Q3

Report 2021

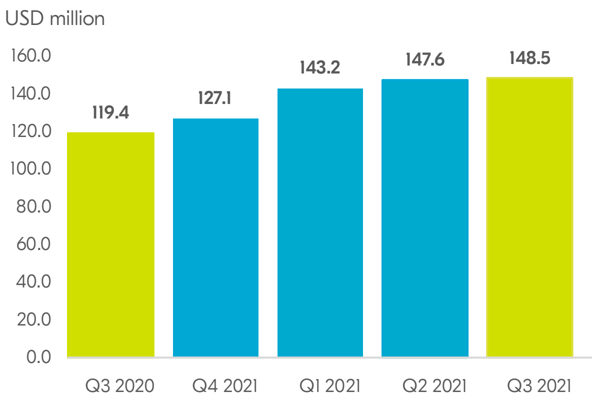
NORDIC SEMICONDUCTOR

Content

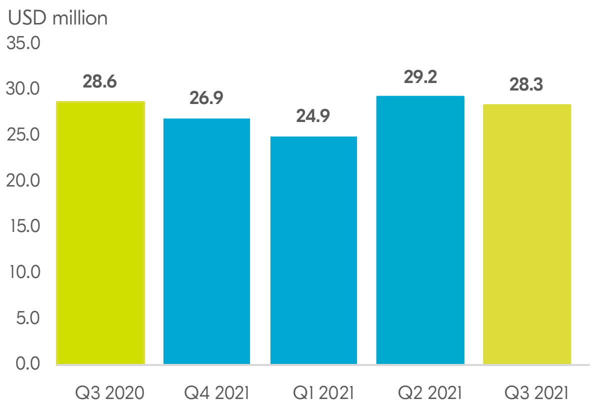
Q3 Highlights

- Revenue of USD 148.5 million (+24%)
- Growth capped by wafer availability
- EBITDA of USD 28.3 million (-1%)
- Continued traction on Cellular IoT with revenue USD 5.3 million (+238%)
- Record order backlog of USD 1,316 million, stretching into 2023
- First commercial revenue related to cloud services recognized

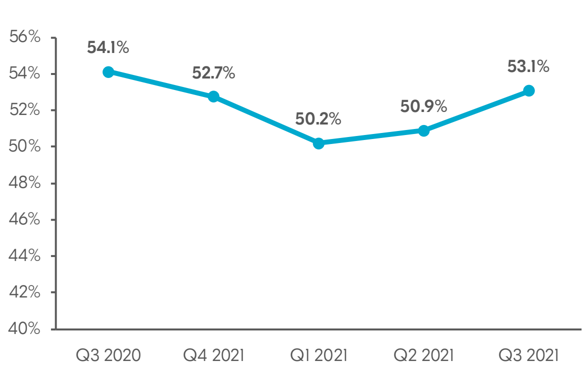
Revenue



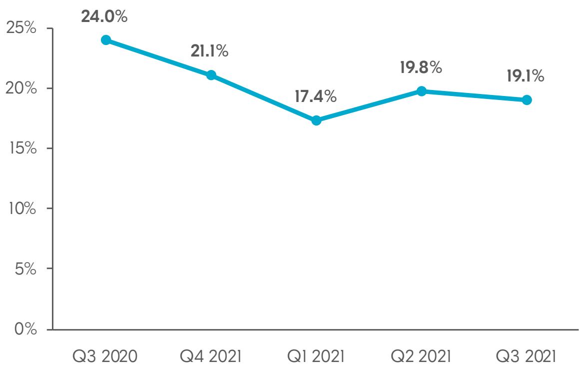
EBITDA



Gross margin



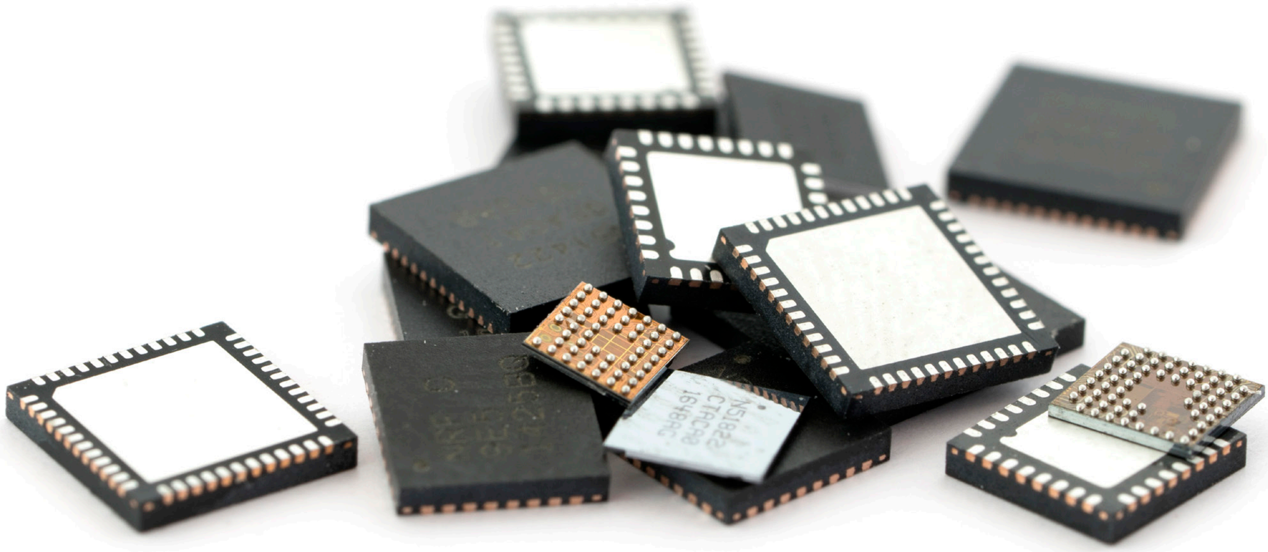
EBITDA margin



Key figures

Q3 2021 financial summary

	Q3			01.01-30.09		
Amount in USD million	**2021**	**2020**	**Change**	**2021**	**2020**	**Change**
Revenue	148.5	119.4	24.4%	439.3	278.1	58.0%
Gross profit	78.8	64.6	22.0%	225.8	146.9	53.7%
Gross margin %	53.1%	54.1%	-1.0 p.p.	51.4%	52.8%	-1.4 p.p.
EBITDA	28.3	28.6	-1.2%	82.4	49.9	65.0%
EBITDA %	19.1%	24.0%	-4.9 p.p	18.7%	17.9%	0.8 p.p
Operating profit (EBIT)	18.9	20.8	-9.0%	54.7	27.1	101.9%
Operating profit % (EBIT)	12.7%	17.4%	-4.7 p.p	12.4%	9.7%	2.7 p.p.
Net profit after tax	13.6	15.8	-14.2%	44.3	20.2	119.7%
Cash and cash equivalents				246.0	214.8	14.5%
Order backlog				1 315.6	288.4	356%
LTM opex excluding depreciation/LTM revenue				32.4%	35.4%	-3.0 p.p.
Net working capital / LTM revenue				19.0%	28.7%	-9.7 p.p.
Equity ratio				78.0%	80.5%	-2.5 p.p.
Number of employees				1155	872	32.5%



Q3 2021 review

Revenues amounted to USD 148 million in the third quarter 2021 and USD 439 million for the first nine months, corresponding to growth of 24% and 58% from the same periods last year. The revenue was roughly on par with the previous two quarters, as growth continues to be capped by the supply of wafers. Order backlog increased to USD 1,316 million at the end of September, which compares to USD 288 million in September last year and USD 1,253 million at the end of June 2021. The current order backlog stretches into 2023. Timing of delivery will depend on wafer deliveries.

Operational review

The operations of Nordic Semiconductor (Nordic or the Group) gradually returned to normal as Covid-19 restrictions have been lifted in most areas where the company has own operations. The company remained fully operational throughout the pandemic, operating in full compliance with national and local regulations. All internal product development projects have proceeded as planned, and restrictions on travels and physical meetings were compensated with extensive online developer and customer support. The company's main suppliers and distributors have also remained operational during the quarter.

Continued supply chain constraints

As described in previous interim reports, the shortage of wafer capacity forced Nordic's main wafer supplier to cap the allocation of wafers for 2021. Nordic has been in continuous dialog with its suppliers, distributors and customers about the effects of the capacity constraints and has worked with all parties to secure additional wafers and help customers manage the challenges brought about by the value chain imbalances. The company has managed to advance wafer delivery schedules and the revenue of USD 148 million in the third quarter was roughly on par with the previous two quarters.

During the third quarter the company has been notified of wafer and outsourced assembly and test (OSAT) price increases, reflecting the supply/demand imbalance and has notified its customers that product prices will be changed accordingly.

The company is also experiencing a tight supply situation in other parts of the value chain, and its cellular IoT business is dependent on a larger number of third-party components and assembly capacity.

Nordic's own back-end 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 during 2021.

Order backlog continuing to increase

All Nordic's main market verticals are experiencing strong demand growth. Given the supply chain constraints, this has generated a strong growth in the order backlog. At the end of September 2021, the order backlog was USD 1,316 million, compared to USD 1,253 million at the end of Q2 2021 and USD 288 million at the end of Q3 2020.

Approximately 90% of the order backlog represent Bluetooth® Low Energy (LE) and multiprotocol solutions, while the remainder is for proprietary products and cellular IoT projects. The solid Bluetooth LE 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 LE market in the third quarter and 41% for the first nine months 2021. The total number of certifications of new Bluetooth LE designs increased by 6% year-on-year to 296 in the third quarter, of which 123 designs had Nordic inside.

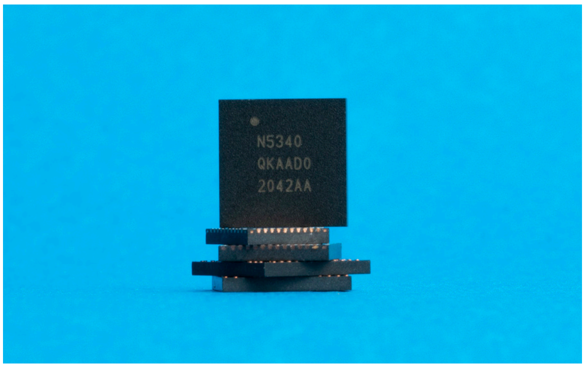
Product launches and software developments

The flow of new product launches with Nordic inside continued also in the third quarter. Customers launched a wide variety of applications within all main end-user markets.

Consumer electronic products included a VR-headset, a cooking hob and a liquid heater, a connected lightbulb under the new Matter protocol, and a tracker under the Apple Find My network.

Within Healthcare, two customers launched new glucose monitoring systems, whereas Building/Retail saw launches of new motion sensors, beacons, location finding systems, and a mesh IT device management system. Several manufacturers also launched modules powered by Nordic SoCs.

Nordic's technology continues to receive industry acclaim, and in September Nordic was informed that its flagship dual-core nRF5340 SoC had been shortlisted in the RF/Wireless/Microwave category in the 2021 World Electronics Achievement Awards.



On the software side, the company continued to launch new SDKs, including a new nRF Connect for the Visual Studio Code Integrated Development Environment (VS-IDE). This allows customers to develop, build, test and deploy embedded applications both for the nRF52 and nRF53 Series short-range wireless and nRF91 Series low power cellular solutions.

Earlier this year the company launched a new version of the nRF Connect SDK with support for Apple Homekit, and an SDK compatible with the Apple Find My network. During 2021 Apple established a network accessory program opening the Find My network to third-party device manufacturers.

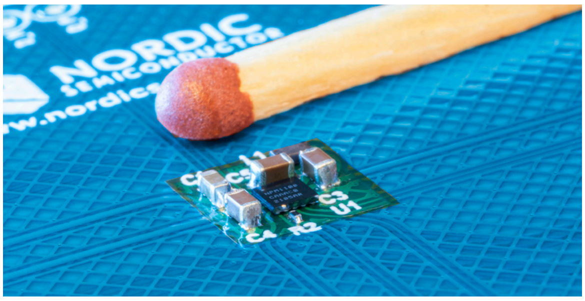
Power Management

Nordic's sees encouraging customer uptake of its nPM1100 PMIC, which is the company's first catalog power management product. The nPM1100 offers a clear value-add for existing customers due to the tight integration with Nordic's SoC portfolio.

The nPM1100 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 with minimal power usage and is also available as a generic PMIC on a stand-alone basis.

The launch of the nPM1100 marked 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 close to 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 third quarter, the company saw the launch of a pet tracker combining an nRF52840 short-range SoC and the nRF9160 cellular IoT SiP. The company also saw several new industrial products using the nRF9160, such as two pipeline monitoring products, a wastewater and sewage spill monitor, a machine connectivity tool, and a remote battery controller unit.

Several projects have begun to gain commercial traction and generate meaningful revenue for Nordic. A customer focusing on tracking of valuable assets is progressing with a promising project.

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.

Launching cellular Cloud location services

The launch of the new nRF Cloud Location Services marks the first commercial service on Nordic's nRF Cloud platform and offers Nordic's customers a simple and convenient way to manage fleets of IoT devices in the field.

The service enables customers to access detailed, fast and accurate location services of their nRF9160-powered cellular IoT products and combines single- and multi-cell cellular location with fast and low-power GPS location for both indoor and outdoor applications.

Nordic is partnering with multiple third parties to secure a high-quality service, including GPS assistance data and location history and timestamp data for individual IoT devices. APIs ensure that the service can be integrated with the customers' own application or third-party applications.

International corporate activities

On the corporate level, Nordic in late August announced that the company is setting up a global Wi-Fi hub and R&D excellence center in India. The hub already counts some 40 employees, with a mission to develop market-leading low power Wi-Fi products and services that integrate seamlessly with all of Nordic's other world-leading wireless IoT offerings.

Earlier in the quarter, Nordic expanded its commitment to the Asian region with the opening of a new office in Singapore.

Added to the STOXX Global ESG Leaders Index

In September, Nordic Semiconductor was added to the 'STOXX Global ESG Leaders Index' after the 2021 index review by Qontigo, a part of the Deutsche Börse Group.

Also in September, Nordic's ESG report for 2020 was graded A- in the annual review by Norwegian Governance Group.

INCOME STATEMENT

Revenue

	Q3			01.01-30.09		
Amounts in USD thousand	**2021**	**2020**	**Change**	**2021**	**2020**	**Change**
Bluetooth	124 342	97 104	28.1%	367 151	218 417	68.1%
Proprietary wireless	18 149	19 043	-4.7%	56 710	50 829	11.6%
Short range wireless components	**142 491**	**116 147**	**22.7%**	**423 861**	**269 246**	**57.4%**
Cellular IoT	5 344	1 582	237.8%	11 149	3 864	188.5%
ASIC components	656	1 459	-55.0%	3 903	4 750	-17.8%
Consulting services	-	210	NA	400	230	73.9%
Total revenue	**148 491**	**119 398**	**24.4%**	**439 313**	**278 090**	**58.0%**

Nordic reported total revenue of USD 148.5 million in Q3 2021, which was an increase of 24.4% from USD 119.4 million in Q3 2020. This was roughly on level with the previous quarter and within the guidance range provided in the financial report for the second quarter 2021.

Growth is currently capped by limited availability of wafers, and the revenue hence does not reflect the full underlying demand across the end-user markets. The order backlog increased from USD 288 million at the end of September 2020 to USD 1,316 million at the end of September 2021. The backlog stretches into 2023. Compared to last quarter the order backlog increased by 5% from USD 1,253 million. The continued strong backlog reflects high orders from large tier-1 customers, as well as accelerating technology adoption and continued strength in the broad market.

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 124.3 million in Q3 2021, an increase of 28.1% from USD 97.1 million in Q3 2020. Revenue increased only 1% from the previous quarter, with both quarters capped by the limited wafer availability. Bluetooth share of total revenue was 84% in Q3 2021, compared to 81% in the same period last year.

Proprietary revenue was USD 18.1 million in Q3 2021, which was a decline of 5% year-on-year and an increase of 3% from the previous quarter. The year-on-year decline is explained by extraordinary strong proprietary last year and the limited availability of wafers.

Cellular IoT reported revenue of USD 5.3 million in Q3 2021, which was an increase of 238% from Q3 2020 and 17% above the previous quarter. 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 should be expected to fluctuate between quarters depending on the timing of deliveries.

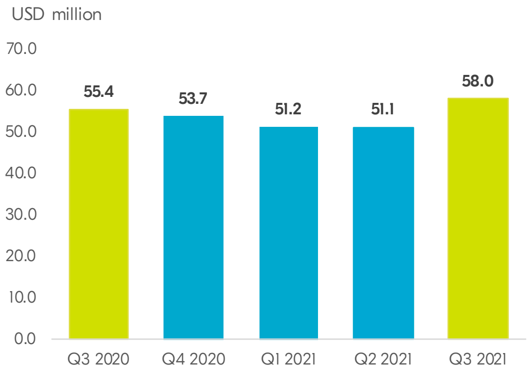
ASIC component revenues amounted to USD 0.7 million in Q3 2021, which compares with USD 1.5 million in Q3 2020.

For the first nine months of 2021, revenue amounted to USD 439.3 million, an increase of 58% from USD 278.1 million in 2020. Bluetooth revenue increased by 68% to USD 367.2 million, whereas proprietary revenue increased by 12% to USD 56.7 million. Cellular IoT revenues increased by 188% in the first nine months, to USD 11.1 million.

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

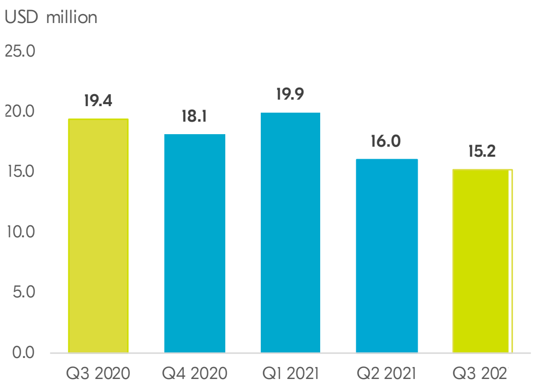
	Q3			01.01-30.09		
Revenues by end-product markets Amounts in USD thousand	**2021**	**2020**	**Change**	**2021**	**2020**	**Change**
Consumer Electronics	57 986	55 389	4.7%	160 377	109 396	46.6%
Wearables	15 181	19 387	-21.7%	51 119	44 873	13.9%
Building/Retail	39 415	22 898	72.1%	116 304	54 904	111.8%
Healthcare	12 344	7 792	58.4%	44 155	27 237	62.1%
Others	17 565	10 681	64.4%	51 907	32 837	58.1%
Short range wireless components	**142 491**	**116 147**	**22.7%**	**423 861**	**269 246**	**57.4%**

Consumer Electronics reported 5% revenue growth to USD 58.0 million in Q3 2021, which was 13% higher than 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.



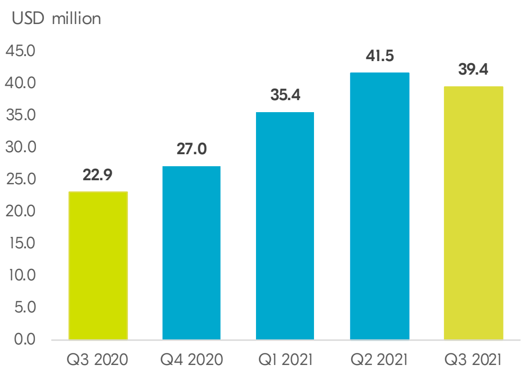
Revenue - Consumer Electronics

Wearable revenues decreased by 22% to USD 15.2 million in Q3 2021 and was 5% lower than previous quarter. This market is adversely impacted by product allocations.



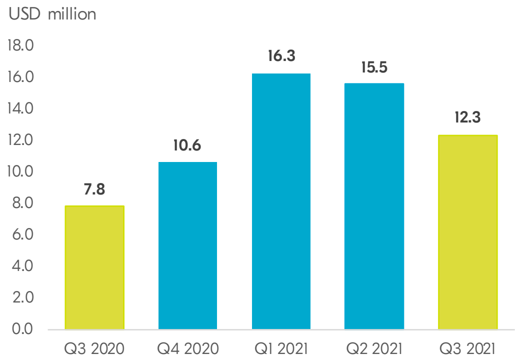
Revenue - Wearables

Building & Retail revenues increased by 72% to USD 39.4 million, which was 5% lower than last quarter. The year-on-year 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. Consumer related products within this market also showed strong growth.



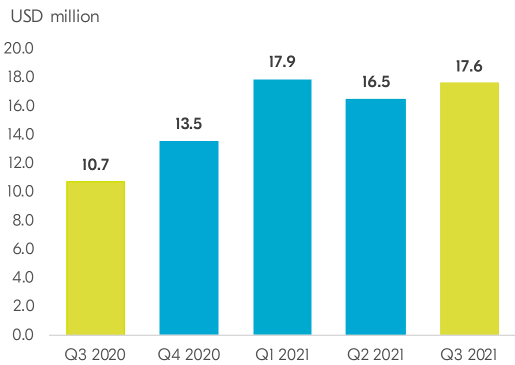
Revenue - Building/Retail

Healthcare revenue increased by 58% to USD 12.3 million in Q3 2021, which was 21% lower than last quarter. 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 17.6 million in Q3 2021, and was 7% higher than last quarter. This mainly reflects sales to module manufacturers servicing a wide variety of end products in all markets and regions.



Revenue - Others

With effect from 2022, Nordic will change the reporting structure for the end-markets to better reflect the underlying verticals, with four end-user markets in Consumer, Industrial, Healthcare, and Others.

The change will strengthen the focus on the end-customer. The main change will be that consumer-driven products will be moved from the current Wearables, Building/Retail and Healthcare categories to the Consumer category.

Financial results

	Q3			01.01-30.09		
Amounts in USD thousand	**Q3 2021**	**Q3 2020**	**Change**	**2021**	**2020**	**Change**
Gross profit	78 808	64 611	22.0%	225 810	146 909	53.7%
Gross margin	53.1%	54.1%	-1.0 p.p.	51.4%	52.8%	-1.4 p.p.
Operating expenses excl. depreciation and amortization	50 499	35 966	40.4%	143 441	96 996	47.9%
EBITDA	28 309	28 645	-1.2%	82 369	49 913	65.0%
EBITDA %	19.1%	24.0%	-4.9 p.p.	18.7%	17.9%	0.8 p.p.
Depreciation and amortization	9 409	7 869	19.6%	27 680	22 823	21.3%
EBIT	18 900	20 777	-9.0%	54 689	27 089	101.9%

Gross profit

Gross profit increased by 22% to USD 78.8 million in Q3 2021, up from USD 64.6 million in Q3 2020, with the gross margin of 53.1% comparing to 54.1% in the same quarter last year. The gross margin reflects a higher share of complex high-margin products, scale effects and strong cost control.

For the first nine months of 2021, gross profit increased by 54% to USD 225.8 million, with the gross margin declining to 51.4% from 52.8% in the same period last year.

Operating expenses

Operating expenses amounted to USD 50.5 million in Q3 2021, excluding depreciation and amortization, compared to USD 36.0 million in Q3 2020. The increase primarily reflects a higher activity level and a significantly larger workforce, which has grown by 32.5% to 1,155 employees over the past year. The increase includes 81 employees from the acquisition of Imagination Technologies per December 31, 2020. The higher operating expenses are also partly explained by higher bonus accruals due to the revenue growth.

Operating expenses for cellular IoT isolated were USD 11.5 million in Q3 2021, compared to USD 8.2 million in Q3 2020. Total operating expenses for the Wi-Fi business were USD 3.3 million in the quarter.

Nordic capitalized a total of USD 1.0 million in development expenses in Q3 2021, compared to USD 2.0 million in Q3 2020.

USD 0.1 million of this related to cellular IoT investments and USD 0.9 million to the short-range business. Expenses related to equity compensation were USD 2.4 million in Q3 2021.

Total cash operating expenses amounted to USD 49.1 million in Q3 2021, when adding back capitalized development expenses and deducting depreciation and equity-based compensation from total operating expenses. This compares to USD 36.8 million in Q3 2020.

USD 36.5 million of cash operating expenses related to payroll expenses (26.9). 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 38% over the past year to 892, including the Wi-Fi business that was consolidated at the beginning of the year. The Sales & Marketing staff increased 11% to 135, whereas the supply chain organization increased 25% to 69 employees to support the higher volumes.

Other cash operating expenses were USD 12.6 million in Q3 2021 (10.0), with the increase reflecting the higher product introductions and a generally higher activity level.

For the first nine months of 2021, operating expenses amounted to USD 143.4 million, excluding depreciation and amortization, up from USD 97.0 million in the first nine months of 2020. Cash operating expenses increased to USD 143.5 million from USD 100.4 million in the first nine months 2020.

Profits

EBITDA was USD 28.3 million in Q3 2021, compared to USD 28.6 million in Q3 2020. The reported EBITDA margin hence decreased to 19.1% from 24.0% in the same quarter last year.

The margin decline reflects that the company continues to invest for a significantly higher activity level at the same time as revenues are temporarily capped by the wafer shortage.

Short-Range EBITDA was USD 41.5 million in Q3 2021, and the EBITDA-margin for the short-range business 29.0%. This compares to USD 36.4 million and 30.9% in Q3 2020. These figures exclude the Cellular IoT business and the recently acquired Wi-Fi business.

For the first nine months of 2021, EBITDA was USD 82.4 million, compared to USD 49.9 million in the same period last year. The reported EBITDA margin improved to 18.7% from 17.9% for the first nine months of 2020.

Depreciation and amortization increased to USD 9.4 million in Q3 2021, compared to USD 7.9 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 1.5 million.

Operating profit (EBIT) was hence USD 18.9 million in Q3 2021, compared to an operating profit of USD 20.8 million in Q3 2020. For the first nine months of 2021, EBIT increased to USD 54.7 million from USD 27.1 million in the same period last year.

Net financial gain amounted to USD 0.6 million in Q3 2021, comprising net interest cost of USD 0.3 million and net foreign exchange gain of USD 0.9 million. In Q3 2020, the company reported net financial cost of USD 1.3 million, with net interest cost of USD 0.5 million and net foreign exchange loss of USD 0.8 million.

Profit before tax was USD 19.5 million in Q3 2021, compared to a profit before tax of USD 19.5 million in Q3 2020. Income tax expense was USD 5.9 million, compared to USD 3.6 million in Q3 2020. The company's statutory tax rate is 22%. Net profit was hence USD 13.6 million in Q3 2021, compared to a net profit of USD 15.8 million in Q3 2020.

For the nine months of 2021, profit before tax was USD 54.7 million and net profit USD 44.3 million. This compares to USD 27.3 million and USD 20.2 million, respectively, for the first nine months in 2020.

Financial Position

Amounts USD thousand	30.9.2021	31.12.2020	30.9.2020
Capitalized development expenses	33 403	34 563	34 985
Total non-current assets	111 991	113 906	97 559
Inventory	51 896	61 955	63 933
Cash and cash equivalents	246 001	242 547	214 826
Total current assets	439 592	401 909	382 298
Total assets	**551 583**	**515 814**	**479 857**
Total equity	430 117	402 492	386 356
Equity percentage	78.0%	78.0%	80.5%
Total liabilities	121 466	113 323	93 501
Total equity and liability	**551 583**	**515 814**	**479 857**

Total shareholders' equity amounted to USD 430.1 million at the end of Q3 2021, up from USD 386.4 million a year ago and USD 402.5 million at the end of 2020. The Group equity ratio was 78.0% of a total asset base of USD 551.6 million, compared to 80.5% of a total asset base of USD 379.9 million at the end of Q3 2020. At the end of 2020 total assets were USD 515.8 million with an equity ratio 78.0%.

Cash and cash equivalents amounted to USD 246.0 million, compared to USD 214.8 million at the end of Q3 2020 and USD 242.5 million at the end of 2020.

Net working capital increased to USD 107.4 million at the end of Q3 2021, up from USD 103.6 million at the end of Q3 2020 and USD 78.5 million at the end of 2020. Measured as a percentage of last 12 months revenue, net working capital declined to 19.0% from 28.7% at the end of Q3 2020 and 19.4% at the end of 2020.

The changes mainly reflect an increase in accounts receivable to USD 131.2 million from USD 96.3 million at the end of Q3 2020 and USD 88.0 million at the end of 2020. Inventory declined to USD 51.9 million, compared to USD 63.9 million a year ago and USD 62.0 million at the end of 2020. The reduction in inventory reflects the current supply constraints.

Non-current assets amounted to USD 112.0 million at the end of Q3 2021, compared to USD 97.6 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 439.6 million at the end of Q3 2021, up from USD 382.3 million at the end of Q3 2020 and USD 401.9 million at the end of 2020.

Non-current liabilities amounted to USD 18.1 million, compared to USD 19.2 million at the end of Q3 2020 and USD 21.5 million at the end of 2020. Non-current liabilities mainly consist of lease liabilities.

Current liabilities amounted to USD 103.4 million, compared to USD 74.3 million at the end of Q3 2020 and USD 91.9 million at the end of 2020. Nordic had no interest-bearing debt at the end of Q3 2021.

Cash Flow

	Q3		01.01-30.09	
Amounts in USD thousand	**2021**	**2020**	**2021**	**2020**
Cash flows from operations	25 487	8 585	53 346	15 360
Cash flows from investing activities	-4 995	-4 358	-24 065	-17 839
Cash flows from financing activities	-1 609	85 489	-25 553	127 903
Change in cash and cash equivalents	18 568	90 471	3 454	124 181
Cash and cash equivalents at end of the period	246 001	214 826	246 001	214 826

Cash flow from operating activities was USD 25.5 million in Q3 2021, compared to USD 8.6 million in Q3 2020. The increase reflects higher profits and improvements in net working capital.

Cash flow from investing activities was an outflow of USD 5.0 million in Q3 2021, compared to an outflow of USD 4.4 million in Q3 2020. Capital expenditures -including software- amounted to USD 4.0 million, up from USD 2.3 million last year, whereas capitalized development expenses decreased to USD 1.0 million from USD 2.0 million in the same period last year. Capex mainly relates to additional investments in lab equipment and purchase of test equipment to secure higher capacity for when we receive additional wafers.

Cash flow from financing activities was an outflow of USD 1.6 million, compared to an inflow of USD 85.5 million in Q3 2020. In Q3 2021 the only item is repayment of lease liabilities, whilst Q3 2020 included both a capital increase of net USD 121.3 million and repayment of interest-bearing debt of USD 40 million.

For the first nine months of 2021, cash flow from operating activities amounted to USD 53.3 million (15.4), whereas cash outflow for investing activities was USD 24.1 million (-17.8). Net cash flow from financing activities was an outflow of USD 25.6, compared to an inflow of USD 127.9 million for the first nine months of 2020.

Funding

The Group's cash position was USD 246.0 million at the end of Q3 2021, compared to USD 214.8 million at the end of Q3 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 323 million, including Nordic's right to borrow USD 65 million at any time under a Revolving Credit Facility (RCF), and a EUR 10 million overdraft facility with the company's main bank.

Risk and uncertainity

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. Early in the year, the company was informed by its main wafer supplier that wafer allocations would be capped for 2021, due to the increasing imbalances in demand/supply through the value chain. The indicated wafer deliveries for 2021 would allow the company to increase its production by a minimum 25% from 2020 to 2021, which was insufficient to meet the current strong demand. The company has managed to maintain a higher growth level through the first nine months 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 is expected to continue in Q4 2021.

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 to help its customers manage the challenges brought about by the value chain imbalances.

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

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 246 million at the end of Q3 2021. 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. The company presents its accounts in USD, with profits translated into NOK for taxation purposes.

Outlook

Nordic Semiconductor experiences strong demand from globally leading technology companies and other tier-1 customers, as well as from customers in the broad market. This is reflected in a strong order backlog of USD 1,316 million, which has increased by 167% in the first nine months and more than fourfold from the end of September last year.

Revenue increased by 58% in the first 9 months and is expected to increase by 45%-50% for the full year 2021, despite the limited availability of wafers that has prevented the company from taking full advantage of the strong demand.

The wafer shortage and a generally stretched supply value chain has significantly extended end-product delivery schedules, with the current backlog now stretching into 2023.

Nordic has worked hard with its suppliers to advance delivery wafer schedules through 2021 and has managed to maintain relatively high and steady revenue levels through the first three quarters of the year. Combined with price adjustments to mitigate wafer and OSAT cost inflation, the indicated wafer allocations for the fourth quarter allow the company to guide for a revenue level of USD 150-170 million in the final quarter of the year.

The strong demand reflects accelerating technology adoption across all the company's main end-user markets in both the consumer and industrial segments. Nordic also sees major near-term opportunities in the Healthcare segment. The demand for Bluetooth LE and multiprotocol solutions is further supported by continuing technology migration from Bluetooth classic.

In 2019, Nordic presented an aspiration to build a USD 1 billion revenue company within five years. Given the high order backlog and current demand, the Board and management is now confident that this target can be reached one year ahead of time, in 2023.

The realization of this target requires additional supply of wafers, and the company has received commitments from its wafer suppliers over the next two years that support the USD 1 billion target in 2023. The major foundry companies' ongoing investments in new capacity are expected to gradually eliminate the supply chain bottlenecks on a longer time horizon.

The company sees continued strong growth opportunities well beyond 2023. The industry organization Bluetooth SiG earlier in 2021 expected the number of single-mode Bluetooth LE devices to triple from 2021 to 2025, which offers a favorable market backdrop for the company's Bluetooth LE and multi-protocol productions. Nordic believes its short-range business will continue the strong growth.

The adoption of Cellular IoT is expected to accelerate in the years to come. Last year, Nordic decided to expand its connectivity portfolio further with the acquisition of IP assets and a strong developer team for next-generation Wi-Fi connectivity. The company has also broadened its scope with the launch of the first products in what will become product families of front-end radio and power management solutions. This summer, Nordic also moved up the value chain by launching its first cloud-based location services.

Combining the growth opportunities in short-range and Cellular IoT, and adjacent products and services, Nordic believes the company overall will deliver annual revenue growth of at least 25% in 2023-26.

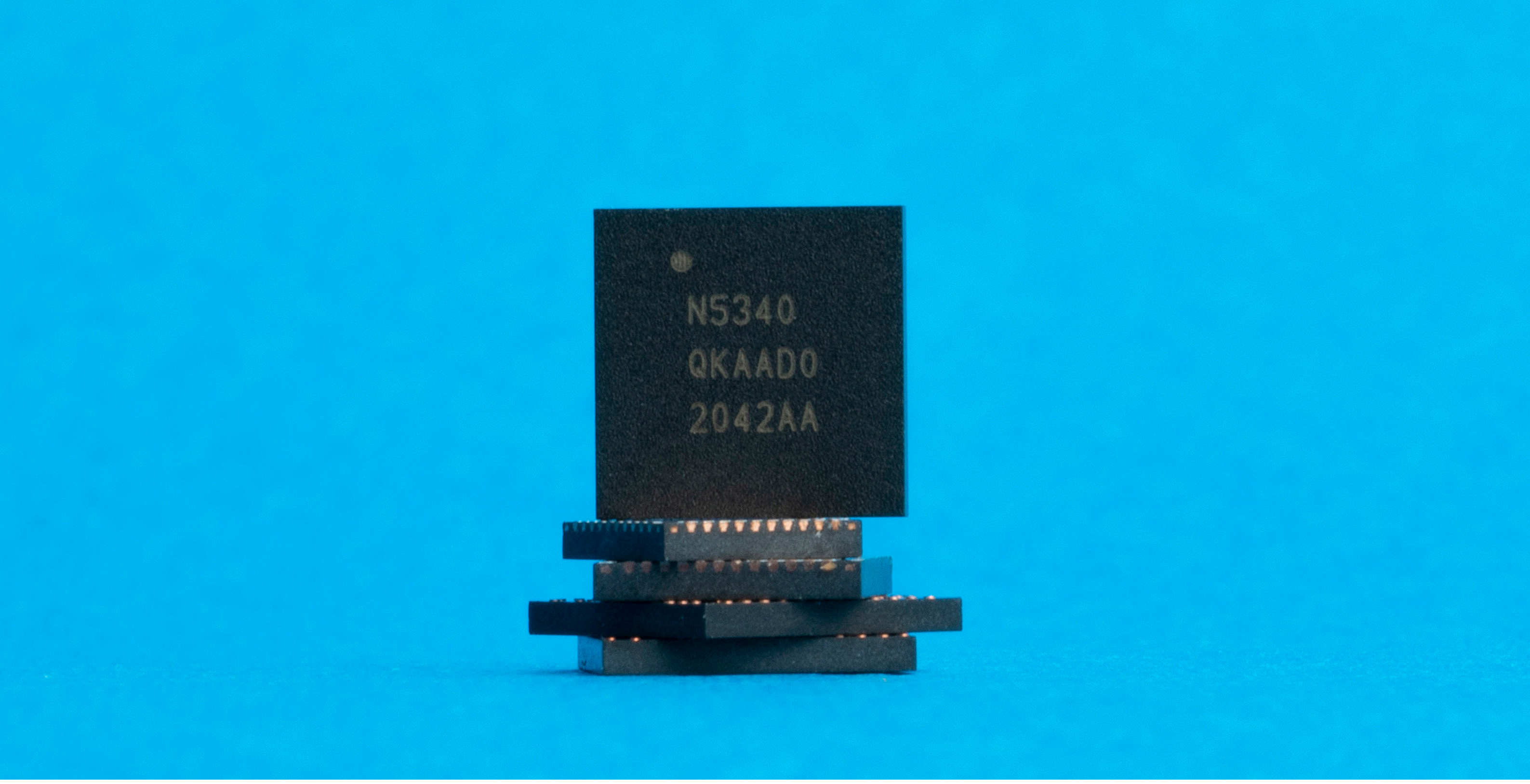
Nordic reported a gross margin of 53.1% in the third quarter 2021 and 51.4% for the first nine months of the year. For the fourth quarter 2021 the company forecasts a gross margin level of 51%-53%. With the current product and customer portfolio the company targets to maintain an overall gross margin of 50% beyond 2021.

Nordic is investing heavily to strengthen its capabilities in R&D, sales & marketing, and supply chain logistics. This will continue as the company grows further, although the company believes that the R&D intensity and cost percentage will decline with increasing scale.

Over the past years Nordic has come close to reaching its EBITDA-margin target of 20% and the Board and management believe the positive revenue outlook and increasing scale benefits warrant the introduction of an even more ambitious long-term EBITDA-margin target of 25%.

Nordic assesses its cash position to be adequate given the expected level of R&D and capex investments and believes a strong balance sheet required to ensure flexibility and resilience. Cash generation is however expected to increase over the coming years and will allow for the evaluation of cash return to shareholders in 2023.

Nordic presents its strategic outlook in more detail on a Capital Markets Day following the announcement of the third quarter results on 21 October 2021.



Oslo, October 20, 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

		Q3		01.01-30.09		Full year
Amount in USD thousand	**Note**	**2021**	**2020**	**2021**	**2020**	**2020**
Total Revenue		**148 491**	**119 398**	**439 314**	**278 090**	**405 217**
Cost of materials		-69 675	-54 295	-213 033	-130 612	-190 690
Direct project costs		-8	-492	-471	-568	-584
Gross profit		**78 808**	**64 611**	**225 810**	**146 909**	**213 943**
Payroll expenses		-38 074	-26 724	-106 505	-71 561	-101 211
Other operating expenses		-12 425	-9 241	-36 936	-25 435	-35 954
EBITDA		**28 309**	**28 645**	**82 369**	**49 913**	**76 778**
Depreciation and amortization	6	-9 409	-7 869	-27 680	-22 823	-31 063
Operating profit		**18 900**	**20 777**	**54 689**	**27 089**	**45 714**
Net interest income		-260	-484	-730	-1 020	-774
Net foreign exchange gains (losses)		873	-839	782	1 264	-2 016
Profit before tax		**19 514**	**19 453**	**54 742**	**27 333**	**42 925**
Income tax expense		-5 937	-3 626	-10 407	-7 151	-4 534
Net profit after tax		**13 577**	**15 827**	**44 335**	**20 182**	**38 391**
Earnings per share						
Ordinary earnings per share (USD)		0.071	0.081	0.232	0.114	0.212
Fully diluted earnings per share (USD)		0.070	0.080	0.230	0.112	0.197
Weighted average number of shares						
Basic		190 963	180 556	190 960	177 697	181 021
Fully Diluted		192 790	184 962	193 131	180 382	194 704
Net profit after tax		**13 577**	**15 827**	**44 335**	**20 182**	**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)			-29		-29	-84
Income tax effect						19
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:						
Currency translation differences		-303	286	-692	205	688
Total Comprehensive Income		**13 724**	**16 084**	**43**	**20 358**	**39 014**

Consolidated statement of financial position

Amount in USD thousand	Note	30.9.21	31.12.20	30.9.20
ASSETS				
Non-current assets				
Goodwill		2 385	2 393	-
Capitalized development expenses	5/6	33 403	34 563	34 985
Software and other intangible assets	5/6	16 478	19 905	8 921
Deferred tax assets		3 810	3 668	2 649
Fixed assets	6	33 401	28 284	26 800
Right-of-use assets	6	22 515	25 092	24 203
Total non-current assets		**111 991**	**113 906**	**97 559**
Current assets				
Inventory		51 896	61 955	63 933
Accounts receivable		131 170	88 034	96 250
Current financial assets		284	-	-
Other current receivables		10 241	9 372	7 290
Cash and cash equivalents		246 001	242 547	214 826
Total current assets		**439 592**	**401 909**	**382 298**
TOTAL ASSETS		**551 583**	**515 814**	**479 857**
EQUITY				
Share capital		317	317	317
Treasury shares		-2	-2	-3
Share Premium		235 448	235 448	235 448
Other equity		194 354	166 729	150 593
TOTAL EQUITY		**430 117**	**402 492**	**386 356**
LIABILITIES				
Non-current liabilities				
Pension liability		376	448	338
Non-current lease liabilities		17 740	21 004	18 866
Total non-current liabilities		**18 115**	**21 452**	**19 205**
Current liabilities				
Accounts payable		26 151	22 812	19 202
Income taxes payable		11 653	4 976	5 987
Public duties		5 441	8 789	4 767
Current lease liabilities		5 780	5 520	4 394
Current loan facility	7	-	-	-
Current financial liabilities		-	302	-
Other current liabilities		54 326	49 472	39 946
Total current liabilities		**103 351**	**91 871**	**74 297**
Total liabilities		**121 466**	**113 323**	**93 501**
TOTAL EQUITY AND LIABILITY		**551 583**	**515 814**	**479 857**

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	-	-	-	-	-	44 335	44 335
Other comprehensive income	-	-	-	-	-692	-	-692
Share based compensation	-	-	-	4 804	-	-	4 804
Option exercise	-	-	-	-20 821	-	-	-20 821
Equity as of 30.9.21	**317**	**-2**	**235 448**	**-38**	**-313**	**194 703**	**430 117**

Equity as of 01.01.20	**303**	**-5**	**113 355**	**6 819**	**-309**	**112 042**	**232 205**
Net profit for the period	-	-	-	-	-	20 182	4 355
Other comprehensive income	-	-	-	-	205	-29	176
Share based compensation	-	-	-	2 186	-	-	2 186
Sale of treasury shares (option exercise)	-	2	-	9 496	-	-	9 499
Capital increase*	14	-	122 093	-	-	-	4 276
Equity as of 30.9.20	**317**	**-3**	**235 448**	**18 501**	**-104**	**132 196**	**386 356**

** 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

		Q3		01.01-30.09		Full year
Amount in USD thousand	**Note**	**2021**	**2020**	**2021**	**2020**	**2020**
Cash flows from operating activities						
Profit before tax		19 514	19 453	54 742	27 333	42 925
Taxes paid for the period		-269	-107	-2 257	-3 196	-2 955
Depreciation and amortization		9 409	7 869	27 680	22 823	31 063
Change in inventories, trade receivables and payables		-9 198	-30 671	-29 680	-43 146	-29 561
Share-based compensation		1 812	1 017	4 502	2 107	3 151
Movement in pensions		-310	28	-310	28	138
Other operations related adjustments		4 530	10 995	-1 330	9 410	20 530
Net cash flows from operating activities		**25 487**	**8 585**	**53 346**	**15 360**	**65 292**
Cash flows used in investing activities						
Capital expenditures (including software)	6	-4 017	-2 322	-19 035	-11 123	-16 480
Capitalized development expenses	6	-977	-2 036	-5 030	-6 716	-8 398
Business Combination, net of cash acquired		-	-		-	-13 158
Net cash flows used in investing activities		**-4 995**	**-4 358**	**-24 065**	**-17 839**	**-38 035**
Cash flows from financing activities						
Changes in treasury shares		-	5 226	-	9 579	10 455
Cash settlement of options contract		-	-	-20 758	-	-4 557
Capital increase		-	121 277		121 277	121 277
Repayment of lease liabilities		-1 609	-1 012	-4 795	-2 951	-3 552
RCF drawdown		-	-	-	40 000	40 000
RCF repayment		-	-40 000	-	-40 000	-40 000
Net cash flows from financing activities		**-1 609**	**85 489**	**-25 553**	**127 903**	**123 622**
Effects of exchange rate changes on cash and cash equivalents		-316	755	-273	-1 244	1 024
Net change in cash and cash equivalents		**18 568**	**90 471**	**3 454**	**124 171**	**151 902**
Cash and cash equivalents beginning of period		227 434	124 354	242 547	90 645	90 645
Cash and cash equivalents at end of period		**246 001**	**214 826**	**246 001**	**214 826**	**242 547**

Notes

Note 1: General

The Board of Directors approved the condensed third quarter interim financial statements for the three months ended 30 September 2021 for publication on October 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 LE 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 Q3 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

	Q3		01.01-30.09		Full year
Specification of capital expenditures, balance sheet	**2021**	**2020**	**2021**	**2020**	**2020**
Capitalized development expenses (payroll expenses)	847	1 296	3 571	4 474	5 747
Capitalized acquired development expenses	130	740	1 458	2 242	2 651
Capital expenditures (including software)	4 017	2 322	19 035	11 123	16 480
Right-of-use assets (non-cash)	1 059	956	1 915	3 775	6 068
Acquisition (net)	-	-	-	-	13 966
Currency adjustments	-209	160	-355	129	362
Total	**5 845**	**5 474**	**25 624**	**21 743**	**45 273**
Depreciation and amortization					
Capitalized development expenses	2 048	1 960	6 191	5 720	7 825
Software and other intangible assets	1 705	1 554	5 391	4 582	6 070
Fixed assets	4 192	3 105	11 755	8 983	12 188
Right-of-use assets	1 465	1 250	4 343	3 538	4 980
Total	**9 409**	**7 869**	**27 680**	**22 823**	**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 September 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 EUR 10 million bank overdraft facility with its main bank. This overdraft was not utilized at the end of September 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.

	01.01-30.09		Full year
	2021	2020	2020
Outstanding options beginning of period	**2 548 589**	**5 470 374**	**5 470 374**
Granted	-	-	-
Forfeited	26 329	53 976	53 976
Exercised (treasury shares used in settlement)	-	2 047 474	2 850 587
Exercised (cash settlement due to cap being reached)	1 974 394	-	
Expired	-	-	17 222
Outstanding end of period	**547 866**	**3 368 924**	**2 548 589**
Of which exercisable	-	1 757 331	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.

	01.01-30.09		Full year
	2021	**2020**	**2020**
Outstanding RSUs beginning of period	**690 617**	**-**	**-**
Granted	423 383	696 017	696 017
Forfeited	13 244	4 100	5 400
Exercised	-	-	-
Outstanding end of period	**1 100 756**	**691 917**	**690 617**

	01.01-30.09		Full year
	2021	**2020**	**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 September 30, 2021 with any significant effect that will impact the evaluation of the submitted accounts.

Financial Calendar 2021:

- February 3, 2022 - 4th Quarter 2021

For further information, please contact:

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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.

	Q3		01.01-30.09		Full year
	2021	2020	2021	2020	2020
Gross profit	78.8	64.6	225.8	146.9	213.9
Total revenue	148.5	119.4	439.3	278.1	405.2
Gross margin	**53.1%**	**54.1%**	**51.4%**	**52.8%**	**52.8%**

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

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

	Q3		01.01-30.09		Full year
	2021	2020	2021	2020	2020
Operating profit	18.9	20.8	54.7	27.1	45.7
Depreciation and amortization	9.4	7.9	27.7	22.8	31.1
EBITDA	**28.3**	**28.6**	**82.4**	**49.9**	**76.8**

- EBITDA margin. EBITDA divided by Total Revenue.

	Q3		01.01-30.09		Full year
	2021	2020	2021	2020	2020
EBITDA	28.3	28.6	82.4	49.9	76.8
Total revenue	148.5	119.4	439.3	278.1	405.2
EBITDA margin	**19.1%**	**24.0%**	**18.7%**	**17.9%**	**18.9%**

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

	Q3		01.01-30.09		Full year
	2021	**2020**	**2021**	**2020**	**2020**
Other operating expenses	12.4	9.2	36.9	25.4	35.9
Depreciation and amortization	9.4	7.9	27.7	22.8	31.1
Total operating expenses	**59.9**	**43.8**	**171.1**	**119.8**	**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.

	Q3		01.01-30.09		Full year
	2021	**2020**	**2021**	**2020**	**2020**
Depreciation and amortization	-9.4	-7.9	-27.7	-22.8	-31.1
Option expense	-2.4	-1.2	-5.0	-3.4	-4.3
Capitalized expenses	1.0	2.0	5.0	6.7	8.4
Cash operating expenses	**49.1**	**36.7**	**143.5**	**100.4**	**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.

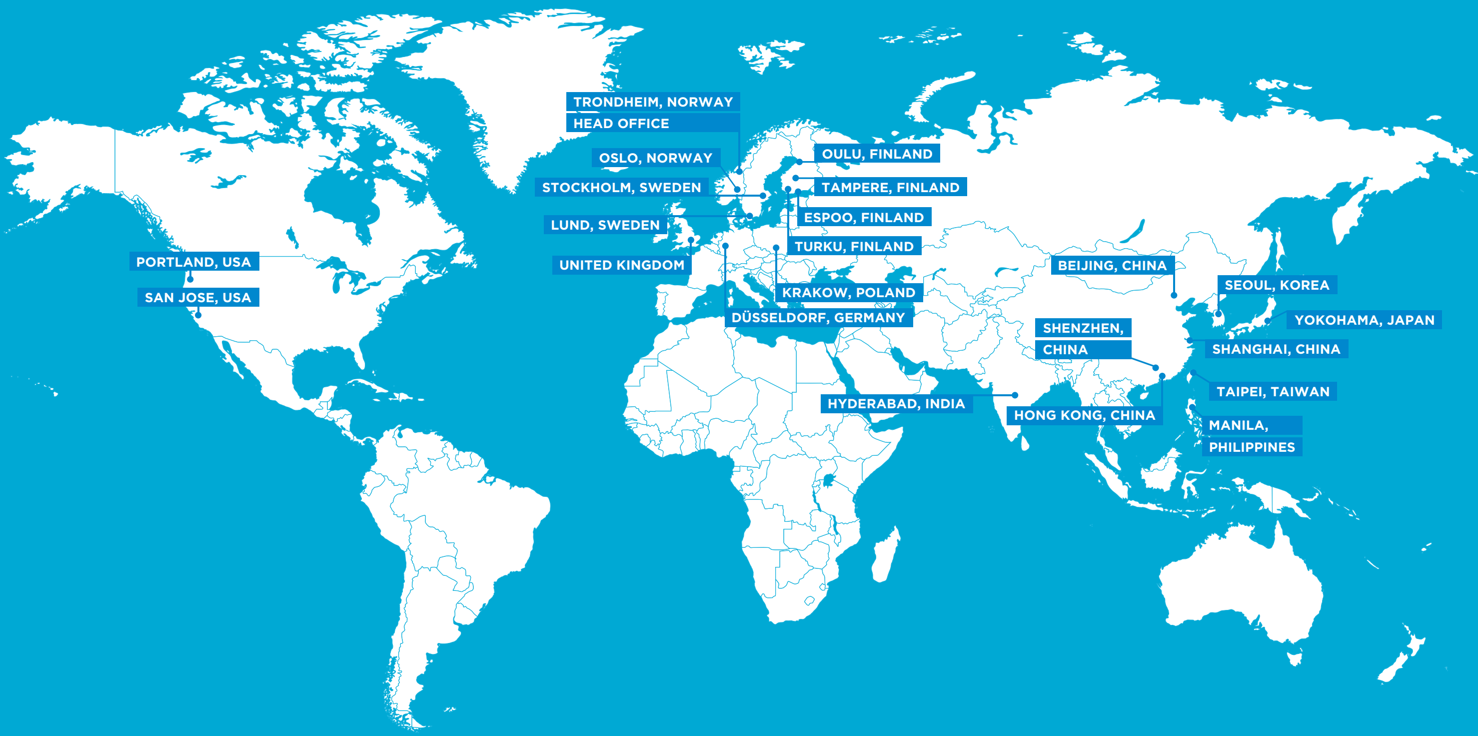
	Q3		01.01-30.09		Full year
	2021	**2020**	**2021**	**2020**	**2020**
Long range (cellular IoT) EBITDA loss	9.9	7.8	27.8	20.9	30.2
WiFi expenses	3.3	-	8.5	-	-
Adjusted EBITDA	**41.5**	**36.4**	**118.7**	**70.8**	**106.9**
Total revenue (excluding cellular IoT revenue)	143.1	117.8	428.2	274.4	398.7
Adjusted EBITDA margin	**29.0%**	**30.9%**	**27.7%**	**25.8%**	**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.

	Q3 2021	Q3 2020
Total operating expenses LTM	219.5	157.4
Depreciation and amortization LTM	35.9	29.7
Operating expenses excluding depreciation and amortization LTM	**183.6**	**127.7**
Total revenue LTM	566.4	361.2
LTM opex / LTM revenue	**32.4%**	**35.4%**

- 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.

	Q3 2021	Q3 2020
Current assets	439.6	382.3
Cash and cash equivalents	-246.0	-214.8
Current financial assets	-0.3	-
Current liabilities	-103.4	-74.3
Current loan facility	-	-
Current lease liabilities	5.8	4.4
Income taxes payable	11.7	6.0
Net working capital	**107.4**	**103.6**
Total revenue LTM	566.4	361.2
NWC / LTM revenue	**19.0%**	**28.7%**



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