

A beekeeper wearing a white protective suit and a mesh veil is working with a beehive. The beekeeper is holding a wooden frame that is densely covered with bees. The background shows a wooden structure, likely part of the beehive. The entire image has a blue tint.

Q2

& first half report 2021



NORDIC[®]
SEMICONDUCTOR

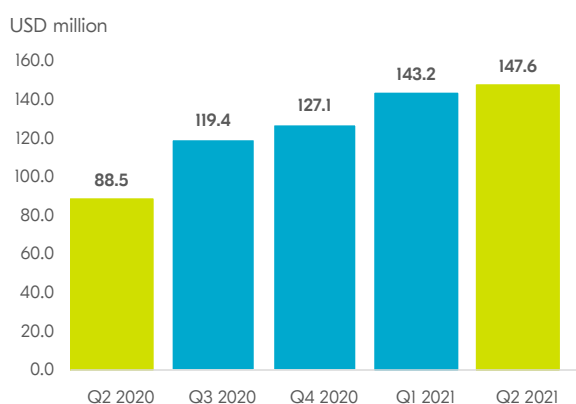
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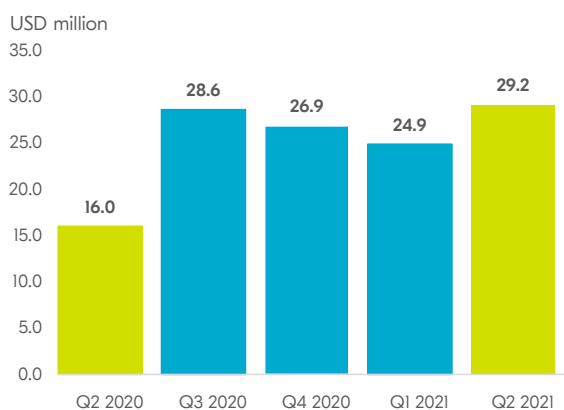
Q2 Highlights

- Revenue of USD 147.6 million (+67%)
- EBITDA of USD 29.2 million (+82%)
- First quarter with meaningful Cellular IoT revenue, USD 4.6 million (+289%)
- Record order backlog of USD 1,253 million, stretching through 2022
- Growth capped by wafer availability
- Launched first catalog power management product

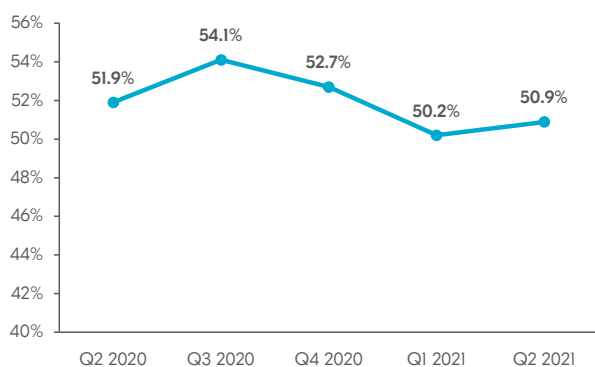
Revenue



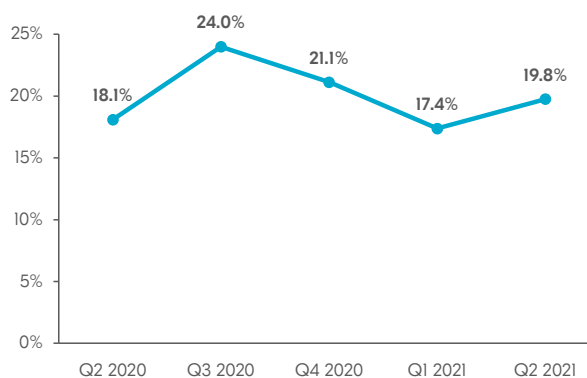
EBITDA



Gross margin



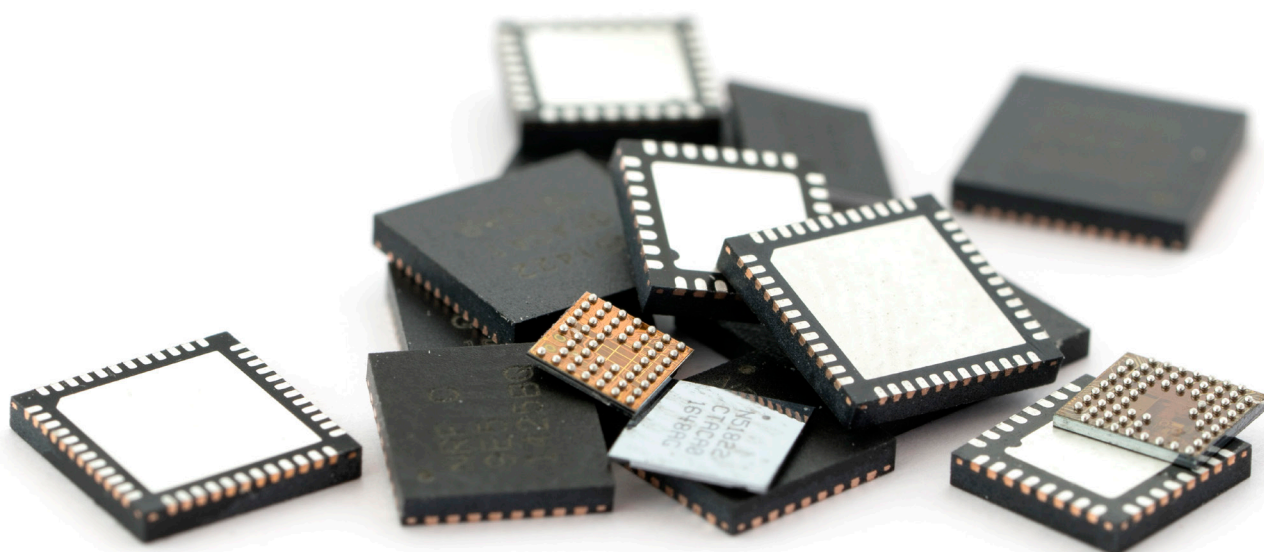
EBITDA margin



Key figures

Q2 and first half 2021 financial summary

Amount in USD million	Q2 2021	Q2 2020	Change	HI 2021	HI 2020	Change
Revenue	147.6	88.5	66.7%	290.8	158.7	83.3%
Gross profit	75.1	45.9	63.6%	147.0	82.3	78.6%
Gross margin %	50.9%	51.9%	-1.0 p.p.	50.5%	51.9%	-1.3 p.p.
EBITDA	29.2	16.0	82.1%	54.1	21.3	154.2%
EBITDA %	19.8%	18.1%	1.7 p.p.	18.6%	13.4%	5.2 p.p.
Operating profit (EBIT)	20.1	8.4	138.3%	35.8	6.3	467.0%
Operating profit % (EBIT)	13.6%	9.5%	4.1 p.p.	12.3%	4.0%	8.3 p.p.
Net profit after tax	17.3	5.7	202.6%	30.8	4.4	606.3%
Cash and cash equivalents				227.4	124.4	82.9%
Order backlog				1 252.6	201.9	520.3%
LTM opex excluding depreciation/LTM revenue				31.5%	37.4%	-5.9 p.p.
Net working capital / LTM revenue				19.3%	26.0%	-6.7 p.p.
Equity ratio				78.5%	67.4%	11.1 p.p.
Number of employees				1 087	822	32.2%



Q2 & H1 2021 review

Revenues amounted to USD 148 million in the second quarter 2021 and USD 291 million for the first half year, corresponding to growth of 67% and 83% from the same periods last year. Growth is currently capped by the supply of wafers, and the continued strong demand led to a further increase in order backlog. At the end of June, the backlog stood at USD 1,253 million, which was an increase of 520% year-on-year and 56% above the end of the first quarter. Timing of deliveries will depend on the availability of wafers, and the current backlog stretches through 2022.

Operational review

Nordic Semiconductor (Nordic or the Group) has remained fully operational and in full compliance with national and local Covid-19 regulations throughout the Covid-19 pandemic and has proceeded as planned with all internal product development projects. The restrictions on travels and physical meetings have been compensated with extensive online developer and customer support. Operations at the company's main suppliers and distributors have also remained operational, although local Covid-19 restrictions and lockdowns have temporarily affected production and shipments in some areas.

Continued supply chain constraints

As described in the interim reports for Q4 2020 and Q1 2021, capacity constraints forced the company's main wafer supplier to reduce the allocation of wafers for 2021 compared to forecasted demand. The wafer allocation allowed Nordic to increase its production by a minimum 25% from 2020 to 2021. As demand has been significantly higher, the company has worked continuously to advance the wafer delivery schedules. Combined with a favorable product mix this has enabled Nordic to deliver Q2 revenue roughly on par with Q1 and allows the company to guide for a revenue level of USD 130-150 million for Q3 2021. The wider range reflects the continued uncertainty regarding wafer availability.

Nordic is in continuous dialog with its suppliers, distributors, and customers about the effects of the capacity constraints. The company is doing its utmost both to secure additional wafers and help its customers manage the challenges brought about by the supply chain constraints.

Nordic continues its efforts to advance wafer deliveries, to be able to support customers experiencing strong end-user demand. The company expects suppliers to maintain wafer deliveries at minimum the same level also through the fourth quarter of the year.

The tight supply situation across the semiconductor industry also affects Nordic's cellular IoT business, where the company module-based product is dependent on a larger number of third-party components and assembly capacity.

Nordic's own backend production capacity and in-house testing capabilities are sufficient to meet significantly higher volumes, following last year's investments in additional testing equipment and component inventory buffers. The company has continued to invest in its in-house capacity in the first half of 2021.

Order backlog continuing to increase

All Nordic's main market verticals are experiencing strong demand growth. Given the supply chain capacity constraints this generates strong growth in the order backlog. At the end of June 2021, the order backlog was USD 1,253 million, compared to USD 202 million at the end of Q2 2020 and USD 803 million at the end of Q1 2021.

Approximately 91% of the order backlog represent Bluetooth low energy and multiprotocol solutions, while the remainder is for proprietary products and cellular IoT projects. The solid Bluetooth order backlog reflects demand from several tier-1 customers for high-volume products, as well as continued high demand in the broad market.

Maintaining strong design market share

FCC and Bluetooth SIG data compiled by DNB Markets show that Nordic had a market share of 42% of new design certifications in the Bluetooth low energy market in the second quarter and 42% for the first half year 2021. The total number of certifications of new Bluetooth low energy designs increased by 19% year-on-year to 363 in the second quarter, of which 153 designs had Nordic inside.

Nordic shipped 53,000 development kits during the first half of 2021. This was an increase of 23% from the same period last year. Given that these kits are reusable and the company already has a high penetration among Bluetooth low energy developers, this represents a strong sign of continued high interest in the technology. Activity on the company's developer community DevZone remains high.

Product launches and software developments

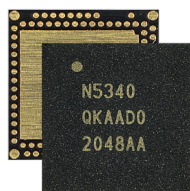
The flow of new product launches with Nordic inside continued through the first half 2021. As usual, the launches cover a wide variety of applications, showing the ubiquitous nature of the technology, and included several new asset trackers, Covid-19 contact tracing solutions and other healthcare applications, and several new modules from leading manufacturers.

On the software side, the company launched a version 1.5.1 of its nRF Connect SDK, which included support for Apple Homekit on the nRF52840 SoC and Zigbee support for the nRF52833 and nRF52840. The company has also teamed up with the cloud-based debugging specialist Memfault to offer their platform for remote debugging and monitoring on the nRF Connect SDK.

During the quarter, Nordic also launched a Software Development Kit compatible with the Apple Find My network. Apple earlier this year established a network accessory program opening the Find My network to third-party device manufacturers, with several Nordic customers among the earliest device manufacturers to join the program.

Continued fast pick-up of next generation nRF53

Nordic's first product in the nRF53 generation -the dual-processor nRF5340- went into volume production in Q4 2020 and has seen fast pick-up through the first half of 2021. The SoC is available on 22 different module variants from seven different module partners, and Nordic in the first quarter received the first nRF5340 order exceeding USD 1 million, within the advanced wearables market.

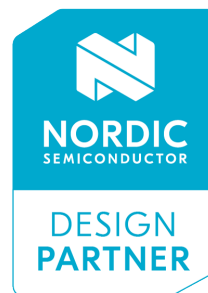


During the second quarter, the company was notified that the nRF5340 has been shortlisted as a finalist in the 'RF/Wireless IC' product category of the 2021 EE Awards Asia in August, which is organized by the Aspecore electronics industry media group.

The dual core nRF5340 supports Bluetooth 5.2/Bluetooth low energy, Bluetooth mesh, Thread, and Zigbee, and has been 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. Nordic has established support for AI and machine learning on the nRF5340, as well as for use in the Matter project supported by Apple, Amazon, Google, and several other major players.

New partner programs and standardization efforts

In June 2021, Nordic launched the 'Nordic Partner Program' to help customers accelerate time to market. The partner program includes both design partners and solution partners. It creates an ecosystem that assists Nordic customers by providing products, services and solutions that complement Nordic's portfolio of hardware, firmware, development tools and reference designs. Initial partners include CA Engineering, Indesign, Sigma Connectivity, Shenzhen Minew Technologies, Messtech, grandcentrix, NORBIT, and Telenor.



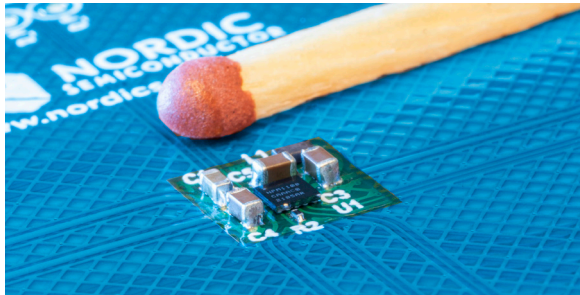
The company also continues to actively take part in the standardization of technologies and solutions, and in June joined the Connectivity Standards Alliance China to promote the unified and secure IP-based smart home connectivity protocol 'Matter'.

Previously known as Connected Home over IP (CHIP), Matter is backed by more than 180 companies worldwide, and is working to secure seamless connectivity and interoperability of devices, hubs, apps and services. Matter provides a standard application layer that is used with a set of wireless technologies. The current focus is on Bluetooth low energy, Thread and Wi-Fi, which will be followed by other IP-supporting protocols such as Ethernet and cellular.

During the quarter, the company also joined the Precise Locationing Alliance's Indoor Locationing Working Group in Asia. Indoor navigation remains the largest application area within Bluetooth location services, with retail & services continuing to drive the growth.

Entering the Power Management market

Nordic in May launched the nPM100 PMIC, the company's first catalog power management product. The nPM100 combines a USB compatible battery charger with a highly efficient DC/DC converter in an ultra-compact wafer level chip scale package (WLCSP) for space constrained applications.



The power management integrated circuit (PMIC) ensures reliable power supply and stable operation for Nordic's nRF52 and nRF53 Series SoCs, and maximizes battery life with ultra-low power consumption in 'sleep mode' and disabling of power in 'ship mode'. The nPM100 can also be used as a generic PMIC for other applications using rechargeable Lithium Ion or Lithium polymer batteries.

Nordic believes the PMIC is a very competitive product on its technical merits alone, as well as offering a particularly clear value-add for existing customers through the tight integration with Nordic's product portfolio. The extremely compact form factor making it ideal for i.e. advanced wearables, connected medical devices, smart home sensors and remote controls. Nordic has also launched a nPM100 Evaluation kit.

The launch of the nPM100 marks a commitment to establish a line of PMIC products going forward, led by the company's R&D unit in Swindon, UK.

Cellular IoT moving forward

Nordic's end-user customers are working on more than 200 different 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. During the second quarter, the company saw several customers launching new asset trackers based on the nRF9160, such as a new indoor/outdoor tracker from Digital Matter.

Several projects are now beginning to gain commercial traction. This is in turn beginning to generate meaningful revenue for Nordic, with USD 4.6 million reported for Cellular IoT in Q2 2021. A vehicle tracking customer is progressing with a particularly promising project, indicating potential to become a top-10 customer for Nordic.

As previously described, Nordic has established a broad carrier certification program for its nRF9160 cellular IoT System-in-Package (SiP), covering global operators as well as leading national and regional operators in the US, China, Japan, South Korea, and Canada.

In May, Nordic launched a modem firmware upgrade for the nRF9160, improving the GPS functionality and location APIs for multi-cell location services, adding new functionality, and further reducing power consumption.

Joining the Responsible Business Alliance to further firm up our sustainability commitment

On the corporate level, Nordic in June announced that the company has joined the Responsible Business Alliance (RBA), which is the world's largest industry coalition dedicated to corporate social responsibility in global supply chains.

Nordic has since 2007 been using RBA's common Code of Conduct as a compass towards its sustainability goals and has aligned its policies with RBA's principles when engaging with suppliers for improved CSR performance. As Nordic grows and develops, the company recognizes a continuous need to consider its impact on the environment and on the communities in which it works, and the decision to join the RBA reaffirms and emphasizes this commitment.

INCOME STATEMENT

Revenue

Amounts in USD thousand	Q2 2021	Q2 2020	Change	HI 2021	HI 2020	Change
Bluetooth	122 992	70 124	75.4%	242 809	121 313	100.2%
Proprietary wireless	17 674	16 391	7.8%	38 561	31 786	21.3%
Short range wireless components	140 666	86 515	62.6%	281 370	153 099	83.8%
Cellular IoT	4 586	1 178	289.3%	5 805	2 282	154.4%
ASIC components	2 189	816	168.3%	3 247	3 291	-1.3%
Consulting services	150	20	NA	400	20	NA
Total revenue	147 591	88 529	66.7%	290 822	158 692	83.3%

Nordic reported total revenue of USD 147.6 million in Q2 2021, which was an increase of 67% from USD 88.5 million in Q2 2020.

Growth is currently capped by limited availability of wafers, and the revenue hence does not reflect the full underlying demand across all end-user markets. The order backlog increased more than sixfold from USD 202 million at the end of June 2020 to USD 1,253 million at the end of June 2021. The increase was 56% during the second quarter and 155% from the end of 2020. The continued strong increase reflects both significantly higher orders from larger tier-1 customers as well as accelerating technology adoption and continued strength in the broad market. The order inflow may also be affected by customers placing early orders to secure delivery.

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 123.0 million in Q2 2021, an increase of 75% from USD 70.1 million in Q2 2020, with the modest 3% increase from the previous quarter explained by limited wafer availability. Bluetooth share of total revenue was 83% in Q2 2021.

Proprietary revenue was USD 17.7 million in Q2 2021, which was an increase of 8% year-on-year and a decline of 15% from the previous quarter. The figures reflect sound demand for home office equipment and PC accessories. Proprietary revenue accounted for 12% of total revenue in the quarter.

Cellular IoT reported revenue of USD 4.6 million in Q2 2021, an increase of 289% from Q2 2020 and 276% above the previous quarter when revenues were affected by delivery issues. While the technology still is in the early stages of commercialization the segment is now beginning to show meaningful revenue, reflecting that more projects are gaining commercial traction. Revenue development will still be lumpy depending on the timing of deliveries.

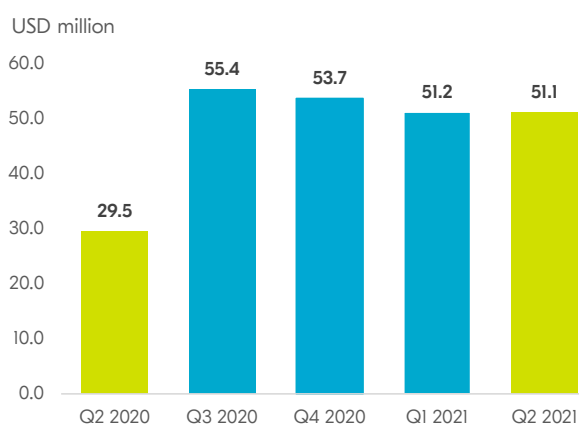
ASIC component revenues amounted to USD 2.2 million in Q2 2021, which compares with USD 0.8 million in Q2 2020 and USD 1.1 million in Q1 2021.

For the first half year 2021, revenue amounted to USD 290.8 million, an increase of 83% from USD 158.7 million in the first half 2020. Bluetooth revenue doubled to USD 242.8 million, whereas proprietary revenue increased by 21% to USD 38.6 million. Cellular IoT revenues increased by 154% in the first half year, to USD 5.8 million.

Revenues by end-product markets Amounts in USD thousand	Q2 2021	Q2 2020	Change	HI 2021	HI 2020	Change
Consumer Electronics	51 148	29 500	73.4%	102 390	54 007	89.6%
Wearables	16 023	14 136	13.3%	35 938	25 486	41.0%
Building/Retail	41 491	18 842	120.2%	76 889	32 005	140.2%
Healthcare	15 548	13 975	11.3%	31 811	19 445	63.6%
Others	16 456	10 062	63.6%	34 342	22 156	55.0%
Short range wireless components	140 666	86 515	62.6%	281 370	153 099	83.8%

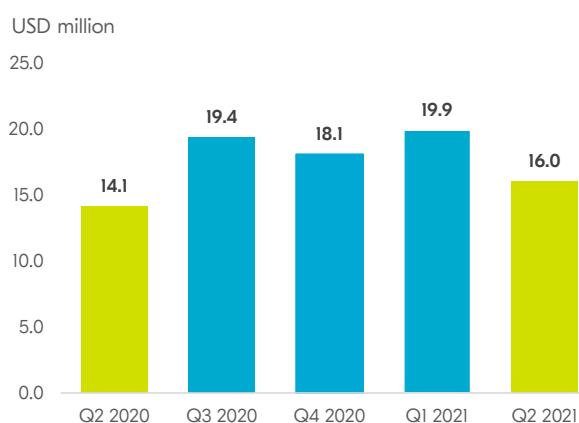
Nordic reports its short-range wireless component revenues based on the following end-product markets: Consumer electronics, Wearables, Healthcare, Building and retail, and Others.

Consumer Electronics generated 73% revenue growth to USD 51.1 million in Q2 2021, which was on par with the previous quarter. The year-on-year revenue growth reflects both increased Bluetooth sales and continued high deliveries of proprietary products for PC accessories for the home office market. Although PC accessories remain the largest sub-segment, gaming accessories and home entertainment have become increasingly important revenue drivers. For the first half 2021, Consumer Electronics revenue increased by 90% to USD 102.4 million.



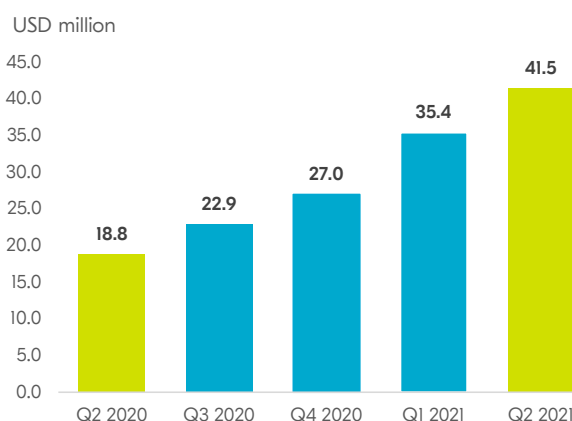
Revenue - Consumer Electronics

Wearable revenues increased by 13% to USD 16.0 million in Q1 2021, and by 41% to USD 35.9 million for the first half year 2021. The segment continues to benefit from a particularly strong position in the premium domestic market in China.



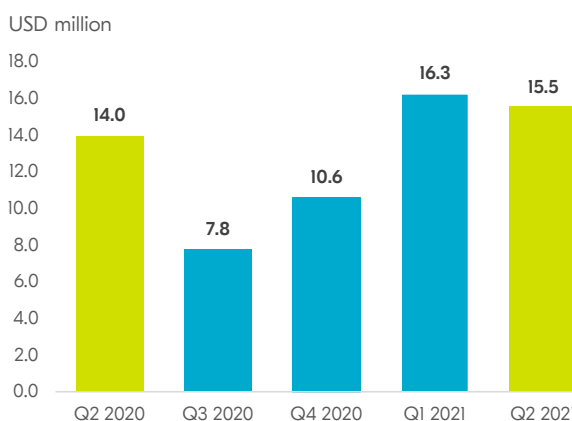
Revenue - Wearables

Building & Retail revenues increased by 120% year over year to USD 41.5 million in Q2 2021, and by 140% to USD 76.9 million for the first half 2021. The increase reflects continued growth for both industrial and home automation applications, with lighting systems, different types of sensors and control, and share-bikes among the main drivers.



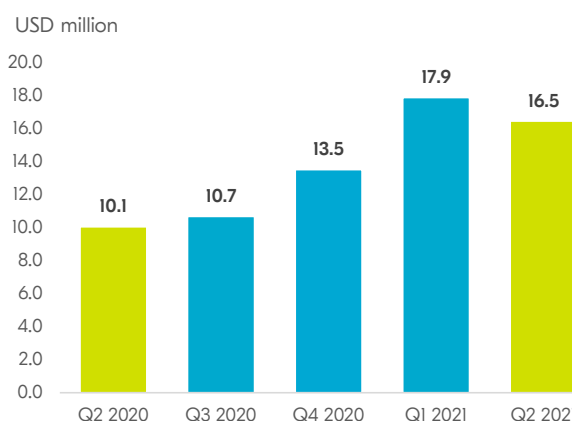
Revenue - Building/Retail

Healthcare revenue increased by 11% year over year to USD 15.5 million in Q2 2021 and by 64% to USD 31.8 million for the first half year. While deliveries continue to reflect several Covid-19 related applications, the pandemic has accelerated the adoption of connected healthcare devices in general. The company continues to see the Healthcare segment as a market with potentially disruptive growth possibilities, 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 64% year-over-year to USD 16.5 million in Q2 2021, and by 55% to USD 34.3 million for the first half 2021. This mainly reflects sales to module manufacturers servicing a wide variety of end products in all markets and regions.



Revenue - Others



Financial results

Amounts in USD thousand	Q2 2021	Q2 2020	Change	H1 2021	H1 2020	Change
Gross profit	75 109	45 905	63.6%	147 002	82 299	78.6%
Gross margin	50.9%	51.9%	-1.0 p.p.	50.5%	51.9%	-1.3 p.p.
Operating expenses excl. depreciation and amortization	45 945	29 886	53.7%	92 940	61 031	52.3%
EBITDA	29 164	16 019	82.1%	54 061	21 268	154.2%
EBITDA %	19.8%	18.1%	1.7 p.p.	18.6%	13.4%	5.2 p.p.
Depreciation and amortization	9 038	7 575	19.3%	18 270	14 955	22.2%
EBIT	20 126	8 444	138.3%	35 792	6 313	467.0%

Gross profit

Gross profit increased by 64% to USD 75.1 million in Q2 2021, up from USD 45.9 million in Q2 2020. Gross margin of 50.9%, compared to 51.9% in the same quarter last year, reflecting, as previously guided, a higher share of deliveries to larger customers for high volume products.

For the first half year 2021, gross profit increased by 79% to USD 147.0 million, with the gross margin declining to 50.5% from 51.9% in the same period last year.

Operating expenses

Operating expenses amounted to USD 45.9 million in Q2 2021, excluding depreciation and amortization, compared to USD 29.9 million in Q2 2020. The increase primarily reflects higher activity level and a significantly larger workforce, which has grown by 32% to 1 087 employees over the past year. The increase includes 81 employees acquired from Imagination Technologies on December 31, 2020.

Operating expenses for cellular IoT isolated were USD 9.8 million in Q2 2021, compared to USD 7.0 million in Q2 2020. Total operating expenses for the Wi-Fi business was USD 3.0 million in the quarter.

Nordic capitalized a total of USD 2.4 million in development expenses in Q2 2021, compared to USD 2.0 million in Q2 2020. USD 1.1 million of this related to cellular IoT investments and USD 1.3 million to the short-range business. Expenses related to equity compensation was USD 1.7 million in Q2 2021.

Total cash operating expenses amounted to USD 46.7 million in Q2 2021, when adding back capitalized development expenses and deducting depreciation and equity-based compensation from total operating expenses. This compares to USD 30.1 million in Q2 2020.

USD 32.6 million of cash operating expenses related to payroll expenses (21.8). The company continues to invest and add new employees to support a higher activity level, strengthen customer relations, and continue its technology innovation. The number of employees in R&D increased 35% to 821, including the Wi-Fi business that was consolidated at the beginning of the year. The Sales & Marketing staff increased 13% to 132, whereas the supply chain organization increased 31% to 67 employees to support the higher volumes.

Other cash operating expenses were USD 14.1 million (8.3), with the increase reflecting the higher product introductions and a generally higher activity level.

For the first half 2021, operating expenses amounted to USD 92.9 million, excluding depreciation and amortization, up from USD 61.0 million in the first half 2020. Cash operating expenses increased to USD 94.4 million from USD 63.5 million in the first half last year.

Profits

EBITDA was USD 29.2 million in Q2 2021, compared to USD 16.0 million in Q2 2020. The reported EBITDA margin hence increased to 19.8% from 18.1% in the same quarter last year.

Short-Range EBITDA was USD 40.7 million in Q2 2021, and the EBITDA-margin for the short-range business 28.4%. This compares to USD 22.7 million and 26.0% in Q2 2020. These figures exclude the Cellular IoT business and the recently acquired Wi-Fi business.

For the first half 2021, EBITDA was USD 54.1 million, compared to USD 21.3 million in the same period last year. The reported EBITDA margin improved to 18.6% from 13.4% in the first half 2021.

Depreciation and amortization increased to USD 9.0 million in Q2 2021, compared to USD 7.6 million in the same quarter last year. The increase mainly reflects higher amortization of cellular IoT and Wi-Fi intangibles. Amortization of internally developed R&D overall amounted to USD 2.0 million and amortizing of leased assets to USD 1.4 million.

Operating profit (EBIT) was hence USD 20.1 million in Q2 2021, compared to an operating profit of USD 8.4 million in Q2 2020. For the first half year 2021, EBIT increased to USD 35.8 million from USD 6.3 million in the same period last year.

Net financial costs amounted to USD 0.4 million in Q2 2021, comprising net interest cost of USD 0.2 million and net foreign exchange losses of USD 0.2 million. In Q2 2020, the company reported net financial cost of USD 2.5 million, with net interest cost of USD 0.4 million and net foreign exchange loss of USD 2.1 million.

Profit before tax was USD 19.7 million in Q2 2021, compared to a profit before tax of USD 6.0 million in Q2 2020. Income tax expense was USD 2.4 million, compared to USD 0.3 million in Q2 2020. The company's statutory tax rate is 22%. Net profit was hence USD 17.3 million in Q2 2021, compared to a net profit of USD 5.7 million in Q2 2020.

For the first half 2021, profit before tax was USD 35.2 million and net profit USD 30.7 million. This compares to USD 7.9 million and USD 4.4 million, respectively, in the first half 2020.



Financial Position

Amounts USD thousand	30.6.2021	31.12.2020	30.6.2020
Capitalized development expenses	34 473	34 563	34 909
<i>Total non-current assets</i>	115 428	113 906	99 824
Inventory	45 471	61 955	62 718
Cash and cash equivalents	227 434	242 547	124 354
<i>Total current assets</i>	412 922	401 909	259 253
Total assets	528 350	515 814	359 076
<i>Total equity</i>	414 945	402 492	241 961
Equity percentage	78.5%	78.0%	67.4%
<i>Total liabilities</i>	113 405	113 323	117 115
Total equity and liability	528 350	515 814	359 076

Total shareholders' equity amounted to USD 414.9 million at the end of Q2 2021, up from USD 242.0 million a year ago and USD 402.5 million at the end of 2020. The Group equity ratio was 78.5% of a total asset base of USD 528.4 million, compared to 67.4% of a total asset base of USD 359.1 million at the end of Q2 2020. At the end of 2020 total assets was USD 515.8 million with an equity ratio 78.0%.

The strengthened equity position over the past year reflects both positive earnings and a private placement generating gross proceeds of approximately USD 125 million in September last year. Nordic has 190,958,613 shares outstanding.

Cash and cash equivalents amounted to USD 227.4 million, compared to USD 124.4 million at the end of Q2 2020 and USD 242.5 million at the end of 2020. The decline from year-end 2020 mainly reflects an increase in net working capital.

Net working capital increased to USD 103.9 million at the end of Q2 2021, up from USD 84.4 million at the end of Q2 2020 and USD 79.0 million at the end of 2020. This was, however, a decline from USD 128.6 million at the end of Q1 2021. Measured as a percentage of last 12 months revenue, net working capital declined to 19.3% from 26.0% at the end of Q2 2020 and 19.4% at the end of 2020.

The changes mainly reflect an increase in accounts receivable to USD 126.2 million from USD 62.6 million at the end of Q2 2020 and USD 88.0 million at the end of 2020. Inventory declined to USD 45.5 million, compared to USD 62.7 million a year ago and USD 62.0 million at the end of 2020. The reduction in inventory comes as a result of the supply constraints.

Non-current assets amounted to USD 115.4 million at the end of Q2 2021, compared to USD 99.8 million a year ago and USD 113.9 million at the end of 2020. The year-on-year increase mainly reflects Wi-Fi assets acquired from Imagination Technologies Group in Q4 2020.

Total current assets amounted to USD 412.9 million at the end of Q2 2021, up from USD 259.3 million at the end of Q2 2020 and USD 401.9 million at the end of 2020.

Non-current liabilities amounted to USD 19.0 million, compared to USD 18.9 million at the end of Q2 2020 and USD 21.5 million at the end of 2020. This mainly reflects lease liabilities.

Current liabilities amounted to USD 94.4 million, compared to USD 98.2 million at the end of Q2 2020 and USD 91.9 million at the end of 2020. Nordic had no interest-bearing debt per the end of Q2 2021.

Cash Flow

Amounts in USD thousand	Q2 2021	Q2 2020	H1 2021	H1 2020
Cash flows from operations	54 566	5 279	27 858	6 775
Cash flows from investing activities	-12 027	-6 985	-19 070	-13 481
Cash flows from financing activities	-12 159	297	-23 944	42 414
Change in cash and cash equivalents	30 638	63	-15 114	33 710
Cash and cash equivalents at end of the period	227 434	124 354	227 434	124 354

Cash flow from operating activities was USD 54.6 million in Q2 2021, compared to USD 5.3 million in Q2 2020. The increase reflects higher profits and improvements in net working capital

Cash flow from investing activities was an outflow of USD 12.0 million in Q2 2021, compared to an outflow of USD 7.0 million in Q2 2020. Capital expenditures -including software- amounted to USD 9.6 million, up from USD 5.0 million last year, whereas capitalized development expenses increased to USD 2.4 million from USD 2.0 million in the same period last year. The high capital expenditures are a result of early purchase of test equipment in order to have high capacity when we receive additional wafers. The current additions of testers cover the requirement for 2021.

Cash flow from financing activities was an outflow of USD 12.2 million, compared to an inflow of USD 0.3 million in Q2 2020. This reflected cash settlements of options contracts of USD 10.6 million, and repayment of lease liabilities of USD 1.5 million.

For the first half year 2021, cash flow from operating activities amounted to USD 27.9 million (6.8), whereas cash outflow for investing activities was USD 19.1 million (-13.5). Net cash flow from financing activities was an outflow of USD 23.9, compared to an inflow of USD 42.4 million in the first half last year.

Funding

The Group's cash position was USD 227.4 million at the end of Q2 2021, compared to USD 124.4 million at the end of Q2 2020 and USD 242.5 million at the end of 2020. The cash is mainly kept in the Group's functional currency USD to minimize the impact of currency fluctuations.

Available cash including credit and overdraft facilities amounted to USD 304 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

As described in the Annual Report for 2020, the company has identified four major groups of risk: Strategic, Operational, Financial and Legal & Compliance. Some of these risks are outside of Nordic's control, including industry and specific cyclical risks. 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.

Please refer to the Annual Report for 2020 for a thorough review of the company's main strategic risks and external factors, including geopolitical risk and trade tensions, the coronavirus, climate change and natural disasters, changes in the competitive landscape, risks related to the Bluetooth and Cellular IoT technologies, and risks related to the dependency on key personnel.

The Annual Report also provides a review of operational risks related to product availability, quality, safety, and integrity, risks related to product ramp, and IT and cyber risk.

As a fabless semiconductor company, Nordic is exposed to third-party suppliers' ability to deliver the wafer volumes required to facilitate the company's sales volumes. Due to increasing imbalances in demand/supply through the value chain, the company was early in the year informed by its main wafer supplier that wafer allocations would be capped for 2021. The indicated wafer deliveries for 2021 would allow the company to increase its production by a minimum 25% from 2020 to 2021, which is insufficient to meet the current strong demand.

The company has managed to maintain a higher growth level through the first and second quarters of the year, by 'pulling-in' wafers from subsequent quarters and hence advancing the wafer delivery schedule, and through a more favorable product mix. This also allows the company to guide for a revenue level of USD 130-150 million for Q3 2021, with the wider range reflecting the continued uncertainty regarding wafer availability.

Nordic is in continuous dialog with its suppliers, distributors, and customers about the effects of the capacity constraints, and is doing its utmost both to secure additional wafers and help its customers manage the challenges brought about by the supply chain constraints. While risk remains, the company expects its suppliers to maintain wafer deliveries at minimum the same level also through the fourth quarter of the year.

The tight supply situation across the semiconductor industry also affects Nordic's cellular IoT business, where the company module-based product is dependent on a large number of third-party components and assembly capacity. This may affect delivery capabilities in the second half of the year.

The company has seen no major changes to the financial risk compared to the statements given in the Annual Report 2020. 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. The Group's cash position was USD 227.4 million at the end of Q2 2021, with available cash including credit and overdraft facilities amounted to USD 304 million. The Board of Directors continue to assess the liquidity risk as low.

Nordic holds minimal interest-bearing debt, and the direct risk associated with interest rate fluctuations is considered low. As described in the Annual Report 2020 the company also assesses the credit risk as low.

Nordic is exposed to foreign exchange risk, as sales revenue and direct production costs almost in entirety are nominated in USD, whereas operating expenses primarily are in NOK and EUR. A 1% increase in USD/NOK is – all other things equal – estimated to translate into USD 0.8 million in added profit before tax on an annual basis. In the first half 2021 the USD/NOK depreciated by 2%. Nordic does not use any financial instruments to hedge the currency risk. The company presents its accounts in USD, with profits translated into NOK for taxation purposes.



Outlook

Revenue increased by more than 80% in the first half 2021, despite that limited availability of wafers has capped production and prevented Nordic from taking full advantage of strong demand from several global platform companies, other tier-I customers, and the broad market.

The strong demand reflects fast technology adoption across all the company's end-user markets as well as continuing technology migration from Bluetooth classic to Bluetooth low energy and multiprotocol solutions. As a result of the constrained capacity, the order backlog increased more than six-fold from the end of June last year and by more than 150% from the end of 2020.

As previously reported, Nordic was early in the year allocated wafers allowing the company to increase its production by a minimum 25% from 2020 to 2021. The significantly higher revenue growth in the first half of the year reflects continuous efforts to advance the wafer delivery schedule, in combination with a more favorable product mix. This also allows the company to guide for a revenue level of USD 130-150 million for Q3 2021.

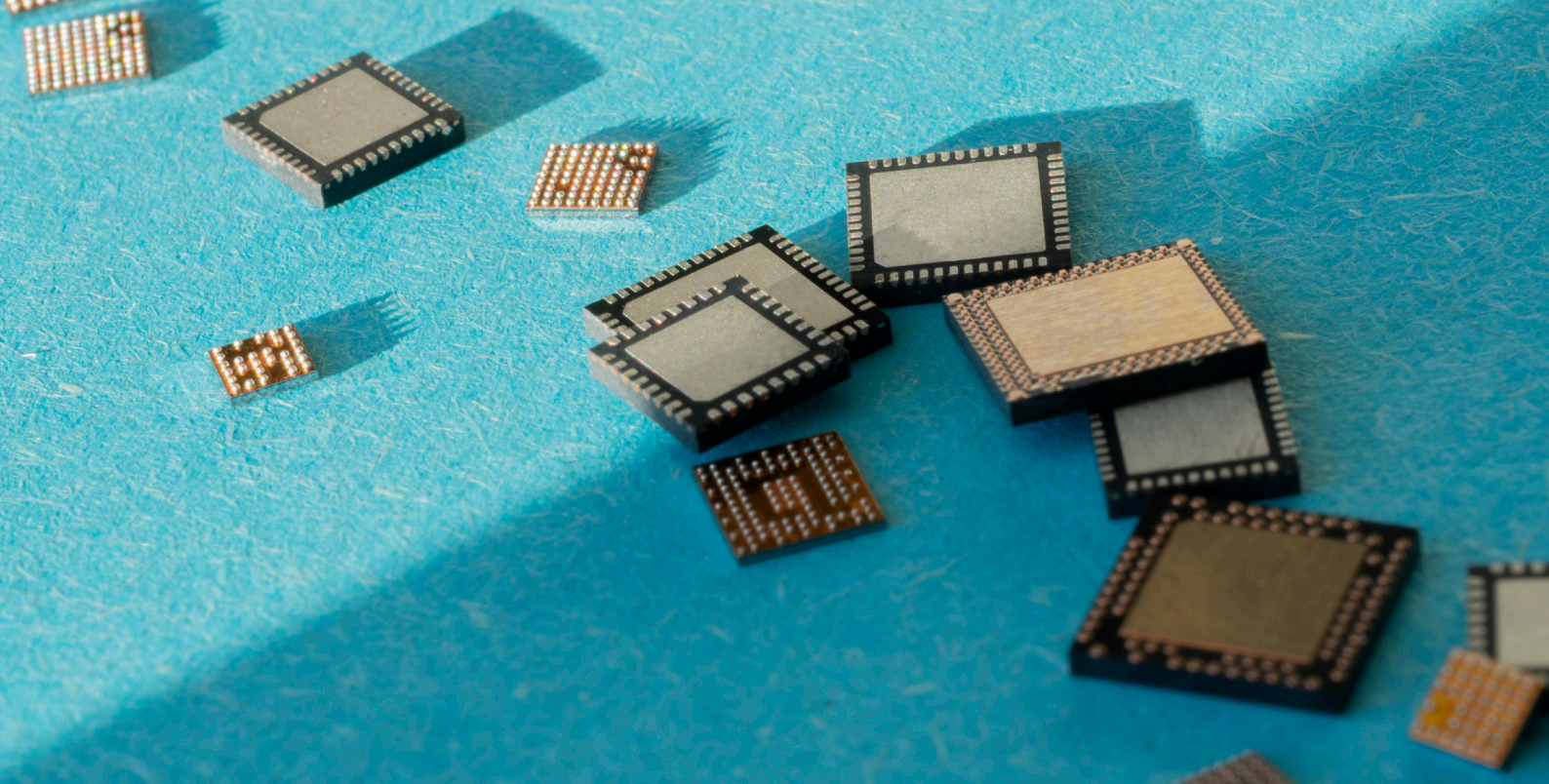
Nordic continues working to advance wafer delivery schedules to support customers experiencing strong end-product demand, and the company expects its suppliers to maintain wafer deliveries at minimum the same level also through the fourth quarter of the year.

Although Nordic expects higher wafer deliveries through 2022, forecasts are subject to uncertainty with regards to the timeline. Visibility is limited and the current assessment

is that capacity may remain tight for at least another year. As earlier described, the strained semiconductor value chain has prompted global chip manufacturers to increase their planned capital expenditure significantly to boost capacity. The company's foundry partners have further concretized these plans, and the physical expansion of key process nodes for Nordic are on track. Nordic also sees signs of key wafer consumers moving to denser nodes, which may untie capacity and allow for increased wafer deliveries to Nordic.

Nordic's gross margin was 50.9% in Q2 2021 and 50.5% for the first half year 2021, with the margin uplift from the previous quarter reflecting a shift towards more complex, higher margin SoCs. For the third quarter 2021 the company forecasts a gross margin level of 50%-51% and reiterates its expectation that a higher share of sales to tier-I customers will move the gross margins for the short-range business into the 48%-50% range in the medium term.

In 2019, Nordic presented the aspiration to build a USD 1 billion company within five years, and the positive demand trends and continual strengthening of the customer base lends increasing confidence to this target. Nordic believes its long-term growth prospects are stronger than ever and intends to address its long-term growth strategy on a Capital Markets Day in connection with the announcement of the results for Q3 on 21 October 2021.



Oslo, July 12, 2021

Jan Frykhammar
Board member

Birger Steen
Chair

Anita Huun
Board member

Inger Berg Ørstavik
Board member

Svenn-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	Q2 2021	Q2 2020	HI 2021	HI 2020	Full year 2020
Total Revenue		147 591	88 529	290 823	158 692	405 217
Cost of materials		-72 020	-42 624	-143 358	-76 317	-190 690
Direct project costs		-462	-	-462	-76	-584
Gross profit		75 109	45 905	147 002	82 299	213 943
Payroll expenses		-32 479	-22 056	-68 429	-44 837	-101 211
Other operating expenses		-13 467	-7 830	-24 511	-16 194	-35 954
EBITDA		29 164	16 019	54 061	21 268	76 778
Depreciation and amortization	6	-9 038	-7 575	-18 270	-14 955	-31 063
Operating profit		20 126	8 444	35 792	6 313	45 714
Net interest income		-215	-390	-470	-536	-774
Net foreign exchange gains (losses)		-228	-2 086	-91	2 103	-2 016
Profit before tax		19 683	5 968	35 231	7 880	42 925
Income tax expense		-2 422	-263	-4 470	-3 525	-4 534
Net profit after tax		17 261	5 705	30 761	4 355	38 391
Earnings per share						
Ordinary earnings per share (USD)		0.090	0.032	0.161	0.025	0.212
Fully diluted earnings per share (USD)		0.089	0.032	0.159	0.025	0.197
Weighted average number of shares						
Basic		190 959	176 508	190 959	176 268	181 021
Fully Diluted		192 878	177 529	193 301	177 487	194 704
Net profit after tax		17 261	5 705	30 761	4 355	38 391
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:						
Actuarial gains (losses) on defined benefit plans (before tax)						-84
Income tax effect						19
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:						
Currency translation differences		150	175	-389	-81	688
Total Comprehensive Income		17 411	5 880	30 372	4 274	39 014

Consolidated statement of financial position

Amount in USD thousand	Note	30.6.21	31.12.20	30.6.20
ASSETS				
Non-current assets				
Goodwill		2 406	2 393	-
Capitalized development expenses	5/6	34 473	34 563	34 909
Software and other intangible assets	5/6	17 115	19 905	9 493
Deferred tax assets		3 681	3 668	2 571
Fixed assets	6	34 744	28 284	28 404
Right-of-use assets	6	23 009	25 092	24 446
Total non-current assets		115 428	113 906	99 824
Current assets				
Inventory		45 471	61 955	62 718
Accounts receivable		126 202	88 034	62 646
Current financial assets		-	-	-
Other current receivables		13 816	9 372	9 535
Cash and cash equivalents		227 434	242 547	124 354
Total current assets		412 922	401 909	259 253
TOTAL ASSETS		528 350	515 814	359 076
EQUITY				
Share capital		317	317	303
Treasury shares		-2	-2	-4
Share Premium		235 448	235 448	113 355
Other equity		179 180	166 727	128 307
TOTAL EQUITY		414 945	402 492	241 961
LIABILITIES				
Non-current liabilities				
Pension liability		468	448	262
Non-current lease liabilities		18 581	21 004	18 623
Total non-current liabilities		19 049	21 452	18 884
Current liabilities				
Accounts payable		24 052	22 812	15 009
Income taxes payable		6 108	4 976	3 539
Public duties		9 358	8 789	4 073
Current lease liabilities		5 849	5 520	4 157
Current loan facility	7	-	-	40 000
Current financial liabilities		857	302	-
Other current liabilities		48 132	49 472	31 453
Total current liabilities		94 356	91 871	98 231
Total liabilities		113 405	113 323	117 115
TOTAL EQUITY AND LIABILITY		528 350	515 814	359 076

Consolidated statement of changes in equity

Amount in USD thousand	Share capital	Treasury shares	Share premium	Other reserves	Currency translation reserve	Retained earnings	Total equity
Equity as of 01.01.21	317	-2	235 448	15 980	379	150 368	402 492
Net profit for the period	-	-	-	-	-	30 761	30 761
Other comprehensive income	-	-	-	-	-389	-	-389
Share based compensation	-	0	-	2 902	-	-	2 902
Option exercise	-	-	-	-20 821	-	-	-20 821
Equity as of 30.6.21	317	-2	235 448	-1 939	-9	181 129	414 945

Equity as of 01.01.20	303	-5	113 355	6 819	-309	112 042	232 205
Net profit for the period	-	-	-	-	-	4 355	4 355
Other comprehensive income	-	-	-	-	-81	-	-81
Share based compensation	-	-	-	1 205	-	-	1 205
Sale of treasury shares (option exercise)		1	-	4 275	-	-	4 276
Equity as of 30.6.20	303	-4	113 355	12 299	-390	116 397	241 961

Statement of cash flows

Amount in USD thousand	Note	Q2 2021	Q2 2020	HI 2021	HI 2020	Full year 2020
Cash flows from operating activities						
Profit before tax		19 683	5 980	35 231	7 892	42 925
Taxes paid for the period		-240	-1 730	-1 988	-3 089	-2 955
Depreciation and amortization		9 401	7 575	18 633	14 955	31 063
Change in inventories, trade receivables and payables		21 927	-8 569	-20 482	-12 475	-29 561
Share-based compensation		1 805	535	2 690	1 090	3 151
Movement in pensions		-	-	-	-	138
Other operations related adjustments		1 990	1 489	-6 225	-1 596	20 530
Net cash flows from operating activities		54 566	5 279	27 858	6 775	65 292
Cash flows used in investing activities						
Capital expenditures (including software)	6	-9 585	-5 013	-15 018	-8 802	-16 480
Capitalized development expenses	6	-2 442	-1 972	-4 053	-4 679	-8 398
Business Combination, net of cash acquired		-	-	-	-	-13 158
Net cash flows used in investing activities		-12 027	-6 985	-19 070	-13 481	-38 035
Cash flows from financing activities						
Changes in treasury shares		-	1 253	-	4 353	10 455
Cash settlement of options contract		-10 617	-	-20 758	-	-4 557
Capital increase		-	-	-	-	121 277
Repayment of lease liabilities		-1 542	-956	-3 187	-1 939	-3 552
RCF drawdown		-	-	-	40 000	40 000
RCF repayment		-	-	-	-	-40 000
Net cash flows from financing activities		-12 159	297	-23 944	42 414	123 622
Effects of exchange rate changes on cash and cash equivalents		258	1 472	43	-1 999	1 024
Net change in cash and cash equivalents		30 638	63	-15 114	33 710	151 902
Cash and cash equivalents beginning of period		196 795	124 291	242 547	90 645	90 645
Cash and cash equivalents at end of period		227 434	124 354	227 434	124 354	242 547

Notes

Note 1: General

The Board of Directors approved the condensed second quarter interim financial statements for the three months ended 30 June 2021 and six first months of 2021 for publication on July 12, 2021.

Nordic Semiconductor is a Norwegian fabless semiconductor company specializing in wireless communication technology that powers the Internet of Things (IoT). Nordic was established in 1983 and has more than 1000 employees across the globe. The company's award-winning Bluetooth Low Energy solutions pioneered ultra-low power wireless, making it the global market leader. Nordic's technology range was later supplemented by ANT+, Thread and Zigbee, and in 2018 Nordic launched its low power, compact LTE-M/NB-IoT cellular IoT solutions to extend the penetration of the IoT. The Nordic portfolio was further complemented by Wi-Fi technology in 2021.

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 Q2 2021 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 2020.

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 2021, 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 2021 and the major sources of uncertainty in the statements are similar to those found in the Financial Statements for 2020.

Note 3: Significant accounting principles

Significant accounting principles are described in the Group Financial Statement for 2020. The group accounts for 2020 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, 2021 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	Q2 2021	Q2 2020	HI 2021	HI 2020	Full year 2020
Capitalized development expenses (payroll expenses)	1 774	1 503	2 724	3 178	5 747
Capitalized acquired development expenses	668	469	1 329	1 502	2 651
Capital expenditures (including software)	9 585	5 013	15 018	8 802	16 480
Right-of-use assets (non-cash)	634	2 335	856	2 820	6 068
Acquisition (net)	-	-	-	-	13 966
Currency adjustments	198	81	-147	-31	362
Total	12 858	9 400	19 779	16 269	45 273
Depreciation and amortization					
Capitalized development expenses	1 962	1 946	4 142	3 760	7 825
Software and other intangible assets	1 683	1 511	3 686	3 028	6 070
Fixed assets	3 987	2 940	7 563	5 878	12 188
Right-of-use assets	1 405	1 177	2 878	2 288	4 980
Total	9 038	7 575	18 270	14 955	31 063

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 June 30, 2021, 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 June 2021. 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 2020 for information about the program.

	HI 2021	HI 2020	Full year 2020
Outstanding options beginning of period	2 548 589	5 470 374	5 470 374
Granted	-	-	-
Forfeited	19 001	33 303	53 976
Exercised (treasury shares used in settlement)	-	880 615	2 850 587
Exercised (cash settlement due to cap being reached)	1 974 394	-	
Expired	-	-	17 222
Outstanding end of period	555 194	4 556 456	2 548 589
Of which exercisable	-	2 937 237	954 923

Note 9: RSU and performance shares

With reference to the Annual general meeting held on April 21, 2021, Nordic Semiconductor, on April 28, 2021, granted 452 353 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 600 000 Restricted Stock Units (RSUs) and Performance Shares, equivalent to approximately 0.3% of the company's outstanding share capital.

	HI 2021	HI 2020	Full year 2020
Outstanding RSUs beginning of period	690 617	-	-
Granted	423 383	696 017	696 017
Forfeited	4 874	-	5 400
Exercised	-	-	-
Outstanding end of period	1 109 126	696 017	690 617

	HI 2021	HI 2020	Full year 2020
Outstanding performance shares beginning of period	114 020	55 813	55 813
Granted	28 970	58 207	58 207
Forfeited	-	-	-
Exercised	-	-	-
Outstanding end of period	142 990	114 020	114 020

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 2020.

Note 11: Events after the balance sheet date

No events have occurred since June 30, 2021 with any significant effect that will impact the evaluation of the submitted accounts.

Financial Calendar 2021:

- October 21, 2021 - 3rd Quarter 2021
- February 3, 2022 - 4th Quarter 2021

For further information, please contact:

- Ståle Ytterdal, IR, +47 930 37 430
- Pål Elstad, CFO, +47 991 66 293

Board and Management confirmation

We confirm that, to the best of our knowledge, the enclosed condensed set of financial statements for the first half year of 2021, which has been prepared in accordance with IAS 34 Interim Financial Statements, gives a true and fair view of the Company's consolidated assets, liabilities, financial position and results of operations, and that the interim management report includes a fair review of the information required under the Norwegian Securities Trading Act section 5-6 fourth paragraph.

The Board of Directors and Chief Executive Officer of Nordic Semiconductor ASA
Oslo, July 12, 2021



Jan Frykhammar
Board member



Birger Steen
Chair



Anita Huun
Board member



Inger Berg Ørstavik
Board member



Sverre Tore Larsen
Chief Executive Officer



Endre Holen
Board member



Øyvind Birkenes
Board member



Jon Helge Nistad
Board member, employee



Annastiina Hintsa
Board member



Joel Stapleton
Board member, employee



Susheel Raj Nuguru
Board member, employee



Morten Dammen
Board member, employee

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.

	Q2 2021	Q2 2020	HI 2021	HI 2020	Full year 2020
Gross profit	75.1	45.9	147.0	82.3	213.9
Total revenue	147.6	88.5	290.8	158.7	405.2
Gross margin	50.9%	51.9%	50.5%	51.9%	52.8%

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

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

	Q2 2021	Q2 2020	HI 2021	HI 2020	Full year 2020
Operating profit	20.1	8.4	35.8	6.3	45.7
Depreciation and amortization	9.0	7.6	18.3	15.0	31.1
EBITDA	29.2	16.0	54.1	21.3	76.8

■ EBITDA margin. EBITDA divided by Total Revenue.

	Q2 2021	Q2 2020	HI 2021	HI 2020	Full year 2020
EBITDA	29.2	16.0	54.1	21.3	76.8
Total revenue	147.6	88.5	290.8	158.7	405.2
EBITDA margin	19.8%	18.1%	18.6%	13.4%	18.9%

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

	Q2 2021	Q2 2020	HI 2021	HI 2020	Full year 2020
Payroll expenses	32.5	22.1	68.4	44.8	101.2
Other operating expenses	13.5	7.8	24.5	16.2	35.9
Depreciation and amortization	9.0	7.6	18.3	15.0	31.1
Total operating expenses	55.0	37.5	111.2	76.0	168.2

■ **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.

	Q2 2021	Q2 2020	HI 2021	HI 2020	Full year 2020
Total operating expenses	55.0	37.5	111.2	76.0	168.2
Depreciation and amortization	-9.0	-7.6	-18.3	-15.0	-31.1
Option expense	-1.7	-1.8	-2.6	-2.2	-4.3
Capitalized expenses	2.4	2.0	4.1	4.7	8.4
Cash operating expenses	46.7	30.1	94.4	63.5	141.2

■ **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.

	Q2 2021	Q2 2020	HI 2021	HI 2020	Full year 2020
Reported EBITDA	29.2	16.0	54.1	21.3	76.8
Long range (cellular IoT) EBITDA loss	8.5	6.7	17.9	13.1	30.2
WiFi expenses	3.0	-	5.2	-	-
Adjusted EBITDA	40.7	22.7	77.2	34.4	106.9
Total revenue (excluding cellular IoT revenue)	143.0	87.4	285.0	156.4	398.7
Adjusted EBITDA margin	28.4%	26.0%	27.1%	22.0%	26.8%

- 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.

	Q2 2021	Q2 2020
Total operating expenses LTM	203.5	148.7
Depreciation and amortization LTM	-34.4	-27.6
Operating expenses excluding depreciation and amortization LTM	169.1	121.1
Total revenue LTM	537.3	324.0
LTM opex / LTM revenue	31.5%	37.4%

- 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.

	Q2 2021	Q2 2020
Current assets	412.9	259.3
Cash and cash equivalents	-227.4	-124.4
Current liabilities	-94.4	-98.2
Current loan facility	-	40.0
Current financial liabilities	0.9	-
Current lease liabilities	5.8	4.2
Income taxes payable	6.1	3.5
Net working capital	103.9	84.4
Total revenue LTM	537.3	324.0
NWC / LTM revenue	19.3%	26.0%



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