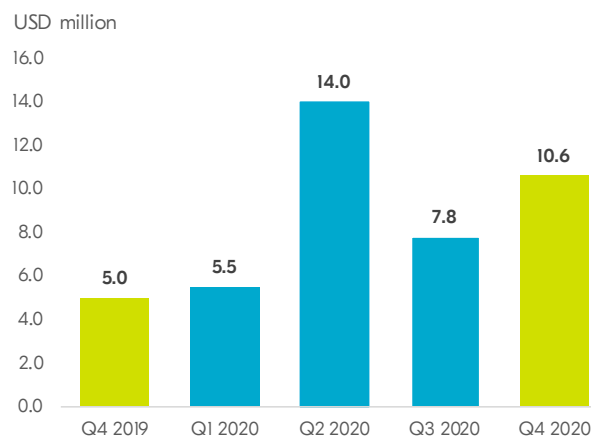
Revenue - Wearables

Building & Retail revenues increased by 62% year over year to USD 27.0 million in Q4 2020, and by 59% to USD 81.9 million for the full year 2020. The increase reflects continued growth for both industrial and home automation applications such as smart lighting systems, alarm systems, smoke detectors, temperature controls, smart locks and share-bikes.



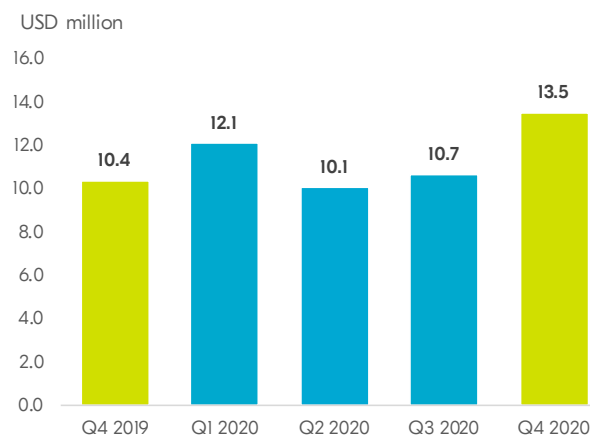
Revenue - Building/Retail

Healthcare revenue increased by 113% year over year to USD 10.6 million in Q4 2020 and by 92% to USD 37.8 million for the full year 2020. This reflects deliveries for directly Covid-19 related applications, and the pandemic has also accelerated the adoption of connected healthcare devices in general. As previously highlighted by the company, Nordic sees the Healthcare segment as a market with potentially disruptive growth and as one of the key growth drivers for combined short-range and long-range products and solutions.



Revenue - Healthcare

Revenues in the 'Others' category increased 30% year-over-year to USD 13.5 million in Q4 2020 and by 16% for the full year 2020. This mainly reflects sales to module manufacturers servicing many end-products in all markets and regions.



Revenue - Others



Financial results

Amounts in USD thousand	Q4 2020	Q4 2019	Change	Full year 2020	Full year 2019	Change
Gross profit	67 033	42 901	56.3%	213 943	146 753	45.8%
Gross margin	52.7%	51.6%	1.1 p.p.	52.8%	50.9%	1.9 p.p.
Operating expenses excl. depreciation and amortization	40 169	30 703	30.8%	137 165	113 946	20.4%
EBITDA	26 865	12 198	120.2%	76 778	32 807	134.0%
EBITDA %	21.1%	14.7%	6.5 p.p.	18.9%	11.4%	7.6 p.p.
Depreciation and amortization	8 240	6 846	20.4%	31 063	23 535	32.0%
EBIT	18 625	5 352	248.0%	45 714	9 272	393.0%

Gross profit

Gross profit increased by 56% to USD 67.0 million in Q4 2020 (42.9), and by 46% to USD 213.9 million for the full year 2020 (146.8).

Gross margin was 52.7% in Q4 2020 (51.6%), and 52.8% for the full year 2020 (50.9%).

The margin levels reflect good demand for high-end, high-margin SoCs, positive scale effects, and continuous cost improvements on recently launched products. This was only partly offset by the negative gross margin effects of a larger number of tier-1 customers and cellular IoT revenue with lower gross margin.

Operating expenses

Operating expenses amounted to USD 40.2 million in Q4 2020, excluding depreciation and amortization, compared to USD 30.7 million in Q4 2019. The increase

primarily reflects a larger workforce to handle higher activity, future growth, and portfolio investments.

Nordic capitalized a total of USD 1.7 million in development expenses in Q4 2020, of which USD 1.0 million related to cellular IoT investments and USD 0.7 million to the short-range business. Expenses related to equity compensation was USD 1.0 million in Q4 2020.

Total cash operating expenses amounted to USD 40.9 million in Q4 2020, when adding back capitalized development expenses and deducting depreciation and equity-based compensation from total operating expenses. This compares to USD 33.3 million in Q4 2019.

USD 29.9 million of cash operating expenses were personnel expenses (23.4), mainly reflecting 17% growth in the number of employees to 897 over the past year. This excludes 81 employees added through the acquisition of

the Wi-Fi development team of Imagination Technologies Group in Q4 2020. Including this acquisition, the number of employees was 978 at year end.

The company continues to invest and add new employees to support a higher activity level, strengthen customer relations, and further develop the technology footprint. The number of employees in R&D increased 18% to 665 and increases further to 746 when including the newly acquired Wi-Fi business. The Sales & Marketing staff increased 10% to 125, with the supply chain organization increasing by 24% to 57 employees to support the higher revenue.

Other cash operating expenses were USD 10.9 million (10.0), with less travel due to Covid-19 offsetting general cost increases over the past year.

Cash operating expenses for cellular IoT isolated were USD 11.1 million in Q4 2020, compared to USD 8.2 million in Q4 2019.

For the full year 2020, total operating expenses were USD 137.2 million, excluding depreciation and amortization, up from USD 113.9 million in 2019.

Total cash operating expenses were USD 141.2 million, up from USD 123.4 million in 2019, of which USD 102.6 million in personnel expenses (86.3).

Profits

EBITDA was USD 26.9 million in Q4 2020, compared to USD 12.2 million in Q4 2019. The reported EBITDA margin increased to 21.1% from 14.7% in the same quarter last year.

Short-Range EBITDA was USD 36.2 million in Q4 2020, and the EBITDA-margin for the short-range business 29.0%. This compares to USD 19.8 million and 23.8% in Q4 2019.

EBITDA for the full year 2020 amounted to USD 76.8 million, compared to USD 32.8 million in 2019, with the EBITDA-margin improving to 18.9% from 11.4% last year. Short-range EBITDA was USD 106.9 million (57.6), with a corresponding EBITDA-margin of 26.8% for 2020 (20.0%).

Depreciation and amortization increased to USD 8.2 million in Q4 2020, with the year-over-year increase from USD 6.8 million mainly reflecting that Nordic started amortizing cellular IoT intangibles towards the end of 2019. Amortization of internally developed R&D overall amounted to USD 2.1 million and amortizing of leased assets to USD 1.4 million.

For the full year depreciation and amortization amounted to USD 31.1 million, up from USD 23.5 million in 2019.

Net financial costs amounted to USD 1.9 million in Q4 2020, primarily reflecting foreign exchange losses of USD 2.2 million. For the full year net financial costs amounted to USD 2.8 million, whereof foreign exchange losses accounted for USD 2.0 million. This compares to a net financial gain of USD 0.4 million in 2019.

Profit before tax was USD 16.7 million in Q4 2020, compared to a profit before tax of USD 5.3 million in Q4 2019. The company booked a tax income of USD 2.6 million in the quarter (-1.0). The tax income is a result of foreign exchange losses in the statutory NOK accounts and tax deduction on option gain payments.

Net profit was hence USD 19.3 million in Q4 2020, compared to a net profit of USD 4.4 million in Q4 2019.

For the full year 2020, profit before tax was USD 42.9 million (9.7), and net profit after tax USD 38.4 million (7.3). Tax expense for the full year was USD 4.5 million (2.4), and the tax rate 10.5% (24.5%). The company's statutory tax rate is 22%. The low tax rate primarily reflects of foreign exchange losses in the statutory NOK accounts and tax deduction on option gain payments.

Financial Position

Amounts USD thousand	31.12.2020	31.12.2019
Capitalized development expenses	34 563	33 990
<i>Total non-current assets</i>	113 906	98 770
Inventory	61 955	53 067
Cash and cash equivalents	242 547	90 645
<i>Total current assets</i>	401 909	219 589
Total assets	515 814	318 359
<i>Total equity</i>	402 492	232 205
Equity percentage	78.0%	72.9%
<i>Total liabilities</i>	113 323	86 155
Total equity and liability	515 814	318 359

Total shareholders' equity amounted to USD 402.5 million at the end of 2020, up from USD 232.2 million a year ago. The Group equity ratio was 78.0% of a total asset base of USD 515.8 million, compared to 72.9% of a total asset base of USD 318.4 million at the end of 2019.

The significantly strengthened equity position during 2020 primarily reflects earnings in 2020 and a private placement where the company in September issued 13 million new shares at a subscription price of NOK 88 per share. The transaction generated gross proceeds of approximately USD 125 million. Following the transaction, Nordic has 192,781,600 shares outstanding.

The equity issue supported an increase in cash and cash equivalents to USD 242.5 million at the end of 2020, up from USD 90.6 million at the end of 2019.

Net working capital increased slightly to USD 78.5 million at the end of 2020, up from USD 70.2 million at the end of 2019. This represents a decline of USD 25.1 million from the end of Q3 2020, reflecting mainly high customer payments. Measured as a percentage of last 12 months revenue, net working capital declined to 19.4% from 24.3% at the end of 2019.

Inventory increased to USD 62.0 million at the end of 2020 from USD 53.1 million a year ago. Inventories are low relative to the activity level. Inventory declined from 18% to 15% of last 12 months revenue. Accounts receivable increased to USD 88.0 million from USD 64.5 million at the end of 2019. Total current assets amounted to USD 401.9 million (219.6).

Non-current assets increased to USD 113.9 million at the end of 2020 (98.8), mainly reflecting intangible Wi-Fi assets acquired from Imagination Technologies Group in Q4 2020.

Non-current liabilities were relatively flat at USD 21.7 million (20.2), whereas current liabilities increased to USD 91.7 million from USD 66.0 million at the end of 2019. The increase in current liabilities comes as an effect of higher activity, including higher accounts payable, payable taxes, public duties, and current lease liabilities.

Cash Flow

Amounts in USD thousand	Q4 2020	Q4 2019	Full year 2020	Full year 2019
Cash flows from operations	51 046	10 361	65 292	19 678
Cash flows from investing activities	-20 203	-8 434	-38 035	-31 454
Cash flows from financing activities	-4 281	1 583	123 622	-1 494
Change in cash and cash equivalents	27 722	3 920	151 902	-13 232
Cash and cash equivalents at end of the period	242 547	90 645	242 547	90 645

Cash flow from operating activities was USD 51.0 million in Q4 2020 (10.4). The strong operating cash flow was a result of a combination of improved earnings and low working capital leading to improved cash conversion.

Cash flow from investing activities was an outflow of USD 20.2 million in Q4 2020, compared to an outflow of USD 8.4 million in Q4 2019. This included USD 13.2 million related to the acquisition of Wi-Fi technology and IP-assets from Imagination Technologies Group.

Capital expenditures amounted to USD 5.4 million (5.3), and capitalized development expenses of USD 1.7 million (3.1). As described in the interim report for the third quarter, a delivery of manufacturing test equipment was moved from the third to the fourth quarter.

Cash flow from financing activities was an outflow of USD 4.3 million, compared to an inflow of USD 1.6 million in Q4 2019. This mainly reflected cash settlement of employee options in the quarter.

Cash flow from operating activities amounted to USD 65.3 million for the full year 2020, up from USD 19.7 million in 2019. Cash outflow from investing activities increased to USD 38.0 million from USD 31.5 million, mainly explained by the business combination. Cash flow from financing activities increased to USD 123.6 million from an outflow of USD 1.5 million in 2019, mainly reflecting the share issue in September 2020.

Funding

The Group's cash position was USD 242.5 million at the end of 2020, up from USD 90.6 million at the end of 2019. The cash is mainly kept in the Group's functional currency USD, in order to minimize the impact of currency fluctuations.

Available cash including credit and overdraft facilities amounted to USD 319.5 million, including Nordic's right to borrow USD 65 million at any time under a Revolving Credit Facility (RCF), and EUR 10 million overdraft facility with the company's main bank.

Risk and uncertainty

The supply of and demand for semiconductors and electronic products is sensitive to global economic conditions and international trade flows. While the underlying long-term market trends point towards increasing demand for Nordic's products, the operations are exposed to a variety of factors with real or perceived impact on the economy.

Supply chain risks

The focus in the first half of 2020 was on the direct and indirect effects of Covid-19, which created uncertainties with regards to both end-user product demand and the efficiency of the supply, production and distribution chain. As it turned out, end-product demand was stronger than expected, and Nordic's asset light and flexible organization and world-class subcontractors and distribution partners have overall handled the Covid-19 logistic challenges very well.

Moving into the latter part of the year, the focus has shifted to the effects of supply risk due to increasing demand forecasts. As described under Risk and Uncertainty in the interim report for the third quarter 2020, the high activity level has put strain on the organization and the supply and distribution chain. The company also noted that other players in the semiconductor industry were experiencing higher demand than expected, and that bottlenecks in the supply chain temporarily could limit the output capacity.

The imbalance in the demand/supply situation developed further during the fourth quarter and into 2021. Several of the company's semiconductor peers have issued price increases based on higher prices and scarcer availability for raw materials, wafers, and assembly and testing services.

Nordic has built inventory buffers for certain critical components and significantly increased its capacity in crucial areas such as in-house testing capabilities, and the company does not see imminent capacity constraints in its own backend production.

The availability of wafers and other third-party deliveries nevertheless pose a temporary challenge. Based on demand forecasts, Nordic placed early orders for wafer volumes that would allow for a significant production increase in 2021.

However, the company has been informed by its main wafer supplier in Taiwan of limitations in wafer allocation for 2021, and current forecasts for wafer deliveries indicate that Nordic will have room to increase production by a minimum of 25% from 2020 to 2021.

The company will do its utmost to seek additional wafer volumes to meet the high demand. The success of these efforts will depend both on actual purchases from other

semiconductor companies who have placed forward orders with the wafer suppliers, and the amount of potential additional capacity that the wafer suppliers can put onstream in the short-term.

The wafer shortage did not affect production volumes in Q4 2020 and will not impact deliveries in Q1 2021. The largest impact is expected in Q2 2021, with higher volumes expected in the second half of the year.

Product and organizational risks

Nordic's products are complex and any undetected vulnerabilities during product development and manufacturing may entail risks for both Nordic and its customers. Although customer contracts regulate and limit Nordic's responsibilities, there is a risk that legal actions could affect the company's financial results. Nordic continuously invests in strengthening and improving the product portfolio.

With regards to its own organization, Nordic has maintained full operations in both its R&D and sales organizations during Covid-19 and has continued to hire new talent and build its workforce capabilities to meet current demand and customer expectations.

Financial risks

Nordic maintains a sharp focus on cost and cash flows and navigates from a strong position. Nordic's strategy and growth ambitions require an adequate cash position to fund the R&D activities needed to drive the technology and product roadmaps forward. Nordic in Q3 2020 raised approximately USD 125 million in new equity through a private placement to strengthen the cash position further. Including credit facilities and borrowing arrangements, total available cash was close to USD 320 million at the end of 2020, which the Board of Directors considers sufficient to fund the company's current expansion plans.

Amidst turbulence in financial and raw materials markets, the value of the Norwegian Krone (NOK) has varied considerably against the company's reporting currency USD during 2020. Nordic's sales revenue and direct production costs are almost entirely nominated in USD whereas operating expenses primarily are in NOK and EUR. The company does not use any financial instruments to hedge the currency risk and is hence exposed to the fluctuations in currency exchange rates. In the Annual Report for 2019 it was estimated that a 1% change in USD/NOK — all other things equal — would translate into a USD 0.6 million change in profit before tax.

The company has seen no changes in financial risks related to interest rate risk or credit risk that would have significant impact on the company's financial position during the year.



OUTLOOK

Nordic reported 41% revenue growth in 2020, with 43% revenue growth in the Bluetooth technology segment. Growth accelerated through the year, with 53% overall revenue growth in Q4 2020.

The high and accelerating demand growth was further emphasized by a shift in the order backlog from USD 107 million at the end of 2019 to USD 492 million at the end of 2020.

This demand shift reflects both accelerated technology adoption across the company's end-user markets, a widespread technology migration from Bluetooth classic to Bluetooth Low Energy, and a significant growth in applications that require multiprotocol solutions. Nordic has also seen a change in its customer mix, with several global platform companies and other tier-1 customers now placing more orders for high-volume products with longer product lifecycles.

The accelerating demand growth is an indicator of Nordic's solid market position, and the company believes its long-term growth prospects are stronger than ever.

Nordic has placed early orders for wafer volumes that would allow for a significant increase in production also in 2021, and the current backlog and wafer allocation enables Nordic to guide for a revenue level of USD 130-140 million for Q1 2021.

The high demand in the semiconductor market has however put further strain on the global supply chain.

This has created imbalances in demand/supply that temporarily limit the availability of sufficient wafer volumes to take full advantage of the current strong demand. Current forecasts for wafer deliveries indicate that Nordic will have room to increase its production by a minimum of 25% in 2021.

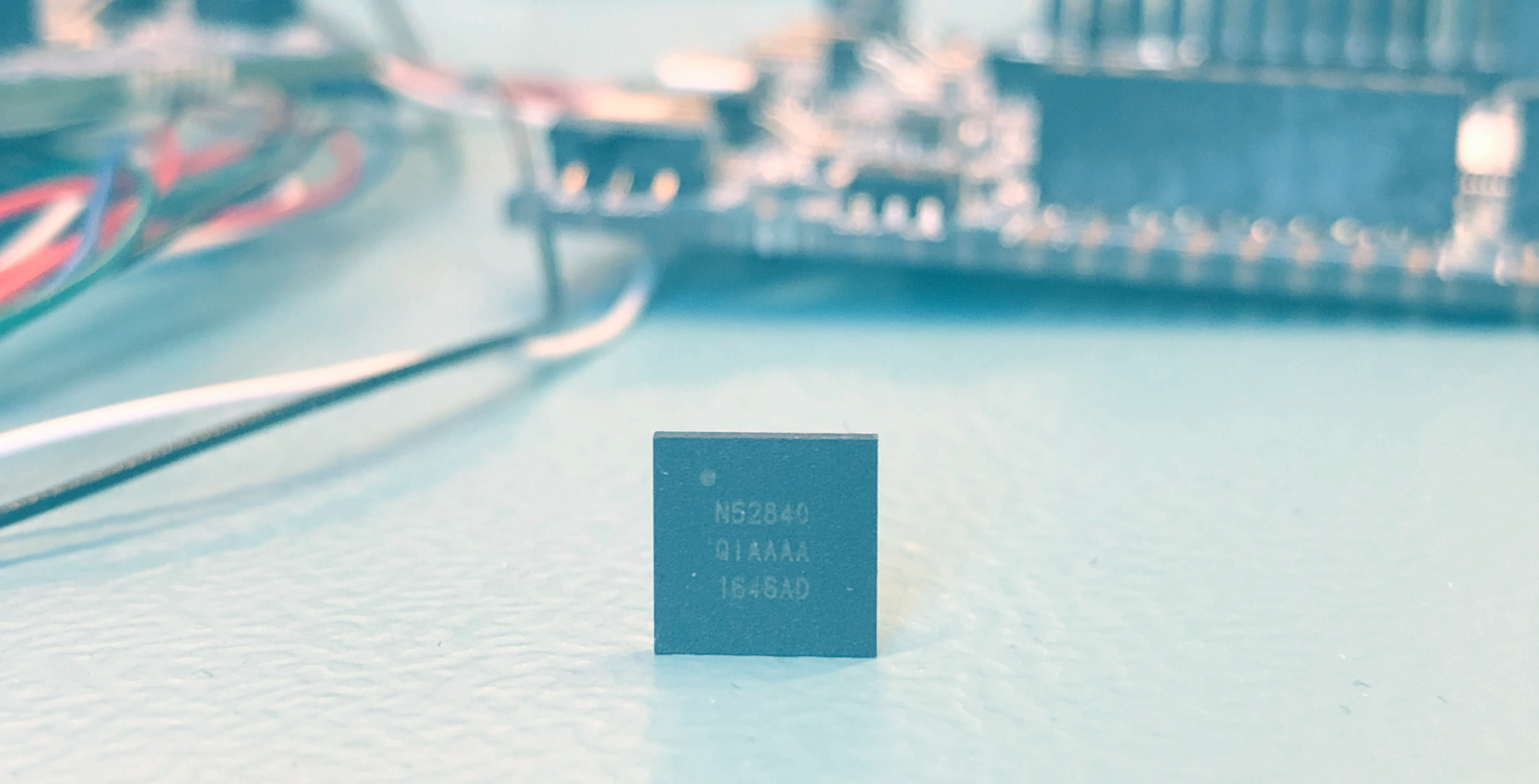
The wafer shortage is expected to have the largest impact in Q2 2021, with higher volumes expected in the second half of the year.

Nordic's wafer supplier in Taiwan has announced a significant increase in capital expenditure in 2021 to increase capacity going forward.

Nordic's gross margin improved to 52.8% in 2020 from 50.9% in 2019, with the company reporting a gross margin of 52.7% for Q4 2020. The high margin level reflects both a product mix with high volumes of advanced high-margin products, and continuous cost improvements on newly launched products.

For Q1 2021 the company forecasts a gross margin level of 50%-51%, and reiterates its expectation that a higher share of sales to tier-1 customers will move gross margins for the short-range business into the 48%-50% range in the medium term.

In 2019, Nordic presented a bold aspiration to build a USD 1 billion company within five years, and the positive demand trends and continued strengthening of the customer base increase the confidence in this aspiration.



Oslo, February 3, 2021

Jan Frykhammar
Board member

Birger Steen
Chair

Anita Huun
Board member

Inger Berg Ørstavik
Board member

Svann-Tore Larsen
Chief Executive Officer

Endre Holen
Board member

Øyvind Birkenes
Board member

Jon Helge Nistad
Board member, employee

Annastiina Hintsa
Board member

Joel Stapelton
Board member, employee

Susheel Raj Nuguru
Board member, employee

Morten Dammen
Board member, employee

CONDENSED FINANCIAL INFORMATION

Income statement

Amount in USD thousand	Note	Q4 2020	Q4 2019	Full year 2020	Full year 2019
Total Revenue		127 127	83 133	405 217	288 395
Cost of materials		-60 078	-40 232	-190 690	-141 290
Direct project costs		-16	-	-584	-351
Gross profit		67 033	42 901	213 943	146 753
Payroll expenses		-29 649	-21 378	-101 211	-80 281
Other operating expenses		-10 519	-9 326	-35 954	-33 665
EBITDA		26 865	12 198	76 778	32 807
Depreciation and amortization	6	-8 240	-6 846	-31 063	-23 535
Operating profit		18 625	5 352	45 714	9 272
Net interest income		246	941	-774	809
Net foreign exchange gains (losses)		-2 165	-958	-2 016	-375
Profit before tax		16 706	5 335	42 925	9 706
Income tax expense		2 617	-952	-4 534	-2 379
Net profit after tax		19 323	4 383	38 391	7 327
Earnings per share					
Ordinary earnings per share (USD)		0.101	0.025	0.212	0.042
Fully diluted earnings per share (USD)		0.099	0.025	0.197	0.042
Weighted average number of shares					
Basic		190 905	175 533	181 021	175 313
Fully Diluted		194 809	177 533	194 704	176 394
Net profit after tax		19 323	4 383	38 391	7 327
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:					
Actuarial gains (losses) on defined benefit plans (before tax)		-54	-83	-84	-83
Income tax effect		19	18	19	18
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:					
Currency translation differences		1 119	314	688	-117
Total Comprehensive Income		20 407	4 632	39 014	7 145

Consolidated statement of financial position

Amount in USD thousand	Note	31.12.20	31.12.19
ASSETS			
Non-current assets			
Goodwill	11	2 393	-
Capitalized development expenses	5/6	34 563	33 990
Software and other intangible assets	5/6/11	19 905	11 408
Deferred tax assets		3 668	2 813
Fixed assets	6	28 284	26 625
Right-of-use assets	6	25 092	23 394
Total non-current assets		113 906	98 770
Current assets			
Inventory		61 955	53 067
Accounts receivable		88 034	64 519
Other current receivables		9 372	11 359
Cash and cash equivalents		242 547	90 645
Total current assets		401 909	219 589
TOTAL ASSETS		515 814	318 359
EQUITY			
Share capital		317	303
Treasury shares		-2	-5
Share Premium		235 448	113 355
Other equity		166 727	118 552
TOTAL EQUITY		402 492	232 205
LIABILITIES			
Non-current liabilities			
Pension liability		665	310
Non-current lease liabilities		21 004	19 886
Total non-current liabilities		21 669	20 196
Current liabilities			
Accounts payable		22 812	19 738
Income taxes payable		4 976	3 136
Public duties		8 789	3 761
Current lease liabilities		5 520	4 044
Current loan facility	7	-	-
Current financial liabilities		302	-
Other current liabilities		49 255	35 279
Total current liabilities		91 654	65 958
Total liabilities		113 323	86 155
TOTAL EQUITY AND LIABILITY		515 814	318 359

Consolidated statement of changes in equity

Amount in USD thousand	Share capital	Treasury shares	Share premium	Other paid in capital	Currency translation reserve	Retained earnings	Total equity
Equity as of 01.01.20	303	-5	113 355	6 819	-309	112 042	232 205
Net profit 2020	-	-	-	-	-	38 391	38 391
Other comprehensive income	-	-	-	-	688	-65	623
Share based compensation	-	-	-	3 265	-	-	3 265
Sale of treasury shares (option exercise)	-	2	-	5 897	-	-	5 899
Capital increase*	14	-	122 093	-	-	-	122 108
Equity as of 31.12.20	318	-3	235 448	15 980	379	150 368	402 492
Equity as of 01.01.19	303	-5	113 355	3 307	-190	104 780	221 549
Net profit 2019	-	-	-	-	-	7 327	7 327
Other comprehensive income	-	-	-	-	-119	-65	-184
Share based compensation	-	-	-	1 407	-	-	1 407
Sale of treasury shares (option exercise)	-	0	-	2 105	-	-	2 106
Equity as of 31.12.19	303	-5	113 355	6 819	-309	112 042	232 205

* During Q3 2020 the group increased the share capital with NOK 1 144 million, approximately USD 125 million. The amount net of transaction cost was USD 123.2 after tax.

Statement of cash flows

Amount in USD thousand	Note	Q4 2020	Q4 2019	Full year 2020	Full year 2019
Cash flows from operating activities					
Profit before tax		16 706	5 335	42 925	9 706
Taxes paid for the period		241	-2 101	-2 955	-4 846
Depreciation and amortization		8 240	6 846	31 063	23 535
Change in inventories, trade receivables and payables		13 586	-3 965	-29 561	-13 798
Share-based compensation		1 043	-36	3 151	1 100
Movement in pensions		109	91	138	31
Other operations related adjustments		11 120	4 192	20 530	3 950
Net cash flows from operating activities		51 046	10 361	65 168	19 678
Cash flows used in investing activities					
Capital expenditures (including software)	6	-5 363	-5 338	-16 480	-20 182
Capitalized development expenses	6	-1 682	-3 097	-8 398	-11 271
Business Combination, net of cash acquired	11	-13 158	-	-13 158	-
Net cash flows used in investing activities		-20 203	-8 434	-38 035	-31 454
Cash flows from financing activities					
Changes in treasury shares		877	2 412	10 455	2 412
Cash settlement of options contract		-4 557	-	-4 557	-
Capital increase		-	-	121 277	-
Repayment of lease liabilities		-601	-829	-3 552	-3 906
Net cash flows from financing activities		-4 281	1 583	123 622	-1 494
Effects of exchange rate changes on cash and cash equivalents		1 159	410	1 024	37
Net change in cash and cash equivalents		27 722	3 920	151 902	-13 232
Cash and cash equivalents beginning of period		214 826	86 725	90 645	103 876
Cash and cash equivalents at end of period		242 547	90 645	242 547	90 645

NOTES

Note 1: General

The Board of Directors approved the condensed fourth quarter interim financial statements for the three months ended 31 December 2020 for publication on February 3, 2021.

Nordic develops and sells integrated circuits and related solutions for short-range wireless communication. The Group specializes in ultra-low power (ULP) components, based on its proprietary 2.4GHz RF and Bluetooth technology. Nordic is also developing its long-range low-power cellular chip-set, providing customers with a broad portfolio of low-power connectivity solutions across the spectrum of distances from near-field to long-range.

Nordic Semiconductor ASA is listed on the Oslo Stock Exchange under the ticker NOD, and is a public limited liability company registered in Norway. The parent company's head office is located at Otto Nielsens vei 12, 7052 Trondheim.

Note 2: Confirmation of the financial framework

The Group financial statements for Nordic Semiconductor ASA and its wholly owned subsidiaries, together called "The Group" have been prepared in accordance with IAS 34 Interim Financial Statements. The interim financial statements for Q4 2020 do not include all the information required for the full year financial statements and shall be read in conjunction with the Group Annual Accounts for 2019.

The financial statements are presented in thousand USD, unless otherwise stated. As a result of rounding adjustments, the figures in one or more rows or columns included in the financial statements may not add up to the total of that row or column.

In the interim financial statements for 2020, judgments, estimates and assumptions have been applied that may affect the use of accounting principles, book values of assets and liabilities, revenues and expenses. Actual values may differ from these estimates. The major assumptions applied in the interim financial statements for 2020 and the major sources of uncertainty in the statements are similar to those found in the Financial Statements for 2019.

Note 3: Significant accounting principles

Significant accounting principles are described in the Group Financial Statement for 2019. The group accounts for 2019 were prepared in accordance with International Financial Reporting Standards (IFRS), relevant interpretations of this, as well as additional Norwegian disclosure requirements described in the Norwegian GAAP and the Norwegian Securities Trading Act.

New standards, amendments to standards, and interpretations have been published, but are not effective at December 31, 2020 and have not been applied in preparing these condensed financial statements. The Group intends to adopt these standards, if applicable, when they become effective.

Note 4: Segment information

In accordance with IFRS 8, the Group has only one business segment, which is the design and sale of integrated circuits and related solutions.

The Group classifies its revenues into the following technologies: Short range wireless components, long range (cellular IoT), ASIC components and consulting services. Within Wireless components, the Group reports its revenues based on the markets to which its components communicate. These include: Consumer Electronics, Wearables, Healthcare, Building and Retail, and Others.

The Group also reports its short range Wireless component revenue by proprietary wireless and Bluetooth protocols.

Note 5: Intangible assets

The Group recognizes intangible assets in the balance sheet if it is likely that the expected future economic benefits attributable to the asset will accrue to the Group and the assets acquisition cost can be measured reliably.

Costs associated with development are capitalized if the following criteria are met in full:

- The product or the process is clearly defined and the cost elements can be identified and measured reliably;
- The technical feasibility is demonstrated;
- The product or the process will be sold or used in the business;

- The asset will generate future financial benefits.
- Sufficient technical, financial and other resources for project completion are in place.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

Note 6: Capitalization, depreciation and amortization

Specification of capital expenditures, balance sheet	Q4 2020	Q4 2019	Full year 2020	Full year 2019
Capitalized development expenses (payroll expenses)	1 273	2 472	5 747	7 776
Capitalized acquired development expenses	409	625	2 651	3 495
Capital expenditures (including software)	5 363	5 338	16 480	20 182
Right-of-use assets (non-cash)	2 293	1 279	6 068	4 200
Acquisition (net)	13 966	-	13 966	-
Currency adjustments	226	124	362	-76
Total	23 530	9 838	45 273	38 200
Depreciation and amortization				
Capitalized development expenses	2 105	1 826	7 825	4 967
Software and other intangible assets	1 488	1 446	6 070	5 519
Fixed assets	3 205	2 683	12 188	9 196
Right-of-use assets	1 442	891	4 980	3 853
Total	8 240	6 846	31 063	23 535

Note 7: Net interest-bearing debt

The Group has long-term revolving credit facilities, which enables it to borrow up to USD 40 million and USD 25 million at any time with an interest rate equal to LIBOR + margin. Both lines of credit expire end of November 2022. As of December 31, 2020, the Group had not drawn on any credit facilities. The security for the credit lines are provided by inventory, receivables and operating equipment.

The following financial covenants are included:

Equity ratio shall not be lower than 40 %.

In addition to the two RCFs, the Group has a MEUR 10 bank overdraft facility with its main bank. This overdraft was not utilized at the end of December 2020. The overdraft facility expires end of November 2021.

Note 8: Stock options

Nordic has a stock option program for employees and management. Please see the annual report for 2019 for information about the program.

	Full year 2020	Full year 2019
Outstanding options beginning of period	5 470 374	4 194 293
Granted	-	1 947 010
Forfeited	64 144	222 384
Exercised	2 850 587	448 545
Expired	-	-
Outstanding end of period	2 555 643	5 470 374
Of which exercisable	954 923	2 283 646

The exercisable options include options from five grants. If cap is reached, all exercisable options will be exercised. See overview below.

	31.12.2020	Cap in NOK
2016 grant	264 313	143.2
2018 grant	449 937	141.8
2019 grant	169 126	118.3
2019 management grant	71 547	135.3
Exercisable options	954 923	

Note 9: RSU and performance shares

With reference to the Annual general meeting held on April 22, 2020, Nordic Semiconductor, on April 29, 2020, granted 754 224 RSUs and performance shares to employees, including management. The shares vest over two and three years. The Annual General Meeting of Nordic Semiconductor ASA approved the issue of up to 1 074 000 Restricted Stock Units (RSUs) and Performance Shares, equivalent to approximately 0.6% of the company's outstanding share capital.

	Full year 2020	Full year 2019
Outstanding RSUs beginning of period	0	0
Granted	696 017	0
Forfeited	5 400	0
Exercised	-	0
Outstanding end of period	690 617	0

	Full year 2020	Full year 2019
Outstanding performance shares beginning of period	55 813	0
Granted	58 207	55 813
Forfeited	-	-
Exercised	-	-
Outstanding end of period	114 020	55 813

Note 10: Financial risk

Nordic is exposed to several risks, including currency risk, interest rate risk, liquidity risk and credit risk. For a detailed description of these risks and how the Group manages these risks, please see the annual report for 2019.

Note 11: Business combination

On 31 December 2020, the Group completed the acquisition of Imagination Technologies' Wi-Fi business in UK, Taiwan, India and Sweden. The acquisition included the development team, 81 employees, associated Wi-Fi IP tech assets and 100 % of the shares in Imagination Technologies AB and Imagination Technologies Hyderabad Pvt Ltd.

Our provisional allocation of the purchase price to the identifiable assets and liabilities and goodwill is set out below.

Provisional fair value of net assets acquired	USD thousand
Software and other intangible assets	11 447
Fixed Assets	125
Other current receivables	397
Pension liability	(217)
Accounts payable	(87)
Income taxes payable	151
Public duties	271
Other current liabilities	(1 323)
Net identifiable assets acquired	10 765
Goodwill arising on acquisition	2 393
Consideration	13 158

Satisfied by:

Cash consideration	14 245
Cash acquired	(1 087)
Total consideration	13 158

Identifiable intangible assets being transferred to the Group as part of the transaction comprise of Wi-Fi 6, which is still under development, Wi-Fi 5 and Wi-Fi 4. The goodwill arising on this business combination can be attributed to the skills and talent of the in-place workforce and the synergies expected to be achieved from integrating the acquired operations into the Group's existing business.

The acquisition date was December 31, 2020 meaning the business acquired did not contribute to any profit and loss in Q4-2020. During Q4 2020, we incurred transaction costs of USD 296 254.

Expected economic lifetime of identifiable intangible asset is 5 years for accounting and tax purposes. Goodwill is deductible for tax purposes, with 20 % annual rate.

Cash flows in relation to business combination

The net cash outflow on the purchase of businesses was as follows:

Cash flows from investing activities (amount in USD thousand)	
Cash consideration	14 245
Cash and cash equivalents acquired	(1 087)
Net cash consideration within investment activities	13 158

Note 12: Events after the balance sheet date

No events have occurred since December 31, 2020 with any significant effect that will impact the evaluation of the submitted accounts.

Financial Calendar 2021:

- April 20, 2021 - 1st Quarter 2021
- July 13, 2021 - Half-yearly report 2021
- October 21, 2021 - 3rd Quarter 2021
- February 3, 2022 - 4th Quarter 2021

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ALTERNATIVE PERFORMANCE MEASURES

The financial information is prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by EU. Additionally, it is management's intent to provide alternative performance measures (APM) that are regularly reviewed by management to enhance the understanding of the Group's performance.

The Group has identified the following APMs used in reporting (amount in USD million):

Gross margin. Gross profit divided by Total revenue. Gross margin is presented as it is the main financial KPI to measure the Group's operational performance.

	Q4 2020	Q4 2019	Full year 2020	Full year 2019
Gross profit	67.0	42.9	213.9	146.8
Total revenue	127.1	83.1	405.2	288.4
Gross margin	52.7%	51.6%	52.8%	50.9%

EBITDA terms are presented as they are commonly used by investors and financial analysts.

■ EBITDA. Earnings before interest, taxes, depreciation and amortization.

	Q4 2020	Q4 2019	Full year 2020	Full year 2019
Operating profit	18.6	5.4	45.7	9.3
Depreciation and amortization	8.2	6.8	31.1	23.5
EBITDA	26.9	12.2	76.8	32.8

■ EBITDA margin. EBITDA divided by Total Revenue.

	Q4 2020	Q4 2019	Full year 2020	Full year 2019
EBITDA	26.9	12.2	76.8	32.8
Total revenue	127.1	83.1	405.2	288.4
EBITDA margin	21.1%	14.7%	18.9%	11.4%

- Total Operating Expenses. Sum of payroll expenses, other operating expenses, depreciation and amortization.

	Q4 2020	Q4 2019	Full year 2020	Full year 2019
Payroll expenses	29.6	21.4	101.2	80.3
Other operating expenses	10.5	9.3	35.9	33.7
Depreciation and amortization	8.2	6.8	31.1	23.5
Total operating expenses	48.4	37.5	168.2	137.5

- Cash operating Expenses. Total payroll and other operating expenses adjusted for non-cash related items including option expenses, receivable write-off and capitalization of development expenses. Nordic management believes that this measurement best captures the expenses impacting the cash flow of the Group.

	Q4 2020	Q4 2019	Full year 2020	Full year 2019
Total operating expenses	48.4	37.5	168.2	137.5
Depreciation and amortization	-8.2	-6.8	-31.1	-23.5
Option expense	-1.0	-0.5	-4.3	-1.8
Capitalized expenses	1.7	3.1	8.4	11.3
Cash operating expenses	40.9	33.3	141.2	123.4

- Order backlog. Customer orders placed by the end of the reporting period for delivery in next and following quarters. This APM can be used as support for guidance for next quarter.
- Adjusted EBITDA margin. EBITDA excluding cellular IoT, divided by Total revenue excluding cellular IoT revenue. This APM shows Nordic's profitability excluding products in an investment phase with limited revenue.

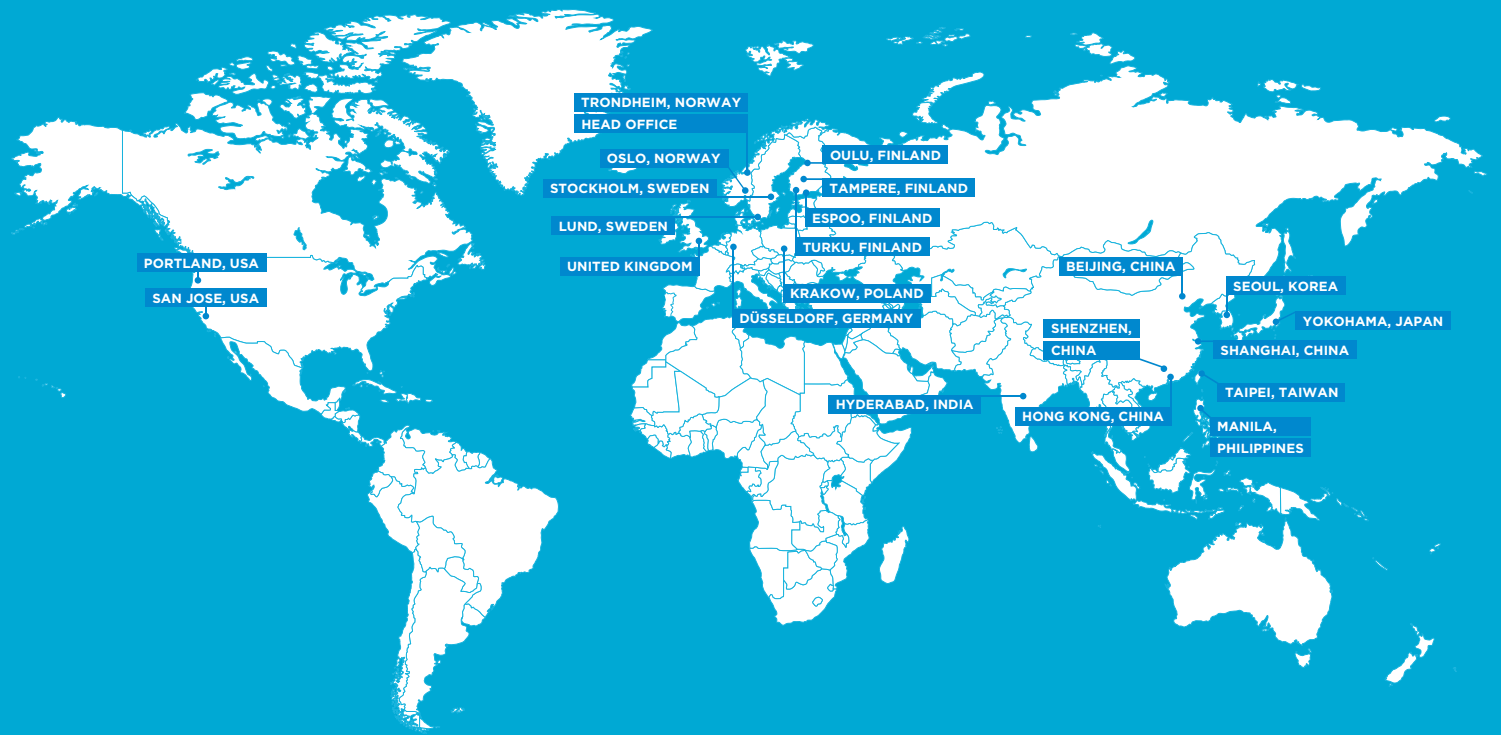
	Q4 2020	Q4 2019	Full year 2020	Full year 2019
Reported EBITDA	26.9	12.2	76.8	32.8
Long range (cellular IoT) EBITDA loss	9.3	7.6	30.2	24.7
Adjusted EBITDA	36.2	19.8	106.9	57.6
Total revenue (excluding cellular IoT revenue)	124.5	83.0	398.7	287.3
Adjusted EBITDA margin	29.0%	23.8%	26.8%	20.0%

- Last twelve months operating expenses excluding depreciation and amortization divided by last twelve months revenue. Nordic's business is seasonal and by dividing last twelve months operating expenses excl. depreciation by last twelve months revenue, management is able to track cost level trends in relation to revenue. As a growth business it is key to keep cost level under control while still growing the business, and this ratio keeps track on that.

	Q4 2020	Q4 2019
Total operating expenses	168.2	137.5
Depreciation and amortization	-31.1	-23.5
Operating expenses excluding depreciation and amortization	137.2	113.9
Total revenue	405.2	288.4
LTM opex / LTM revenue	33.8%	39.5%

- Net working capital divided by last twelve months revenue. Net working capital is a measure of both a company's efficiency and its short-term financial health, and by dividing the measure by last twelve months, seasonal effects are excluded. Nordic management uses this ratio to report on liquidity management to the financial market and internally to track performance.

	Q4 2020	Q4 2019
Current assets	401.9	219.6
Cash and cash equivalents	-242.5	-90.6
Current liabilities	-91.7	-66.0
Current financial liabilities	0.3	-
Current lease liabilities	5.5	4.0
Income taxes payable	5.0	3.1
Net working capital	78.5	70.2
Total revenue	405.2	288.4
NWC / LTM revenue	19.4%	24.3%



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