

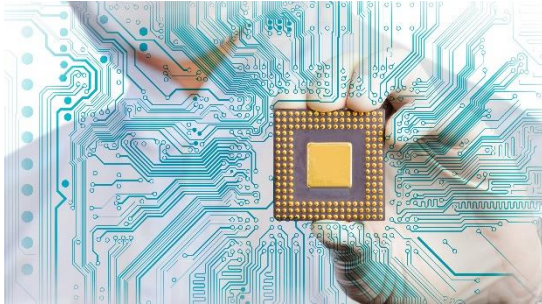
The background is a complex, abstract composition. It features a world map in the upper right, overlaid with various financial data visualizations. These include a line graph with a fluctuating upward trend in the top left, a bar chart with multiple series in the center, and a candlestick chart on the right. The entire scene is set against a backdrop of geometric shapes, including triangles and polygons, in shades of blue, green, and orange. A grid pattern is also visible, suggesting a digital or data-driven environment.

Quarterly Presentation Q1 2018

April 17th 2018, Oslo, Norway

Today's presentation

Business update



Svenn-Tore Larsen
CEO

Financials



Pål Elstad
CFO

Business outlook



Thomas Embla Bonnerud
Director of Strategy and IR

The background of the slide features a close-up of a person's hand holding a small, square microchip with a grid of gold pins. The hand is positioned over a light blue background with a complex, stylized circuit board pattern in a darker blue. The lighting is soft, highlighting the textures of the skin and the metallic surfaces of the chip.

Business update

Svenn-Tore Larsen, CEO

Off to a good start in 2018

MUSD

60.1

total revenue. All-time-high for Q1 with
+27.0% y-o-y growth

- **+57.6%** y-o-y growth in Bluetooth
- **-7.7%** y-o-y decline in proprietary
- y-o-y growth across all markets
- Customer base growth and diversification

Improved

Profitability

EBITDA **+1.0pp** y-o-y with continued cost
discipline and gross margin expansion

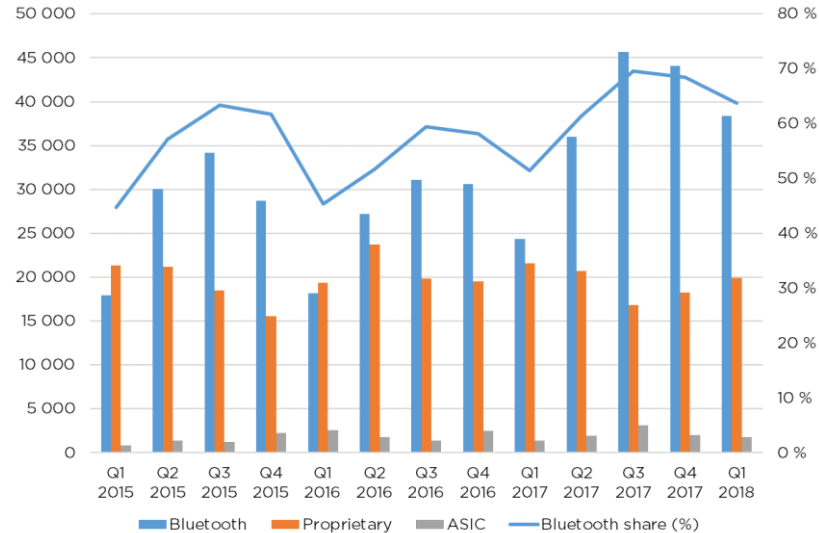
- Continued cost discipline; OPEX -6% q-o-q
- Gross margin of 48.9% due to cost reductions, favorable customer and product mix
- EBIT of MUSD 0.8 vs. MUSD -0.1 in Q1 2017

Financial summary – Q1 2018

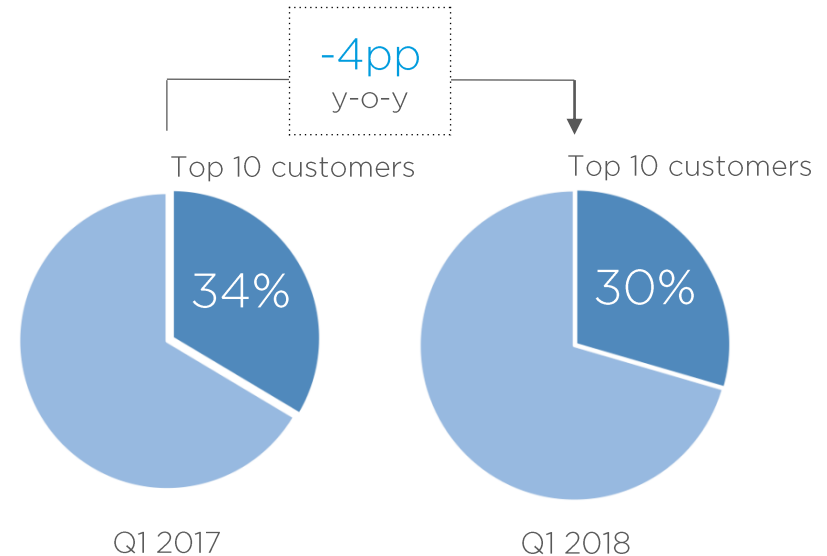
Revenue	Revenue Bluetooth	Revenue Proprietary	Gross margin	EBITDA
MUSD 60.1	MUSD 38.4	MUSD 19.9	48.9%	MUSD 4.4
+27.0% y-o-y	+57.6% y-o-y	-7.7% y-o-y	+2.2pp y-o-y	+46.6% y-o-y
-6.6% q-o-q	-13.0% q-o-q	+9.3% q-o-q	+1.3pp q-o-q	+11.2% q-o-q

Bluetooth driven growth

Revenue by technology
Q1 2015 – 2018 (MUSD)

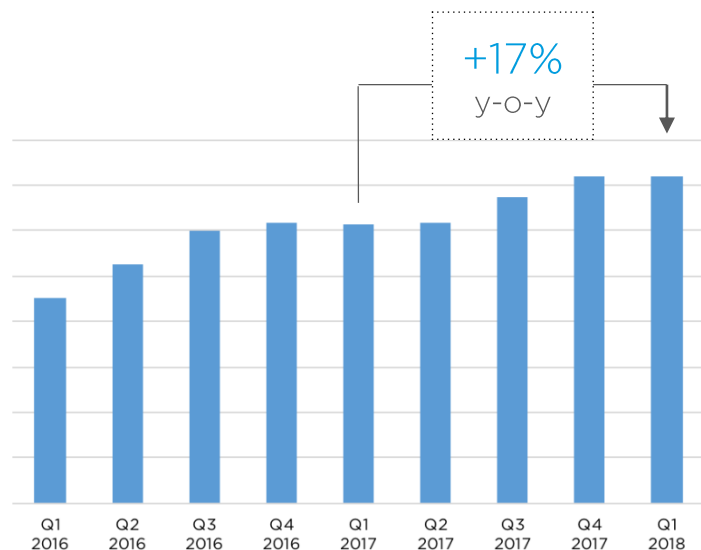


Bluetooth revenue diversification



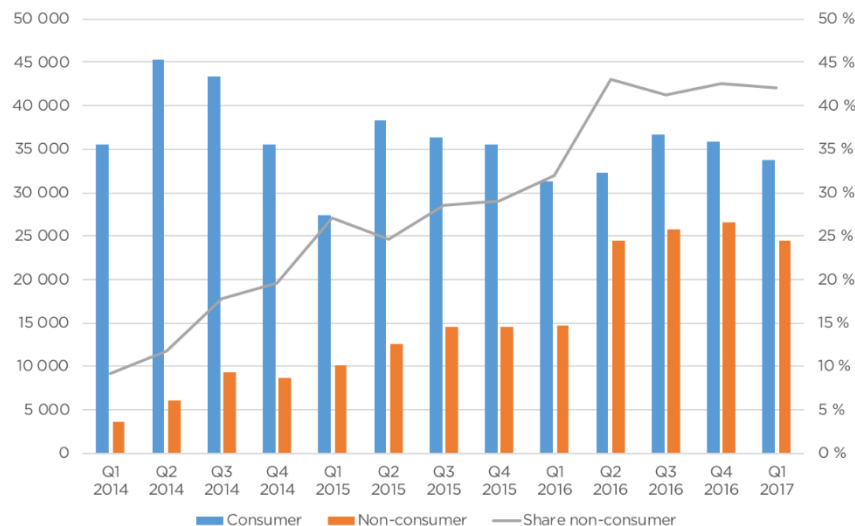
Customer base growth and diversification

Continued growth in number of Active Customers* on Bluetooth



*) Definition of "Active" Customer: An end customer which has purchased 10,000 units or more during prior six months (i.e., a customer actively selling product to end customers or preparing a high volume prototype)

Diversified Bluetooth revenue across consumer and non-consumer*



* Consumer is sum of Wearable and Consumer Electronics, non-consumer is sum of Building/Retail, Healthcare and Others.

Revenue by market

Consumer Electronics	Wearables	Building /Retail	Healthcare	Others
MUSD 23.6	MUSD 10.2	MUSD 12.2	MUSD 4.7	MUSD 7.6
+3.2% y-o-y	+22.0% y-o-y	+42.4% y-o-y	+117.1% y-o-y	+90.5% y-o-y
-9.6% q-o-q	+5.6% q-o-q	-23.1% q-o-q	-5.4% q-o-q	+33.3% q-o-q

New Nordic powered products



Beam Smart Button

Wearables

nRF52



Ankorro
Smart band

Gaming

nRF52



Nofence

Agriculture

nRF52



Particle Mesh

Industrial IoT

nRF52



iDevices
Instant Switch

Smart Home

nRF52

Industry recognition on cellular and Thingy



Finalists in the [Most Innovative IoT/M2M Strategy Vendor](#) category:

- Amazon Web Services -- AWS Greengrass, AWS FreeRTOS, AWS IoT Analytics
- Huawei Technologies -- Huawei full-stack IoT solution
- Nokia -- Nokia Worldwide IoT Network Grid (WING)

Nordic Semiconductor -- nRF91 Series

- Verimatrix -- Vtegrity



China Electronic Market
Editor's Choice Awards

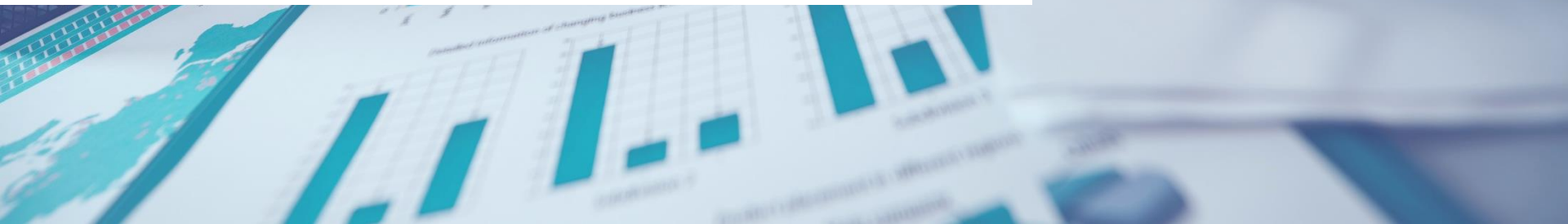
Nordic Thingy:52 winner of [most competitive development tool in China](#)



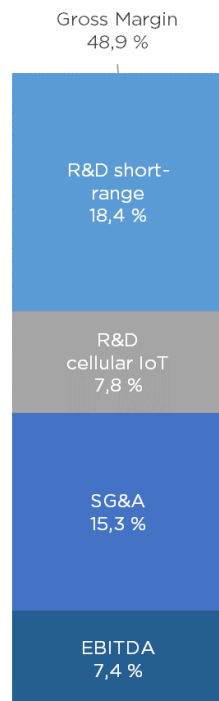


Financials

Pål Elstad, CFO



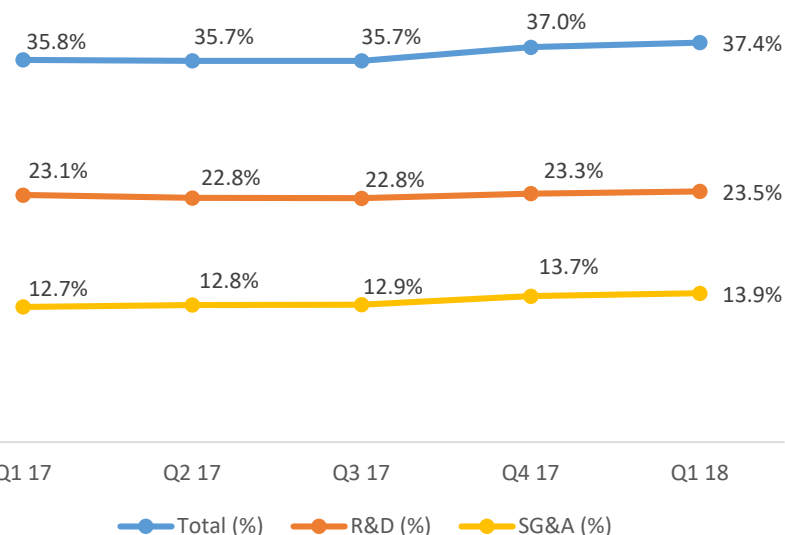
Operating model performance Q1 2018



	Q1 2018	Q1 2017	
Revenue growth y-o-y	+27.0% (MUSD 60.1)	+18.2% (MUSD 47.3)	(+8.8pp) Bluetooth driven growth with robust contribution from non-consumer
Gross margin	48.9%	46.7%	(+2.2pp) Continued positive contribution from cost improvements and favorable customer and product mix
R&D short-range	18.4%	16.6%	(+1.8pp) Expansion in low power short-range IoT
R&D cellular IoT	7.8%	9.5%	(-1.7pp) Started capitalization ahead of first production release
SG&A	15.3%	14.3%	(+1.0pp) Organizational scaling to manage and fuel growth in 2018
EBITDA margin	7.4%	6.4%	(+1.0pp) Continued impact from low power cellular IoT investment

Trailing average R&D and SG&A spending

Trailing 12-months adjusted OPEX
(% of revenue)



23.5% of revenue on R&D (+0.2pp vs. Q4 2017)

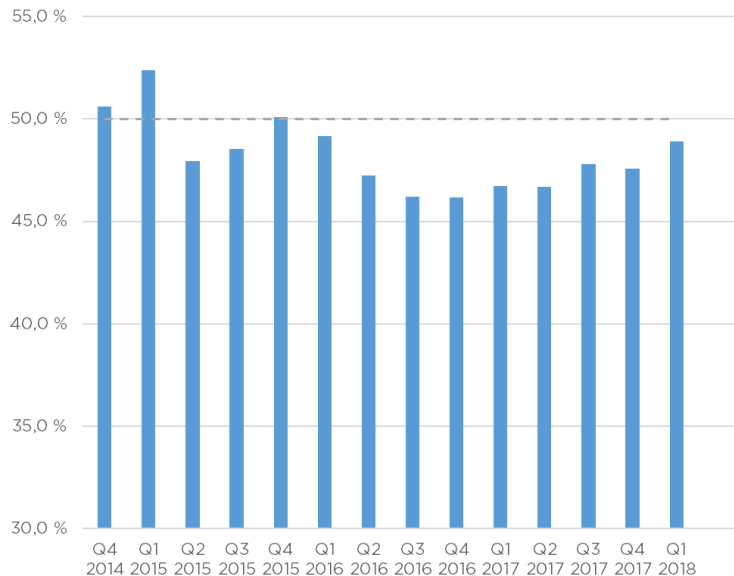
- Industry average R&D spend close to 20%
- Nordic trailing higher due to cellular IoT investment
- Ratio to decrease with revenue contribution from cellular IoT

13.9% of revenue on SG&A (+0.2pp vs Q4 2017)

- Industry average SG&A spend 12-15% for our size
- Scaling sales and supply chain operations to manage and fuel growth

Gross margin expansion

Gross margin 2014 -2018



Gross margin 48.9% **+2.2pp** y-o-y

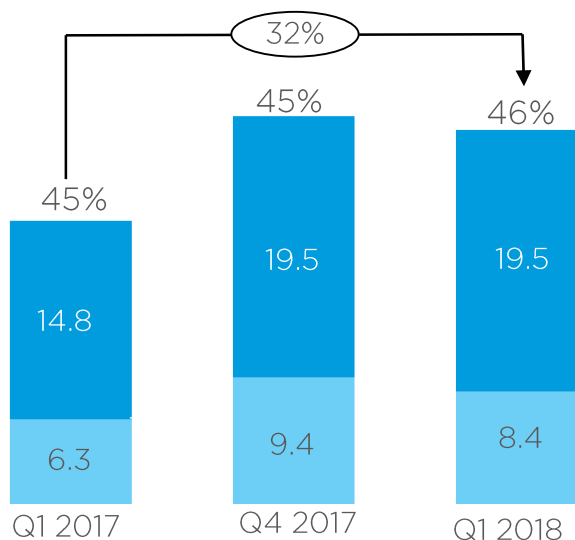
- Continued positive contribution from cost improvements
- Favorable customer and product mix effect during Q1 2018
- Anticipate continued quarter to quarter fluctuation due to product and customer mix

Maintaining 50% target within 2018

- Continued efforts on cost reductions
- Continued diversification of customer base and expanding product offering

Cash Operating Expenses^{*)}

Cash Opex MUSD / % of revenue



Salary Other Opex

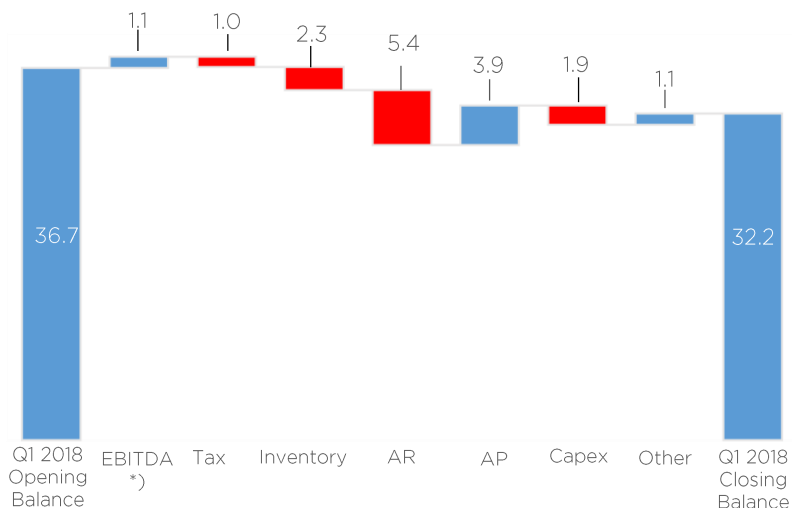
Q1 Opex*

- Q1 cash operating expenses increased 32% y-o-y
- The increase is driven by new product releases and headcount growth of 12.0% from 549 in Q1 2017 to 615 in Q1 2018
- Continued cost discipline in Q1 2018 as cash opex has not increased compared to last quarter
- Investments to continue in order to capture future growth

^{*)} Operating expenses, excl. capitalized R&D, depreciation and amort. and option expenses

Cash flow

Cash flow Q1 2018



* EBITDA Adjusted for Capitalized Development Costs

Working capital build up

- Net cash flow of MUSD -4.5
- NWC increased by MUSD 2.5, however there is still a reduction in NWC/LTM from 26.9% to 26.5%
- Low capex in the quarter

Disciplined cash strategy

- Tight cash management and optimized cash generating ability
- Financial headroom of MUSD 89.6 including undrawn facilities of MUSD 57.5

The background of the slide is a sunset sky with a network overlay. The sky transitions from a deep blue at the top to a bright orange and yellow near the horizon, where the sun is setting. Overlaid on the sky is a network of white lines connecting various points, resembling a constellation or a digital network. The lines are thin and white, and the points are small, bright white circles.

Business outlook

Thomas Embla Bonnerud, Director of Strategy and IR

Short-term outlook

Improved visibility

All time high backlog

MUSD
81.0

+76.2%
y-o-y

+50.9%
q-o-q

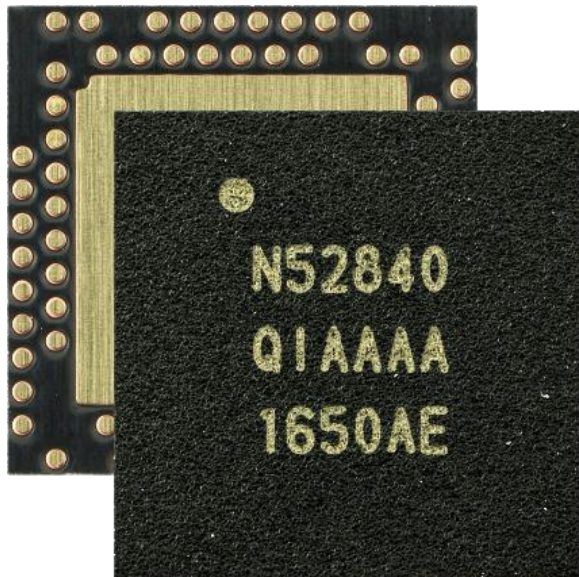
- Stretches well into Q4 2018
- Backlog indicates slightly less favorable product and customer mix for gross margin in Q2 2018 compared to Q1 2018

H1 2018

Maintaining guidance range

- MUSD 123 – 133 revenue, 40 – 50% Bluetooth growth and 47 to 49% gross margin
- Solid backlog coverage
- Continued investments to fuel future growth and supply chain scaling to meet increased demand

Ramping production of the nRF52840



Our flagship nRF52 Series IC

Memory, security, performance and features
Advanced multi-protocol Bluetooth / 802.15.4 / 2.4GHz RF

Broad and solid design win base

Revenue contribution starting Q2 2018
Premium ASP vs. the other nRF52 Series ICs

Production release of Thread software

Revenue contribution starting H2 2018

Launched ZigBee solution

Support for the 3 key open standard lower short-range technologies for smart home and industrial/enterprise applications



Bluetooth 5



Thread



ZigBee



Zigbee 3.0 software for nRF52840

First release available now – baseline feature set
Advanced multi-protocol support

Further expansion in short-range IoT

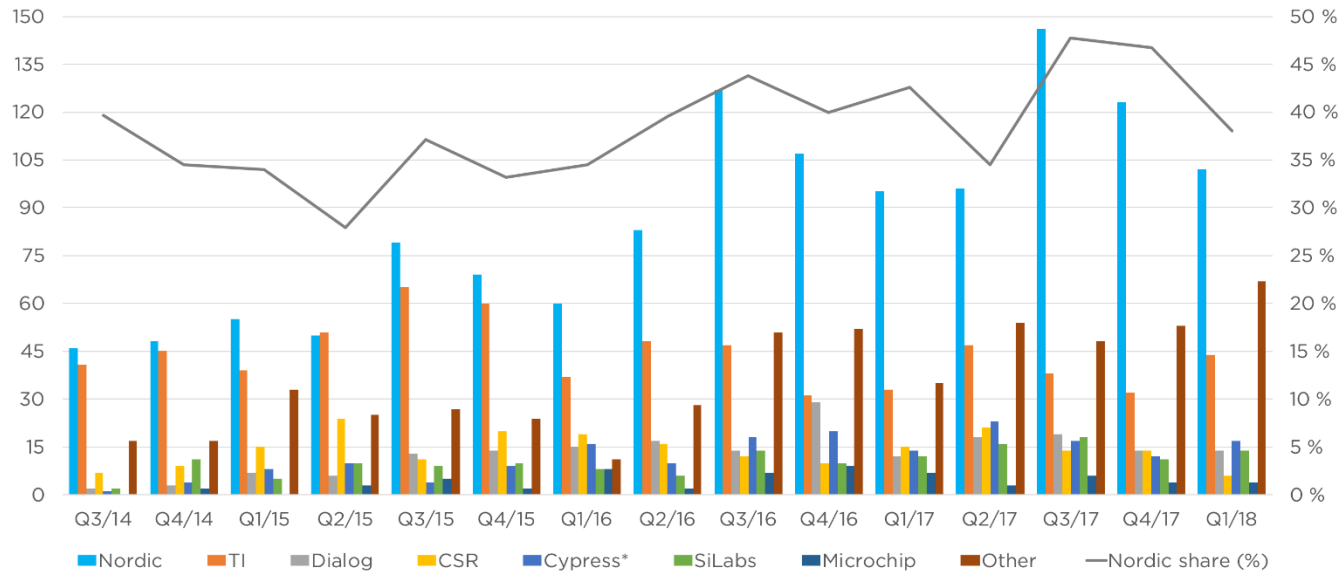
Addressing a bigger opportunity in smart home
Ideal complement to our Bluetooth and Thread offering

Focused go to market strategy

Strategic opportunities to establish bridgeheads
Objective is revenue and growth contribution in 2019

Leading and broad position in Bluetooth

Bluetooth low energy end-product certifications*



End-product certifications, Nordic Q1 18

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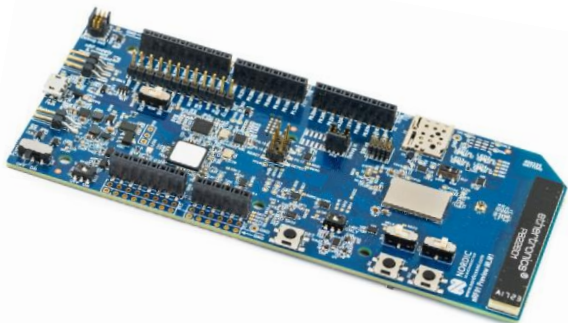
+7%
y-o-y

-17%
q-o-q

Steady progress on cellular IoT

Q1 2018

> 10 customer



Lead customer sampling program

Working with carefully selected customers

Close and direct support

US and Europe

Regions with network support for LTE-M

Working with multiple carriers for certification

Continued strong interest and demand

Across a diversified set of markets and customer types

Rolling in new lead customer in Q2 2018

On track with our ambitions for 2018

Q1 2018

Solid growth and improved profitability in the seasonally most challenging quarter

- Revenue up **+27.0%** y-o-y and seasonally down only **-6.6%** q-o-q
- **+1.0pp** EBITDA margin and EBIT of MUSD 0.8 vs. MUSD -0.1 in Q1 2017
- All time high backlog of MUSD 81.0 providing solid coverage for H1 2018 guidance range

Continued business momentum

Robust market growth – leading and broad position

- Diversifying and growing customer base
- Revenue contribution from Thread H2 2018 →
- Expanded short-range offering with Zigbee
- Continued broad market and tier-1 design win momentum

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Q&A

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Quarterly Presentation Q1 2018

April 17th 2018, Oslo, Norway